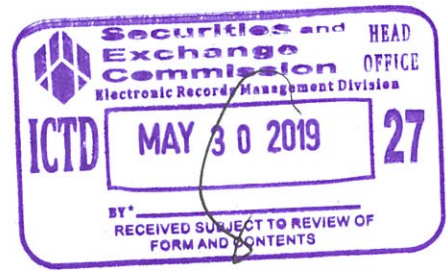




**Securities and  
Exchange  
Commission**  
PHILIPPINES



SEC FORM - I-ACGR

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

1. For the fiscal year ended ..... December 31, 2018
2. SEC Identification Number ..... CS200411461 3. BIR Tax Identification No. .... 232-715-069
4. Exact name of issuer as specified in its charter ..... MEGAWIDE CONSTRUCTION CORPORATION
5. Philippines.....  
Province, Country or other jurisdiction of incorporation or organization
6.  (SEC Use Only)  
Industry Classification Code:
7. No. 20 N. Domingo St. Brgy. Valencia, Quezon City  
Address of principal office  
1112  
Postal Code
8. (02) 655-1111  
Issuer's telephone number, including area code
9. Not Applicable  
Former name, former address, and former fiscal year, if changed since last report.



**SEC FORM – I-ACGR**

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

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INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<b>The Board's Governance Responsibilities</b>			
<b>Principle 1:</b> 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.			
<b>Recommendation 1.1</b>			
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 2018, Megawide Construction Corporation ("Megawide" or the "Company") elected a Board of Directors ("Board") composed of Directors with working knowledge, experience or expertise relevant to its industry, as can be seen from the Minutes of its Annual Stockholders' Meeting ("ASM") held last 2 July 2018 ("Minutes").</p> <p>Please see page 4 of the Minutes: <a href="#">click to open</a></p> <p>The work experience, qualifications and expertise of the Directors are provided in the Company's 2018 Definitive Information Statement ("DIS").</p> <p>Please see page 8 of the DIS: <a href="#">click to open</a></p> <p>For 2019, the Company made changes to further diversify its Board. This can be seen in the Company's 2018 Annual Report ("Annual Report") and 2019 Preliminary Information Statement ("PIS"). The Company will be submitting its 2019 DIS to the Securities and Exchange Commission ("SEC") and to its shareholders. Further, the Company will be uploading the same in its website in the SEC Filings page.</p> <p>Please see table on page 60 of the Annual Report: <a href="#">click to open</a></p> <p>Please see page 8 of the PIS: <a href="#">click to open</a></p>	
2. Board has an appropriate mix of competence and expertise.	Compliant	<p>The Company's Board is composed of the following:</p> <ul style="list-style-type: none"> <li>a. Mr Edgar B. Saavedra – <i>Executive Director</i></li> <li>b. Mr. Manuel Louie B. Ferrer – <i>Executive Director</i></li> <li>c. Mr. Oliver Y. Tan – <i>Non-Executive Director</i></li> <li>d. Former Chief Justice Hilario G. Davide, Jr. – <i>Independent Director</i></li> <li>e. Mr. Leonilo G. Coronel – <i>Independent Director</i></li> <li>f. Mr. Celso P. Vivas – <i>Independent Director</i></li> <li>g. Mr. Alfredo E. Pascual – <i>Independent Director</i></li> </ul>	

3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant	<p>Moreover, Megawide's New Manual on Corporate Governance ("New 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.</p> <p>Please see page 8 of the New Manual: <a href="#">click to open</a></p> <p>Profiles of the Board are also available on the Company's website: <a href="#">click to open</a></p>	
<b>Recommendation 1.2</b>			
1. Board is composed of a majority of non-executive directors.	Compliant	<p>As evidenced by its Annual Report and PIS, the Company's current Board is composed of two (2) Executive Directors, one (1) Non-Executive Director, and four (4) Non-Executive and Independent Directors.</p> <p>Please see page 60 of the Annual Report: <a href="#">click to open</a></p> <p>Please see page 8 of the PIS: <a href="#">click to open</a></p>	
<b>Recommendation 1.3</b>			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	<p>The policy of Megawide to provide relevant training to its Directors covering topics on Corporate Governance mandated by the SEC is indicated in the New Manual.</p> <p>Please see page 8, letter c, of the New Manual: <a href="#">click to open</a></p>	
2. Company has an orientation program for first time directors.	Compliant	<p>The Company has also drafted a Board Charter, subject to the approval of the Board, which requires such training. Once approved, the Board Charter will be uploaded on the Company's website under the Corporate Governance tab.</p> <p>The orientation program for first time Directors and annual continuing training for all Directors are incorporated in the New Manual.</p>	
3. Company has relevant annual continuing training for all directors.	Compliant	<p>Please see page 8, letter c, of the New Manual: <a href="#">click to open</a></p> <p>Particularly the Board has constituted the Governance, Nominations and Compensation Committee ("GNCC") 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 training 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: <a href="#">click to open</a></p>	

<b>Recommendation 1.4</b>			
<p>1. Board has a policy on board diversity.</p>	<p>Compliant</p>	<p>The Company's policy on Board diversity is explained in the New Manual. 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 New Manual: <a href="#">click to open</a></p> <p>This same policy is provided in the Board Charter, which shall be uploaded on the Company's website under the Corporate Governance tab.</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.</p> <p>Please see page 60 of the Annual Report: <a href="#">click to open</a></p> <p>Please see page 8 of the PIS: <a href="#">click to open</a></p> <p>Profiles of the Board are also available on the Company's website: <a href="#">click to open</a></p>	
<b>Optional: Recommendation 1.4</b>			
<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>As provided in the New Manual, the Company believes in diversity, and values the benefits that diversity can bring to the Company. 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 New Manual: <a href="#">click to open</a></p> <p>The Company's policy on Board diversity is included in its Board Charter, which shall be uploaded on the Company's website under the Corporate Governance tab.</p>	

<b>Recommendation 1.5</b>			
1. Board is assisted by a Corporate Secretary.	Compliant	<p>The Board is assisted by a Corporate Secretary, Atty. Althea F. Oaminal. Atty. Oaminal was elected during the 2 July 2018 Organizational Meeting of the Board, as disclosed with The Philippine Stock Exchange, Inc. (the "PSE" or the "Exchange").</p> <p>Please see the Minutes of the 2018 Organizational Meeting of the Board: <a href="#">click to open</a></p> <p>The duties of the Corporate Secretary is listed in the New Manual.</p> <p>Please see page 9, letter e, of the New Manual: <a href="#">click to open</a></p>	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	<p>The designated Compliance Officer of the Company is Atty. Raymund Jay S. Gomez. He was designated as such during the Meeting of the Board held on 7 August 2018, as disclosed with the PSE.</p> <p>Please see the PSE disclosure dated 7 August 2018: <a href="#">click to open</a></p>	
3. Corporate Secretary is not a member of the Board of Directors.	Compliant	<p>Atty. Oaminal 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>Please see page 60 of the Annual Report: <a href="#">click to open</a></p> <p>Please see page 8 of the PIS: <a href="#">click to open</a></p> <p>Moreover, the members of the Board are also available on the Company's website: <a href="#">click to open</a></p>	
4. Corporate Secretary attends training/s on corporate governance.	Compliant	<p>Atty. Oaminal attended several trainings on corporate governance in 2018 conducted by the SEC and SEC-accredited seminar providers.</p>	
<b>Optional: Recommendation 1.5</b>			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.		<p>The Corporate Secretary distributes materials for Board meetings at least five (5) business days before scheduled meetings.</p> <p>This is certified by the Corporate Secretary in a Secretary's Certificate dated 29 May 2019.</p> <p>Please see certification: <a href="#">click to open</a></p>	

<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer.	Compliant	<p>The Board is assisted by a Compliance Officer, Atty. Raymund Jay S. Gomez, who was appointed as Compliance Officer during the meeting of the Board held on 7 August 2018 and as disclosed with the PSE. Atty. Gomez is also the Chief Legal Officer and Data Protection Officer.</p> <p>Please see the PSE disclosure dated 7 August 2018: <a href="#">click to open</a></p> <p>The duties and responsibilities of the Compliance Officer are listed in the New Manual.</p> <p>Please see page 10, letter f, of the New Manual: <a href="#">click to open</a></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 Board appointed a new Compliance Officer, Atty. Raymund Jay S. Gomez, during the Meeting of the Board of Directors held on 7 August 2018 and as disclosed with the PSE. Atty. Gomez is also the Chief Legal Officer and Data Protection Officer.</p> <p>Please see the PSE disclosure dated 7 August 2018: <a href="#">click to open</a></p>	
3. Compliance Officer is not a member of the board.	Compliant	<p>Atty. 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>Please see page 60 of the Annual Report: <a href="#">click to open</a></p> <p>Please see page 8 of the PIS: <a href="#">click to open</a></p> <p>Moreover, the members of the Board are also available on the Company's website: <a href="#">click to open</a></p>	
4. Compliance Officer attends training/s on corporate governance.	Compliant	<p>Atty. Gomez attended trainings on corporate governance in 2018 conducted by the SEC and SEC-accredited seminar providers.</p>	
<b>Principle 2:</b> 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.			
<b>Recommendation 2.1</b>			
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 New 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 New Manual: <a href="#">click to open</a></p>	

<b>Recommendation 2.2</b>			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	<p>The New Manual mandates that the Board shall oversee the development of and approve the Company's strategy, in line with the Board Charter of the Company.</p> <p>Please see page 11, letter b, of the New Manual: <a href="#">click to open</a></p> <p>The Board Charter shall be uploaded on the Company's website under the Corporate Governance tab.</p>	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant	<p>The New Manual and the Board Charter dictates that the Board shall oversee and monitor the implementation of the Company's business objectives and strategy.</p> <p>Please see page 11, letter b, of the New Manual: <a href="#">click to open</a></p> <p>The Board Charter shall be uploaded on the Company's website under the Corporate Governance tab.</p>	
<b>Supplement to Recommendation 2.2</b>			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	<p>In 2019, the Board updated the Company's Vision, Mission and Core Values which are stated in the Company's website.</p> <p>Please see the <i>About Us</i> portion of the Company website: <a href="#">click to open</a></p> <p>The Board reviews the Vision, Mission and Core Values regularly, and revises such on an as needed basis.</p>	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	<p>The New Manual mandates 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 New Manual: <a href="#">click to open</a></p> <p>Additionally, the Board shall ensure that the progress reports of 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, are received and properly evaluated.</p> <p>Please see page 12, letter u, of the New Manual: <a href="#">click to open</a></p> <p>Moreover, the Chairman of the Board shall make 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 New Manual: <a href="#">click to open</a></p>	



<b>Recommendation 2.3</b>			
1. Board is headed by a competent and qualified Chairperson.	Compliant	<p>The Chairperson, Mr. Edgar B. Saavedra is one of the founders of Megawide. He is personally responsible for leading the Company's diverse construction and infrastructure projects. His experience in the field spans over twenty (20) years.</p> <p>More information regarding Mr. Saavedra is provided in the website of Megawide, Annual Report, DIS, and PIS.</p> <p>Please see Megawide's website: <a href="#">click to open</a></p> <p>Please see page 60 of the Annual Report: <a href="#">click to open</a></p> <p>Please see page 8 of the DIS: <a href="#">click to open</a></p> <p>Please also see page 8 of the PIS: <a href="#">click to open</a></p>	
<b>Recommendation 2.4</b>			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	<p>The Company's New Manual states 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> <p>Please see page 13, letter aa, of the New Manual: <a href="#">click to open</a></p>	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant		
<b>Recommendation 2.5</b>			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	<p>The New Manual states 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. No Director shall participate in discussions or deliberation involving his own remuneration.</p> <p>Please see page 12, letter t, of the New Manual: <a href="#">click to open</a></p> <p>Moreover, the GNCC will oversee the Company's succession plan and remuneration policy.</p> <p>Please see the GNCC Charter: <a href="#">click to open</a></p> <p>A brief description of the Company's retirement plan is discussed in the Annual Report</p> <p>Please see page 27 of the Annual Report: <a href="#">click to open</a></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		

<b>Optional: Recommendation 2.5</b>			
1. Board approves the remuneration of senior executives.	Compliant	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.  Please see letter C of the GNCC Charter: <a href="#">click to open</a>	
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		
<b>Recommendation 2.6</b>			
1. Board has a formal and transparent board nomination and election policy.	Compliant	The New Manual provides 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 nominations, election, or replacement of a director.  Please see page 11, number 2, letter a, of the New Manual: <a href="#">click to open</a>  Pursuant to its Charter, the GNCC shall implement and oversee the Company's election and nomination policy.  Please see the GNCC Charter: <a href="#">click to open</a>  The DIS and the PIS also provides for the selection of nominees for Directors.  Please see page 7 of the DIS: <a href="#">click to open</a>  Please see page 7 of the PIS: <a href="#">click to open</a>	
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		
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		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		

<b>Optional: Recommendation to 2.6</b>			
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 the Institute of Corporate Directors to assist it in searching for candidates to its Board.	
<b>Recommendation 2.7</b>			
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 Company's RPTs are enumerated in Megawide's DIS, PIS, and Annual Report.  Please see page 11, number 4 of the DIS: <a href="#">click to open</a>  Please see page 12, number 4, of the PIS: <a href="#">click to open</a>  Please see page 66, item 12, of the Annual Report: <a href="#">click to open</a>	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	The Charter of the Audit and Compliance Committee ("ACC") shall ensure that the Company formulates and implements policies and procedures that guarantee the integrity and transparency of RPTs.  Please see the ACC Charter: <a href="#">click to open</a>	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant	In this regard, the Board has adopted a Related Party Transactions Policy ("RPT Policy") which shall be enforced and monitored by the ACC. A review of the RPT Policy shows that it covers all entities within the Megawide group and provides for the identification, review, threshold, and approval of RPTs.  Please see the RPT Policy: <a href="#">click to open</a>	

<b>Supplement to Recommendations 2.7</b>			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	Compliant	<p>The RPT Policy states that the parent company and its subsidiaries, whether owned directly or indirectly, shall set thresholds and categories for disclosure and approval of RPTs. The amount of each RPT shall be considered for purposes of applying these thresholds. The following are the thresholds for RPTs:</p> <ul style="list-style-type: none"> <li>• Below Php1B requires approval of the concerned entity's CEO or President;</li> <li>• Above Php1B requires approval of concerned entity's Board of Directors.</li> </ul> <p>Please see the RPT Policy of the Company: <a href="#">click to open</a></p> <p>As stated above, the Company's RPTs are disclosed and reported in the Company's filings with the SEC and PSE. Moreover, all RPTs are reported to the ACC while material RPTs are disclosed to the Board.</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.	Non-Compliant		<p>The ACC will consider this in the review and revision of the RPT Policy of the Company.</p> <p>Moreover, the Company believes that the ACC and the RPT Policy adequately ensures that the Company's RPTs are fair and transparent.</p>
<b>Recommendation 2.8</b>			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	<p>It is the Board's primary responsibility under the New Manual to approve the selection of senior Management as led by the CEO, and the heads of the other control functions (Chief Risk Officer, Compliance Officer, and Chief Audit Executive).</p> <p>Please see page 12, letter q, of the New Manual: <a href="#">click to open</a></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 CEO and other senior executive positions, as well as recommend for Board approval short-listed candidates for these positions.</p> <p>Please see Letter C, item 1, of the GNCC Charter: <a href="#">click to open</a></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).	Compliant	<p>It is the Board's primary responsibility under the New Manual to assess the performance of senior Management as led by the CEO, and the heads of the other control functions (Chief Risk Officer, Compliance Officer, and Chief Audit Executive).</p> <p>Please see page 12, letter q, of the New Manual: <a href="#">click to open</a></p>	
<b>Recommendation 2.9</b>			
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>	
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		
<b>Recommendation 2.10</b>			
1. Board oversees that an appropriate internal control system is in place.	Compliant	<p>The New Manual indicates that Megawide shall have an adequate and effective internal control system. It also states 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 19, number 12, of the New Manual: <a href="#">click to open</a></p> <p>Please see page 13, letter cc, of the New Manual: <a href="#">click to open</a></p>	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant		
3. Board approves the Internal Audit Charter.	Compliant		<p>Hence, the Board has given the ACC the task to oversee the internal control system of the Company. The organization and oversight of the Internal Audit Department, the internal control system and processes are the responsibility of the ACC.</p> <p>Please see Letter A of the ACC Charter: <a href="#">click to open</a></p> <p>Moreover, the Company has adopted an Internal Audit Charter, approved by the Board, which provides for a systematic and disciplined approach in evaluating and improving the Company's internal control systems.</p> <p>Please see Internal Audit Charter: <a href="#">click to open</a></p>

<b>Recommendation 2.11</b>			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	The Board has constituted a Board Risk Oversight Committee ("BROC") which oversees the Company's ERM framework and ensures 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.	
2. The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	<p>The ERM framework adopted allows the Board to identify key risk areas, as well as related performance indicators, and monitor these factors with due diligence, and allows management to utilize risk management strategies to anticipate and prepare for potential threats to its operational and financial viabilities.</p> <p>Please see BROC Charter: <a href="#">click to open</a></p> <p>The Company's ERM framework is discussed in the Risk Management System included in its Annual Corporate Governance Report for 2014.</p> <p>Please see Risk Management System: <a href="#">click to open</a></p>	
<b>Recommendation 2.12</b>			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	<p>The By-Laws of Megawide and the New Manual clearly sets out the roles, responsibilities, and accountabilities of the Board.</p> <p>Please see the By-Laws: <a href="#">click to open</a></p>	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	<p>Please see page 10 of the New Manual: <a href="#">click to open</a></p> <p>The Company has also drafted a Board Charter which will be uploaded in the Company's website under the Corporate Governance tab.</p>	
3. Board Charter is publicly available and posted on the company's website.	Compliant		
<b>Additional Recommendation to Principle 2</b>			
1. Board has a clear insider trading policy.	Compliant	<p>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.</p> <p>Please see the Insider Trading Policy: <a href="#">click to open</a></p>	

<b>Optional: Principle 2</b>			
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	Megawide prohibits, in its RPT Policy, the grant of personal loans, advances, guarantees, and securities, in any manner, to its Directors, including their spouses and other dependents.  Please see the RPTs Policy of the Company: <a href="#">click to open</a>	
2. Company discloses the types of decision requiring board of directors' approval.	Compliant	These types of decisions are listed in the Company's Board Charter, which will be uploaded on the Company's website under the Corporate Governance tab.	
<b>Principle 3:</b> 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.			
<b>Recommendation 3.1</b>			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	As stated in the New Manual, the Board has established the following committees to aid it in the optimal performance of its roles and responsibilities: <ul style="list-style-type: none"> <li>a. Executive Committee</li> <li>b. Finance Committee</li> <li>c. Audit and Compliance Committee</li> <li>d. Governance, Nominations and Compensation Committee</li> <li>e. Board Risk Oversight Committee</li> </ul> Please see page 13, number 3, of the New Manual: <a href="#">click to open</a>  The Charters of the foregoing Committees are annexes to the New Manual.  Please see page 27 of the New Manual: <a href="#">click to open</a>  Moreover, they are also found on the Company's website:  <a href="#">Executive Committee Charter</a> <a href="#">Finance Committee</a> <a href="#">Audit and Compliance Committee</a> <a href="#">Governance, Nominations and Compensation Committee</a> <a href="#">Board Risk Oversight Committee</a>	

Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	<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: <a href="#">click to open</a></p>	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	<p>The following are the members of the ACC:</p> <ul style="list-style-type: none"> <li>a. Mr. Celso P. Vivas – <i>Chairman, Non-Executive and Independent Director</i></li> <li>b. Mr. Leonilo G. Coronel – <i>Vice Chairman, Non-Executive and Independent Director</i></li> <li>c. Former Chief Justice Hilario G. Davide – <i>Non-Executive and Independent Director</i></li> <li>d. Mr. Alfredo E. Pascual – <i>Non-Executive and Independent Director</i></li> <li>e. Mr. Oliver Y. Tan – <i>Non-Executive Director</i></li> </ul> <p>The membership of the ACC is found in the PSE disclosure dated 9 October 2018: <a href="#">click to open</a></p> <p>In accordance with its Charter, the ACC is composed of four (4) Non-Executive and Independent Directors, including its Chairman, and one (1) Non-Executive Director.</p> <p>Please see the Committee Composition in the ACC Charter: <a href="#">click to open</a></p>	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	<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 60 of the Annual Report: <a href="#">click to open</a></p> <p>Please see page 8 of the PIS: <a href="#">click to open</a></p> <p>Please see the Company's website: <a href="#">click to open</a></p>	



<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>Compliant</p>	<p>The ACC Chairman, Mr. Vivas, is not a Chairman of any other committee, as required in its Charter.</p> <p>Please see the Committee Composition in the ACC Charter: <a href="#">click to open</a></p> <p>Please see membership of all Board Committees in the PSE disclosure dated 10 October 2018, indicating that Mr. Vivas is not the Chairman of any other committee: <a href="#">click to open</a></p>	
<b>Supplement to Recommendation 3.2</b>			
<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	<p>Compliant</p>	<p>As provided in the Annual Report, DIS and PIS, there were no non-audit services conducted by the external auditor in 2018.</p> <p>Please see page 58 of the Annual Report: <a href="#">click to open</a></p> <p>Please see page 16 of the Management Report attached to the DIS: <a href="#">click to open</a></p> <p>Please see page 21 of the Management Report attached to the PIS: <a href="#">click to open</a></p> <p>One of the ACC's responsibilities is to approve all non-audit services conducted by the external auditor.</p> <p>Please see the Roles and Responsibilities in the ACC Charter: <a href="#">click to open</a></p> <p>Also, the Annual Report states that the ACC shall pre-approve all audit and non-audit services to be rendered by independent accountants.</p> <p>Please see page 59 of the Annual Report: <a href="#">click to open</a></p>	
<p>2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p>Compliant</p>	<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>The ACC shall meet, at least, four (4) times each year without anyone from management present.</p> <p>Please see the Committee Policies and Procedures in the ACC Charter: <a href="#">click to open</a></p>	

<b>Optional: Recommendation 3.2</b>			
1. Audit Committee meet at least four times during the year.	Compliant	<p>The ACC had eight (8) meetings in 2018. Every 17-Q or 17-A is approved during the ACC meetings.</p> <p>This is certified by the Corporate Secretary in a Secretary's Certificate dated 29 May 2019.</p> <p>Please see certification: <a href="#">click to open</a></p>	
2. Audit Committee approves the appointment and removal of the internal auditor.		<p>In accordance with the ACC Charter, the ACC shall consider the appointment of an independent auditor and determine, if ever, the terms and conditions of his engagement and removal.</p> <p>Please see Roles and Responsibilities in the ACC Charter: <a href="#">click to open</a></p>	
<b>Recommendation 3.3</b>			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	<p>The Board established a GNCC 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: <a href="#">click to open</a></p>	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Compliant	<p>The GNCC is composed of the following members, all of whom are independent:</p> <ul style="list-style-type: none"> <li>a. Former Chief Justice Hilario G. Davide, Jr – <i>Chairman and Independent Director</i></li> <li>b. Mr. Alfredo E. Pascual – <i>Vice Chairman and Independent Director</i></li> <li>c. Mr. Celso P. Vivas – <i>Independent Director</i></li> <li>d. Mr. Leonilo G. Coronel – <i>Independent Director</i></li> </ul> <p>The membership of the GNCC is found in the PSE disclosure dated 9 October 2018: <a href="#">click to open</a></p> <p>The list of the Company's Independent Directors are also found below:</p> <p>Please see page 60 of the Annual Report: <a href="#">click to open</a></p> <p>Please see page 8 of the PIS: <a href="#">click to open</a></p> <p>Please see the Company's website: <a href="#">click to open</a></p>	

3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	<p>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: <a href="#">click to open</a></p>	
<b>Optional: Recommendation 3.3.</b>			
1. Corporate Governance Committee meet at least twice during the year.	Compliant	<p>The GNCC had six (6) meetings during the year.</p> <p>In accordance with its Charter, the GNCC shall meet at least every other month.</p> <p>Please see the Committee Policies and Procedures in the GNCC Charter: <a href="#">click to open</a></p> <p>This is certified by the Corporate Secretary in a Secretary's Certificate dated 29 May 2019.</p> <p>Please see certification: <a href="#">click to open</a></p>	
<b>Recommendation 3.4</b>			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	<p>The Board established a BROC to oversee the Company's ERM system. The Charter of the BROC was approved by the Board during its meeting on 3 April 2019.</p> <p>Please see BROC Charter: <a href="#">click to open</a></p>	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	<p>The following are the members of the BROC:</p> <ul style="list-style-type: none"> <li>a. Mr. Alfredo E. Pascual – <i>Chairman, Non-Executive and Independent Director</i></li> <li>b. Mr. Celso P. Vivas – <i>Vice Chairman, Non-Executive and Independent Director</i></li> <li>c. Mr. Leonilo G. Coronel – <i>Non-Executive and Independent Director</i></li> <li>d. Chief Justice Hilario G. Davide, Jr. – <i>Non-Executive and Independent Director</i></li> <li>e. Mr. Oliver Y. Tan – <i>Non-Executive Director</i></li> </ul> <p>The membership of the BROC is found in the PSE disclosure dated 9 October 2018: <a href="#">click to open</a></p> <p>The list of the Company's Independent Directors are also found below:</p> <p>Please see page 60 of the Annual Report: <a href="#">click to open</a></p> <p>Please see page 8 of the PIS: <a href="#">click to open</a></p> <p>Please see Company's website: <a href="#">click to open</a></p>	

<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	<p>Compliant</p>	<p>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: <a href="#">click to open</a></p> <p>Please see the membership of all Board Committees in PSE disclosure dated 9 October 2018, indicating that Mr. Pascual is not the Chairman of any other committee: <a href="#">click to open</a></p>	
<p>4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>Compliant</p>	<p>The members of the BROC have relevant 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 60 of the Annual Report: <a href="#">click to open</a></p> <p>Please see page 8 of the PIS: <a href="#">click to open</a></p> <p>Please see Company's website: <a href="#">click to open</a></p>	
<b>Recommendation 3.5</b>			
<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>Compliant</p>	<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: <a href="#">click to open</a></p>	
<p>2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.</p>	<p>Compliant</p>	<p>The ACC is composed of the following members:</p> <ul style="list-style-type: none"> <li>a. Mr. Celso P. Vivas – <i>Chairman, Non-Executive and Independent Director</i></li> <li>b. Mr. Leonilo G. Coronel – <i>Vice Chairman, Non-Executive and Independent Director</i></li> <li>c. Former Chief Justice Hilario G. Davide – <i>Non-Executive and Independent Director</i></li> <li>d. Mr. Alfredo E. Pascual – <i>Non-Executive and Independent Director</i></li> <li>e. Mr. Oliver Y. Tan – <i>Non-Executive Director</i></li> </ul> <p>The membership of the ACC is found in the PSE disclosure dated 9 October 2018: <a href="#">click to open</a></p> <p>In accordance with its Charter, the ACC is composed of four (4) Non-Executive and Independent Directors, including its Chairman, and one (1) Non-Executive Director.</p> <p>Please see the Committee Composition in the ACC Charter: <a href="#">click to open</a></p>	

<b>Recommendation 3.6</b>			
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	The Charters of the Company's established Board Committees states 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.  The Charters of the foregoing Committees are annexes to the New Manual.  Please see page 27 of the New Manual: <a href="#">click to open</a>	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant	Moreover, they are also found on the Company's website:  <a href="#">Executive Committee Charter</a> <a href="#">Finance Committee</a> <a href="#">Audit and Compliance Committee</a> <a href="#">Governance, Nominations and Compensation Committee</a> <a href="#">Board Risk Oversight Committee</a>	
3. Committee Charters were fully disclosed on the company's website.	Compliant		

**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.

<b>Recommendation 4.1</b>																																			
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.	Compliant	The New Manual provides that the Directors shall attend and actively participate in all meetings of the Board, committees, and shareholders in person or through tele-/video conferencing in accordance with the rules and regulations of the SEC.  Please see page 14, number 4, letter a, of the New Manual: <a href="#">click to open</a>  The Directors' active participation is also evident in their attendance in Board meetings held on July 2018 to April 2019:																																	
		<table border="1"> <thead> <tr> <th>Name</th> <th>No. of Meetings Held During the Year</th> <th>No. of Meetings Attended</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Edgar B. Saavedra</td> <td>5</td> <td>5</td> <td>100</td> </tr> <tr> <td>Oliver Y. Tan</td> <td>5</td> <td>5</td> <td>100</td> </tr> <tr> <td>Manuel Louie B. Ferrer</td> <td>5</td> <td>5</td> <td>100</td> </tr> <tr> <td>Hilario G. Davide, Jr.</td> <td>5</td> <td>5</td> <td>100</td> </tr> <tr> <td>Leonilo G. Coronel</td> <td>5</td> <td>5</td> <td>100</td> </tr> <tr> <td>Celso P. Vivas</td> <td>5</td> <td>5</td> <td>100</td> </tr> <tr> <td>Alfredo E. Pascual</td> <td>2</td> <td>2</td> <td>100</td> </tr> </tbody> </table>	Name	No. of Meetings Held During the Year	No. of Meetings Attended	%	Edgar B. Saavedra	5	5	100	Oliver Y. Tan	5	5	100	Manuel Louie B. Ferrer	5	5	100	Hilario G. Davide, Jr.	5	5	100	Leonilo G. Coronel	5	5	100	Celso P. Vivas	5	5	100	Alfredo E. Pascual	2	2	100	
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2. The directors review meeting materials for all Board and Committee meetings.	Compliant	The New Manual requires that in Board and committee meetings, the Director shall review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.  Please see page 14, number 4, letter a, of the New Manual: <a href="#">click to open</a>	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	Questions, comments and requests for clarification of the Directors during the Board and committee meetings are duly noted and addressed by the relevant resource persons.	
<b>Recommendation 4.2</b>			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Compliant	The directorships of Megawides Directors in both listed and non-listed companies are disclosed in Megawide's Annual Report, DIS, and PIS.  Please see page 60 of the Annual Report: <a href="#">click to open</a>  Please see page 8 of the DIS: <a href="#">click to open</a>  Please see page 8 of the PIS: <a href="#">click to open</a>  The New Manual states that the Non-Executive Directors of the Board shall concurrently serve as a Director to a maximum of five (5) publicly listed companies.  Please see page 14, number 4, letter b, of the New Manual: <a href="#">click to open</a>	
<b>Recommendation 4.3</b>			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	The New Manual requires Directors to notify the Board before accepting a directorship in another company.  Please see page 14, number 4, letter c., of the New Manual: <a href="#">click to open</a>	
<b>Optional: Principle 4</b>			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Compliant	The Executive Directors of the Company do not serve in more than two (2) boards of listed companies outside the group.  Please see page 60 of the Annual Report: <a href="#">click to open</a>  Please see page 8 of the PIS: <a href="#">click to open</a>  Please see Company's website: <a href="#">click to open</a>	

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 has been certified by the Corporate Secretary in a Secretary's Certificate dated 29 May 2019.</p> <p>Please see certification: <a href="#">click to open</a></p>	
3. Board of directors meet at least six times during the year.	Compliant	<p>There were six (6) board meetings held in 2018.</p> <p>Please see page 17 of the PIS for the dates of the meetings of the Board: <a href="#">click to open</a></p> <p>This was also certified by the Corporate Secretary in a Secretary's Certificate dated 29 May 2019.</p> <p>Please see certificate: <a href="#">click to open</a></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>The Results of the ASM held on 2 July 2018, shows the election of the following three (3) Independent Directors:</p> <ul style="list-style-type: none"> <li>a. Former Chief Justice Hilario G. Davide, Jr.</li> <li>b. Mr. Leonilo G. Coronel</li> <li>c. Mr. Celso P. Vivas</li> </ul> <p>Please see the Minutes of the ASM: <a href="#">click to open</a></p> <p>Subsequently, on 10 October 2018, Mr. Alfredo E. Pascual was appointed as an Independent Director, as disclosed with the PSE.</p> <p>Please see PSE disclosure dated 9 October 2018: <a href="#">click to open</a></p> <p>As such, the Company's Board has four (4) Independent Directors.</p>	
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<b>Recommendation 5.2</b>			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	<p>The Certificates of Independent Director attached to the DIS shows the qualifications of former Chief Justice Hilario G. Davide, Jr., Mr. Leonilo G. Coronel, and Mr. Celso P. Vivas.</p> <p>Please see the DIS: <a href="#">click to open</a></p> <p>The Certificates of Independent Director of all the Independent Directors shall be attached to the 2019 DIS, which will be uploaded on the Company's website under the Company Disclosures&gt;SEC Filings tab.</p>	
<b>Supplement to Recommendation 5.2</b>			
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.</p> <p>It is a Company policy that the Board shall endeavor to exercise objective and independent judgment on all corporate affairs.</p> <p>Please see Principle 5 on page 4 of the New Manual: <a href="#">click to open</a></p>	
<b>Recommendation 5.3</b>			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	<p>The DIS and PIS shows the number of years served by the Independent Directors.</p> <p>Please see page 8 of the DIS: <a href="#">click to open</a></p> <p>Please see page 8 of the PIS: <a href="#">click to open</a></p> <p>The New Manual requires that an Independent Director shall serve for a maximum cumulative term of nine (9) years.</p> <p>Please see page 15, letter c, of the New Manual: <a href="#">click to open</a></p>	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	<p>The New Manual perpetually bars from re-election an Independent Director who has served for nine (9) years.</p> <p>Please see page 15, letter c, of the New Manual: <a href="#">click to open</a></p>	



<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.</p>	<p>Compliant</p>	<p>Although this scenario has yet to happen, Megawide undertakes to provide meritorious justification and to secure shareholders' approval during the ASM.</p> <p>This is embodied in page 15, letter c, of the New Manual: <a href="#">click to open</a></p>	
<b>Recommendation 5.4</b>			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>Compliant</p>	<p>The Chairman of the Board and CEO of the Company is Mr. Edgar B. Saavedra.</p> <p>Given that the positions of Chairman and CEO are held by the same person, the Board appointed Mr. Leonilo G. Coronel as Lead Director, among its Independent Directors, in order to foster an appropriate balance of power, increased accountability, and better capacity for independent decision making by the Board.</p> <p>Please see PSE disclosure dated 9 October 2018, confirming the appointment Mr. Coronel as Lead Independent Director: <a href="#">click to open</a></p> <p>Please see page 16, letter d, of the New Manual: <a href="#">click to open</a></p>	
<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>Compliant</p>	<p>The New Manual sets apart the responsibilities of the Chairman of the Board and CEO.</p> <p>Please see page 16, subsections i and ii, of the New Manual: <a href="#">click to open</a></p>	
<b>Recommendation 5.5</b>			
<p>1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.</p>	<p>Compliant</p>	<p>The Chairman of the Board, Mr. Edgar B. Saavedra, is an Executive Director.</p> <p>Please see the Minutes of the Organizational Meeting: <a href="#">click to open</a></p> <p>Mr. Leonilo G. Coronel is the designated Lead Independent Director.</p> <p>Please see PSE disclosure dated 9 October 2018, appointing Mr. Coronel as Lead Independent Director: <a href="#">click to open</a></p>	

<b>Recommendation 5.6</b>			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	<p>This has not occurred in the Company. In the event that a Director has a material interest in a transaction affecting the Company, the Board shall comply with the New Manual.</p> <p>The New Manual states that 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 New Manual: <a href="#">click to open</a></p>	
<b>Recommendation 5.7</b>			
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 New Manual, the Non-Executive Directors of the Company shall have separate periodic meetings with the external auditor 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 Director is appointed, such periodic meetings shall be chaired by him.</p> <p>Please see page 17, letter f, of the New Manual: <a href="#">click to open</a></p>	
2. The meetings are chaired by the lead independent director.	Compliant		
<b>Optional: Principle 5</b>			
1. None of the directors is a former CEO of the company in the past 2 years.	Compliant	<p>Mr. Edgar B. Saavedra has been the CEO of the Company since 18 September 2017. As such, none of the Directors is a former CEO of the Company in the past two (2) years.</p> <p>This is provided in the following:</p> <p>Please see page 60 of the Annual Report: <a href="#">click to open</a></p> <p>Please see page 8 of the DIS: <a href="#">click to open</a></p> <p>Please see page 8 of the PIS: <a href="#">click to open</a></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	The GNCC charter provides that it will assess the performance of the Board by accomplishing the Company's Annual Corporate Governance Self-Evaluation Report.	
2. The Chairman conducts a self-assessment of his performance.	Compliant	Please see the GNCC Charter: <a href="#">click to open</a>	
3. The individual members conduct a self-assessment of their performance.	Compliant	Moreover, the Board has approved a Board Evaluation Policy, which will be uploaded on the Company's website under Corporate Governance>Company Policies.	
4. Each committee conducts a self-assessment of its performance.	Compliant	The said policy provides for the conduct of an annual self-assessment by the Board, Chairman, individual Directors, and Board Committees.	
5. Every three years, the assessments are supported by an external facilitator.	Compliant	The New Manual states 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.  Please see page 17, number 6, letter a, of the New Manual: <a href="#">click to open</a>	
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	The Board Evaluation Policy provides, at the minimum, the criteria and process to determine the performance of the Board, individual Directors and committees.  The policy will be uploaded on the Company's website under Corporate Governance>Company Policies.	
2. The system allows for a feedback mechanism from the shareholders.	Compliant	The shareholders of Megawide may easily reach the Company through the contact details provided in the Company's website: <a href="#">click to open</a>	

**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**

<p>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.</p>	<p>Compliant</p>	<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 commitment, and 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: <a href="#">click to open</a></p> <p>Moreover, the Board on 3 April 2019, 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: <a href="#">click to open</a></p>	
<p>2. The Code is properly disseminated to the Board, senior management and employees.</p>	<p>Compliant</p>	<p>Megawide regularly conducts orientation seminars for the Board, senior management, and employees through various meetings where the Code of Business Conduct and Ethics and Code of Conduct and Ethical Standards for Suppliers are discussed. Moreover, they have been informed that the said codes are accessible through the Company's website.</p>	
<p>3. The Code is disclosed and made available to the public through the company website.</p>	<p>Compliant</p>	<p>The Code of Business Conduct and Ethics is available on the Company's website: <a href="#">click to open</a></p> <p>The Code of Conduct and Ethical Standards for Suppliers is available on the Company's website: <a href="#">click to open</a></p>	

Supplement to Recommendation 7.1			
<p>1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.</p>	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 termination of employment and/or severance of the business relations, but will also entail civil and/or criminal penalties.</p> <p>Please see the Code of Business Conduct and Ethics: <a href="#">click to open</a></p> <p>Please see the Code of Conduct and Ethical Standards for Suppliers: <a href="#">click to open</a></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: <a href="#">click to open</a></p> <p>Further, the Company has adopted the Anti-Fraud Policy that 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: <a href="#">click to open</a></p>	
Recommendation 7.2			
<p>1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.</p>	Compliant	<p>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.</p>	
<p>2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.</p>	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: <a href="#">click to open</a></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**

<p>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.</p>	<p>Compliant</p>	<p>Company disclosures are made available on Megawide's website, <a href="https://megawide.com.ph/">https://megawide.com.ph/</a></p> <p>Disclosures are also made through the PSE EDGE: <a href="#">click to open</a></p> <p>Under the New Manual, the Board has established corporate disclosure policies and procedures that shall ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders.</p> <p>Please see page 18, number 8, letter a, of the New Manual: <a href="#">click to open</a></p>	
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**Supplement to Recommendations 8.1**

<p>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.</p>	<p>Compliant</p>	<p>Megawide makes available annual and quarterly consolidated reports, cash flow statements and special audit revisions through its website and its PSE disclosures. 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: <a href="#">click to open</a></p> <p>Reports submitted to the PSE can be found on the following link: <a href="#">click to open</a></p>	
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<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>a. principal risks to minority shareholders associated with the identity of the company's controlling shareholders;</p> <ul style="list-style-type: none"> <li>- Based on the ERM report of Megawide, the risk to minority shareholders is in relation to their right to be represented in the Board. However, the shareholder has the right to cumulate his votes in order to assure proper representation in the Board. In terms of approval or corporate actions, the company has two independent directors and it complies with the requirements of the Company Code, Securities Regulation Code, and Manual of Corporate Governance in ensuring and protecting the rights of stockholders.</li> </ul> <p>Please see the ERM report: <a href="#">click to open</a></p> <p>a. cross-holdings among company affiliates;</p> <ul style="list-style-type: none"> <li>- Shareholdings of Megawide are disclosed in the Public Ownership Report. Similarly, cross-holdings among affiliates are outlined in the Annual Report.</li> </ul> <p>Please see the Public Ownership Report dated 15 April 2019: <a href="#">click to open</a></p> <p>Please see page 7 of the Annual Report: <a href="#">click to open</a></p> <p>b. any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p> <p>This also disclosed under the Annual Report: <a href="#">click to open</a></p>	
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<b>Recommendation 8.2</b>			
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	<p>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.</p> <p>Please see the Insider Trading Policy: <a href="#">click to open</a></p>	
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	<p>Megawide timely discloses with the PSE and the SEC the following reports:</p> <ul style="list-style-type: none"> <li>1) Quarterly Public Ownership Reports; and</li> <li>2) Statement of Beneficial Ownership (Forms 23-A and 23-B).</li> </ul> <p>Public Ownership Reports are accessible at the PSE EDGE portal and on Megawide's website.</p> <p>Please see the Public Ownership Report dated 15 April 2019: <a href="#">click to open</a></p> <p>Please see Statement of Beneficial Ownership of Securities dated 8 March 2019: <a href="#">click to open</a></p> <p>The New Manual also requires Directors and officers to disclose or report to Megawide any of their dealings in its shares within three (3) business days.</p> <p>Please see page 18, letter b, of the New Manual: <a href="#">click to open</a></p>	
<b>Supplement to Recommendation 8.2</b>			
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 Public Ownership Report as of 15 April 2019 shows the shareholdings of Directors and management of Megawide.</p> <p>Please see the Public Ownership Report: <a href="#">click to open</a></p> <p>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: <a href="#">click to open</a></p> <p>Please see the list of top 100 shareholders on the Company's website: <a href="#">click to open</a></p>	



<b>Recommendation 8.3</b>			
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, and PIS and the website provide for the material information including experience and qualifications of the individual Directors.</p> <p>Please see page 60 of the Annual Report: <a href="#">click to open</a></p> <p>Please see page 8 the DIS: <a href="#">click to open</a></p> <p>Please see page 8 the PIS: <a href="#">click to open</a></p> <p>Please see the Megawide website: <a href="#">click to open</a></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, DIS and PIS provide for the material information including experience and qualifications of the key executives.</p> <p>Please see page 62 of the Annual Report: <a href="#">click to open</a></p> <p>Please see page 10 the PIS: <a href="#">click to open</a></p> <p>Please see page 10 the DIS: <a href="#">click to open</a></p>	
<b>Recommendation 8.4</b>			
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 New 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 letter d of the New Manual: <a href="#">click to open</a></p> <p>The policy of the Company for Board remuneration is also provided in its By-Laws.</p> <p>Please see By-Laws: <a href="#">click to open</a></p>	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	<p>The Board remuneration and executive compensation are provided for in the Annual Report, DIS and PIS.</p> <p>Please see page 64 of the Annual Report: <a href="#">click to open</a></p> <p>Please see page 12 of the DIS: <a href="#">click to open</a></p> <p>Please see page 14 of the PIS: <a href="#">click to open</a></p>	

<b>Recommendation 8.5</b>			
<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>	<p>Compliant</p>	<p>Currently, there are no related-party transaction issues within Megawide.</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 &amp; Accounting Standards. Megawide shall comply with Philippine Accounting Standards 24's required disclosures of relationships between the Company and its subsidiaries irrespective of whether there have been transactions between them, transactions and outstanding balances, including commitments, in the consolidated and separate individual financial statements. It shall disclose the name of its parent, the ultimate controlling party and/or the most senior parent (defined as the first parent above the immediate parent) that produces consolidated financial statements available for public use.</p> <p>All RPTs shall be disclosed to the ACC and any material RPTs shall be disclosed to the Board.</p> <p>Please see the RPT Policy: <a href="#">click to open</a></p> <p>Moreover, the RPTs of the Company are disclosed in the Annual Report, DIS and PIS.</p> <p>Please see page 66 of the Annual Report: <a href="#">click to open</a></p> <p>Please see page 11 of the DIS: <a href="#">click to open</a></p> <p>Please see page 12 of the PIS: <a href="#">click to open</a></p>	
<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p>Compliant</p>	<p>In the conduct of the audit of Megawide, the following are considered related parties: Parent Company, Joint Ventures, Subsidiaries, Entities Under Common Control, Substantial Stockholders, Officers including spouse/ children/ siblings/ parents, Directors including spouse/ children/ siblings/ parents, and Interlocking Director relationship of Board of Directors.</p> <p>The Company's RPTs are enumerated in Megawide's Annual Report, DIS and PIS.</p> <p>Please see page 66 of the Annual Report: <a href="#">click to open</a></p> <p>Please see page 11 of the DIS: <a href="#">click to open</a></p> <p>Please see page 12 of the PIS: <a href="#">click to open</a></p>	

<b>Supplement to Recommendation 8.5</b>			
<p>1. Company requires directors to disclose their interests in transactions or any other conflict of interests.</p>	<p>Compliant</p>	<p>In compliance with the RPT Policy, Directors must disclose their interests in transactions or any other conflict of interest.</p> <p>Please see RPT Policy: <a href="#">click to open</a></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: <a href="#">click to open</a></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: <a href="#">click to open</a></p>	
<b>Optional : Recommendation 8.5</b>			
<p>1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.</p>	<p>Compliant</p>	<p>The New 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 New Manual: <a href="#">click to open</a></p> <p>Moreover, the RPT Policy requires the Board and the ACC to consider whether such transactions are fair and at arm's length.</p> <p>Please see the RPT Policy: <a href="#">click to open</a></p>	

<b>Recommendation 8.6</b>			
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.	Compliant	Megawide promptly makes disclosure to any material fact or event relative to the acquisition or disposal of significant assets. Material transactions are disclosed to through the PSE EDGE website.  Following is a link to Megawide's disclosures: <a href="#">click to open</a>	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	There has been no significant disposal of assets affecting the viability of the shareholders and other stakeholders.	
<b>Supplement to Recommendation 8.6</b>			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	Material transactions that may have an impact on the control, ownership and strategic direction of the Company are promptly disclosed through the PSE EDGE and may be accessed at: <a href="#">click to open</a>  Moreover, the Company has provided in the Annual Report that there are no arrangements entered into by Megawide or any of its stockholders which may result in a change of control of Megawide.  Please see page 66 of the Annual Report: <a href="#">click to open</a>	
<b>Recommendation 8.7</b>			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	The New Manual contains Megawide's corporate governance policies, programs and procedures.  It was submitted to the SEC and the PSE on 28 May 2018.	
2. Company's MCG is submitted to the SEC and PSE.	Compliant	Please see the New Manual: <a href="#">click to open</a>	
3. Company's MCG is posted on its company website.	Compliant		

Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	<p>On 14 May 2018, pursuant to SEC Memorandum Circular No. 19, the Board approved and adopted the New Manual. The same was submitted to the SEC and to the PSE on 28 May 2018.</p> <p>Please see New Manual: <a href="#">click to open</a></p>	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	Compliant	<p>The Annual Report was timely disclosed on 30 April 2019 through the PSE EDGE, and contains information on 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 website through: <a href="#">click to open</a></p> <p>The Annual Report is also posted on Megawide's website through: <a href="#">click to open</a></p> <p>The Company shall disclose in its Annual CG Report or Annual Stockholders' Report the same details, including the attendance of Directors in all meetings held during the year.</p> <p>Please see the Company's Annual Stockholders' Report: <a href="#">click to open</a></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		

<p>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.</p>	<p>Compliant</p>	<p>The Annual Report provides that, "The Company endeavors to comply with the code of corporate governance. Any non-compliance will be identified and explained in the Annual Corporate Governance Report."</p> <p>Please see page 68 of the Annual Report: <a href="#">click to open</a></p>	
<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.</p>	<p>Compliant</p>	<p>The Company shall disclose in its Annual CG Report or Annual Stockholders' Report for the full year of 2018 (ASR) that the Board conducted a review of the Company's material controls and risk management systems.</p> <p>The ASR shall be posted on the Company's website under Company Disclosures&gt;Annual Stockholders' Report: <a href="#">click to open</a></p>	
<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.</p>	<p>Compliant</p>	<p>The ASR shall contain a statement from the Board or Audit Committee regarding the adequacy of the Company's internal controls and risk management systems.</p> <p>The ASR shall be posted on the Company's website under Company Disclosures&gt;Annual Stockholders' Report: <a href="#">click to open</a></p>	
<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).</p>	<p>Compliant</p>	<p>The Annual Report discusses the key risks Megawide is exposed to.</p> <p>Please see page 28 of the Annual Report: <a href="#">click to open</a></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.

**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.</p>	<p>Compliant</p>	<p>In the Annual Report, it 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 59 of the Annual Report: <a href="#">click to open</a></p> <p>The ACC Charter provides that the committee shall approve the appointment, reappointment, removal, and fees of the external auditor.</p> <p>Please see the ACC Charter: <a href="#">click to open</a></p>	
<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.</p>	<p>Compliant</p>	<p>Stockholders representing 100% of the 1,514,873,473 shares represented during the ASM in 2018 unanimously voted in favor of the appointment of Punongbayan &amp; Araullo as external auditor.</p> <p>Please see Minutes of the ASM: <a href="#">click to open</a></p>	
<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.</p>	<p>Compliant</p>	<p>Megawide has never removed nor replaced its external auditor.</p> <p>Please see page 59 of the Annual Report: <a href="#">click to open</a></p>	

<b>Supplement to Recommendation 9.1</b>			
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 auditor's suitability and effectiveness on an annual basis and shall implement a policy of rotating the external auditor's lead audit partner every five (5) years.</p> <p>Please see the Roles and Responsibilities in the ACC Charter: <a href="#">click to open</a></p> <p>Accordingly, the DIS and PIS provide:</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 Punongbayan &amp; Araullo for the examination of the Company's financial statements for 2016 to 2018. Previously, the Company engaged Mr. Leonardo D. Cuaresma, Jr. of Punongbayan &amp; Araullo 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: <a href="#">click to open</a></p> <p>Please see footnote on page 15 of the PIS: <a href="#">click to open</a></p>	
<b>Recommendation 9.2</b>			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> <li>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul>	Compliant	<p>The ACC's Charter includes the following responsibilities:</p> <ul style="list-style-type: none"> <li>a. assessing the integrity and independence of external auditors;</li> <li>b. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> <li>c. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul> <p>Please see the Roles and Responsibilities in the ACC Charter: <a href="#">click to open</a></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 auditor's suitability and effectiveness on an annual basis.</p> <p>Please see the Roles and Responsibilities in the ACC Charter: <a href="#">click to open</a></p>	
<b>Supplement to Recommendations 9.2</b>			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Compliant	<p>The ACC ensures that the external auditor is 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: <a href="#">click to open</a></p>	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant	<p>The ACC ensures that the external auditor has adequate quality control procedures, as stated in its Charter.</p> <p>Please see the Roles and Responsibilities in the ACC Charter: <a href="#">click to open</a></p>	
<b>Recommendation 9.3</b>			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	<p>As provided in the Annual Report, DIS, and PIS, the external auditor did not perform any non-audit services.</p> <p>Please see page 58 of the Annual Report: <a href="#">click to open</a></p> <p>Please see page 16 of the Management Report attached to the DIS: <a href="#">click to open</a></p> <p>Please see page 21 of the Management Report attached to the PIS: <a href="#">click to open</a></p> <p>Should any non-audit services be performed, the Company shall disclose the same in compliance with the New 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, letter c, of the New Manual: <a href="#">click to open</a></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, the ACC pre-approves all non-audit services and approve 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 59 of the Annual Report: <a href="#">click to open</a></p> <p>The New Manual mandates the ACC to be alert for any potential conflict of interest situations which could be viewed as impairing the external auditor's objectivity.</p> <p>Please see page 19, number 9, letter c, of the New Manual: <a href="#">click to open</a></p>	
<b>Supplement to Recommendation 9.3</b>			
<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	<p>Compliant</p>	<p>Considering that the external auditor did not perform non-audit services no fees were paid for the same. This is stated in the Annual Report, DIS, and PIS.</p> <p>Please see page 58 of the Annual Report: <a href="#">click to open</a></p> <p>Please see page 16 of the Management Report attached to the DIS: <a href="#">click to open</a></p> <p>Please see page 21 of the Management Report attached to the PIS: <a href="#">click to open</a></p>	
<b>Additional Recommendation to Principle 9</b>			
<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<p>Compliant</p>	<p>Punongbayan &amp; Araullo is SEC Group A accredited</p> <ol style="list-style-type: none"> <li>1. Name of the audit engagement partner: <b>MAILENE SIGUE-BISNAR</b></li> <li>2. Accreditation number: No. 0396-AR-3</li> <li>3. Expiry date of accreditation: October 1, 2021.</li> <li>4. Name, address, contact number of the audit firm: Punongbayan &amp; Araullo 19th &amp; 20th Floor, Tower 1, The Enterprise Center, 6766 Ayala Ave, Makati, 1200 Kalakhang Maynila Tel no. (02) 998-2288</li> </ol>	
<p>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).</p>	<p>Compliant</p>	<p>Should the Company's external auditor be subjected to the SEC's SOAR Program, it shall comply with the same.</p>	

<b>Principle 10:</b> The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
<b>Recommendation 10.1</b>			
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 Company has prepared a sustainability report where non-financial information, with an emphasis on the management of economic, environmental, social and governance issues of its business are disclosed.</p> <p>Shareholders of the Company will be furnished a copy of the sustainability report during the Company's 2019 ASM. Moreover, the said report will be uploaded on the Company's website under Company Disclosures&gt;Annual Stockholders' Report: <a href="#">click to open</a></p> <p>Currently, some information on the Company's corporate social responsibility activities are available in the said page: <a href="#">click to open</a></p>	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	<p>The New 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 New Manual: <a href="#">click to open</a></p>	
<b>Principle 11:</b> 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.			
<b>Recommendation 11.1</b>			
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 with the PSE: <a href="#">click to open</a></p> <p>Further, the schedule for these briefings are posted on the Company's website: <a href="#">click to open</a></p>	
<b>Supplemental to Principle 11</b>			
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: <a href="#">click to open</a></p>	

a. Financial statements/reports (latest quarterly)	Compliant	The company's financial statements/reports are found on the Company's website.  Please see page where financial statements/reports are found on the Company's website: <a href="#">click to open</a>	
b. Materials provided in briefings to analysts and media	Compliant	Materials provided in briefings to analysts and media are available on the Company's website.  Please see briefing materials: <a href="#">click to open</a>	
c. Downloadable annual report	Compliant	The Annual Report may be downloaded on the Company's website.  Please see Annual Report: <a href="#">click to open</a>  Please see page where annual reports are available on the Company's website: <a href="#">click to open</a>	
d. Notice of ASM and/or SSM	Compliant	The notice of the ASM/SSM are found in the Company's website.  Please see notice: <a href="#">click to open</a>	
e. Minutes of ASM and/or SSM	Compliant	The minutes of the ASM/SSM are found on the Company's website.  Please see minutes: <a href="#">click to open</a>	
f. Company's Articles of Incorporation and By-Laws	Compliant	The Company's Articles of Incorporation and By-Laws are found in the Company's website.  Please see Articles of Incorporation: <a href="#">click to open</a>  Please see By-Laws: <a href="#">click to open</a>	
<b>Additional Recommendation to Principle 11</b>			
1. Company complies with SEC-prescribed website template.	Compliant	The Company complies with the SEC-prescribed website template. It contains information regarding the Company's Board, corporate governance, investor relations, and corporate disclosures.  The website can be accessed through the following link: <a href="#">click to open</a>	

**Internal Control System and Risk Management Framework**

**Principle 12:** To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

**Recommendation 12.1**

<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p>Compliant</p>	<p>The adequacy of the Company's internal control system is monitored and evaluated by the ACC.</p> <p>Please see attached ACC Charter: <a href="#">click to open</a></p> <p>The Company has also formulated an Internal Audit Charter, which was confirmed by the President/Chief Executive Officer and previous Internal Audit Head as adequate, sound, and effective.</p> <p>Please see Internal Audit Charter: <a href="#">click to open</a></p> <p>Please see Audit Internal Control Review Report: <a href="#">click to open</a></p>	
<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>Compliant</p>	<p>The Company's ERM framework is consistently monitored and supervised by the BROCC.</p> <p>Please see BROCC Charter: <a href="#">click to open</a></p> <p>Based on the Enterprise Risk Management report of Megawide:</p> <p>The Board of Directors have adopted an Enterprise Risk Management (ERM) Policy Statement wherein the company shall: (i) establish a culture of disclosing, evaluating and managing risks, from the Board of Directors and throughout the organization towards achieving its goals and objectives; (ii) protect and preserve its employees' and clients' safety and welfare, the value and condition of its properties and assets and its local and global reputation; and (iii) align its risk appetite with its long-term strategic objectives.</p> <p>The measures currently in place have proven to be effective and adequate. However, the company plans to institutionalize and formalize the risk management system.</p> <p>This may be accessed at: <a href="#">click to open</a></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>	Compliant	<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: <a href="#">click to open</a></p> <p>Please see the Code of Conduct and Ethical Standards for Suppliers: <a href="#">click to open</a></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>	Compliant	<p>The Company's BROC is responsible for managing the governance process on IT issues, including disruption, cyber security, and disaster recovery. They ensure that all risks are identified, managed and reported to the Board. The Assistant Vice President for Security and Chief Information Technology Officer shall address any of the foregoing security issues.</p> <p>Please see the BROC Charter: <a href="#">click to open</a></p> <p>A biography on the Chief Information Technology Officer is also available on the Annual Report and the PIS.</p> <p>Please see page 62 of the Annual Report; <a href="#">click to open</a></p> <p>Please see page 11 of the PIS: <a href="#">click to open</a></p>	

<b>Recommendation 12.2</b>			
<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>Megawide has implemented an in-house internal audit on its projects and business units which will be conducted by the Internal Audit Department, headed by its CAE.</p> <p>Moreover, the ACC consistently monitors the independence of the Company's internal audit function.</p> <p>Please see the ACC Charter: <a href="#">click to open</a></p> <p>Below is a brief summary of the Company's internal control system:</p> <p>A system of internal control refers to the process by which organizations maintain environments that encourage incorruptibility and deter fraudulent activities by management and employees. Internal controls encompasses a set of rules, policies and procedures Megawide implements to provide reasonable assurance that:</p> <ul style="list-style-type: none"> <li>• Its financial reports are reliable</li> <li>• its operations are effective and efficient; and</li> <li>• Its activities comply with applicable laws and regulations.</li> </ul> <p>Megawide applies the Committee of Sponsoring Organizations (COSO) framework in understandings its internal control system and provides the following key concepts:</p> <ul style="list-style-type: none"> <li>• Internal control is a process, rather than a structure. It is continuing series of activities, planned, implemented and monitored by the Board of Directors and management at all levels within an organization;</li> <li>• Internal control provides reasonable assurance, not absolute assurance, with regard to achievement of the organization's objectives;</li> <li>• The objectives of internal control relate to assurance not only about reliable financial reporting and compliance, but also with regard to its effectiveness and efficiency of operations, and;</li> <li>• Internal control is also concerned with the achievement of performance objectives, such as profitability.</li> </ul>	<p>Warnings should also be given regarding over-reliance on any system, noting in particular the following:</p> <ul style="list-style-type: none"> <li>• A good internal control system cannot turn a poor manager into a good one;</li> <li>• The system can only provide reasonable assurance regarding the achievement of objectives – all internal control systems are at risk from mistakes and errors;</li> <li>• Internal control systems can be by-passed by collusion and management override, and;</li> <li>• Controls are only designed to cope with routine transactions and events.</li> </ul> <p>There are resource constraints in provision of internal control systems, limiting their effectiveness.</p> <p>In other words, it is good corporate governance to establish the system in order to minimize risks, but those risks can never be entirely eliminated.</p>

<b>Recommendation 12.3</b>			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	<p>The Board has appointed Mr. Anthony Vergel Velasco as the Company's CAE. Mr. Velasco's educational background, certifications, and previous experience evidences his qualification and competence to perform the duties of a CAE.</p> <p>A brief biography on the CAE is available in the Annual Report and PIS.</p> <p>Please see page 62 of the Annual Report: <a href="#">click to open</a></p> <p>Please see page 11 of the PIS: <a href="#">click to open</a></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.	Compliant	<p>The 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> <p>Please see page 20, letter c, of the New Manual: <a href="#">click to open</a></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.	Compliant	<p>Megawide has its own Internal Audit Department, led by the CAE.</p>	
<b>Recommendation 12.4</b>			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	<p>The BROCC is tasked to identify, assess and monitor key risk exposures, in accordance with its charter.</p> <p>Please see the ERM portion the BROCC Charter: <a href="#">click to open</a></p>	
<b>Supplement to Recommendation 12.4</b>			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	<p>This is not necessary at the moment, however, Megawide will seek technical support in risk management, if needed.</p>	



<b>Recommendation 12.5</b>			
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. Jerome Mario Orfano as the Company's CRO who shall be the ultimate ERM champion.</p> <p>The New Manual requires that the CRO shall be an expert on ERM and shall have adequate authority, stature, resources and support to fulfill his responsibilities.</p> <p>Please see page 21, letter e, of the New Manual for the qualifications, roles, and responsibilities of the CRO: <a href="#">click to open</a></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. Orfano establishes that he has the adequate authority and stature to fulfill his responsibilities.</p> <p>A brief biography on the CRO is available in the PIS.</p> <p>Please see page 11 of the PIS: <a href="#">click to open</a></p>	
<b>Additional Recommendation to Principle 12</b>			
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 CEO and previous Internal Audit Head have attested in writing that a sound internal audit, control, and compliance system is in place and working effectively on 22 March 2018.</p> <p>Please see Annual Internal Control Review Report: <a href="#">click to open</a></p> <p>The CEO and CAE shall be making such an attestation in writing which will be uploaded on the Company's website under the Corporate Governance tab.</p>	
<b>Cultivating a Synergic Relationship with Shareholders</b>			
<b>Principle 13:</b> The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
<b>Recommendation 13.1</b>			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	<p>The New Manual lists the basic rights of shareholders.</p> <p>Please see page 21, number 13, letter a, of the New Manual: <a href="#">click to open</a></p>	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	<p>The basic shareholders' rights are also disclosed in Megawide's website and may be found in the following link: <a href="#">click to open</a></p>	

Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	Megawide has two kinds of shares: 1) Common shares with voting rights; and 2) Non-preferred shares with non-voting rights. Both kinds are listed with the PSE.	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	<p>The Board has adopted an effective, secure and efficient voting system. The voting procedure is:</p> <p>a. The vote required for approval or election</p> <p>The vote required for the election of Directors and all questions (except in cases otherwise provided by the Company) is the vote of at least a majority of the outstanding capital stock.</p> <p>b. The method by which votes will be counted</p> <p>Article II, Section 17 of the By-Laws provides that at all meetings of stockholders, a stockholder may vote in person or by proxy. Section 24 of the Corporation Code of the Philippines provides that in stock corporations, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing, at the time fixed in the By-laws, in his own name on the stock books of the Company, or where the By-laws are silent, at the time of the election.</p> <p>Each stockholder shall have one (1) vote for each share of stock entitled to vote and recorded in his name in the books of Megawide.</p> <p>The external auditor will assist in the counting of votes.</p> <p>Please see the Company's By-Laws: <a href="#">click to open</a></p> <p>The voting system is also discussed the DIS and PIS.</p> <p>Please see page 4 of the DIS: <a href="#">click to open</a></p> <p>Please see page 4 of the PIS: <a href="#">click to open</a></p>	
3. Board has an effective, secure, and efficient voting system.	Compliant		
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		<p>However, in case of dissent, the shareholder may exercise his right of appraisal which is available under the New Manual.</p> <p>Please see page 23, subsection vi, of the New Manual: <a href="#">click to open</a></p>

<p>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.</p>	<p>Compliant</p>	<p>The New 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 New Manual: <a href="#">click to open</a></p>	
<p>6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.</p>	<p>Compliant</p>	<p>The Board has also adopted corporate governance policies in the New Manual to protect the rights of minority stakeholders.</p> <p>Please see pages 21 to 22 of the New Manual: <a href="#">click to open</a></p>	
<p>7. Company has a transparent and specific dividend policy.</p>	<p>Compliant</p>	<p>The list of dividends declared by Megawide may be found in the Annual Report, DIS, and PIS.</p> <p>Please see page 45 of the Annual Report: <a href="#">click to open</a></p> <p>Please see page 30 of the Management Report attached to the DIS: <a href="#">click to open</a></p> <p>Please see page 34 of the Management Report attached the PIS: <a href="#">click to open</a></p> <p>The Annual Report states that on 26 June 2013, the Board adopted a dividend policy of declaring annual cash dividends equivalent to 20% of the prior year income, subject to contractual obligations.</p> <p>Please see page 44 of the Annual Report: <a href="#">click to open</a></p> <p>The New 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 New Manual: <a href="#">click to open</a></p>	

<b>Optional: Recommendation 13.1</b>			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Compliant	<p>Punongbayan &amp; Araullo assisted in the counting and validation of the votes at the ASM for 2018.</p> <p>Please see minutes of the ASM for 2018: <a href="#">click to open</a></p>	
<b>Recommendation 13.2</b>			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	<p>The Notice of ASM was disclosed with the PSE and posted on the Company's website at least 28 days before the Meeting.</p> <p>Please see PSE disclosure dated 24 May 2019 of the Notice of ASM to be held on 2 July 2019: <a href="#">click to open</a></p> <p>Please see Notice of ASM and Agenda on the Company's website: <a href="#">click to open</a></p> <p>The PIS with Notice of ASM and Agenda was also disclosed with the PSE and posted on the Company's website.</p> <p>Please see PSE disclosure dated 21 May 2019 of the PIS with Notice ASM and Agenda for the meeting which will be held on 2 July 2019: <a href="#">click to open</a></p> <p>Please see the PIS with Notice of ASM and Agenda, posted on the Company's website, for the meeting which will be held on 2 July 2019: <a href="#">click to open</a></p>	
<b>Supplemental to Recommendation 13.2</b>			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Compliant	<p>The PIS, which contains the Notice of ASM and Agenda for the meeting to be held on 2 July 2019, provided the details of the Directors, auditor and proxy documents.</p> <p>The DIS, which included the Notice of ASM and Agenda for the meeting held last 2 July 2018, also provided the details of the Directors, auditor and proxy documents.</p>	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	<p>The profile of the Directors are provided in the DIS and PIS which contain the Notice of ASM and Agenda.</p> <p>Please see page 8 of the DIS: <a href="#">click to open</a></p> <p>Please see page 8 of the PIS: <a href="#">click to open</a></p>	

b. Auditors seeking appointment/re-appointment	Compliant	The auditor seeking appointment/re-appointment is in the Notice of ASM and Agenda.  Please see the Notice of ASM and Agenda: <a href="#">click to open</a>	
c. Proxy documents	Compliant	The DIS and PIS, which includes the Notice of ASM and Agenda, contain the proxy documents.  Please see the DIS: <a href="#">click to open</a>  Please see the PIS: <a href="#">click to open</a>	
<b>Optional: Recommendation 13.2</b>			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	The Notice of ASM, included in the DIS, PIS and uploaded on the Company's website, provides for the rationale for the agenda items.  Please see the DIS: <a href="#">click to open</a>  Please see the PIS: <a href="#">click to open</a>  Please see Notice of ASM: <a href="#">click to open</a>	
<b>Recommendation 13.3</b>			
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	The Minutes of the ASM for 2018 contains information on all relevant questions raised and answered during the ASM and the results of the vote taken during the most recent ASM. The results of the ASM and the Organizational Meeting of the Board were likewise disclosed with the PSE on the same day.  Please see the Results of the ASM disclosed with the PSE on 2 July 2018: <a href="#">click to open</a>  Please see the results of the Organizational Meeting of the Board disclosed with the PSE on 2 July 2018: <a href="#">click to open</a>	
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	The Minutes of the ASM were made available on Megawide's website within five (5) business days from the end of the meeting.  Please see the Minutes of the ASM: <a href="#">click to open</a>	

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 auditor and other relevant individuals were present during the ASM.</p> <p>Please see the Minutes of the ASM: <a href="#">click to open</a></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	<p>The New 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.</p> <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>	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	<p>Please see the page 24, letter d, of the New Manual: <a href="#">click to open</a></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 Investor Relations Office to ensure constant engagement with its shareholders. The Investor Relations Office is headed by the following:</p> <p>JOAN COSICO  <i>Vice President – Investor Relations</i>  jcosico@megawide.com.ph</p> <p>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: <a href="mailto:investorrelations@megawide.com.ph">investorrelations@megawide.com.ph</a></p> <p>Information for shareholders may also be accessed at the Company's website: <a href="#">click to open</a></p>	
2. IRO is present at every shareholder's meeting.	Compliant	The IRO is present at every shareholders' meeting.	

<b>Supplemental Recommendations to Principle 13</b>			
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	Based on the Public Ownership Report as of 15 April 2019, the public ownership is at 35.26%.  Please see the Public Ownership Report: <a href="#">click to open</a>	
<b>Optional: Principle 13</b>			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Compliant	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.  The IRO also conducts regular analysts' briefings, participates in investor conferences, non-deal roadshows, encourages one-on-one meetings and conference calls, and accommodates site visits.	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Non-compliant		Shareholders are allowed to send proxies to the ASM.  The Board is looking into implementing an electronic voting system for shareholder who are absent during the ASM.
<b>Duties to Stakeholders</b>			
<b>Principle 14:</b> 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.			
<b>Recommendation 14.1</b>			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	The New Manual requires that the Board identify Megawide's various stakeholders and promote cooperation between them and the Company in creating wealth, growth and sustainability.  Please see page 24, number 14, letter a, of the New Manual: <a href="#">click to open</a>	

<b>Recommendation 14.2</b>			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	<p>The New 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, letter b, of the New Manual: <a href="#">click to open</a></p>	
<b>Recommendation 14.3</b>			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	<p>Stakeholders may communicate with the Company through the IRO.</p> <p>JOAN COSICO  <i>Vice President – Investor Relations</i>  <a href="mailto:jcosico@megawide.com.ph">jcosico@megawide.com.ph</a></p> <p>ROLANDO BONDYOY  <i>Assistant Vice President – Investor Relations</i>  <a href="mailto:rbondoy@megawide.com.ph">rbondoy@megawide.com.ph</a></p> <p>Office address: 20 N. Domingo Street, Barangay Valencia, Quezon City  Email address: <a href="mailto:investorrelations@megawide.com.ph">investorrelations@megawide.com.ph</a></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: <a href="#">click to open</a></p> <p>The New 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 New Manual: <a href="#">click to open</a></p>	
<b>Supplement to Recommendation 14.3</b>			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Compliant	<p>The Board is tasked 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>Further, the Board, as required by the New Manual, 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 New Manual: <a href="#">click to open</a></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 New Manual: <a href="#">click to open</a></p>	



<b>Additional Recommendations to Principle 14</b>			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant.	<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>	
2. Company respects intellectual property rights.	Compliant	<p>Any ideas, inventions or other intellectual property which Company Personnel developed or are involved in developing while connected with the Company are considered the property of the Company.</p> <p>Further, Megawide, as stated in the Annual Report, does not believe that its operations are dependent on any patent, trademark, copyright, licenses, franchise, concession, or royalty agreement.</p> <p>Please page 26 of the Annual Report: <a href="#">click to open</a></p>	
<b>Optional: Principle 14</b>			
1. Company discloses its policies and practices that address customers' welfare	Compliant	<p>The Annual Report enumerates the customer and project selection procedure and practices of Megawide which provides for the implementation of strict quality assurance and quality controls.</p> <p>Please see page 11 of the Annual Report: <a href="#">click to open</a></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 the customers free and harmless.</p> <p>Please see page 68 of the Annual Report: <a href="#">click to open</a></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 see page 26 of the Annual Report: <a href="#">click to open</a></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**

<p>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.</p>	<p>Compliant</p>	<p>Megawide commits to provide and maintain a safe, secure and healthy work environment.</p> <p>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 ISO 45001:2018 and expects to receive such certification this year.</p> <p>Please see page 26 of the Annual Report: <a href="#">click to open</a></p> <p>The New Manual also embodies the policy of the Board to establish policies, programs and procedures that encourage employees to actively participate in the relation of Megawide's goals and in its governance.</p> <p>The establishment of policies and programs covering among others, the following: (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, letter a, of the New Manual: <a href="#">click to open</a></p> <p>The Human Resources Department also encourages open communication between the employees and management through the conduct of activities such as Mornings with the Bossings, Town Hall Meetings, and Employee's Hour. These events allow employees to raise their ideas, issues and concerns so that they may be heard and addressed.</p> <p>Please see article on Mornings with the Bossings: <a href="#">click to open</a></p> <p>Please see article on Town Hall Meeting: <a href="#">click to open</a></p> <p>Please see article on Employee Hour: <a href="#">click to open</a></p>	
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**Supplement to Recommendation 15.1**

<p>1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.</p>	<p>Compliant</p>	<p>Employees receive incentives based on their performance, which is evaluated every June and December.</p> <p>Please see page 27 of the Annual Report: <a href="#">click to open</a></p>	
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<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	<p>Compliant</p>	<p>The Company has health care benefits for employees covered by its insurance provider.</p> <p>Moreover, all employees are required to undergo annual medical check-up.</p> <p>Employees are also instructed to report accidents and unsafe conditions and practices to the Safety Department.</p> <p>Further, the Company has implemented a Quality, Environmental, Safety &amp; Health Policy.</p> <p>Please see the Quality, Environmental, Safety &amp; Health Policy: <a href="#">click to open</a></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 ISO 45001:2018 and expects to receive such certification this year.</p> <p>Please see page 26 of the Annual Report: <a href="#">click to open</a></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: <a href="#">click to open</a></p>	
<b>Recommendation 15.2</b>			
<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: <a href="#">click to open</a></p> <p>This was supplemented by the Code of Conduct and Ethical Standards for Suppliers: <a href="#">click to open</a></p> <p>To further support the Company's campaign against corruption, the Company has adopted the Whistleblowing Policy and the Anti-Fraud Policy in order for acts of corruption may be deterred and reported.</p> <p>Please see Whistleblowing Policy: <a href="#">click to open</a></p> <p>Please see Anti-Fraud Policy: <a href="#">click to open</a></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, and the Anti-Fraud Policy are posted on the Company's website.</p> <p>Additionally, numerous orientations are conducted by management, with the approval of the Board of Directors with regard to the foregoing matters.</p> <p>They are available on the Company's website through the following links:</p> <p><a href="#">Code of Business Conduct and Ethics</a>  <a href="#">Code of Conduct and Ethical Standards for Suppliers</a>  <a href="#">Whistleblowing Policy</a>  <a href="#">Anti-Fraud Policy</a></p>	
<b>Supplement to Recommendation 15.2</b>			
<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: <a href="#">click to open</a></p> <p>Please see the Code of Conduct and Ethical Standards for Suppliers: <a href="#">click to open</a></p>	
<b>Recommendation 15.3</b>			
<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 Whistleblowing Policy: <a href="#">click to open</a></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 Internal Audit Department 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: <a href="#">click to open</a></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 Internal Audit Department to implement the program effectively.</p> <p>The ACC and the Compliance Officer shall oversee the enforcement of the whistleblowing framework, pursuant to the Whistleblowing Policy.</p> <p>Please see the Whistleblowing Policy: <a href="#">click to open</a></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 Foundation, Inc. for its corporate social responsibility initiatives.</p> <p>Information regarding the foundation may be found in: <a href="#">click to open</a></p> <p>Further, some of the corporate social responsibility of the activities of the foundation are listed in the Company's website: <a href="#">click to open</a></p> <p>The Company's corporate social responsibility report will also be uploaded on its website under Company Disclosures&gt;Annual Stockholders' Report: <a href="#">click to open</a></p>	
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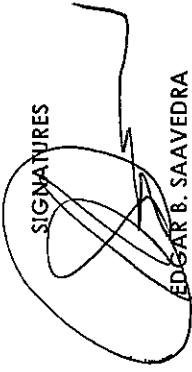
**Optional: Principle 16**

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 standard which it expects to achieve by this year.</p> <p>Please see page 26 of the Annual Report: <a href="#">click to open</a></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 see page 25 of the Annual Report: <a href="#">click to open</a></p>	
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<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p>Compliant</p>	<p>Megawide has established the Megawide Foundation, Inc. for its corporate social responsibility initiatives. Through the foundation, the Company is able to interact positively with the communities it operates in.</p> <p>Information regarding the foundation may be found in: <a href="#">click to open</a></p>	
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Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of ~~MANILA~~ **KATIPUN CITY** on MAY 29 2019

SIGNATURES



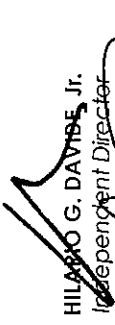
**EDGAR B. SAAVEDRA**  
Chairman of the Board of Directors  
President  
Chief Executive Officer



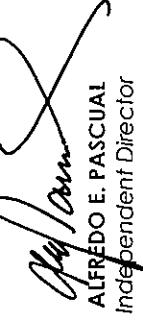
**LEONILO G. CORONEL**  
Independent Director



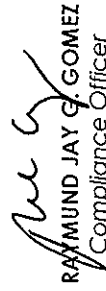
**CELSO P. VIVAS**  
Independent Director



**HILARIO G. DAVISE, JR.**  
Independent Director



**ALFREDO E. PASCUAL**  
Independent Director



**RAYMUND JAY G. GOMEZ**  
Compliance Officer



**ALBERTO SOBEL F. OAMINAL**  
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 29 2019, affiants exhibiting to me their valid IDs, as follows:

NAME	GOVERNMENT ID NO.	DATE OF ISSUE/EXPIRY DATE
EDGAR B. SAAVEDRA	Passport No. P0395124A	Valid until September 25, 2021
LEONILLO G. CORONEL	Tax Identification No. 130-190-655	
HILARIO G. DAVIDE, JR.	Passport No. EC3519374	Valid until February 23, 2020
CELSO P. VIVAS	Senior Citizen I.D. with Control No. GGG-010167	
ALFREDO E. PASCUAL	Tax Identification No. 148-805-249	
RAYMUND JAY G. GOMEZ	LTO Driver's License No. A05-89-020189	Valid until July 21, 2023
ALTHEA ISOBEL F. OAMINAL	Passport No. EC2854853	Valid until November 26, 2019

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 Series of 2019.



**JASMINE M. JIMENEZ**  
 Commission No. M-218  
 Notary Public for Makati City  
 Until December 31, 2019  
 6th Floor Don Pablo Building  
 114 Amoroso St., Legaspi Village, Makati City  
 PTR No. 7345865/01.11.2019/Makati City  
 IBP No. 066796/01.10.2019/Makati City  
 MCLE No. VI-0017024/12.28.2018/Pasig City  
 Roll No. 58106