

SEC No. AS096-002388



By-Pass Road Aguinaldo Highway, Silang, Cavite, Philippines

MANUAL

ON

CORPORATE GOVERNANCE

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MANUAL ON CORPORATE GOVERNANCE

RIVIERA GOLF CLUB, INC.

The Board of Directors and Management of the **RIVIERA GOLF CLUB, INC.** hereby commit themselves to the principles and best practices contained in this Code of Corporate Governance, and acknowledge that the same may guide the attainment of our corporate goals.

1. Objective

This Code of Corporate Governance shall institutionalize the principles of good corporate governance in the entire organization.

The Board of Directors and Management, employees and shareholders believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization as soon as possible.

2. Compliance System

2.1. Compliance Officer

To ensure adherence to corporate principles and best practices, the Board shall designate a Compliance Officer, who shall have a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation. He should not be a member of the Board of Directors and should annually attend a training on corporate governance.

2.1.1. Duties and Responsibilities

He shall perform the following duties and responsibilities:

- a) Ensures proper on-boarding of new directors;
- b) Monitors, reviews, evaluates and ensures the compliance by the corporation, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;
- c) Reports to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
- d) Ensures the integrity and accuracy of all documentary and electronic submissions as may be allowed under Security and Exchange Commission (SEC) rules and regulations;

- e) Appears before the SEC when summoned in relation to compliance with this Code and other relevant rules and regulations;
- f) Collaborates with other departments within the company to properly address compliance issues, which may be subject to investigation;
- g) Identifies possible areas of compliance issues and works towards the resolution of the same;
- h) Ensures the attendance of board members and key officers to relevant trainings; and
- i) Performs such other duties and responsibilities as may be provided by the Board and SEC.

2.1.2. Disclosure

The appointment of the Compliance Officer shall be immediately disclosed to the Securities and Exchange Commission on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to said Officer.

2.2. Plan of Compliance

2.2.1. Board of Directors

The corporate powers of the Club shall be exercised, its operations managed and its property controlled by a Board of Directors with such number and membership as provided for in the Articles of Incorporation of the Club.

Compliance with the principles of good corporate governance shall start with the Board of Directors.

2.2.1.1. Composition of the Board

The Board shall be composed of at least five (5), but not more than fifteen (15), members who are elected by the stockholders.

The Board shall have at least two (2) independent directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2).

The membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process.

Non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberation of the Board.

2.2.1.2. Chairman and Chief Executive Officer (CEO)

The positions of Chairman and Chief Executive Officer or its equivalent position, should be held by separate individuals and each should have clearly defined responsibilities.

2.2.1.2.1. Roles and Responsibilities of the Chairman

- a) Makes certain that the meeting's agenda focuses on strategic matters, including the overall risk appetite of the Corporation, taking into account the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- b) Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- c) Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- d) Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- e) Assures the conduct of proper orientation for first-time directors and continuing training opportunities for all directors; and
- f) Makes sure that performance of the Board is evaluated at least once a year and discussed or followed up on if necessary.

2.2.1.2.2. Roles and Responsibilities of the Chief Executive Officer (CEO)

- a) Implements the Corporation's strategic plan on the direction of the business;
- b) Communicates and implements the Corporation's vision, mission, values and overall strategy as formulated by the Board and promotes any organization or stakeholder change in accordance with the same;

- c) Oversees the operations of the Corporation and manages human and financial resources in accordance with the strategic plan;
- d) Has a good working knowledge of the Corporation's industry and market and keeps up-to-date with its core business purpose;
- e) Directs, evaluates and guides the work of the key officers of the Corporation;
- f) Manages the Corporation's resources prudently and ensures a proper balance of the same;
- g) Provides the Board with timely information and interfaces between the Board and the employees;
- h) Builds the Corporate culture and motivates the employees of the Corporation; and
- i) Serves as the link between internal operations and external stakeholders.

2.2.1.3. General Responsibility

A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness.

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its stockholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

2.2.1.4. Duties and Functions of the Board

To ensure a high standard of best practice for the Corporation and its stockholders and other stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities:

- a) Install a process of selection to ensure a mix of competent directors and officers;
- b) Determine the Corporation's purpose, its vision and mission and strategies to carry out its objectives;
- c) Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices;
- d) Identify the Corporation's stakeholders in the community in which it operates or are directly affected by its operations and

- formulate a clear policy of accurate, timely and effective communication with them;
- e) Adopt a system of internal checks and balances;
 - f) Identify key risk areas and key performance indicators and monitor these factors with due diligence;
 - g) Ensure and adopt an effective succession planning program for directors, key officers and Management to ensure the continuous and consistent growth of the Company;
 - h) Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted; and
 - i) Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulations.

2.2.1.5. Duties and Responsibilities of a Director

A director shall have the following duties and responsibilities:

- a) To conduct fair business transactions with the Corporation and to ensure that personal interest does not bias Board decisions;
- b) To devote time and attention necessary to properly discharge his duties and responsibilities;
- c) To act judiciously;
- d) To exercise independent judgment;
- e) To have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies.
- f) To observe confidentiality; and
- g) To ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.

2.2.2. Board Committees

The Board of Directors may, by resolution, create an Executive Committee to exercise any and all powers allowed by law and such other powers delegated by the Board. The members of the Executive Committee shall be appointed by the Board and shall include at least three (3) members of the Board, General Manager, Club Controller and Club Counsel. The Executive Committee shall keep regular minutes of its proceedings and report the same to the Board whenever required. The Board of Directors shall have the power to change the members of Executive Committee at any time, to fill vacancies

therein and to discharge to dissolve such committee either with or without cause.

The Board of Directors may likewise to create such as other committees as it may deem necessary and appropriate for orderly operations of the Club. However, to aid in complying with the principles of good corporate governance, the Board shall constitute the following committees:

2.2.2.1. Nomination Committee

The Board shall create a Nomination Committee, which shall have at least three (3) directors, majority of whom should be independent directors, including the Chairperson. The members of Nomination Committee may be nominated and voted upon in the election of Board of Directors.

The Nomination Committee shall call and accept nominations for members of the Board of Directors in writing from among the regular members; provided that the members of the Nomination Committee may not be nominated for election. The official list of candidates shall be finalized by the Nomination Committee and posted at the Clubhouse bulletin board at least thirty (30) days prior to the date of the annual meeting. Such a list shall likewise be attached to the Notice of the Annual Meeting to be sent to all stockholders.

Qualifications of a Director:

- a) Holder of at least one (1) share of stock of the Corporation;
- b) He must be a person of good moral character;
- c) He must be a regular member of the Club;
- d) He shall have a college education or equivalent academic degree;
- e) He shall have a practical understanding of the business of the Corporation;
- f) He shall be at least twenty-one (21) years old;
- g) He shall have proven to possess integrity and probity;
- h) He shall be assiduous;
- i) He must own in his own right at the time of election one (1) share of the capital stock of the Club which shall stand in his name in the Club's stock and transfer books; and
- j) He must remain a regular member in good standing as defined herein during his term.

Disqualifications of a Director:

- a) Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions;

- b) Any person finally found by the Commission or a court or other administrative body to have wilfully violated, or wilfully aided, abetted, counselled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;
- c) Any person judicially declared to be insolvent;
- d) Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and
- e) Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.

Any of the following shall be a ground for the temporary disqualification of a director:

- a) Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
- b) Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;
- c) Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;
- d) Being under preventive suspension by the Corporation;
- e) If the independent director becomes an officer or employee of the same Corporation, he shall be automatically disqualified from being an independent director; and
- f) Conviction that has not yet become final referred to in the grounds for the disqualification of directors.

In consultation with the Executive or Management Committee/s refine the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.

The Nomination Committee shall consider the following guidelines in the determination of the number of directorships for the Board:

- a) The nature of the business of the Corporations which he is a director;
- b) Age of the director;
- c) Number of directorships/active memberships and officerships in other corporations and organizations; and
- d) Possible conflict of interest.

The optimum number shall be related to the capacity of a director to perform his duties diligently in general.

The Chief Executive Officer and other executive officers shall submit themselves to a low indicative limit on membership in other corporate boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.

2.2.2.2. Remuneration Committee

The Remuneration Committee shall be composed of at least three (3) directors, majority of whom should be independent directors, including the Chairperson.

Duties and Responsibilities:

- a) Establish a formal and transparent procedure for developing a policy on executive remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment;
- b) Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully;
- c) Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers;
- d) Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired;

- e) Disallow any director to decide his or her own remuneration;
- f) Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year;
- g) Review (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts; and
- h) Or in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.

2.2.2.3. Audit Committee

The Audit Committee shall be composed of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the Chairperson, should be independent directors. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairperson of the Audit Committee should not be the Chairperson of the Board or of any other committees.

Duties and Responsibilities:

- a) Recommends the approval of the Internal Audit (IA) Charter, which formally defines the responsibilities, powers and authority of the IA Department, the audit plan of the IA Department, as well as oversees the implementation of the IA Charter;
- b) Through the IA Department, monitors and evaluates the adequacy and effectiveness of the Corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to: (a) safeguard the Company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the Company's financial data, and (d) ensure compliance with applicable laws and regulations;
- c) Oversees the IA Department, and recommends the appointment and removal of an IA Head as well as his qualifications, and grounds for appointment and removal. The Audit Committee

should also approve the terms and conditions for outsourcing internal services, if applicable;

- d) Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfil his duties and responsibilities. For this purpose, he should directly report to the Audit Committee.
- e) Monitors the Management's responsiveness to the Internal Auditor's findings and recommendations;
- f) Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to identify proper coverage and minimize duplication of efforts;
- g) Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid and the Corporation's overall consultancy expenses. The Audit Committee should disallow any non-audit work that will conflict with the duties of an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Corporation's Annual Report and Annual Corporate Governance Report;
- h) Reviews and approves the Interim and Annual Financial Statements before their submission the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Areas where a significant amount of judgment has been exercised
 - Significant adjustments resulting from the audit
 - Going concern assumptions;
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
- i) Reviews the recommendations in the External Auditor's management letter;
- j) Performs oversight functions over the Corporation's Internal and External Auditors and ensures their independence and unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions taking into consideration relevant Philippines professional and regulatory requirements;
- k) Coordinates, monitors and facilitates compliance with laws, rules and regulations;
- l) Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the

Commission, who undertakes an independent audit of the Corporation, and provides an objective assurance on the manner by which financial statements should be prepared and presented to the shareholders;

- m) Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identifies, Related Party Transactions (RPTs) are monitored, the Related Party Registry is updated to capture subsequent changes in relationships with counterparties (from non-related to related and vice versa);
- n) In case of absence of Related Party Transactions (RPTs) Committee, evaluates all RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied;
- o) In case of the absence of an RPT Committee:
 - Determines any potential reputational risk issues that may arise as a result of or in connection with RPTs. In evaluating RPTs, the Committee takes into account, among others, the following:
 1. The related party's relationship to the company and interest in the transaction;
 2. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 3. The benefits to the Corporation of the proposed RPT;
 4. The availability of other sources of comparable products or services; and
 5. An assessment of whether the proposed RPT is undertaken or terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.
 - Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures, and policies on potential and/or actual conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that

could arise as a result of the Company's affiliation or transactions with other related parties.

- Reports to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
 - Ensures that transaction with related parties, including write-off of exposures are subject to periodic independent review or audit process;
 - Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures
- p) Meets internally and with the Board at least once every quarter without the presence of the CEO or other Management team members, and periodically meets with the head of the IA.

2.2.2.4. Corporate Governance Committee

The Corporate Governance Committee is tasked to assist the Board in the performance of its corporate governance responsibilities. It should be composed of at least three (3) directors, majority of whom should be independent directors, including the Chairperson.

Duties and Functions:

- a) Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the Corporation's size, complexity of operations and business strategy, as well as its business and regulatory environments;
- b) Oversees the periodic performance evaluation of the Board and its committees as well as the executive management, and conduct and annual evaluation of the said performance;
- c) Ensures that the results of the Board evaluation are discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- d) Recommends the continuing education/training programs for directors, assignments of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
- e) Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance; and
- f) Proposes and plans relevant trainings for the members of the Board.

2.2.2.5. Board Risk Oversight Committee

The Board Risk Oversight Committee (BROC) is responsible for the oversight of a Company's Enterprise Risk Management (ERM) System to ensure its functionality and effectiveness. The BROC should be composed of at least three (3) directors, the majority of whom should be independent directors, including the Chairperson. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.

Duties and Responsibilities:

- a) Develops a formal ERM plan which contains the following elements: (i) common language or register of risks, (ii) well-defined risk management goals and objectives, (iii) uniform processes of assessing risks and developing strategies to manage prioritized risks, (iv) designing and implementing risk management strategies, and (v) continuing assessments to improve risk strategies, processes and measures;
- b) Oversees the implementation of the ERM plan through a Management Risk Oversight Committee. The BROC conducts regular discussions on the Company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
- c) Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The BROC revisits defined risk management strategies, looks for emerging or changing material exposures, and keeps abreast of significant developments that seriously impact the likelihood of harm or loss;
- d) Advises the Board on its risk appetite levels and risk tolerance limits;
- e) Reviews at least annually the company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and major events which may have occurred in the Company;
- f) Assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Corporation and its stakeholders;

- g) Oversees the Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
- h) Reports to the Board on a regular basis, or as deemed necessary, the Company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

2.2.3. Corporate Secretary

The Corporate Secretary should be a Filipino citizen, a separate individual from the Compliance Officer, not be a member of the Board of Directors, and annually attend a training on corporate governance.

The Corporate Secretary is primarily responsible to the Corporation and its shareholders/members, and not to the Chairperson or President of the Company and has, among others, the following duties and responsibilities:

- a) Assists the Board and the Board Committees in the conduct of their meetings;
- b) Safekeeps and preserves the integrity of the minutes of the meetings of the Board, Board Committees and shareholders/members, as well as other official records of the Corporation;
- c) Keeps abreast of relevant laws, regulations, all governance issuances, industry developments and operations of the Corporation, and advises the Board and the Chairperson on all relevant issues as they arise;
- d) Works fairly and objectively with the Board, Management, stockholders and other stakeholders and contributes to the flow of information between the Board and Management, the Board and its committees, and the Board and its shareholders/members as well as other stakeholders;
- e) Advises on the establishment of Board Committees and their terms of reference;
- f) Informs members of the Board, in accordance with by-laws, of agenda of their meetings at least five (5) working days before the date of the meeting, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- g) Attends all Board meeting, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so;
- h) Performs all required administrative functions;
- i) Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and

- j) Performs such other duties and responsibilities as may be provided by the Board and the Commission.

2.2.4. External Auditor

An External Auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the Company, an External Auditor shall be selected and appointed by the stockholders upon presentation by the Board as recommended by the Audit Committee.

The reason/s for the resignation, dismissal or cessation from service and the date thereof of an External Auditor shall be reported in the Company's annual and current reports. Said report shall include a discussion of any disagreement with said former External Auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The External Auditor of the Company shall not at the same time provide the services of an Internal Auditor to the same client. The Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the External Auditor.

The company's External Auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier.

If an External Auditor believes that the statements made in the Company's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.

2.2.5. Internal Auditor

The Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate and complied with.

The Internal Auditor shall report to the Audit Committee.

The minimum internal control mechanisms for management's operational responsibility shall center on the CEO, being ultimately accountable for the Corporation's organizational and procedural controls.

The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and

complexity of business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

Functions:

- a) Provides an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (i) promoting the right values and ethics, (ii) ensuring effective performance management and accounting in the organization, (iii) communicating risk and control information, and (iv) coordinating the activities and information among the Board, external and internal auditors, and Management;
- b) Performs regular and special audit as contained in the annual audit plan and/or based on the company's risk assessment;
- c) Performs consulting and advisory services related to governance and control as appropriate for the organization;
- d) Performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
- e) Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of the Company;
- f) Evaluates operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;
- g) Evaluates specific operations at the request of the Board or Management, as appropriate; and
- h) Monitors and evaluates governance processes.

3. Communication Process

This Code of Corporate Governance shall be available for inspection by any stockholder of the Corporation at reasonable hours on business days.

All directors, executives, division and department heads are tasked to ensure the thorough dissemination of this Code to all employees and related third parties, and to likewise enjoin compliance in the process.

An adequate number of printed copies of this Code must be reproduced under the supervision of General Manager, with a minimum of at least one (1) hard copy of the Code per department.

4. Training Process

If necessary, funds shall be allocated by the Club Controller or its equivalent officer for the purpose of conducting an orientation program or workshop to operationalize this Code.

A director shall, before assuming as such, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute.

5. Reportorial or Disclosure System of Company's Corporate Governance

The reports or disclosure required under this Code shall be prepared and submitted to the Commission by the Corporation's Compliance Officer;

All material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes to ownership.

Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management corporate strategy, and off balance sheet transactions.

All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report.

The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stakeholders.

6. Shareholder's Benefit

The company recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore, the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the company and all its investors:

6.1. Capital Stock

The total authorized capital stock of the Club shall consist of Five Thousand Thirty (5,030) no par value shares, divided into thirty (30) founders' shares, Two Thousand Eight Hundred (2,800) Class "A" Common shares, One Thousand Three Hundred (1,300) Class "B" Common shares and Nine Hundred (900) Class "C" Common shares.

Class "A" Common shares and Founder's shares may be sold to citizens of the Philippines or to partnership, corporations or associations of which 60% of the

outstanding capital stock and entitled to vote is owned or controlled by citizens of the Philippines. Every holder of Class “A” Common shares shall be entitled to apply for membership in the Club.

Class “B” Common shares may be sold to any individual, corporation, partnership, or association, irrespective of nationality. Every holder of Class “B” Common shares shall be entitled to apply for membership in the Club.

Class “C” Common shares are special corporate shares which may be sold to corporations irrespective of their nationality or place of incorporation and entitle every holder thereof two (2) nominees for membership in the Club; however, only one (1) nominee, as designated in the Board resolution may vote and hold office as such. Class “C” Common shares shall be assessed the dues and assessments for two (2) nominees whether these nominees have been named or not. The class “C” shareholder shall be ultimately liable for these dues.

Subject to the foregoing limitations, authority is hereby conferred upon the Board of Directors to issue such shares for such considerations as it may from time to time fix, which in no event be less than the amount prescribed by law.

6.2. Investor’s Rights and Protection

6.2.1. Rights of Investors/Minority Interests

The Board shall be committed to respect the following rights of the stockholders:

6.2.2. Voting Rights

- a) Stockholders in good standing shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code;
- b) Cumulative voting shall be used in the election of directors; and
- c) A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

6.2.3. Power of Inspection

All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

6.2.4. Right to Information

- a) The Shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the company's shares, dealings with the company, relationships among directors and key officers, and the aggregate compensation of directors and officers;
- b) The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes; and
- c) The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes."

6.2.5. Appraisal Right

The shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Revised Corporation Code of the Philippines, under any of the following circumstances:

- a) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- c) In case of merger or consolidation.

6.3. Limitations of the Ownership of Shares

Ownership of all shares of stock of this Corporation is subject to the following restrictive conditions:

- a) Except for the Thirty (30) Founders' shares, voting rights of the rest of the shares will be suspended. The owners of Founders' shares and assignees or corporation owning Founders' shares have the exclusive right to vote and be voted for in the election of directors. Five (5) years from and after the date of incorporation, the

- voting rights of the rest of the Common shares shall automatically be revived, thus, putting them on equal footing in all respects with the Founders' shares.
- b) No transfer of shares of stock of the Corporation which will reduce the stock ownership of Filipino citizens to less than the minimum percentage of the outstanding capital stock required by law to be owned by Filipino citizens shall be allowed or permitted to be recorded in the books of the Club. This restriction shall be printed or indicated in all the certificates of stocks to be issued by the Club. Any transfer made in violation hereof shall be null and void.
 - c) No profit shall inure to the exclusive benefit of any of its stockholders, hence, no dividends shall be declared in their favor. Stockholders shall be entitled only to a pro-rata share of the assets of the Club at the time of its dissolution or liquidation.
 - d) In case of foreclosure by the pledge or mortgage of the shares of stockholders in the Club, the pledgee/mortgagee shall, in the event of inability of the pledgor or mortgagor to meet his obligations under terms of the pledge or chattel mortgage, notify the Club in writing of the date, time and place of the foreclosure sale and of the nature and amount of obligation secured by pledge or mortgage, which sale shall be conducted not earlier than fifteen (15) days from the date the Corporation received written notice thereof. The Club shall have the right to purchase the auctioned shares, within thirty (30) days from the award, by paying in cash the price paid for the winning bidder and expenses of sale incurred by the latter.
 - e) The owner of shares of the Club shall be subject to the payment of monthly dues in such amount as may be prescribed by resolution of the Board of Directors to meet the expenses for the general operations of the Club and the maintenance and improvement of its premises and facilities. Such dues together with all other obligations of the shareholders to the Corporation shall constitute first lien on the shares, second only to any lien in favor of the national or local government, and in the event of delinquency such shares may be ordered sold by the Board of Directors in the manner provided in the By-Laws to satisfy said dues or other obligations of the shareholders.
 - f) In case any shareholder shall violate the provisions of the Articles or the By-Laws or rules and regulations of the Club, or resolutions duly promulgated by the Board of Directors or Stockholders, or commit any other act or conduct which the Board of Directors may deem injurious to the interest or hostile to the objects of the Club, such stockholder may be expelled by the Board of Directors in the manner provided in the By-Laws upon proper notice and hearing, and he shall then cease to be a stockholder and shall have no right with respect to his share except the right to demand payment therefor in accordance with the By-Laws. The Club shall have a period of thirty (30) days from the expulsion of the stockholder to make payment of his share, and upon such payment of his share, and upon such payment the stockholder shall forthwith transfer and assign the share held by him as directed by the Club.
 - g) A holder of a share of stock of the Corporation is not ipso facto a member of the Club. He may assign his playing right to an assignee. In the event that an application for membership of stockholder is disapproved by the Board of Directors. The stockholder shall dispose of his share within a period of sixty (60)

days from receipt of notice of disapproval of such application for membership. In case of failure on the part of the stockholder to effect such transfer, his share shall be offered for sale at auction in the manner provided for in the By-Laws of the Club.

- h) No holder of shares of the corporation of any class, now or hereafter authorized, shall as such holder have any pre-emptive right to subscribe to, purchase, or receive any shares of the Corporation of any class, now or hereafter authorized, or any rights or options for such shares or any rights or options to subscribe to or purchase any such shares or securities convertible into or exchangeable for or carrying rights or options to purchase shares of any class or other securities, which may at any time be issued, sold, or offered for sale by the Corporation or subjected to rights or options to purchase granted by the Corporation.
- i) Any stockholder desiring to sell or dispose of his shares in the Corporation shall first offer them to the Corporation through notice in writing to the Corporation and the Corporation shall have a period of fifteen (15) days from receipt of said notice within which to purchase the shares. If the Corporation fails to purchase the offered shares for sale within the fifteen (15) day period, the stockholders may dispose of them to other persons who are qualified to own and hold shares in the Corporation. If the shares are not purchased at the price quoted by the stockholder and he reduces said price, then the Corporation shall have the same preemptive right for the same period mentioned herein. Any transfer of share except transfer by hereditary succession, made in violation of this condition shall be null and void and shall not be recorded in the books of the Corporation.
- j) These restrictive conditions shall be noted by reference or incorporation in the certificate of stock of the Corporation. Any transfer made in violation hereof shall be null and void and has no effect whatsoever.

6.4. Duty of Directors to Promote Shareholders' Rights

It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

The Board should identify the company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability.

The Board should establish clear policies and programs to provide a mechanism on the fair treatment, protection and enforcement of the rights of stakeholders.

7. **Monitoring and Assessment**

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.

- a) The Board should conduct an annual self-assessment of its performance, including the performance of the Chairperson, individual members and committees;
- b) The Board should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders/members.
- c) Each Committee shall report regularly to the Board of Directors.

The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Code. Any violation thereof shall subject the responsible officer or employee to the penalty provided under Part 8 of this Code.

The establishment of such evaluation system, including the features thereof, shall be disclosed on the Company's annual report (SEC Form 17-A) or in such form of report that is applicable to the Corporation. The adoption of such performance evaluation system must be covered by a Board approval.

This Code shall be subject to quarterly review unless the same frequency is amended by the Board.

All business processes and practices being performed within any department or business unit of the Club that are not consistent with any portion of this Code shall be revoked unless upgraded to the compliant extent.

8. **Penalties for Non-Compliance with the Code**

To strictly observe and implement the provisions of this Code, the following penalties shall be imposed, after notice and hearing, on the Company's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Code:

8.2. In case of **first violation**, the subject person shall be reprimanded.

8.3. Suspension from office shall be imposed in case of **second violation**. The duration of the suspension shall depend on the gravity of the violation.

8.4. For **third violation**, the maximum penalty of removal from office shall be imposed.

The commission of a third violation of this code by any member of the Board of the Company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.

The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.

EFFECTIVITY

This Revised Manual on Corporate Governance shall be effective upon submission to the Securities and Exchange Commission. It supersedes the Code of Corporate Governance that was previously adopted by the Corporation.