



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended December 31, 2017
2. SEC Identification Number 15923
3. BIR Tax Identification No. 000-746-558
4. Exact name of issuer as specified in its charter **MANILA BULLETIN PUBLISHING CORPORATION**
5. Philippines
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. Manila Bulletin Building, Muralla corner Recoletos Sts., Intramuros, Manila 1002
Address of principal office Postal Code
8. (02)527-8121
Issuer's telephone number, including area code
9.
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
<p>Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.</p>			
Recommendation 1.1			
<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	Compliant	<p>All of the ten (10) Directors of the Company have proven competence, probity and integrity. They personify the Company's core values. They are nominated and elected on the basis of the meritorious criteria embodied in the Company's Revised Manual on Corporate Governance. Their qualifications and achievements are duly disclosed in the Company's SEC Form 20-IS (Definitive) for the information of the stockholders and stakeholders.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: II. Board's Governance Responsibilities, 1) Composition of the Board (page 1); 4) Responsibilities, Duties and Functions of the Board, b. Specific Duties and Functions of the Board, 1. Implement a process for the selection of directors ... (page 4); IV.</p>	
<p>2. Board has an appropriate mix of competence and expertise.</p>	Compliant		
<p>3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.</p>	Compliant		

		<p>Qualifications of Directors (page 8); 2) Corporate Governance Committee (pages 15-16).</p> <p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form 20-IS (Definitive) for 2017 (Re: Directors' Profile (pages 7-10, 13])</p> <p>https://mb.com.ph/company-disclosures/</p>	
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Recommendation 1.2

<p>1. Board is composed of a majority of non-executive directors.</p>	<p>Compliant</p>	<p>The membership of the Board is composed of a majority of Non-Executive Directors, who possess the necessary qualifications for exercising objective and independent judgment on corporate affairs.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: II. Board's Governance Responsibilities, 1) Composition of the Board (page 1)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>2017 General Information Sheet (GIS) [Re: Directors and Officers (page 3)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
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Recommendation 1.3			
<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p>Compliant</p>	<p>The Company's Revised Manual on Corporate Governance and Board Charter provide for the attendance by all Directors in relevant annual continuing training programs.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: 8) Attend xxx relevant annual continuing training program for all directors (pages 7-8)].</p> <p>Board Charter [Re: 4.5 Assure the availability of xxx continuing training programs for all directors].</p> <p>https://mb.com.ph/corporate-governance/</p>	
<p>2. Company has an orientation program for first time directors.</p>	<p>Compliant</p>	<p>New Directors are properly oriented upon joining the Board in order to ensure that they are duly apprised of their duties and functions before beginning with their directorship.</p>	
<p>3. Company has relevant annual continuing training for all directors.</p>	<p>Compliant</p>	<p>The orientation program covers mandated topics on corporate governance and an introduction to the Company's business, articles of incorporation, by-laws, code of business conduct and ethics, mission, vision, and core values.</p> <p>Also, the Company requires all Directors to attend the annual</p>	

		<p>continuing training programs to be abreast with the developments in the business and regulatory environments.</p> <p>The Company, in coordination with the Institute of Corporate Directors (ICD), provides relevant annual continuing training programs for all Directors. These training programs involve courses on corporate governance matters relevant to the Company, including audit, internal controls, risk management, sustainability and strategy.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: 8) Attend xxx relevant annual continuing training program for all directors (pages 7-8)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form Letter dated October 9, 2017 [Re: Attendance of Directors and Officers in the Seminar on Corporate Governance conducted by the Institute of Corporate Directors (ICD) on September 30, 2017 with attached Certificates of Attendance]</p> <p>https://mb.com.ph/company-disclosures/</p>	
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Recommendation 1.4

<p>1. Board has a policy on board diversity.</p>	<p>Compliant</p>	<p>The Company's board diversity policy is embodied in its Revised Manual on Corporate Governance. The Board is comprised of Directors with diverse expertise, experiences and professional backgrounds.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: 1) Composition of the Board (page 1)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form 20-IS (Definitive) for 2017 (Re: Directors' Profile (pages 7-10, 13))</p> <p>https://mb.com.ph/company-disclosures/</p>	
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Optional: Recommendation 1.4

<p>1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.</p>	<p>Compliant</p>	<p>The Company's policy on board diversity aims to avoid groupthink and to ensure that optimal decision-making is achieved.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: 1) Composition of the Board (page 1)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
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Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	The Company has a Corporate Secretary, who is primarily responsible for the safekeeping and preservation of the integrity of the minutes of the Board, as well as, other official records of the Company.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		
		<p>The Corporate Secretary is a separate individual from the Compliance Officer, and is not a member of the Board of Directors of the Company.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: XI. Corporate Secretary (pages18-19)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>Amended By-Laws [Re: Section 7. Secretary (page 5)]</p> <p>https://mb.com.ph/our-company/</p> <p>2017 General Information Sheet (GIS) [Re: Directors and Officers (page 3)]</p> <p>https://mb.com.ph/company-disclosures/</p>	

4. Corporate Secretary attends training/s on corporate governance.	Compliant	<p>The Corporate Secretary regularly attends the Company's annual continuing training programs, which involve courses on corporate governance matters relevant to the Company.</p> <p>Reference:</p> <p>SEC Form Letter dated October 9, 2017 [Re: Attendance of Directors and Officers in the Seminar on Corporate Governance conducted by the Institute of Corporate Directors (ICD) on September 30, 2017 with attached Certificate of Attendance of the Corporate Secretary]</p> <p>https://mb.com.ph/company-disclosures/</p>	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Compliant	The Notice of Meeting, together with the attached Agenda and other pertinent materials, are regularly furnished to all Directors at least five (5) business days before the scheduled board meetings.	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	The Board of Directors is assisted by a Compliance Officer with the rank of Executive Vice President. He is a separate individual from the Corporate Secretary and he is not a member of the Board of Directors of the Company.	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant		
3. Compliance Officer is not a member of the board.	Compliant		

		<p>References:</p> <p>Revised Manual on Corporate Governance [Re: XII. Compliance Officer (pages 19-20)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>2017 General Information Sheet (GIS) [Re: Directors and Officers (page 3)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
4. Compliance Officer attends training/s on corporate governance.	Compliant	<p>The Compliance Officer regularly attends trainings on corporate governance matters relevant to the Company.</p> <p>Reference:</p> <p>SEC Form Letter dated October 9, 2017 [Re: Attendance of Directors and Officers in the Seminar on Corporate Governance conducted by the Institute of Corporate Directors (ICD) on September 30, 2017 with attached Certificate of Attendance of the Compliance Officer]</p> <p>https://mb.com.ph/company-disclosures/</p>	

Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

Recommendation 2.1

<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>Compliant</p>	<p>The Revised Manual on Corporate Governance mandates all Directors to act on fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company in a manner characterized by transparency, accountability and fairness.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: III. Specific Duties and Responsibilities of a Director, first paragraph (page 6)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
Recommendation 2.2			
<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p>	<p>Compliant</p>	<p>The Board of Directors meets once a month and, if need be, holds special board meetings to address and discuss strategic business issues, and to oversee the implementation of approved corporate strategies.</p>	
<p>2. Board oversees and monitors the implementation of the company's business objectives and strategy.</p>	<p>Compliant</p>	<p>References:</p> <p>Revised Manual on Corporate Governance [Re: 4) a. General Responsibility of the Board (page 3)]</p> <p>https://mb.com.ph/corporate-governance/</p>	

		<p>Amended By-Laws [Re: Article II, Section 4. Election and Meetings (page 3)]</p> <p>https://mb.com.ph/our-company/</p> <p>SEC Form Letter, 2017 Board Attendance</p> <p>https://mb.com.ph/company-disclosures/</p>	
Supplement to Recommendation 2.2			
<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p>Compliant</p>	<p>The Company, thru its Board of Directors, has a clearly defined and updated mission, vision and core values.</p> <p>The Board annually reviews the Company's vision, mission and core values during the organizational meeting.</p> <p>References:</p> <p>Company website [Re: Vision, Mission, Core Values]</p> <p>https://mb.com.ph/our-company/</p> <p>Company Rules and Regulations, 2017 Edition [Re: Vision and Mission (page 3); Core Values (page 32)]</p> <p>https://mb.com.ph/our-company/</p>	

<p>2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.</p>	<p>Compliant</p>	<p>The Company has an Executive Committee, which conducts weekly meetings wherein corporate objectives are reviewed and established in line with the Company's vision, mission and core values. Matters which cannot be readily decided by the Department Heads are elevated and tackled in the Executive Committee meetings.</p> <p>Budget as well as strategic plans and procedures are presented by the Department Heads, who report on the performance of their respective departments in relation to the objectives approved by the Executive Committee. Through this process, the Executive Committee, together with the Department Heads, can check on the effectiveness of the measures adopted and strategies formulated to increase revenues and awareness on corporate civic consciousness.</p> <p>References:</p> <p>SEC Form 17-C 2017 Organizational Meeting [Re: Appointment of the composition of the Executive Committee (page 4)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
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		<p>Company website [Re: The Company's Board Committees, Executive Committee]</p> <p>https://mb.com.ph/corporate-governance/</p>	
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Recommendation 2.3

<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>Compliant</p>	<p>The Chairman of the Board of Directors has proven competence, probity and integrity. He leads the Board in the effective performance of its duties and responsibilities as provided in the Company's Revised Manual on Corporate Governance. His qualifications and achievements are duly disclosed in the Company's SEC Form 20-IS (Definitive).</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: 3) The Chairman xxx (page 2)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: Profile of the Chairman of the Board of Directors (pages 7-8)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
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Recommendation 2.4

1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	It is the responsibility of the Board of Directors to foster the long-term success of the Company, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and stakeholders.	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant	<p>The Board identifies candidates for promotion to middle and senior management positions based on demonstrated performance and evident potential. Such candidates are provided on the job coaching and monitoring aside from their participation in formal training programs.</p> <p>Reference: Revised Manual on Corporate Governance [Re: a. General Responsibility of the Board (page 3); b. Specific Duties and Functions of the Board, No. 3 (page 4)] https://mb.com.ph/corporate-governance/</p>	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	The Board ensures that the Company's levels of remuneration are sufficient to attract and retain the services of qualified and competent directors and officers.	
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		Directors do not participate in the discussions and deliberations of his own remuneration.

		<p>The Board's Corporate Governance Committee recommends the remuneration packages for corporate and individual performance.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: IX. Remuneration of Directors and Officers (page 13); 2) Corporate Governance Committee (f) (page 16)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
Optional: Recommendation 2.5			
<p>1. Board approves the remuneration of senior executives.</p>	<p>Compliant</p>	<p>The remuneration of senior executives is deliberated and approved by the Board's Executive Committee, comprising of five (5) Directors, including the Chairman and a Vice-Chairman of the Board.</p> <p>Reference:</p> <p>SEC Form 17-C 2017 Organizational Meeting [Re: Appointment of the composition of the Executive Committee (page 4)]</p> <p>https://mb.com.ph/company-disclosures/</p>	

<p>2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.</p>	<p>Compliant</p>	<p>The Company's levels of remuneration are sufficient to attract and retain the services of qualified and competent directors and officers.</p> <p>The Board's Corporate Governance Committee recommends the remuneration packages for corporate and individual performance.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: IX. Remuneration of Directors and Officers (page 13); 2) Corporate Governance Committee (page 15)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
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Recommendation 2.6

1. Board has a formal and transparent board nomination and election policy.	Compliant	The Revised Manual on Corporate Governance provides for the transparent board nomination and election policy and procedure, which includes:	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	1. The evaluation of all nominees for directors is conducted by the Corporate Governance Committee prior to a shareholders' meeting. All recommendations for nominees are signed by the nominating shareholder together with the acceptance and conformity of the would-be-nominee;	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant	2. The Corporate Governance Committee pre-screens the qualifications and prepares the final list of all candidates in accordance with its screening policies and parameters;	
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant	3. The list is made available to the Commission and to all shareholders through the filing and distribution of the Information Statement and such other reports that are required to be submitted to the Commission. The name of the person who recommended the nomination of the Independent Directors is identified in the report, including his relationship with the nominees;	
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		

		<p>4. Only nominees whose names appear in the Final List of Candidates are eligible for election.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: 2) Corporate Governance Committee (g) (page 16)] https://mb.com.ph/corporate-governance/</p>	
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	Compliant	The Company taps its extensive network of business and professional circles.	
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	The Board, thru its Related Party Transactions Committee, reviews all related party transactions of the Company. The Committee is composed of three (3) Non-Executive Directors, majority of whom are Independent Directors, including the Chairman.	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant		<p>In evaluating related party transactions, the Committee takes into account, among others, the following:</p> <p>1. The related party's relationship to the Company and interest in the transaction;</p>

	<p>2. The material facts of the proposed related party transaction, including the proposed aggregate value of such transaction;</p> <p>3. The benefits to the Company of the proposed related party transaction;</p> <p>4. The availability of other sources of comparable products or services; and,</p> <p>5. An assessment of whether the proposed related party transaction is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances.</p> <p>Pertinent disclosures on related party transactions are duly declared in the Company's Annual Report.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: 4) Related Party Transaction Committee (pages 17-18)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>2016 Annual Report [Re: Notes to Financial Statements, 27. Related Party Transactions (pages 45-46)]</p>	
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		https://mb.com.ph/company-disclosures/	
Supplement to Recommendations 2.7			
<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	Compliant	<p>The Company regulates all related party transactions. Prompt notice thereof is required to be given to the Board of Directors, which in turn reviews and decides whether to approve, ratify, disapprove, or reject the same.</p> <p>The Board, thru its Related Party Transaction Committee, evaluates all material related party transactions to ensure that these are not undertaken on more favorable economic terms (e.g. prices, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transaction with non-related parties under similar circumstances, and that no corporate or business resources of the Company are misappropriated or misapplied.</p> <p>The particulars pertaining to each related party transaction, such as the name of related party, nature of dealing, amount involved, outstanding balances, and terms and conditions are duly disclosed in the Company's Annual Report for the perusal and guidance of the stockholders.</p>	

		<p>References:</p> <p>Revised Manual on Corporate Governance [Re: 4) Related Party Transaction Committee (pages 17-18)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>2016 Annual Report [Re: Notes to Financial Statements, 27. Related Party Transactions (pages 45-46)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>Compliant</p>	<p>Material information on related party transactions, which were approved by the Board of Directors, is duly disclosed in the Company's Annual Report for the review and evaluation of the stockholders.</p> <p>All acts, resolutions and transactions of the Board, including related party transactions disclosed in the Annual Report, are submitted for the approval and ratification of the stockholders during the annual meeting.</p> <p>As specified in the Voting Procedures reflected in the Company's SEC Form 20-IS (Definitive), all matters to be taken up (including related party transactions) are decided by the</p>	

		<p>majority vote of the stockholders entitled to vote, which includes the minority stockholders.</p> <p>References:</p> <p>2016 Annual Report [Re: Notes to Financial Statements, 27. Related Party Transactions (pages 45-46)]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: Item 9. Voting Procedures (pages 16-17)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
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Recommendation 2.8

<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Compliant</p>	<p>The Board appoints competent, professional, honest and highly motivated management officers.</p> <p>This election of key officers, including the President/CEO and the heads of the other control functions, is undertaken by the Board during the organizational meeting.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: b. Specific Duties and Functions of the Board (page 4)]</p>	
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		<p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form 17-C [Re: 1. Election of Officers for the Year 2017-2018 (page 3)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Compliant</p>	<p>The Board approves the selection and assesses the performance by Management of its control functions, led by the President/CEO and other responsible officers such as the Chief Compliance Officer, Chief Risk Officer, and Chief Audit Executive. The Board ensures that Management's performance is at par with the standards set by the Board.</p> <p>The assessment of the performance of Management is being done regularly by the Board, thru its Executive Committee.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: b. Specific Duties and Functions of the Board (page 4)]</p> <p>https://mb.com.ph/corporate-governance/</p>	

Recommendation 2.9

<p>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.</p>	<p>Compliant</p>	<p>The Board, thru its Executive Committee, has an established effective performance management framework, which ensures that the performances of Management and other Company personnel are at par with the standards of the Board and Senior Management.</p>	
<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.</p>	<p>Compliant</p>	<p>The standards set by the Board and Senior Management for effective performance management framework are embodied in the Company's Rules and Regulations, Core Values, and Code of Business Conduct and Ethics.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: b. Specific Duties and Functions of the Board (page 4)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>Company Rules and Regulations, 2017 Edition (Re: Core Values (page 32))</p> <p>https://mb.com.ph/our-company</p> <p>2016 Annual Report [Re: Code of Business Conduct and Ethics (page 77)]</p>	

		https://mb.com.ph/company-disclosures/	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	<p>The Company's internal control system consists of (a) the Board which ensures that the Company is properly and effectively managed and supervised; (b) the Management that actively manages and operates the Company in a sound and prudent manner; (c) the organization and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Company's governance, operations and information systems.</p> <p>The minimum internal control mechanisms for the performance of the Board's oversight responsibility include the review of the Company's human resource policies and conflict of interest situations.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: VII. Internal Control Responsibilities of the Board (page 11-12)]</p>	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant		

		https://mb.com.ph/corporate-governance/	
3. Board approves the Internal Audit Charter.	Compliant	The Board has adopted and approved the Internal Audit Charter in consonance with the Company's Revised Manual on Corporate Governance. https://mb.comm.ph/corporate-governance	
Recommendation 2.11			
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 identifies key risk areas and performance indicators and monitors these factors with due diligence to anticipate and prepare for possible threats to the Company's operational and financial viability. It oversees a sound enterprise risk management framework to effectively identify, monitor, assess and manage key business risks. The risk management framework guides the Board in identifying business lines and enterprise-level risk exposures, as well as, the effectiveness of risk management strategies.	
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	The Company's financial risk management and its effectiveness are disclosed in the Annual Report as part of the Notes to Financial Statements for the guidance of the stockholders and stakeholders. References:	

		<p>Revised Manual on Corporate Governance [Re: 2. Specific Duties and Functions of the Board (No. 10) (page 5)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>2016 Annual Report [Re: Notes to Financial Statements, 25. Financial Risk Management (pages 38 to 43)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	<p>The Board has adopted and approved its Board Charter in accordance with the Company's Revised Manual on Corporate Governance.</p> <p>Reference: Board Charter</p> <p>https://mb.com.ph/corporate-governance/</p>	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant		
3. Board Charter is publicly available and posted on the company's website.	Compliant		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	<p>The Company, as matter of policy, adheres to the rules and regulations governing insider trading.</p> <p>The Company's Code of Business Conduct and Ethics includes a policy on Respect for Trade Secrets and Use of Non-Public Information, whereby the Company treats as confidential trade secrets and regulates the use</p>	

		<p>of non-public information.</p> <p>References:</p> <p>Company website [Re: Company's Policies, Insider Trading Policy]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>2016 Annual Report [Re: Code of Business Conduct and Ethics, Respect for Trade Secrets and Use of Non-Public Information (page 77)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
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Optional: Principle 2

<p>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.</p>	<p>Compliant</p>	<p>As a matter of policy, the Company refrains from granting loans to its Directors. In this regard, Directors are directed to observe fair business transactions with the Company, and are mandated to ensure that his personal interest does not conflict with the interests of the Company.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: 2. Specific Duties and Responsibilities of a Director (No. 1) (page 6)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
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<p>2. Company discloses the types of decision requiring board of directors' approval.</p>	<p>Compliant</p>	<p>The types of decisions requiring the approval of the Board includes:</p> <ul style="list-style-type: none"> a. authorizing designated officers of the Company to sign documents required in the normal course of business; b. appointment of the Company's key officers; c. approval of the Annual Report; d. appointment or re-appointment of the membership of the different Board Committees; e. annual stockholders' meeting and record date; and, f. approval of signing authorities and limits. <p>Reference:</p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: D. Other Matters, Item 8. Action with Respect to Reports (page 16)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
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Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

Recommendation 3.1

<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p>Compliant</p>	<p>The Board of Directors has constituted its requisite committees that focus on specific board functions to aid in the optimal performance of the Board's roles and responsibilities, and to assist it in good corporate governance.</p> <p>These constituted board committees include the Audit Committee, Corporate Governance Committee, Risk Oversight Committee, Related Party Transactions Committee, and Executive Committee.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: X. Board Committees (pages 13-18)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form 17-C, 2017 Organizational Meeting [Re: 2. Election of Various Committee Chairmen and Members (pages 3-4)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
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Recommendation 3.2

<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>	<p>Compliant</p>	<p>The Board has constituted its Audit Committee pursuant to its Revised Manual on Corporate Governance. It performs oversight functions over the Company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p> <p>The Audit Committee is also mandated to provide assistance to the Board anent the appointment, remuneration, qualifications, independence and performance of the external auditor and the integrity of the audit process as a whole.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: 1) Audit Committee (pages 13-15)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>Audit Committee Charter [Re: 1. Purpose (page 1)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
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<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>Compliant</p>	<p>Pursuant to the Revised Manual on Corporate Governance, the Audit Committee has at least three (3) appropriately qualified non-executive directors, the majority of whom are independent directors, including the Chairman.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: 1) Audit Committee (pages 13-15)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form 17-C Organizational Meeting [Re: (d) Audit Committee (page 4)]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>SEC Form 20-IS (Definitive) [Re: Directors Profile (pages 7-9, 13)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
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<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>Compliant</p>	<p>As directed by the Revised Manual on Corporate Governance each member of the Audit Committee has relevant background, knowledge, skills and/or experience in the areas of accounting, auditing and finance.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: 1) Audit Committee (pages 13-14)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form 17-C 2017 Organizational Meeting [Re: (d) Audit Committee (page 4)]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: Directors' Profile (pages 7-9, 13)]</p> <p>https://mb.com.ph/company-disclosures/</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>In accordance with the Revised Manual on Corporate Governance, the Chairman of the Audit Committee is not the Chairman of the Board or of any other board committees.</p>	

		<p>References:</p> <p>Revised Manual on Corporate Governance [Re: 1) Audit Committee (pages 13-14)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form 17-C 2017 Organizational Meeting [Re: 2. Election of various Committee Chairmen and Members (pages 3-4)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
Supplement to Recommendation 3.2			
<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	<p>Compliant</p>	<p>In consonance with the Revised Manual on Corporate Governance explicitly, the Audit Committee 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 to him and to the Company's overall consultancy expenses.</p> <p>The Audit Committee has the power to disallow any non-audit work that will be in conflict with the duties of the external auditor or that may pose a threat to his independence. If allowed, the non-audit work is disclosed in the Company's Annual</p>	

		<p>Report and Annual Corporate Governance Report.</p> <p>No non-audit work was performed by the Company's external auditor during the applicable period.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: 1) Audit Committee, g. Evaluate and determine non-audit work (page 14)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: Item 7. Independent Public Accountants (page 15); Item 6. External Audit Fees and Services (page 32)]</p> <p>https://mb.com.ph/company-disclosures/</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 Audit Committee independently conducts regular meetings with the external auditor in accordance with its purpose, as specified in its Audit Committee Charter, to provide assistance to the Board of Directors in fulfilling its oversight responsibility to the shareholders relating to the independence and performance of the external auditor and the integrity of the audit process as a whole.</p>	

Further, the Revised Manual of Corporate Governance states that the Audit Committee shall ensure the independence of the external auditor, and that he shall be given unrestricted access to all records, properties and personnel to enable him to perform his external audit functions.

Moreover, the Company's SEC Form 20-IS (Definitive) discloses that the Audit Committee reviews the audit scope and coverage, strategy and results and ensures that audit services rendered do not impair or derogate the independence of the external auditors on matters of accounting principles.

References:

Revised Manual on Corporate Governance [Re: 1) Audit Committee, f. xxx. The Audit Committee shall ensure the independence of xxx external auditors xxx. (page 15)]

<https://mb.com.ph/corporate-governance/>

Audit Committee Charter [Re: 1. Purpose (page 1); E. External Audit (page 4)]

<https://mb.com.ph/corporate-governance/>

		<p>SEC Form 20-IS (Definitive) for 2017 [Re: Item 7. Independent Public Accountants (page 15); Item 6. External Audit Fees and Services (page 32)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
Optional: Recommendation 3.2			
<p>1. Audit Committee meets at least four times during the year.</p>	Compliant	<p>Per its Charter, the Audit Committee adheres to its mandate to formally meet at least four (4) times a year to discharge its duties and responsibilities.</p> <p>Reference:</p> <p>Audit Committee Charter [Re: 1. Purpose (page 1); E. External Audit (page 4)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
<p>2. Audit Committee approves the appointment and removal of the internal auditor.</p>	Compliant	<p>The appointment and removal of the internal auditor is subject to the review and recommendation of the Audit Committee.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: 1) Audit Committee, c. xxx, and recommends the appointment and/or grounds for removal of an internal audit head xxx. (page 14)]</p>	

		https://mb.com.ph/corporate-governance/ Audit Committee Charter [Re: D. Internal Audit, 2. Review the appointment and performance of the Internal Auditor (page 3)] https://mb.com.ph/corporate-governance/	
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Recommendation 3.3

<p>1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.</p>	<p>Compliant</p>	<p>The Board has constituted its Corporate Governance Committee, which is tasked to assist the Board in ensuring the proper observance by the Company of the principles of fairness, accountability and transparency that constitute the pillars of good governance, including the functions that were formerly assigned to the previous Nomination and Remuneration Committees of the Board.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: 2) Corporate Governance Committee (page 15)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form 17-C 2017 Organizational Meeting [Re: (a) Corporate Governance Committee (page 4)]</p>	
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		<p>https://mb.com.ph/company-disclosures/</p> <p>2017 General Information Sheet (GIS) [Re: Directors/Officers (page 3)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	<p>Compliant</p>	<p>As specified in the Revised Manual on Corporate Governance and in its Charter, the Corporate Governance Committee is composed of at least three (3) members, all of whom are Independent Directors.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: 2) Corporate Governance Committee (page 15)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>Corporate Governance Committee Charter [Re: Composition (page1)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form 17-C Organizational Meeting [Re: (a) Corporate Governance Committee (page 4)]</p> <p>https://mb.com.ph/company-disclosures/</p>	

		<p>2017 General Information Sheet (GIS) [Re: Directors/Officers (page 3)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	<p>Compliant</p>	<p>Pursuant to the Revised Manual on Corporate Governance and to its Charter, the Chairman of the Corporate Governance Committee is an Independent Director.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: 2) Corporate Governance Committee, first paragraph (page 15)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>Corporate Governance Committee Charter [Re: Composition (page1)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form 17-C 2017 Organizational Meeting [Re: (a) Corporate Governance Committee (page 4)]</p> <p>https://mb.com.ph/company-disclosures/</p>	

Optional: Recommendation 3.3.			
<p>1. Corporate Governance Committee meets at least twice during the year.</p>	<p>Compliant</p>	<p>Per its Charter, the Corporate Governance Committee adheres to its mandate to meet at least twice in a calendar year, usually preceding the meetings of the Board of Directors, to discharge its duties and responsibilities.</p> <p>Reference:</p> <p>Corporate Governance Committee Charter [Re: 3. Meetings and Quorum (page 1)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
Recommendation 3.4			
<p>1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>	<p>Compliant</p>	<p>The Board has constituted its Risk Oversight Committee to assist it in ensuring that there is an effective and integrated risk management process in place.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: 3) Risk Oversight Committee (page 16)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form 17-C Organizational Meeting [Re: (b) Risk Oversight Committee (page 4)]</p>	

		<p>https://mb.com.ph/company-disclosures/</p> <p>2017 General Information Sheet (GIS) [Re: Directors/Officers, Exec. Comm. column (page 3)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>Compliant</p>	<p>In accordance with the Company's Revised Manual on Corporate Governance and its Charter, the Risk Oversight Committee is composed of at least three (3) Non-Executive Directors, majority of whom are Independent Directors of the Company, including the Chairman.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: 3) Risk Oversight Committee (page 16)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>Risk Oversight Committee Charter [Re: Composition (page1)]</p> <p>https://mb.com.ph/corporate-governance/</p>	

		<p>2017 General Information Sheet (GIS) [Re: Directors/Officers, Exec. Comm. column (page 3)]</p> <p>https://mb.com.ph/company-disclosures/</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>As provided in the Company's Revised Manual on Corporate Governance, the Chairman of the Risk Oversight Committee is not the Chairman of the Board or the Chairperson of any other board committees.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: 3) Risk Oversight Committee (page 16)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form 17-C 2017 Organizational Meeting [Re: (b) Risk Oversight Committee (page 4)]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>2017 General Information Sheet (GIS) [Re: Directors/Officers, Exec. Comm. column (page 3)]</p> <p>https://mb.com.ph/company-disclosures/</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>In consonance with the Company's Revised Manual on Corporate Governance, at least one (1) member of the Risk Oversight Committee has relevant thorough knowledge and experience on risk and risk management.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: 3) Risk Oversight Committee (page 16)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form 17-C 2017 Organizational Meeting [Re: (b) Risk Oversight Committee (page 4)]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: Directors Profile of Committee members (pages 8-9, 13)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
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Recommendation 3.5

<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 Board has constituted the Related Party Transactions Committee to review all material related party transactions of the Company.</p>	
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		<p>References:</p> <p>Revised Manual on Corporate Governance [Re: 4) Related Party Transaction Committee (page 17)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form 17-C 2017 Organizational Meeting [Re: (c) Related Party Transaction Committee (page 4)]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>2017 General Information Sheet (GIS) [Re: Directors/Officers, Exec. Comm. column (page 3)]</p> <p>https://mb.com.ph/company-disclosures/</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>As provided in the Revised Manual on Corporate Governance and its Charter, the Related Party Transactions Committee is composed of at least three (3) Non-Executive Directors, majority of whom are Independent Directors of the Company, including the Chairman.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: 4) Related Party Transaction Committee (page 17)]</p>	

		<p>https://mb.com.ph/corporate-governance/</p> <p>Related Party Transactions Committee Charter [Re: Composition (page1)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form 17-C 2017 Organizational Meeting [Re: (c) Related Party Transaction Committee (page 4)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	In pursuance of the Company's Revised Manual on Corporate Governance, the Board adopted and approved the requisite Charters for its duly constituted board committees.	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant	<p>References:</p> <p>Revised Manual on Corporate Governance [Re: X. Board Committees (page 13)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>Audit Committee Charter Corporate Governance Committee Charter</p>	

		Risk Oversight Committee Charter Related Party Transactions Committee Charter https://mb.com.ph/corporate-governance/	
3. Committee Charters were fully disclosed on the company's website.	Compliant	The respective Charters of the Board Committees are fully disclosed in the Company's website for the guidance of all shareholders and stakeholders. References: Audit Committee Charter Corporate Governance Committee Charter Risk Oversight Committee Charter Related Party Transactions Committee Charter https://mb.com.ph/corporate-governance/	

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

Recommendation 4.1

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 members of the Board attend its regular and special meetings in person or through teleconferencing conducted in accordance with the rules of the Commission. To monitor the Directors' compliance with the attendance requirements, the Company submits to the Commission a certification of the record of attendance in board	
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		<p>meetings for the applicable period.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: VIII. Board Meetings and Quorum Requirement (pages 12-13)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form Letter [Re: Directors' Attendance for 2017]</p> <p>https://mb.com.ph/company-disclosures/</p>	
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>Compliant</p>	<p>Pursuant to the Company's Revised Manual on Corporate Governance, the Chairman of the Board: (i) ensures that the meeting agenda focuses on strategic matters and relevant issues that significantly affect the Company; and (ii) guarantees that the Board receives accurate, timely, relevant, insightful, concise and clear information to enable it to make sound decisions.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: 3) The Chairman xxx (page 2)]</p>	

		https://mb.com.ph/corporate-governance/	
<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	Compliant	<p>In accordance with the Company's Revised Manual on Corporate Governance, the Chairman of the Board: (i) facilitates discussions on key issues; and (ii) ensures that the Board sufficiently deliberates and inquires upon reports submitted and representations made by Management.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: 3) The Chairman xxx (page 2)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
Recommendation 4.2			
<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>	Compliant	<p>The Company's policy on multiple board seats provides that Non-Executive Directors shall concurrently serve as directors to a maximum of five (5) publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals and views, and oversee the Company's long-term strategy.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: 2) Multiple Board</p>	

		<p>Seats (page 2)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: Directors Profile (pages 7-9, 13)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
Recommendation 4.3			
<p>1. The directors notify the company's board before accepting a directorship in another company.</p>	<p>Compliant</p>	<p>It is the specific duty and responsibility of a Director to promptly notify the Board before accepting a directorship in another company. This is to enable the Board to assess if the director's present responsibilities and commitments to the Company will be affected.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: 9) Notify the Board before accepting directorship xxx (page 8)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
Optional: Principle 4			
<p>1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.</p>	<p>Compliant</p>	<p>None of the Executive Directors of the Company serve in more than two (2) boards of listed companies outside the group.</p> <p>References:</p>	

		SEC Form 20-IS (Definitive) for 2017 [Re: Directors' Profile (pages 7-9, 13)] https://mb.com.ph/company-disclosures/	
2. Company schedules board of directors' meetings before the start of the financial year.	Compliant	The Board holds regularly monthly meetings, as well as, special meetings. Some of these are held before the start of the financial year. Reference: Amended By-Laws [Re: Section 4. Election and Meetings (page 3)] https://mb.com.ph/our-company/ SEC Form Letter [Re: Directors' Attendance for 2017] https://mb.com.ph/company-disclosures/	
3. Board of directors meet at least six times during the year.	Compliant	The Board holds regularly monthly meetings (i.e. 12 times during the year), as well as, special meetings. References: Amended By-Laws [Re: Section 4. Election and Meetings (page 3)] https://mb.com.ph/our-company/ SEC Form Letter [Re: Directors' Attendance for 2017]	

		https://mb.com.ph/company-disclosures/	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	Non-Compliant		<p>A majority of the Directors of the Company, at a meeting duly assembled, constitute a quorum for the transaction business.</p> <p>Reference:</p> <p>Amended By-Laws [Re: Section 4. Election and Meetings (page 3)]</p> <p>https://mb.com.ph/our-company/</p>

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>Pursuant to the Company's Revised Manual on Corporate Governance, the Board has at least three (3) Independent Directors, who possess the necessary qualifications for exercising objective and independent judgment on the affairs of the Company.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: 1) Composition of the Board (page 1)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form 17-C (Results of Annual</p>	
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		Stockholders Meeting) [Re: Item 4. Election of Registrant's Board of Directors (page 3)] https://mb.com.ph/company-disclosures/	
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Recommendation 5.2

1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	The Company's three (3) Independent Directors possess all the qualifications and none of the disqualifications to hold their respective positions. References: Certifications of the Company's three (3) Independent Directors [attached to SEC Form 20-IS (Definitive) for 2017] https://mb.com.ph/company-disclosures/	
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Supplement to Recommendation 5.2

1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	The Company does not have any shareholder agreements, by-laws provisions, or other arrangements that constrains a Director's ability to vote independently. Each Director exercises independent judgment and acts on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company in a manner characterized by transparency, accountability and	
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		<p>fairness.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: III. Specific Duties and Responsibilities of a Director (page 6); 4) Exercise independent judgment (page 7)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
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Recommendation 5.3

<p>1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).</p>	<p>Compliant</p>	<p>As directed in the Company's Revised Manual on Corporate Governance, the Independent Directors shall serve for a maximum of nine (9) years (reckoned from 2012).</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: VI. Independent Directors, last paragraph (page 1)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>Certifications of the Company's three (3) Independent Directors [attached to SEC Form 20-IS (Definitive) for 2017]</p> <p>https://mb.com.ph/company-disclosures/</p>	
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<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p>Compliant</p>	<p>The Company's Independent Directors are perpetually barred from re-election as such in the Company after the term limit of nine (9) years.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: VI. Independent Directors, last paragraph (page 1)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>Certifications of the Company's three (3) Independent Directors [attached to SEC Form 20-IS (Definitive) for 2017]</p> <p>https://mb.com.ph/company-disclosures/</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>As mandated in the Company's Revised Manual on Corporate Governance, in the event that the Corporate Governance Committee (with Nomination Committee functions) endorses for re-election an Independent Director who has served for nine (9) years (reckoned from 2012), said Committee shall provide meritorious justifications and the re-election of such Independent Director shall require shareholders' approval during the annual stockholders' meeting.</p>	

		<p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: VI. Independent Directors, last paragraph (page 1)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
Recommendation 5.4			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>Compliant</p>	<p>In order to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board, the positions of Chairman of the Board and President/Chief Executive Officer are held by separate and distinct individuals, both of whom have proven competence, integrity and probity, and are not related to each other by consanguinity or affinity.</p> <p>The Chairman of the Board is Mr. Basilio C. Yap, while the President/CEO of the Company is Atty. Hermogenes P. Pobre.</p> <p>Reference:</p> <p>SEC Form 17-C 2017 Organizational Meeting [Re: 1. Election of Officers for the Year 2017-2018 (page 3)]</p> <p>https://mb.com.ph/company-disclosures/</p>	

<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>Compliant</p>	<p>The respective roles and responsibilities of the Chairman of the Board and the President/Chief Executive Officer are clearly defined in the Company's Revised Manual on Corporate Governance.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: 3) The Chairman and Chief Executive Officer (pages 2-3)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
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Recommendation 5.5

<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>As declared in the Company's Revised Manual on Corporate Governance, the Board shall designate a lead independent director if the Chairman is not independent.</p> <p>In light hereof, the Board has elected two (2) Independent Directors as Vice Chairmen of the Board, one of whom acts as the lead director.</p> <p>Reference:</p> <p>SEC Form 17-C 2017 Organizational Meeting [Re: 1. Election of Officers for the Year 2017-2018 (page 3)]</p> <p>https://mb.com.ph/company-</p>	
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		<i>disclosures/</i>	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	<p>The Company's Revised Manual on Corporate Governance mandates a Director to avoid situations that may compromise his impartiality. In case of actual or potential conflict of interest, the Director is required to fully and immediately disclose it to the Board and to abstain from taking part in the pertinent deliberations and decision-making process.</p> <p>A Director who has a continuing material conflict of interest is also mandated to seriously consider resigning from his position.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: 1) Conduct fair business transactions with the corporation, xxx (pages 6-7)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Compliant	To ensure proper checks and balances, the Company's Revised Manual on Corporate Governance mandates the Non-Executive Directors to have separate meetings with the External Auditor and heads of the Internal Audit Unit, compliance	
2. The meetings are chaired by the lead independent director.	Compliant		

		<p>and risk functions, without the presence of any Executive Directors.</p> <p>This meeting is held annually, or more often as necessary, and is chaired by the Chairman of the Board or the lead Independent Director, as the case may be.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: VIII. Board Meetings and Quorum Requirement, last paragraph (page 13)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
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Optional: Principle 5

<p>1. None of the directors is a former CEO of the company in the past 2 years.</p>	<p>Non-Compliant</p>		<p>The Company's President/CEO for the past two (2) years is Atty. Hermogenes P. Pobre, a Director of the Company.</p> <p>The foregoing is in compliance with Section 25 of the Corporation Code of the Philippines, which explicitly requires the president to be a director of the company.</p>
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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 Board adheres to the provisions of its Board Charter pertaining to self-assessment of the Board and its Committees.	
2. The Chairman conducts a self-assessment of his performance.	Compliant		
3. The individual members conduct a self-assessment of their performance.	Compliant	The Board, thru its Chairman, publishes the Annual Report containing salient aspects of the Company's performance and results of operations. Such Annual Report is an integral part of the overall assessment conducted by the Board. References: Board Charter [Re: Section 11. Self-Assessment (page 5)] https://mb.com.ph/corporate-governance/ 2016 Annual Report https://mb.com.ph/company-disclosures/	
4. Each committee conducts a self-assessment of its performance.	Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Compliant	The Board adheres to the rationale for the annual self-assessment and evaluation of its performance by an external facilitator chosen by the Board every three (3) years. Reference: Board Charter [Re: Section 11. Self-Assessment (page 5)] https://mb.com.ph/corporate-governance/	

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 Corporate Governance Committee is tasked to formulate the process and criteria for conducting the annual self-assessment and evaluation of the Board, Directors and Board Committees, including the feedback mechanism from the shareholders.	
2. The system allows for a feedback mechanism from the shareholders.	Compliant	Reference: Board Charter [Re: Section 11. Self-Assessment (page 5)] https://mb.com.ph/corporate-governance/	

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>The Company has a Code of Business Conduct and Ethics, which is duly disclosed in its Annual Report and company website for the guidance of all stockholders and stakeholders.</p> <p>This Code of Business Conduct and Ethics covers ethical standards and appropriate conduct of its target audience – the Directors, Senior Management and employees of the Company.</p> <p>Further, the Company Rules and Regulations govern the conduct and behavior of all employees of the Company, whilst providing for the corresponding disciplinary sanctions for their non-observance.</p> <p>Reference;</p> <p>Annual Report 2016 [Re: Code of Business Conduct and Ethics (page 77)]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>Company website [Re: The Company's Code of Business Conduct and Ethics]</p> <p>https://mb.com.ph/corporate-governance/</p>	
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		<p>Company Rules and Regulations 2017 Edition</p> <p>https://mb.com.ph/our-company/</p>	
<p>2. The Code is properly disseminated to the Board, senior management and employees.</p>	<p>Compliant</p>	<p>The Company's Code of Business Conduct and Ethics is properly disseminated to the Board, senior management and employees through the distribution of the Annual Report and the posting thereof in the company website.</p> <p>Reference;</p> <p>2016 Annual Report [Re: Code of Business Conduct and Ethics (page 77)]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>Company website [Re: The Company's Code of Business Conduct and Ethics]</p> <p>https://mb.com.ph/corporate-governance/</p>	

<p>3. The Code is disclosed and made available to the public through the company website.</p>	<p>Compliant</p>	<p>The Company's Code of Business Conduct and Ethics is publicly disclosed and disseminated through the company website.</p> <p>Reference;</p> <p>Company website [Re: The Company's Code of Business Conduct and Ethics]</p> <p>https://mb.com.ph/corporate-governance/</p>	
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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>	<p>Compliant</p>	<p>The Company, as part and parcel of its Code of Business Conduct and Ethics, requires disclosure and regulates the receipt of gifts from third parties.</p> <p>In pursuance hereof, the Company Rules and Regulations explicitly penalizes the unauthorized collections of fees, charges, kickbacks and other dues; solicitation of loans from advertisers, suppliers, deliverymen, dealers and other clients; or diverting revenue which should be earned by the Company.</p> <p>References:</p> <p>2016 Annual Report [Re: Code of Business Conduct and Ethics (page 77)]</p>	
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		<p>https://mb.com.ph/company-disclosures/</p> <p>Company website [Re: The Company's Code of Business Conduct and Ethics]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>Company Rules and Regulations [Re: Article IV Conduct and Behavior, 15. Unauthorized collection of fees, charges, kickbacks and other dues xxx. (page 13)]</p> <p>https://mb.com.ph/our-company/</p>	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliance	The Company's Revised Manual on Corporate Governance requires the Board to ensure the proper and efficient implementation and monitoring of compliance with the Company's Code of Business Conduct and Ethics.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliance	<p>The Code affects the Directors, Senior Management and employees of the Company, who are required to comply with the same and any findings on non-compliance therewith.</p> <p>References:</p>	

		<p>Reference;</p> <p>2016 Annual Report [Re: Code of Business Conduct and Ethics (page 77)]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>Company website [Re: The Company's Code of Business Conduct and Ethics]</p> <p>https://mb.com.ph/corporate-governance/</p>	
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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>The essence of corporate governance is transparency and accountability. Material information which affects the Company's viability or the interests of the stockholders and stakeholders are publicly and timely disclosed. Such information include, among others, earnings, results, acquisitions or dispositions of assets, off-balance sheet transactions and related party transactions, which gives a fair and complete picture of the Company's financial condition and business operations.</p> <p>References:</p>	
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		<p>2016 Annual Report [Re: Financial Highlights (page 6); Report of the President (pages 7-9); Report of Independent Auditors and Notes to Financial Statements]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: Management Report (pages 18 to 32)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
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>The Company's Consolidated Financial Statements are published in the company website and divulged to the public through requisite regulatory disclosures within ninety (90) days from the end of the fiscal year.</p> <p>On the other hand, the Company's Interim Reports are published in the company website and divulged to the public through requisite regulatory disclosures within forty-five (45) days from the end of the reporting period.</p> <p>References:</p> <p>Company website [Re: SEC Form 17-</p>	

		<p>A (Annual Report) for 2017; SEC Form 17-Q, Quarterly Report for 2017]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>PSE Edge, Manila Bulletin, Corporate Disclosures</p> <p>https://edge.pse.com.ph/companyDisclosures/</p>	
<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>Compliant</p>	<p>The Company's Annual Report and SEC Form 17-A (Annual Report) are uploaded in the company website and disclosed to the public through requisite regulatory disclosures.</p> <p>References:</p> <p>2016 Annual Report</p> <p>https://mb.com.ph/company-disclosures/</p> <p>SEC Form 17-A (Annual Report)for 2017 [Re: Schedule 3]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>PSE Edge, Manila Bulletin, Corporate Disclosures</p> <p>https://edge.pse.com.ph/companyDisclosures/</p>	

Recommendation 8.2

<p>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.</p>	<p>Compliant</p>	<p>In order to reduce the risk that directors and officers of the Company may take advantage of any material inside information, timely disclosure on dealings with company shares is required from the Directors, as well as, the officers of the Company within three (3) business days from the subject transaction.</p>	
<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.</p>	<p>Compliant</p>	<p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: 7) Disclose to the company dealings in the Company's shares within three (3) business days xxx (page 7)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
Supplement to Recommendation 8.2			
<p>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).</p>	<p>Compliant</p>	<p>The shareholdings of Directors, Management and the top 100 stockholders are duly disclosed in the company website.</p> <p>The Company's Conglomerate Map, which is attached to its SEC Form 17-A (Annual Report), is equally disclosed in the company website.</p> <p>References:</p>	

		<p>Public Ownership Reports for 2017 List of Top 100 Stockholders for 2017</p> <p>SEC Form 17-A (Annual Report)for 2017 [Re: Schedule 3]</p> <p>https://mb.com.ph/company-disclosures/</p>	
Recommendation 8.3			
<p>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.</p>	Compliant	<p>All relevant and material information on each of the Company's Directors are duly disclosed by the Board for the guidance and assessment of the shareholders and stakeholders.</p> <p>Reference:</p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: Directors' Profile (pages 7-9, 13)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
<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.</p>	Compliant	<p>All relevant and material information on each of the Company's key Executive Officers are duly disclosed by the Board for the guidance and assessment of the shareholders and stakeholders.</p> <p>Reference:</p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: Officers' Profile (pages 10-12)]</p> <p>https://mb.com.ph/company-disclosures/</p>	

Recommendation 8.4			
<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p>	<p>Compliant</p>	<p>The Company's policy and procedure for setting the remuneration of the Board of Directors is clearly set forth in the Company's Amended By-Laws.</p> <p>Reference:</p> <p>Amended By-Laws [Re: Compensation (page 7)]</p> <p>https://mb.com.ph/our-company/</p>	
<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	<p>Compliant</p>	<p>The Company's policy and practice for determining the remuneration of its key Executive Officers is set forth in the Company's Revised Manual on Corporate Governance.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: IX. Remuneration of xxx Officers (page 13)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>Non-Compliant</p>		<p>The compensation of Directors and key Executive Officers is disclosed in the Company's SEC Form 20-IS (Definitive) as a group for the guidance of the shareholders and stakeholders of the Company.</p> <p>Reference:</p>

			SEC Form 20-IS (Definitive) for 2017 [Item 6. Compensation of Directors and Executive Officers (pages 14-15)] https://mb.com.ph/company-disclosures/
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	<p>The Company's related party transaction policies are disclosed in its Revised Manual on Corporate Governance, Related Party Transaction Committee Charter, and company website.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: b. Specific Duties and Functions of the Board, No. 12 (page 5);4) Related Party Transaction Committee (pages 17-18)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>Related Party Transaction Committee Charter</p> <p>https://mb.com.ph/corporate-governance/</p> <p>Company website [Re: Company Policies]</p> <p>https://mb.com.ph/corporate-governance/</p>	

<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p>Compliant</p>	<p>The particulars pertaining to each related party transaction, such as names of related party, nature of dealings, amounts involved, outstanding balances, and terms and conditions are duly disclosed by the Board in the Company's Annual Report for the perusal and guidance of the stockholders and stakeholders.</p> <p>The voting procedures for the approval and ratification by the stockholders of all acts, resolutions and transactions of the Board, including related party transactions, as disclosed in the Annual Report, are set forth in the Company's SEC Form 20-IS (Definitive).</p> <p>References:</p> <p>2016 Annual Report [Re: Notes to Financial Statements, 27. Related Party Transactions (pages 45-46)]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: Item 9. Voting Procedures (pages 16-17)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
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Supplement to Recommendation 8.5

<p>1. Company requires directors to disclose their interests in transactions or any other conflict of interests.</p>	<p>Compliant</p>	<p>The Company requires its Directors to avoid situations that may compromise impartiality. If an actual or potential conflict of interest will arise on the part of a Director, he is mandated to fully and immediately disclose the same and abstain from taking part in the deliberations and decision-making process.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: III. Specific Duties and Responsibilities of a Director, No. 1 (pages 6-7)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
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Optional : Recommendation 8.5

<p>1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.</p>	<p>Compliant</p>	<p>It is the specific duty and function of the Board to ensure that related party transactions occur at market prices, on arm's-length basis and under conditions that protect the rights of shareholders.</p> <p>In light hereof, the Company's Annual Report, thru the Notes to Financial Statements, specifically provides that transactions between related parties are based on terms similar to those offered to non-related parties.</p> <p>References:</p>	
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		<p>Revised Manual on Corporate Governance [Re: III. Specific Duties and Responsibilities of a Director, No. 12 (page 5)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>2016 Annual Report [Re: Notes to Financial Statements, 27. Related Party Transactions (page 45)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
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Recommendation 8.6

<p>1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.</p>	<p>Compliant</p>	<p>The Company's Revised Manual on Corporate Governance provides for the public and timely disclosure of all material information that affects the viability and interests of the shareholders and stakeholders. Such information includes earnings, results, acquisitions or dispositions of assets, off-balance sheet transactions and related party transactions.</p> <p>The Board makes the requisite disclosure through the appropriate Exchange mechanisms and submissions to the Commission, in consonance with the specific duty and function of the Board to provide full, fair, accurate and timely disclosure to the public of every material fact or event that occurs, particularly, on the acquisition or</p>	
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		<p>disposal of significant assets.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: b. Specific Duties and Functions of the Board, No. 4 (page 4); XVII. Disclosure and Transparency (page 23)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
<p>2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p>	<p>Compliant</p>	<p>The Board adheres to the pertinent principle in the Revised Manual on Corporate Governance.</p> <p>During the applicable period, there was no such acquisition or disposal of significant assets. For future acquisitions and disposals of significant assets, the Board shall adhere to the appointment of an independent party to evaluate the fairness of the transaction price.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: b. Specific Duties and Functions of the Board, No. 4 (page 4)]</p> <p>https://mb.com.ph/corporate-governance/</p>	

Supplement to Recommendation 8.6

<p>1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.</p>	<p>Compliant</p>	<p>The Company has no shareholders agreements, voting trust agreements, confidentiality agreements, and such other agreements that impact on the control, ownership and strategic direction of the Company.</p> <p>In accordance with the Company's Revised Manual on Corporate Governance, pertinent information on matters concerning control, ownership and strategic direction are duly disclosed in the Company's Public Ownership Reports and SEC Form 20-IS (Definitive) for the guidance of shareholders and stakeholders.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: XVI. Stockholders' Rights and Protection of Minority Stockholders' Interests (pages 22-23); XVIII. Disclosure and Transparency (page 23)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>Public Ownership Reports for 2017</p> <p>https://mb.com.ph/company-disclosures/</p>	
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		<p>SEC Form 201-IS (Definitive) for 2017 [Re: B. Control and Compensation Information (pages 3-6); Item 4. Market Information (pages 29-31)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	The Company's Revised Manual on Corporate Governance provides for the policies, programs and procedures on good corporate governance.	
2. Company's MCG is submitted to the SEC and PSE.	Compliant	The Manual has been duly submitted to the Commission and the Exchange, and is posted in the company website for the guidance of the shareholders and stakeholders of the Company.	
3. Company's MCG is posted on its company website.	Compliant	<p>Reference:</p> <p>Revised Manual on Corporate Governance</p> <p>https://mb.com.ph/corporate-governance/</p>	
Supplement to Recommendation 8.7			

<p>1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.</p>	<p>Compliant</p>	<p>The Company has dully submitted to the Commission and the Exchange its Revised Manual on Corporate Governance.</p> <p>The Revised Manual on Corporate Governance incorporates and reflects the requisite updates and changes in corporate governance practices prescribed by the rules and regulations of the Commission.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance</p> <p><i>https://mb.com.ph/corporate-governance/</i></p>	
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Optional: Principle 8

1. Does the company's Annual Report disclose the following information:	Compliant	The Company's Annual Report discloses the requisite information mandated by the Commission's Code of Corporate Governance and the Company's Revised Manual on Corporate Governance.	
a. Corporate Objectives	Compliant		
b. Financial performance indicators	Compliant		
c. Non-financial performance indicators	Compliant	References:	
d. Dividend Policy	Compliant	SEC Form 17-A (Annual Report) for 2017	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant	https://mb.com.ph/company-disclosures/ 2016 Annual Report	
f. Attendance details of each director in all directors meetings held during the year	Non-Compliant	https://mb.com.ph/company-disclosures/	Attendance details of each director in board meetings held during the applicable period is disclosed in the Company's SEC Form Letter filed with the Commission and the Exchange. Reference: SEC Form Letter – Directors' Attendance for 2017. https://mb.com.ph/company-disclosures/
g. Total remuneration of each member of the board of directors	Non-Compliant		The total compensation of Directors and Officers as a group is disclosed in the Company's SEC Form 20-IS (Definitive), which accompanies the Annual Report for the guidance of the stockholders and stakeholders.

			<p>Reference:</p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: Item 6. Compensation of Directors and Executive Officers (pages 14-15)]</p> <p>https://mb.com.ph/company-disclosures/</p>
<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 adheres to the principles of responsible corporate citizenship and good governance.</p> <p>Moreover, the Company's SEC Form 20-IS (Definitive) declares that the Company's compliance with its Revised Manual on Corporate Governance for the applicable year was monitored, with all of the Company's directors, officers and employees substantially complying with the leading practices and principles on good corporate governance as embodied in its Manual.</p> <p>References:</p> <p>2016 Annual Report [Re: Corporate Governance (page 77)]</p> <p>https://mb.com.ph/company-disclosures/</p>	

		<p>SEC Form 20-IS (Definitive) for 2017 [Re: Item 7. Corporate Governance, first paragraph (page 32)]</p> <p>https://mb.com.ph/company-disclosures/</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 Corporate Governance page in the Annual Report provides for the Company's adherence to the principles of responsible corporate citizenship and good governance.</p> <p>The Corporate Governance page includes, as disclosures, the Code of Business Conduct and Ethics, Related Party Transactions, Board Committees, and Risk Management System.</p> <p>A similar disclosure on Corporate Governance is provided in the Company's SEC Form 20-IS (Definitive), which accompanies the Annual Report.</p> <p>References:</p> <p>2016 Annual Report [Re: Corporate Governance (pages 77-78)]</p> <p>https://mb.com.ph/company-disclosures/</p>	

		<p>SEC Form 20-IS (Definitive) for 2017 [Re: Item 7. Corporate Governance (page 32)]</p> <p>https://mb.com.ph/company-disclosures/</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 Company's Annual Report, particularly, the Statement of Management Responsibility for Financial Statements signed by the Chairman of the Board, President/CEO and Treasurer provides that the Board is responsible for overseeing the Company's financial reporting process and that it reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.</p> <p>References:</p> <p>SEC Form 17-A (Annual Report) for 2017 [Re: Statement of Management Responsibility for Financial Statements]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>2016 Annual Report [Re: Statement of Management Responsibility for Financial Statements]</p> <p>https://mb.com.ph/company-disclosures/</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 key risks to which the Company is materially exposed are disclosed in the Annual Report, specifically, in the Notes to Financial Statements, for the review and guidance of the Company's stockholders and stakeholders.</p> <p>References:</p> <p>SEC Form 17-A (Annual Report) for 2017 [Re: Notes to Financial Statements, 25. Financial Risk Management]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>2016 Annual Report [Re: Notes to Financial Statements, 25. Financial Risk Management]</p> <p>https://mb.com.ph/company-disclosures/</p>	
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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>The Company's Audit Committee, in consonance with its Charter and the Company's Revised Manual on Corporate Governance, reviews the performance and recommends the appointment, retention, discharge and fees of the external auditors.</p> <p>References:</p> <p>Audit Committee Charter [Re: 1. Purpose (page 1); E. External Audit (page 4)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>Revised Manual on Corporate Governance [Re: 1) Audit Committee (I) (page 15)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: Item 6. External Audit Fees and Services (page 32)]</p> <p>https://mb.com.ph/company-disclosures/</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>The Board, upon the recommendation of the Audit Committee, approves the appointment, reappointment, removal, and fees of the external auditors.</p>	

		<p>Such approval is subsequently ratified during the annual stockholders' meeting by all of the stockholders present or represented.</p> <p>References:</p> <p>SEC Form 17-C (Change in External Auditor)</p> <p>https://mb.com.ph/company-disclosures/</p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: Item 8. Action With Respect to Reports, and Item 9. Voting Procedures (pages 16-17)]</p> <p>https://mb.com.ph/company-disclosures/</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>The Board duly discloses to its regulators and the public the reason for the removal or change of the external auditors by filing the required disclosures with the Commission and the Exchange, and by uploading the same in the company website.</p> <p>Reference:</p> <p>SEC Form 17-C (Change in External Auditor)</p> <p>https://mb.com.ph/company-disclosures/</p>	

Supplement to Recommendation 9.1			
<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	Compliant	<p>The Company's Revised Manual on Corporate Governance provides for the rotation or change of the external auditor every five (5) years or earlier.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: XV. Accountability and Audit, No. 5 (page 21)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
<p>2. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	Compliant	<p>The duties and responsibilities of the Audit Committee are duly declared in its Audit Charter, as well as, in the Company's Revised Manual on Corporate Governance.</p> <p>References:</p> <p>Audit Committee Charter [Re: 10. Duties and Responsibilities of the Committee, E. External Audit (page 4)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
Recommendation 9.2			

		<p>Revised Manual on Corporate Governance [Re: 1) Audit Committee (pages13-15)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
<p>1. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	<p>Compliant</p>	<p>The Audit Committee is directed by its Charter to review the performance of the external auditor and to ensure that it is ultimately accountable to the Board and the stockholders of the Company.</p> <p>Further, the Revised Manual on Corporate Governance provides for the Audit Committee's annual review and monitoring of the external auditor's suitability and effectiveness.</p> <p>References:</p> <p>Audit Committee Charter [Re: 10. Duties and Responsibilities of the Committee, E. External Audit (page 4)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>Revised Manual on Corporate Governance [Re: XV. Accountability and Audit, last paragraph (page 22)]</p> <p>https://mb.com.ph/corporate-governance/</p>	

Supplement to Recommendations 9.2

<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	<p>Compliant</p>	<p>The Audit Committee is mandated under its Charter to review the performance of the external auditor and to ensure that it is ultimately accountable to the Board and the stockholders of the Company.</p> <p>Moreover, the Revised Manual on Corporate Governance directs the Audit Committee to assess the integrity and independence of the external auditor and to exercise effective oversight to review and monitor the effectiveness of the audit process taking into consideration relevant Philippine professional and regulatory requirements.</p> <p>References:</p> <p>Audit Committee Charter [Re: 10. Duties and Responsibilities of the Committee, E. External Audit (page 4)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>Revised Manual on Corporate Governance [Re: XV. Accountability and Audit, last paragraph (page 22)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
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<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	<p>Compliant</p>	<p>To ensure that the Company's external auditor has adequate quality control procedure, the Audit Committee is mandated by its Charter to review the performance and recommend the retention or discharge of the external auditor.</p> <p>Equally, the Revised Manual on Corporate Governance requires the Audit Committee to exercise effective oversight to review and monitor the external auditor's objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine Professional and regulatory requirements.</p> <p>References:</p> <p>Audit Committee Charter [Re: 10. Duties and Responsibilities of the Committee, E. External Audit (page 4)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>Revised Manual on Corporate Governance [Re: XV. Accountability and Audit, last paragraph (page 22)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
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Recommendation 9.3			
<p>1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.</p>	<p>Compliant</p>	<p>The Board adheres to this pertinent principle in the Revised Manual on Corporate Governance, but for the covered period no such non-audit services were required.</p> <p>Reference: SEC Form 20-IS (Definitive) for 2017 [Re: Item 6. External Audit Fees and Services (page 32)]</p> <p>https://mb.com.ph/company-disclosures/</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>The Revised Manual on Corporate Governance provides that non-audit work may be given by the Audit Committee to the external auditor provided it does not conflict with his duties or pose a threat to his independence.</p> <p>Non-audit services performed by the external auditor are required to be disclosed in the Annual Report to deal with any potential conflict of interest.</p> <p>Reference: Revised Manual on Corporate Governance [Re: XV. Accountability and Audit, fourth paragraph (pages 21-22)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
Supplement to Recommendation 9.3			

<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	<p>Compliant</p>	<p>The Board adheres to this rationale in the Revised Manual on Corporate Governance however the Company did not engage the external auditor to perform non-audit services for the applicable period.</p> <p>Reference:</p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: Item 6. External Audit Fees and Services (page 32)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
Additional Recommendation to Principle 9			
<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<p>Compliant</p>	<p>For the applicable period, the Company engaged the services of Mangay-Ayam, Lim & Co. Certified Public Accountants as its new auditing firm with SEC Accreditation No. 0302-F under Group A (expiry date on December 3, 2017).</p> <p>Mr. Rodrigo M. Mangay-Ayam was the signing partner with SEC Accreditation No. 1454-A (expiry date on December 3, 2017).</p>	
<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>Per inquiry, Mangay-Ayam, Lim & Co. Certified Public Accountants affirms its adherence to this requirement, but had not been subjected to the SOAR Inspection Program of the SEC's Office of the General Accountant (OGA) for the applicable period.</p>	

Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

Recommendation 10.1

<p>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.</p>	<p>Compliant</p>	<p>The Company's policy on disclosure and transparency is set forth in its Revised Manual on Corporate Governance.</p> <p>The Board affirms that the essence of corporate governance is transparency, and that all material information about the Company, which would affect its viability or the interests of its stockholders, including non-financial information, should be publicly and timely disclosed.</p> <p>In line herewith, the Board discloses the non-financial information pertaining to the economic, environmental, social and governance issues of the Company's business through the Report of President in the Annual Report.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: XVIII. Disclosure and Transparency(page 23)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>2016 Annual Report [Re: Report of the President (pages 7-9)]</p>	
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		https://mb.com.ph/company-disclosures/	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Complaint	<p>The Company's policy on disclosure and transparency of its sustainability and non-financial issues is based on the globally recognized standards on corporate governance espoused by the Commission.</p> <p>Pertinent disclosures on sustainability and non-financial issues form part of the Report of the President, which is embodied in the Company's Annual Report.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: XVIII. Disclosure and Transparency(page 23)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>2016 Annual Report [Re: Report of the President (pages 7-9)]</p> <p>https://mb.com.ph/company-disclosures/</p>	

Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

<p>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.</p>		<p>The Company uses its website, as well as, the print and on-line editions of its Manila Bulletin newspaper, a broadsheet of general and national circulation, as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and stakeholders.</p> <p>Reference: Company website https://mb.com.ph/</p>	
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Supplemental to Principle 11

<p>1. Company has a website disclosing up-to-date information on the following:</p>	<p>Compliant</p>	<p>The required regulatory disclosures are duly uploaded in the company website.</p>	
<p>a. Financial statements/reports (latest quarterly)</p>	<p>Compliant</p>	<p>Reference:</p>	
<p>b. Materials provided in briefings to analysts and media</p>	<p>Compliant</p>	<p>Company website</p>	
<p>c. Downloadable annual report</p>	<p>Compliant</p>	<p>https://mb.com.ph/</p>	
<p>d. Notice of ASM and/or SSM</p>	<p>Compliant</p>		
<p>e. Minutes of ASM and/or SSM</p>	<p>Compliant</p>		
<p>f. Company's Articles of Incorporation and By-Laws</p>	<p>Compliant</p>		

Additional Recommendation to Principle 11

<p>1. Company complies with SEC-prescribed website template.</p>	<p>Compliant</p>	<p>The company website is compliant with the SEC-prescribed website template.</p> <p>Reference:</p> <p>Company website</p> <p>https://mb.com.ph/</p>	
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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 internal control environment of the Company consists of (a) Board which ensures that the corporation is properly and effectively managed and supervised; (b) the Management that actively manages and operates the Company in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Company's governance, operations and information systems.</p> <p>The Board, through its Audit Committee, annually reviews the Company's internal control system.</p>	
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		<p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: VII. Internal Control Responsibilities of the Board (page 11)]</p> <p>https://mb.com.ph/corporate-governance/</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 enterprise risk management framework is provided in the Risk Oversight Committee Charter.</p> <p>The Company discloses its key risks as part of the Notes to Financial Statements, which form an integral part of the Annual Report.</p> <p>Key risks are managed by the Board thru its Risk Oversight Committee.</p> <p>The Company's enterprise risk management framework, including its risk appetite levels and risk tolerance limits are reviewed annually.</p> <p>Reference:</p> <p>Risk Oversight Committee Charter</p> <p>https://mb.com.ph/corporate-governance/</p>	

Supplement to Recommendations 12.1

<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	<p>Compliant</p>	<p>As provided in the Revised Manual on Corporate Governance, the Company's internal control environment includes an independent audit mechanism to monitor compliance with laws, rules, regulations and contracts.</p> <p>Moreover, the Code of Business Conduct and Ethics provides for the Company's compliance with applicable laws and regulations enacted by the national and local authorities.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: VII. Internal Control Responsibilities of the Board, paragraph 2 (page 11)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>2016 Annual Report [Re: Code of Business Conduct and Ethics, Compliance with Laws and Regulations (page 77)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
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Optional: Recommendation 12.1

<p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p>	<p>Compliant</p>	<p>The Company's IT governance process includes a structure that aligns IT strategy with business strategy, which produces measurable results in achieving business strategies and operational goals.</p> <p>This structure addresses issues on disruption, cyber security and disaster recovery, among others.</p>	
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Recommendation 12.2

<p>1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.</p>	<p>Compliant</p>	<p>The Company's internal audit is performed in-house by the Internal Audit Unit led by the Head of Audit/Chief Audit Executive.</p> <p>The principal function of the Internal Audit Unit is to provide an independent risk management assurance and oversight services to the Board, Audit Committee and Management focusing on reviewing the effectiveness of the governance and control processes of the Company.</p> <p>Reference:</p> <p>Internal Audit Charter [Re: Section 2. Responsibilities and Functions (page 1)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
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Recommendation 12.3

<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>	<p>Compliant</p>	<p>The Company's Head of Internal Audit/Chief Audit Executive is Mr. John D. Yap. The functions of internal audit that he is tasked to perform are set forth in the Revised Manual on Corporate Governance.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: 2) An internal audit system xxx functions of the internal audit (page 12)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
<p>2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.</p>	<p>Compliant</p>	<p>The Revised Manual on Corporate Governance provides that the Internal Auditor/Chief Audit Executive shall perform the internal audit functions, including the regular and special audit as contained in the annual audit plan/company's risk assessment, as well as, consulting and advisory services related to governance and control.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: 2) An internal audit system xxx, b & c (page 12)]</p> <p>https://mb.com.ph/corporate-governance/</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	The Board adheres to this pertinent principle in the Revised Manual on Corporate Governance, but the Company did not outsource any internal audit activity for the applicable period.	
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Recommendation 12.4

1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	<p>The Company's risk management function is specified in the Revised Manual on Corporate Governance.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: XIII. The Chief Risk Officer (page 20)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
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Supplement to Recommendation 12.4

1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	The Board adheres to this rationale in the Revised Manual on Corporate Governance, but the Company did not find the need to seek such external technical support for the applicable period.	
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Recommendation 12.5

<p>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).</p>	<p>Compliant</p>	<p>The Vice President for Administration Department concurrently performs the functions of Chief Risk Officer (CRO). His appointment and qualifications/background are disclosed in the Company's SEC Form 17-C (Organization Meeting) and SEC Form 20-IS (Definitive), respectively.</p> <p>The duties and responsibilities of the Chief Risk Officer are provided in the Revised Manual on Corporate Governance.</p> <p>References:</p> <p>SEC Form 17-C Organization Meeting for 2017 [Re: 1. Election of Officers for the Year 2017-2018, P/Chief Supt. Reynaldo S. Rafal (Ret.) – Vice President, Administration Department (page 3)]</p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: Officers' Profile, P/Chief Supt. Reynaldo S. Rafal (Ret.) (page 11)]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>Revised Manual on Corporate Governance [Re: XIII. The Chief Risk Officer (page 20)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
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<p>2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.</p>	<p>Compliant</p>	<p>The Vice President for Administration Department, who concurrently performs the functions of Chief Risk Officer (CRO), has adequate authority, stature, resources and support to fulfill his responsibilities.</p> <p>References:</p> <p>SEC Form 17-C Organization Meeting for 2017 [Re: 1. Election of Officers for the Year 2017-2018, Reynaldo S. Rafal – Vice President, Administration Department (page 3)]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: Officers' Profile, P/Chief Supt. Reynaldo S. Rafal (Ret.) (page 11)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
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Additional Recommendation to Principle 12

<p>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.</p>	<p>Compliant</p>	<p>The Chairman of the Board, President/CEO and Treasurer annually make the relevant attestation as to the soundness of the internal audit control and effectiveness of the compliance system in the Statement of Management Responsibility for Annual Income Tax Return and Statement of Management Responsibility for Financial</p>	
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		<p>Statements.</p> <p>Reference:</p> <p>2016 Annual Report [Re: Statement of Management Responsibility for Annual Income Tax Return, and Statement of Management Responsibility for Financial Statements]</p> <p>https://mb.com.ph/company-disclosures/</p>	
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Cultivating a Synergic Relationship with Shareholders

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

Recommendation 13.1

<p>1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.</p>	<p>Compliant</p>	<p>The Revised Manual on Corporate Governance provides and upholds stockholders' rights and protection of minority stockholders' interest.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: XVI. Stockholders' Rights and Protection of Minority Stockholders' Interest (pages 22-23)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
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<p>2. Board ensures that basic shareholder rights are disclosed on the company's website.</p>	<p>Compliant</p>	<p>The Revised Manual on Corporate Governance is disclosed in the company website for the information and guidance of the stockholders.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: XVI. Stockholders' Rights and Protection of Minority Stockholders' Interest (pages 22-23)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
Supplement to Recommendation 13.1			
<p>1. Company's common share has one vote for one share.</p>	<p>Compliant</p>	<p>The Company only has common shares, which follows the "one share, one vote" principle.</p> <p>The voting procedures are duly disclosed in the Company's SEC Form 20-IS (Definitive), and is provided for in its Amended By-Laws.</p> <p>References:</p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: Item 9. Voting Procedures (pages 16-17)]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>Amended By-Laws [Re: Section 5. Voting (page 2)]</p>	

<p>2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.</p>	<p>Compliant</p>	<p>https://mb.com.ph/our-company/</p> <p>All shareholders are treated equally and enjoy similar rights with respect to the Company's one class of shares of stock - common shares.</p> <p>The stockholders' voting rights, subscription rights and transfer rights are provided in the Company's Revised Manual on Corporate Governance, Amended By-Laws and SEC Form 20-IS (Definitive).</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: XVI. Stockholders' Rights and Protection of Minority Stockholders' Interest (pages 22-23)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>Amended By-Laws [Re: Section 5. Voting (page 2); Article V-Shares and Their Transfers (page 6)]</p> <p>https://mb.com.ph/our-company/</p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: Item 9. Voting Procedures (pages 16-17)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
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<p>3. Board has an effective, secure, and efficient voting system.</p>	<p>Compliant</p>	<p>The Company's voting procedures are provided in its Amended By-Laws. Stockholders entitled to vote are allowed to one vote for each share of stock standing in their names in the books of the Company, in person or by proxy. In the case of the election of members of the Board of Directors, every stockholder entitled to vote is allowed to accumulate his votes in accordance with law.</p> <p>For the guidance of the stockholders, the prescribed voting procedures are duly disclosed in the Company's SEC Form 20-IS (Definitive).</p> <p>References:</p> <p>Amended By-Laws [Re: Section 5. Voting (page 2); Article V-Shares and Their Transfers (page 6)]</p> <p><i>https://mb.com.ph/our-company/</i></p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: Item 9. Voting Procedures (pages 16-17)]</p> <p><i>https://mb.com.ph/company-disclosures/</i></p>	
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<p>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.</p>	<p>Compliant</p>	<p>The Revised Manual on Corporate Governance recognizes and upholds the rights of stockholders, and ensures the protection of minority stockholders</p> <p>As a voting mechanism, cumulative voting is provided in the Company’s Amended By-Laws. The voting procedures are equally disclosed in the Company’s SEC Form 20-IS (Definitive) for the guidance of stockholders, specifically, the minority shareholders.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: XVI. Stockholders’ Rights and Protection of Minority Stockholders’ Interest (pages 22-23)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>Amended By-Laws [Re: Section 5. Voting (page 2); Article V-Shares and Their Transfers (page 6)]</p> <p>https://mb.com.ph/our-company/</p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: Item 9. Voting Procedures (pages 16-17)]</p>	
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		https://mb.com.ph/company-disclosures/	
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	<p>The stockholders' rights and the protection of minority stockholders' interests are provided in the Revised Manual of Corporate Governance. Also, the Company observes transparency and fairness in the conduct of its annual and special stockholders' meetings.</p> <p>Minority shareholders are granted the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Company.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: XVI. Stockholders' Rights and Protection of Minority Stockholders' Interest (pages 22-23)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	<p>The Company's policies on treatment of its minority shareholders are embodied in its Revised Manual on Corporate Governance.</p> <p>Reference:</p>	

		<p>Revised Manual on Corporate Governance [Re: XVI. Stockholders' Rights and Protection of Minority Stockholders' Interest (pages 22-23)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
<p>7. Company has a transparent and specific dividend policy.</p>	<p>Compliant</p>	<p>The Company's dividend policy is expressly provided in its Amended By-Laws and Revised Manual on Corporate Governance.</p> <p>Pertinent information on declared dividends is also disclosed in the Company's SEC Form 20-IS (Definitive) and Annual Report.</p> <p>The Company did not declare dividends during the applicable period.</p> <p>References:</p> <p>Amended By-Laws [Re: Section 1. Dividends (page 8)]</p> <p>https://mb.com.ph/our-company/</p> <p>Revised Manual on Corporate Governance [Re: XVI. Stockholders' Rights and Protection of Minority Stockholders' Interest (pages 22-23)]</p> <p>https://mb.com.ph/corporate-governance/</p>	

		<p>SEC Form 20-IS (Definitive) for 2017 [Re: C. Dividends (page 31)]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>2016 Annual Report [Re: Cash and Stock Dividend Record (inside page of front cover)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
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Optional: Recommendation 13.1

1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Compliant	The Board acknowledges the rationale for this optional recommendation, but in its experience, the need to count or validate the votes during the proceedings of the annual stockholders' meeting for the applicable period did not arise.	
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Recommendation 13.2

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 Revised Manual on Corporate Governance provides that the notice of annual and special shareholder's meetings with sufficient and relevant information shall be sent to all shareholders at least 28 days before the meeting.</p> <p>For the applicable period, the Notice of the Annual Stockholders' Meeting, together with the Agenda, Proxy Form, SEC Form 20-IS (Definitive) and Annual Report, were sent to the</p>	
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	<p>stockholders of record at least 28 days before the Annual Meeting on July 13, 2017.</p> <p>The Agenda for the annual meeting provides for the ratification of all acts, resolutions and transactions of the Board and Management for the covered year. Information on the compensation of directors and officers are disclosed in the Company's SEC Form 20-IS (Definitive).</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: XVI. Stockholders' Rights and Protection of Minority Stockholders' Interests, 7. Right to participate (page 23)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: Item 6. Compensation of Directors and Executive Officers (pages 14-15)]</p> <p>Agenda for 2017 Annual Stockholders' Meeting.</p> <p>https://mb.com.ph/company-disclosures/</p>	
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1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Compliant	The Notice of the Annual Stockholders' Meeting is furnished to the stockholders, together with the Agenda, Proxy Form, SEC Form 20-IS (Definitive) and Annual Report.	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	The Notice includes the Company's SEC Form 20-IS (Definitive) wherein the profiles of directors, as well as, the appointment/re-appointment of external auditors are disclosed for the information of the stockholders.	
b. Auditors seeking appointment/re-appointment	Compliant	References:	
c. Proxy documents	Compliant	<p>Notice of Annual Meeting and Proxy Form</p> <p>https://mb.com.ph/company-disclosures/</p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: Directors and Officers Profiles (pages 7-13); Item 7. Independent Public Accountants (pages 15-16)]</p> <p>https://mb.com.ph/company-disclosures/</p>	

Optional: Recommendation 13.2

<p>2. Company provides rationale for the agenda items for the annual stockholders meeting</p>	<p>Compliant</p>	<p>The rationale for the items included in the agenda are disclosed in the Company's SEC Form 20-IS (Definitive), which accompanies the Notice of Annual Stockholders' Meeting and Agenda.</p> <p>Reference:</p> <p>SEC Form 20-IS (Definitive) for 2017</p> <p>https://mb.com.ph/company-disclosures/</p>	
Recommendation 13.3			
<p>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.</p>	<p>Compliant</p>	<p>The results of the annual stockholders' meeting, specifically, the matters taken-up and approved by the stockholders, are set forth in the Minutes of the Annual Stockholder's Meeting, which was timely posted in the company website.</p> <p>Reference:</p> <p>Minutes of Stockholders' Meeting on July 13, 2017</p> <p>https://mb.com.ph/company-disclosures/</p>	

<p>2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.</p>	<p>Compliant</p>	<p>The Minutes of the Annual Stockholders' Meeting was made available on the company website within five (5) business days after the annual stockholders' meeting on July 13, 2017.</p> <p>All the stockholders' present or represented during the annual stockholders' meeting voted to approve all agenda items. There were no dissenting and abstaining votes.</p> <p>The stockholders were afforded the opportunity to inquire about important company matters. Some stockholders offered suggestions for the continuing improvement of the operations of the Company, which were noted and taken under consideration.</p> <p>Reference:</p> <p>Minutes of Stockholders' Meeting on July 13, 2017</p> <p><i>https://mb.com.ph/company-disclosures/</i></p>	
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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	The representatives of the external auditor, Mangay-Ayam Lim & Co., as well as, the stock transfer agent, RCBC Stock Transfer, were in attendance during the annual stockholders' meeting on July 13, 2017.	
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 Company's Revised Manual on Corporate Governance provides for an alternative dispute resolution system in the Company that can amicably and effectively resolve conflicts or differences between the Company and its stockholders, including third parties and regulatory authorities.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: Specific Duties and Functions of the Board. No. 14 (page 5)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	<p>The establishment of an alternative dispute resolution system is provided in the Revised Manual on Corporate Governance as part and parcel of the specific duties and functions of the Board.</p> <p>Reference:</p>	

		Revised Manual on Corporate Governance [Re: Specific Duties and Functions of the Board. No. 14 (page 5)] https://mb.com.ph/corporate-governance/	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	The Board adheres to this pertinent principle in the Revised Manual on Corporate Governance and has established and maintains an investor relations program. Presently, the investor relations program of the Company is being performed by an Assistant Vice President, Ms. Elizabeth T. Morales (tel. no. 527-8121 / email: emorales@mb.com.ph). Reference: Revised Manual on Corporate Governance [Re: Specific Duties and Functions of the Board. No. 6 (page 4)] https://mb.com.ph/corporate-governance/	
2. IRO is present at every shareholder's meeting.	Compliant	The Chief Financial Officer was present during the annual stockholders' meeting on July 13, 2017.	
Supplemental Recommendations to Principle 13			

<p>1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group</p>	<p>Compliant</p>	<p>The Revised Manual on Corporate Governance explicitly provides for the rights of stockholders and the protection of minority stockholders' interests. As part hereof, the stockholders' approval on various corporate matters are sought during the annual stockholder' meeting. Also, in the case of election of directors, every stockholder entitled to vote is allowed to accumulate his vote (cumulative voting) in accordance with law. These are duly disclosed in the Company's SEC Form 20-IS (Definitive).</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: XVI. Stockholders' Rights and Protection of Minority Stockholders' Interests (pages 22-23)]</p> <p>https://mb.com.ph/corporate-governance/</p> <p>SEC Form 20-IS (Definitive) for 2017 [Re: Item 8. Action With Respect to Reports, and Item 9. Voting Procedures (pages 16-17)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
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<p>2. Company has at least thirty percent (30%) public float to increase liquidity in the market.</p>	<p>Non-Compliant</p>		<p>The Company's public float percentage is 22.006% based on its shares of stocks, which is more than the SEC required minimum public ownership percentage of 20%. This is reflected in the Company's Quarterly Public Ownership Reports, which are duly disclosed in the company website.</p> <p>Reference:</p> <p>Quarterly Public Ownership Reports for 2017</p> <p>https://mb.com.ph/company-disclosures/</p>
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Optional: Principle 13

<p>1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting</p>	<p>Compliant</p>	<p>Stockholders are encouraged to engage with the Company beyond the annual stockholders' meeting through the exercise of their right to information as provided in the Revised Manual on Corporate Governance.</p> <p>Reference:</p> <p>Revised Manual on Corporate Governance [Re: XVI. Stockholders' Rights and Protection of Minority Stockholders' Interests, No. 4 Right to Information (page 22)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
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2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Non-Compliant		The Company acknowledges the rationale for this principle as it maintains the view that the need for such practice is yet to be fully established.
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Duties to Stakeholders

Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	<p>The Company's stakeholders are its customers, employees, suppliers, the government and the community.</p> <p>The Company's policies and programs for its stakeholders are contained in its Code of Business Conduct and Ethics, core values, and the Report of the President.</p> <p>References:</p> <p>2016 Annual Report [Re: Report of the President (pages 7-9); Corporate Governance, Code of Business Conduct and Ethics (page 77)]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>Company's core values</p> <p>https://mb.com.ph/our-company/</p>	
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Recommendation 14.2

<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	<p>Compliant</p>	<p>The policies for the protection and fair treatment of the Company's stakeholders are provided in its Code of Business Conduct and Ethics and core values.</p> <p>The programs relating to the Company's stakeholders, specifically, on matters of social involvement are presented in the Report of the President, which is included in the Annual Report.</p> <p>References:</p> <p>2016 Annual Report [Re: Corporate Governance, Code of Business Conduct and Ethics (page 77)]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>Company's Core Values</p> <p>https://mb.com.ph/our-company/</p> <p>2016 Annual Report [Re: Report of the President, Social Involvement (pages 8-9)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
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Recommendation 14.3

<p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>	<p>Compliant</p>	<p>The stakeholders of the Company are allowed to communicate and to seek redress for possible violation of their rights through the Office of the Vice President for Administration Department (tel. no. 527-8121 and email: mbadmin@mb.com.ph).</p> <p>The Company's whistle blowing policy is provided in its Code of Business Conduct and Ethics. The Company will assist employees who disclose relevant information on suspected misconduct, malpractice, or irregularity through a confidential reporting channel.</p> <p>Reference:</p> <p>2016 Annual Report [Re: Corporate Governance, Code of Business Conduct, Whistle Blower (page 77)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
Supplement to Recommendation 14.3			
<p>1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.</p>	<p>Compliant</p>	<p>The Revised Manual on Corporate Governance mandates the Board to establish and maintain an alternative dispute resolution system that amicably and effectively resolves conflicts or differences between the Company and its stakeholders.</p> <p>Reference:</p>	

		<p>Revised Manual on Corporate Governance [Re: b. Specific Duties and Functions of the Board, No. 14 (page 5)]</p> <p>https://mb.com.ph/corporate-governance/</p>	
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Additional Recommendations to Principle 14

<p>1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.</p>	<p>Compliant</p>	<p>The Revised Manual on Corporate Governance institutionalizes the principles of good corporate governance in the entire Company. The Board and Management believe that corporate governance is vitally important in strategic business management. Accordingly, the Company does not seek exemption from the application of any law, rule, regulation, particularly, those pertaining to corporate governance.</p> <p>More, under its Code of Business Conduct and Ethics, the Company requires compliance with applicable laws and regulations, which necessarily includes adherence to pertinent rules on corporate governance.</p> <p>References:</p> <p>Revised Manual on Corporate Governance [Re: 1. Objective (page 1)]</p>	
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		<p>https://mb.com.ph/corporate-governance/</p> <p>2016 Annual Report [Re: Corporate Governance, Code of Business Conduct, Compliance with Laws and Regulations (page 77)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
<p>2. Company respects intellectual property rights.</p>	<p>Compliant</p>	<p>The Company respects intellectual property rights. In connection herewith, the Code of Business Conduct and Ethics provides for compliance with laws and regulations, including Intellectual Property Law, and Respect for Trade Secrets/Use of Non-Public Information.</p> <p>Moreover, the Company Rules and Regulations specifically penalize the unauthorized use of the company logo, trademarks, business name and other intellectual properties.</p> <p>References:</p> <p>2016 Annual Report [Re: Corporate Governance, Code of Business Conduct, Compliance with Laws and Regulations, Respect for Trade Secrets and Use of Non-Public Information (page 77)]</p>	

		<p>https://mb.com.ph/company-disclosures/</p> <p>Company Rules and Regulations [Re: Article IV Conduct and Behavior, A. Misconduct, 11. Unauthorized use of the company's logos, trademarks, business name xxx (page 12)]</p> <p>https://mb.com.ph/our-company/</p>	
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Optional: Principle 14

1. Company discloses its policies and practices that address customers' welfare	Compliant	<p>The policies, programs and practices that address customers' welfare are found in the Company's Code of Business Conduct and Ethics, and Company Rules and Regulations.</p> <p>References:</p> <p>2016 Annual Report [Re: Code of Business Conduct and Ethics, Conduct of Business and Fair Dealings, Receipt of Gifts from Third Parties (page 77)]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>Company Rules and Regulations 2017 Edition [Re: Article IV Conduct and Behavior, A. Misconduct, 1. Rudeness and/or quarreling with customers xxx (page 10), 15. Unauthorized collection of fees xxx from advertisers xxx clients xxx (page 13)].</p>	
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		https://mb.com.ph/our-company/ Company's Policies https://mb.com.ph/corporate-governance/	
2. Company discloses its policies and practices that address supplier/contractor selection procedures.	Compliant	<p>The Company adheres to the principle of fairness in the selection of its suppliers and contractors.</p> <p>Moreover, the Company disallows the collection of fees, charges, and other dues or solicitation of loans from its suppliers and dealers.</p> <p>References:</p> <p>2016 Annual Report [Re: Code of Business Conduct and Ethics, Conduct of Business and Fair Dealings (page 77)]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>Company Rules and Regulations 2017 Edition [Re: Article IV Conduct and Behavior, A. Misconduct, 15. Unauthorized collection of fees, charges, kickbacks and other dues xxx from xxx suppliers xxx (page 13)].</p> <p>https://mb.com.ph/our-company/</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>The Company's core values set forth the policies that encourage the employees to actively participate in the realization of the Company's goals and in its governance. These core values include Loyalty (i.e. Commitment to the organization), Productivity (i.e. Commitment to contribute positively to the growth of the organization), and Customer Service (i.e. Commitment to please the customer – partner in growth).</p> <p>Reference:</p> <p>Company Rules and Regulations 2017 Edition [Re: Core Values (page 32)]</p> <p>https://mb.com.ph/our-company/</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>Employee selection, engagement, compensation and advancement are based on qualification, merit and performance. Initiative (i.e. Commitment to avoid idle moments while at work) and Productivity (i.e. Commitment to contribute positively to the growth of the organization) form part of the Company's core values.</p>	
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		<p>The Company's compensation policy for its employees is laid down in the 5-year Collective Bargaining Agreement signed by the Management and the Bulletin Progressive Union (BPU). This policy includes a Retirement Plan and Health Care Coverage, as disclosed in the Company's Annual Report and SEC Form 20-IS (Definitive).</p> <p>References:</p> <p>Company Rules and Regulations 2017 Edition [Re: Core Values (page 32)]</p> <p>https://mb.com.ph/our-company/</p> <p>2016 Annual Report [Re: Report of the President, Personnel (page 8); 22. Retirement Plan (page 35)]</p> <p>https://mb.com.ph/company-disclosures/</p>	
<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	<p>Compliant</p>	<p>The Company's policies and practices on health, safety and welfare of its employees are provided in the Company Rules and Regulations.</p> <p>Reference:</p>	

		<p>Company Rules and Regulations 2017 Edition [Re: Article V Safety (pages 16-17); Article VII Special Provisions, D. Solo Parent Leave, E. Magna Carta for Women, F. Family Planning Program, G. HIV/AIDS Education, H. Drug Free Workplace, and I, Anti-Sexual Harassment (pages 30-310)].</p> <p>https://mb.com.ph/our-company/</p>	
<p>3. Company has policies and practices on training and development of its employees.</p>	<p>Compliant</p>	<p>The Company implements a year round program of trainings and development for its employees, thru the Human Resource Development Section of the Administration Department.</p> <p>Reference:</p> <p>Company's Policies [Re: Policy and Data Relating to Health, Safety and Welfare of Employees]</p> <p>https://mb.com.ph/corporate-governance/</p>	
Recommendation 15.2			
<p>1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.</p>	<p>Compliant</p>	<p>The Company's anti-corruption policies and programs are set forth in its Code of Business Conduct and Ethics. These include highlights on Conflict of Interest, Conduct of Business and Fair Dealings, Receipt of Gifts from Third Parties, and Compliance with Rules and Regulations.</p>	

		<p>Moreover, one of the Company's core values is Honesty (i.e. Commitment to truth and being trustworthy at work, and to promote integrity in all levels of the organization).</p> <p>References:</p> <p>2016 Annual Report [Re: Code of Business Conduct and Ethics, Conduct of Business and Fair Dealings (page 77)]</p> <p>https://mb.com.ph/company-disclosures/</p> <p>Company Rules and Regulations 2017 Edition [Re: Core Values (page 32)]</p> <p>https://mb.com.ph/our-company/</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>The Company's anti-corruption policies and programs, which are set forth in its Code of Business Conduct and Ethics and core values, are disseminated to the employees during their orientation and trainings.</p> <p>The Company's Annual Report containing the Code of Business Conduct and Ethics is uploaded in the company website, while the Company Rules and Regulations reflecting the core values are distributed to all employees.</p>	

		<p>References:</p> <p>2016 Annual Report [Re: Code of Business Conduct and Ethics, Conduct of Business and Fair Dealings (page 77)].</p> <p>https://mb.com.ph/company-disclosures/</p> <p>Company Rules and Regulations 2017 Edition [Re: Core Values (page 32)].</p> <p>https://mb.com.ph/our-company/</p>	
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Supplement to Recommendation 15.2

<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 Rules and Regulations explicitly defines and penalizes the collection of fees, charges, and other dues or solicitation of loans on the part of the employees of the Company.</p> <p>Reference:</p> <p>Company Rules and Regulations 2017 Edition [Re: Unauthorized collection of fees, charges, kickbacks and other dues xxx (page 13)].</p> <p>https://mb.com.ph/our-company/</p>	
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Recommendation 15.3

<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 Company will assist individual employees who disclosed relevant information anent suspected misconduct, malpractice or irregularity.</p> <p>To protect the employee concerned from possible retaliation, disclosure is done through a confidential reporting channel.</p> <p>Any report pertaining to possible illegal or unethical behavior may be reported to the Company, thru the Administration Department (tel. no. 527-8121).</p> <p>Reference:</p> <p>2016 Annual Report [Re: Code of Business Conduct and Ethics, Whistle Blower (page 77)].</p> <p>https://mb.com.ph/company-disclosures/</p>	
<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.</p>	<p>Compliant</p>	<p>To ensure the protection of the disclosing employee from possible retaliation, disclosure of any instance of illegal or unethical behavior can be confidentially reported to the Company, thru its Administration Department.</p> <p>Reference:</p>	

		<p>2016 Annual Report [Re: Code of Business Conduct and Ethics, Whistle Blower (page 77)].</p> <p>https://mb.com.ph/company-disclosures/</p>	
<p>3. Board supervises and ensures the enforcement of the whistleblowing framework.</p>	<p>Compliant</p>	<p>The Board, thru its Executive Committee, supervises and ensures the enforcement by the Administration Department of the Company's whistle-blowing policy and framework.</p> <p>References:</p> <p>2016 Annual Report [Re: Code of Business Conduct and Ethics, Whistle Blower (page 77)].</p> <p>https://mb.com.ph/company-disclosures/</p> <p>SEC Form 17-C 2017 Organizational Meeting [Re: 3. Appointment of the composition of the Executive Committee (page 4)]</p> <p>https://mb.com.ph/company-disclosures/</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

<p>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.</p>	<p>Compliant</p>	<p>The Company's community involvement and environment-related programs are disclosed in the Report of the President, which forms part of the Annual Report.</p> <p>Reference: 2016 Annual Report [Re: Report of the President, Social Involvement (pages 8-9)] https://mb.com.ph/company-disclosures/</p>	
<p>Optional: Principle 16</p>			
<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>Compliant</p>	<p>The Company's programs and practices, which ensure that its value chain is consistent with promoting sustainable development, are disclosed in the Report of the President, which is embodied in the Annual Report.</p> <p>Reference: 2016 Annual Report [Re: Report of the President, Social Involvement (pages 8-9)] https://mb.com.ph/company-disclosures/</p>	
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p>Compliant</p>	<p>The Company, thru its social involvement programs, interacts positively with the community.</p> <p>Reference: 2016 Annual Report [Re: Report of the President, Social Involvement (pages 8-9)] https://mb.com.ph/company-disclosures/</p>	