



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **December 31, 2017**
2. SEC Identification Number **167423**
3. BIR Tax Identification No. **000-477-103-000**
4. Exact name of issuer as specified in its charter
MEGAWORLD CORPORATION
5. **Metro Manila**
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **30th Floor, Alliance Global Tower**
36th Street corner 11th Avenue, Uptown Bonifacio
Taguig City, Metro Manila, Philippines
Address of principal office
- Postal Code **1634**
8. **(632) 8946300**
Issuer's telephone number, including area code
9. **28th Floor, The World Centre, 330 Sen. Gil Puyat Avenue, Makati City**
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			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	Provide information or link/reference to a document containing information on the following: <ol style="list-style-type: none"> 1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors 2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance 2017 Annual Report; Pages 35 to 41; http://edge.pse.com.ph/openDiscViewer.do?edge_no=3c547063e953103a43ca035510b6ec2b#sthash.6eKGosn3.dpbs 2018 Information Statement; Pages 27 to 35; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs	
2. Board has an appropriate mix of competence and expertise.	Compliant		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant		
Recommendation 1.2			

<p>1. Board is composed of a majority of non-executive directors.</p>	<p>Compliant</p>	<p>Identify or provide link/reference to a document identifying the directors and the type of their directorships.</p> <p>2017 Annual Report; Page 35; http://edge.pse.com.ph/openDiscViewer.do?edge_no=3c547063e953103a43ca035510b6ec2b#sthash.6eKGosn3.dpbs</p> <p>2018 Information Statement; Page 27; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs</p>	
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>Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 14 https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
<p>2. Company has an orientation program for first time directors.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.</p> <p>The directors of the Company are required to take a Corporate Governance Orientation course preferably from the Institute of Corporate Governance (ICG) and to take the annual training/seminar on corporate governance required under SEC Memorandum Circular No. 1, Series of 2014. Directors are encouraged to undergo further training in corporate governance. Some directors have attended the Professional Directors Program of the ICG and participated in Corporate Governance roundtable conferences.</p>	

3. Company has relevant annual continuing training for all directors.	Compliant	<p>Certification on attendance of annual seminar; New Manual on Corporate Governance, revised as of May 31, 2017; Page 14; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	<p>Provide information on or link/reference to a document containing information on the company's board diversity policy.</p> <p>Indicate gender composition of the board.</p> <p>The membership of the Board is a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process. The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board. Currently, the Board has directors with varied expertise in the fields of real estate development, property management, investment banking, corporate communications, tourism, food and beverage and financing.</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 6 https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
Optional: Recommendation 1.4			

1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.		Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity. Provide link or reference to a progress report in achieving its objectives.	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions. Atty. Anna Michelle T. Llovido is the Corporate Secretary. Amended By-Laws; Page 6 https://www.megaworldcorp.com/home/our-company/articles-and-by-laws/ 2017 Annual Report; Page 35; http://edge.pse.com.ph/openDiscViewer.do?edge_no=3c547063e953103a43ca035510b6ec2b#sthash.6eKGosn3.dpbs	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	2018 Information Statement; Page 28; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs	
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		

4. Corporate Secretary attends training/s on corporate governance.	Compliant	Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered. Certification on attendance of annual seminar; Disclosure on Certificate of Completion: http://edge.pse.com.ph/openDiscViewer.do?edge_no=1e2f5d36a1a7efd23318251c9257320d#sthash.9H2T8eg2.dpbs	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.		Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting.	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant	Francisco C. Canuto is the Compliance Officer. 2017 Annual Report; Page 35 http://edge.pse.com.ph/openDiscViewer.do?edge_no=3c547063e953103a43ca035510b6ec2b#sthash.6eKGosn3.dpbs	
3. Compliance Officer is not a member of the board.	Compliant	2018 Information Statement; Page 28; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs	

4. Compliance Officer attends training/s on corporate governance.	Compliant	<p>Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered.</p> <p>Certification on attendance of annual seminar; Disclosure on Certificate of Completion: http://edge.pse.com.ph/openDiscViewer.do?edge_no=1e2f5d36a1a7efd23318251c9257320d#sthash.wArIfUOp.dpbs</p>	
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Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

Recommendation 2.1

1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	<p>Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 8; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
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Recommendation 2.2

1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting)	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant	<p>Indicate frequency of review of business objectives and strategy</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 8; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	<p>Indicate or provide link/reference to a document containing the company's vision, mission and core values. Website</p> <p>Indicate frequency of review of the vision, mission and core values.</p> <p>Company's Website: https://www.megaworldcorp.com/home/our-company/mission-vision-and-values/</p>	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	<p>Provide information on or link/reference to a document containing information on the strategy execution process.</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 8; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
Recommendation 2.3			

<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>Compliant</p>	<p>Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications</p> <p>Dr. Andrew L. Tan is the Chairperson of the Board.</p> <p>2017 Annual Report; Page 36; http://edge.pse.com.ph/openDiscViewer.do?edge_no=3c547063e953103a43ca035510b6ec2b#sthash.6eKGosn3.dpbs</p> <p>2018 Information Statement; Page 29; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs</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	Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation New Manual on Corporate Governance, revised as of May 31, 2017; Page 9; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant		
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance. New Manual on Corporate Governance, revised as of May 31, 2017; Page 13; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf 2017 Annual Report; Pages 42 to 43; http://edge.pse.com.ph/openDiscViewer.do?edge_no=3c547063e953103a43ca035510b6ec2b#sthash.6eKGosn3.dpbs 2018 Information Statement; Page 11; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvYVpmJ.dpbs	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant		
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.			

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.

Recommendation 2.6

1. Board has a formal and transparent board nomination and election policy.	Compliant	<p>Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders.</p> <p>Provide proof if minority shareholders have a right to nominate candidates to the board</p> <p>Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 15; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p> <p>2018 Information Statement; Page 36; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvYVpmJ.dpbs</p>	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant		
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant		
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		

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.			

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	Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	Identify transactions that were approved pursuant to the policy. See Note 27 of the Consolidated 2017 Audited Financial Statements of GERI, which was attached to 2017 Annual Report).	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant	<p>2017 Annual Report; Page 14; http://edge.pse.com.ph/openDiscViewer.do?edge_no=3c547063e953103a43ca035510b6ec2b#sthash.6eKGosn3.dpbs</p> <p>2018 Information Statement; Page 10; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvYVpmJ.dpbs</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 8; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	

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>	<p>Compliant</p>	<p>Provide information on a materiality threshold for RPT disclosure and approval, if any.</p> <p>Provide information on RPT categories,</p> <p>Annual Report, Pages 14-15, 47. Audited FS and Notes 27 http://edge.pse.com.ph/openDiscViewer.do?edge_no=3c547063e953103a43ca035510b6ec2b#sthash.6eKGosn3.dpbs</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>Non-Compliant</p>	<p>Provide information on voting system, if any.</p>	<p>The Company states the related party transactions in its Annual Report, Audited Financial Statements, and Definitive Information Statement, which are presented to all the stockholders for approval during the annual meeting.</p>

Recommendation 2.8

<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Compliant</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management.</p> <p>Identity the Management team appointed</p> <p>The following were elected as management team/officers:</p> <p>Andrew L. Tan – Chairman and CEO Lourdes G. Alfonso – Chief Operating Officer Francisco C. Canuto – SVP, Treasurer, Compliance Officer, Corporate Info. Officer Giovanni C. Ng – SVP and Finance Director Philipps C. Cando – SVP for Operations Maria Victoria M. Acosta – SVP for International Marketing Jericho P. Go – SVP for Business Development and Leasing Noli D. Hernandez – SVP for Sales and Marketing Kevin Andrew L. Tan – SVP for Commercial Division Maria Carla T. Uykim – Head of Corp. Advisory and Compliance Division Rafael Antonio S. Perez – VP for Human Resources and Corporate Admin. Division Kimberly Hazel A. Sta. Maria – AVP for Corporate Communications and Advertising Carmen C. Fernando – Managing Director for Prestige Hotels & Resorts, Inc. Raymundo V. Melendres – Managing Director for Luxury Global Hotels and Leisure, Inc. Anna Michelle T. Llovido – Corporate Secretary Rolando D. Siatela – Assistant Corporate Secretary Johann R. Quiazon – Assistant Corporate Information Officer</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 5; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
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<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>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>Provide information on the assessment process and indicate frequency of assessment of performance.</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 8; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
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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>Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 8; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
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<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>		
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Recommendation 2.10

1. Board oversees that an appropriate internal control system is in place.	Compliant	Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	<p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 8; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
3. Board approves the Internal Audit Charter.	Compliant	<p>Provide reference or link to the company's Internal Audit Charter</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 18; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p> <p>Company Website: https://www.megaworldcorp.com/corporate-governance/board-committees/board-committee-charters/</p>	
Recommendation 2.11			

<p>1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.</p> <p>Provide proof of effectiveness of risk management strategies, if any.</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 19; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
<p>2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.</p>	<p>Compliant</p>		
<p>Recommendation 2.12</p>			
<p>1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.</p>	<p>Non - Compliant</p>	<p>Provide link to the company's website where the Board Charter is disclosed.</p>	<p>Although the Board does not have a Charter, the Board is guided by the laws and the By-laws and the Manual of Corporate Governance in the exercise of its duties and responsibilities.</p>

2. Board Charter serves as a guide to the directors in the performance of their functions.	Non-Compliant	Although the Board does not have a Charter, the Board is guided by the laws and the By-laws and the Manual of Corporate Governance in the exercise of its duties and responsibilities.
3. Board Charter is publicly available and posted on the company's website.	Non-Compliant	Although the Board does not have a Charter, the Board is guided by the laws and the By-laws and the Manual of Corporate Governance in the exercise of its duties and responsibilities.

Additional Recommendation to Principle 2

1. Board has a clear insider trading policy.	Compliant	<p>Provide information on or link/reference to a document showing company's insider trading policy.</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 12; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
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Optional: Principle 2

1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.		Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.	
2. Company discloses the types of decision requiring board of directors' approval.		Indicate the types of decision requiring board of directors' approval and where there are disclosed.	

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

1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	<p>Provide information or link/reference to a document containing information on all the board committees established by the company. Manual on Corporate Governance</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 14; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</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>Provide information or link/reference to a document containing information on the Audit Committee, including its functions.</p> <p>Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 19; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</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>Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.</p> <p>2018 Information Statement; Page 35; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvYVpmJ.dpbs</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 17; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.</p> <p>2018 Information Statement; Pages 27 to 35; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvYVpmJ.dpbs</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Pages 14 to 20; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	

<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>Non-Compliant</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the Audit Committee</p>	<p>Although the Chairman of the Audit Committee is likewise the chairman of another committee, he is an Independent Director which ensures his independence from management. He is also able to manage his time despite the multiple chairmanships.</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>Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 19; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p> <p>Company Website: https://www.megaworldcorp.com/wp-content/uploads/2014/08/Megaworld-Audit-Committee-Charter.pdf</p>	

<p>2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p>Non-Compliant</p>	<p>Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p>As per the Audit Committee Charter, the Audit Committee reviews with management and external auditors the results of the audit, including any difficulties encountered and other issues warranting the attention of the Committee, and resolve any disagreements between management and the external auditors regarding financial reporting. Meetings are not held regularly but as may be needed depending on the results of the review.</p>
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Optional: Recommendation 3.2

<p>1. Audit Committee meet at least four times during the year.</p>			
<p>2. Audit Committee approves the appointment and removal of the internal auditor.</p>			

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>Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions</p> <p>Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 14; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</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>Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.</p> <p>2018 Information Statement; Pages 36 and 31 to 32 ; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs</p>	

<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.</p> <p>The Chairman of the Audit Committee is Mr. Cresencio P. Aquino who is an Independent Director.</p> <p>2018 Information Statement; Pages 35; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs</p>	
<p>Optional: Recommendation 3.3.</p>			
<p>1. Corporate Governance Committee meet at least twice during the year.</p>			
<p>Recommendation 3.4</p>			
<p>1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions</p> <p>2018 Information Statement; Page 36 http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 16 https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</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>Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship</p> <p>2018 Information Statement; Page 36; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 16; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	<p>Non-Compliant</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the BROC</p>	<p>Although the Chairman of the BROC is likewise the chairman of another committee, he is an Independent Director which ensures his independence from management. He is also able to manage his time despite the multiple chairmanships.</p>

<p>4. At least one member of the BROCC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROCC.</p> <p>2018 Information Statement; Page 36; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 16; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</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>Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.</p> <p>2018 Information Statement; Page 36; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 19; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</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>Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.</p> <p>2018 Information Statement; Page 36; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 19; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	

Recommendation 3.6

<p>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.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.</p>	
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2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant	Company Website: https://www.megaworldcorp.com/corporate-governance/board-committees/board-committee-charters/	
3. Committee Charters were fully disclosed on the company's website.	Compliant	Provide link to company's website where the Committee Charters are disclosed. Company Website: https://www.megaworldcorp.com/corporate-governance/board-committees/board-committee-charters/	

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

Recommendation 4.1

<p>1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.</p> <p>Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.</p> <p>Certification on attendance of annual seminar; Advisement Letter Disclosure: http://edge.pse.com.ph/openDiscViewer.do?edge_no=97efda3c599e8a5943ca035510b6ec2b#sthash.CbUtrge5.dpbs</p>	
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>Compliant</p>	<p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 11; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors</p> <p>Company Website: https://www.megaworldcorp.com/investor-relations/company-disclosures/current-reports-sec-form-17-c/</p>	

Recommendation 4.2

<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>	<p>Compliant</p>	<p>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 6; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
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Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed. New Manual on Corporate Governance, revised as of May 31, 2017; Page 22; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.			
2. Company schedules board of directors' meetings before the start of the financial year.			
3.			
4. Board of directors meet at least six times during the year.			

5. Company requires as minimum quorum of at least 2/3 for board decisions.			
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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	Provide information or link/reference to a document containing information on the number of independent directors in the board 2018 Information Statement; Page 9 and Page 27; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvYVpmJ.dpbs	
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Recommendation 5.2

<p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the qualifications of the independent directors.</p> <p>2018 Information Statement; Pages 30 and 31; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvYVpmJ.dpbs</p> <p>2017 Annual Report; Page 27;</p>	
<p>Supplement to Recommendation 5.2</p>			
<p>1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.</p>	<p>Compliant</p>	<p>Provide link/reference to a document containing information that directors are not constrained to vote independently.</p> <p>Company Website: https://www.megaworldcorp.com/wp-content/uploads/2014/04/CODE-OF-BUSINESS-CONDUCT-ETHICS.pdf</p>	
<p>Recommendation 5.3</p>			
<p>1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document showing the years IDs have served as such.</p> <p>2017 Annual Report; Pages 37 to 38; http://edge.pse.com.ph/openDiscViewer.do?edge_no=3c547063e953103a43ca035510b6ec2b#sthash.6eKGosn3.dpbs</p> <p>2018 Information Statement; Pages 30 to 31; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvYVpmJ.dpbs</p>	

<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>Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 4; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</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>Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 4; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	

Recommendation 5.4

<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>Non - Compliant</p>	<p>Identify the company's Chairman of the Board and Chief Executive Officer</p> <p>Dr. Andrew L. Tan is the Chairman of the Board and the Chief Executive Officer.</p>	<p>The by-laws and New Manual on Corporate Governance do not require the Corporation to segregate the functions of the Chairman and CEO. Also, there is Chief Operating Officer who handles the daily operations in place of the CEO. Even if the positions of Chairman and CEO are held by the same person, the duties and responsibilities of each position are clearly defined to prevent confusion on their functions.</p>
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<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.</p> <p>Identify the relationship of Chairman and CEO.</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 20 to 22; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</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>Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.</p> <p>Indicate if Chairman is independent.</p> <p>The Chairman of the Board, Dr. Andrew L. Tan, is not an independent director.</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 20 to 22; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
Recommendation 5.6			
<p>1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.</p>	<p>Compliant</p>	<p>Provide proof of abstention, if this was the case</p> <p>Company Website: https://www.megaworldcorp.com/wp-content/uploads/2014/04/CODE-OF-BUSINESS-CONDUCT-ETHICS.pdf</p>	
Recommendation 5.7			
<p>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.</p>	<p>Non-Compliant</p>	<p>Provide proof and details of said meeting, if any.</p> <p>Provide information on the frequency and attendees of meetings.</p>	<p>The non-executive directors who are also Independent Directors are part of the Board Committees and have had the required meetings under this provision, but such meetings are held with other executive director</p>

2. The meetings are chaired by the lead independent director.	Non-Compliant	The lead independent director was only appointed last year and did not have the chance to chair such meetings.
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Optional: Principle 5

1. None of the directors is a former CEO of the company in the past 2 years.			
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	Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees New Manual on Corporate Governance, revised as of May 31, 2017; Page 9; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf	
2. The Chairman conducts a self-assessment of his performance.	Compliant		
3. The individual members conduct a self-assessment of their performance.	Compliant		
4. Each committee conducts a self-assessment of its performance.	Compliant		
5. Every three years, the assessments are supported by an external facilitator.	Non-Compliant	Identify the external facilitator and provide proof of use of an external facilitator.	The Board relies on its self-assessment and the feedback from the stockholders during annual meeting to assess its performance.
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	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders New Manual on Corporate Governance, revised as of	

2. The system allows for a feedback mechanism from the shareholders.	Compliant	May 31, 2017; Page 9; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf	
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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>Provide information on or link/reference to the company's Code of Business Conduct and Ethics.</p> <p>Company Website: https://www.megaworldcorp.com/corporate-governance/code-of-business-conduct-ethics/</p>	
<p>2. The Code is properly disseminated to the Board, senior management and employees.</p>	<p>Compliant</p>	<p>Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.</p> <p>Company Website: https://www.megaworldcorp.com/corporate-governance/code-of-business-conduct-ethics/</p>	
<p>3. The Code is disclosed and made available to the public through the company website.</p>	<p>Compliant</p>	<p>Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.</p> <p>Company Website: https://www.megaworldcorp.com/corporate-governance/code-of-business-conduct-ethics/</p>	
<p>Supplement to Recommendation 7.1</p>			
<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>Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery</p> <p>Company Website: https://www.megaworldcorp.com/corporate-governance/code-of-business-conduct-ethics/</p>	
<p>Recommendation 7.2</p>			

1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	<p>Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.</p> <p>Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.</p> <p>Company Website: https://www.megaworldcorp.com/corporate-governance/code-of-business-conduct-ethics/</p>	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant		

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>Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders</p> <p>Disclosures: http://edge.pse.com.ph/companyDisclosures/form.do?cmpr_id=127</p> <p>Company Website: https://www.megaworldcorp.com/investor-relations/company-disclosures/quarterly-reports-sec-form-17-q/</p>	
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Supplement to Recommendations 8.1

<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	<p>Compliant</p>	<p>Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.</p> <p>The Corporation complies with the disclosure requirements of its annual and quarterly consolidated reports. 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>The Company filed its consolidated financial statements on 06 April 2018 while the first quarter report was filed on 11 May 2018.</p>	
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<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>Non-Compliant</p>	<p>Provide link or reference to the company's annual report where the following are disclosed:</p> <ol style="list-style-type: none"> 1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders; 2. cross-holdings among company affiliates; and 3. any imbalances between the controlling shareholders' voting power and overall equity position in the company. 	<p>The Company's Annual Report does not disclose in particular the following:</p> <ol style="list-style-type: none"> 1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders; 2. cross-holdings among company affiliates; and 3. any imbalances between the controlling shareholders' voting power and overall equity position in the company. <p>However, the Annual Report discloses the degree of ownership concentration, particularly the security ownership of certain beneficial owners and management.</p>
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Recommendation 8.2

1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	<p>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 30; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</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>Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders.</p> <p>Provide link or reference to the company's Conglomerate Map.</p> <p>The Company discloses in its website the following disclosures:</p> <ul style="list-style-type: none"> • Public Ownership Report http://edge.pse.com.ph/openDiscViewer.do?edge_no=51693a582ef1737f43ca035510b6ec2b#sthash.wuZUjzpt.dpbs • List of Top 100 Stockholders http://edge.pse.com.ph/openDiscViewer.do?edge_no=06816732763c6bf943ca035510b6ec2b#sthash.1VBoGk72.dpbs <p>Audited Financial Statement – Page 173 to 177; http://edge.pse.com.ph/openDiscViewer.do?edge_no=3c547063e953103a43ca035510b6ec2b#sthash.6eKGosn3.dpbs</p>	
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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>	<p>Compliant</p>	<p>Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p> <p>2018 Information Statement; Pages 29 to 31; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs</p>	
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<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>	<p>Compliant</p>	<p>Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p> <p>2018 Information Statement; Pages 29 to 31; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs</p> <p>2017 Annual Report; Pages 35 to 38; http://edge.pse.com.ph/openDiscViewer.do?edge_no=3c547063e953103a43ca035510b6ec2b#sthash.6eKGosn3.dpbs</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>Disclose or provide link/reference to the company policy and practice for setting board remuneration</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 13 to 14; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</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>Disclose or provide link/reference to the company policy and practice for determining executive remuneration</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 13 to 14; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	

<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>Compliant</p>	<p>Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.</p> <p>2017 Annual Report; Pages 42 to 43; http://edge.pse.com.ph/openDiscViewer.do?edge_no=3c547063e953103a43ca035510b6ec2b#sthash.6eKGosn3.dpbs</p>	
Recommendation 8.5			
<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>	<p>Compliant</p>	<p>Disclose or provide reference/link to company's RPT policies</p> <p>Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 8; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p> <p>Company Website: https://www.megaworldcorp.com/wp-content/uploads/2014/04/CODE-OF-BUSINESS-CONDUCT-ETHICS.pdf</p>	

<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p>Compliant</p>	<p>Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:</p> <ol style="list-style-type: none"> 1. name of the related counterparty; 2. relationship with the party; 3. transaction date; 4. type/nature of transaction; 5. amount or contract price; 6. terms of the transaction; 7. rationale for entering into the transaction; 8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and 9. other terms and conditions <p>Company Website: https://www.megaworldcorp.com/corporate-governance/%ef%bf%bccompanys-policies/</p> <p>2017 Annual Report; Pages 14; Note 27 of AFS 2017 http://edge.pse.com.ph/openDiscViewer.do?edge_no=3c547063e953103a43ca035510b6ec2b#sthash.6eKGosn3.dpbs</p>	
<p>Supplement to Recommendation 8.5</p>			
<p>1. Company requires directors to disclose their interests in transactions or any other conflict of interests.</p>	<p>Compliant</p>	<p>Indicate where and when directors disclose their interests in transactions or any other conflict of interests.</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 11 https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	

Optional : Recommendation 8.5

1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.		Provide link or reference where this is disclosed, if any	
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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>Provide link or reference where this is disclosed</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 30 https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</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>Non-Compliant</p>	<p>Identify independent party appointed to evaluate the fairness of the transaction price</p> <p>Disclose the rules and procedures for evaluating the fairness of the transaction price, if any.</p>	<p>The Board relies on the recommendation and sound discretion of management in evaluating these types of transactions.</p>
<p>Supplement to Recommendation 8.6</p>			
<p>1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.</p>	<p>Compliant</p>	<p>Provide link or reference where these are disclosed.</p> <p>The Company is not aware of any shareholder agreement or similar arrangement which may impact on the control, ownership and strategic direction of the Company,</p> <p>2017 Annual Report; Page 46; http://edge.pse.com.ph/openDiscViewer.do?edge_no=3c547063e953103a43ca035510b6ec2b#sthash.6eKGosn3.dpbs</p> <p>2018 Information Statement; Page 5; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs</p>	
<p>Recommendation 8.7</p>			

1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Provide link to the company's website where the Manual on Corporate Governance is posted.	
2. Company's MCG is submitted to the SEC and PSE.	Compliant	Company Website: https://www.megaworldcorp.com/corporate-governance/manual-corporate-governance/	
3. Company's MCG is posted on its company website.	Compliant		
Supplement to Recommendation 8.7			

1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	Provide proof of submission. Company Website: https://www.megaworldcorp.com/corporate-governance/manual-corporate-governance/ PSE Disclosure: http://edge.pse.com.ph/openDiscViewer.do?edge_no=ded85c9e01876bb23318251c9257320d#sthash.37keu2FZ.dpbs	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:		Provide link or reference to the company's Annual Report containing the said information.	
a. Corporate Objectives			
b. Financial performance indicators			
c. Non-financial performance indicators			
d. Dividend Policy			
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors			
f. Attendance details of each director in all directors meetings held during the year			
g. Total remuneration of each member of the board of directors			

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.		Provide link or reference to where this is contained in the Annual Report	
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<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>Provide link or reference to where this is contained in the Annual Report</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>Provide link or reference to where this is contained in the Annual Report</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>Provide link or reference to where these are contained in the Annual Report</p>	

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Pages 18 to 19; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p> <p>Company Website: https://www.megaworldcorp.com/corporate-governance/board-committees/board-committee-charters/</p>	
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<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>Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.</p> <p>2017 Annual Report; Page 34; http://edge.pse.com.ph/openDiscViewer.do?edge_no=3c547063e953103a43ca035510b6ec2b#sthash.6eKGosn3.dpbs</p> <p>2018 Information Statement; Page 50; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs</p> <p>Company Website: https://www.megaworldcorp.com/investor-relations/company-disclosures/minutes-of-the-annual-stockholders-meeting/</p>	
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<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>Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.</p> <p>2017 Annual Report; Page 34; http://edge.pse.com.ph/openDiscViewer.do?edge_no=3c547063e953103a43ca035510b6ec2b#sthash.6eKGosn3.dpbs</p> <p>2018 Information Statement; Page 50; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs</p> <p>Company Website: https://www.megaworldcorp.com/investor-relations/company-disclosures/minutes-of-the-annual-stockholders-meeting/</p>	
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Supplement to Recommendation 9.1

<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years.</p> <p>2017 Annual Report; Page 34; http://edge.pse.com.ph/openDiscViewer.do?edge_no=3c547063e953103a43ca035510b6ec2b#sthash.6eKGosn3.dpbs</p> <p>2018 Information Statement; Page 50; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs</p>	
Recommendation 9.2			
<p>1. 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. 	<p>Compliant</p>	<p>Provide link/reference to the company's Audit Committee Charter</p> <p>Company Website: https://www.megaworldcorp.com/corporate-governance/board-committees/board-committee-charters/</p>	

<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	<p>Compliant</p>	<p>Provide link/reference to the company's Audit Committee Charter</p> <p>Company Website: https://www.megaworldcorp.com/corporate-governance/board-committees/board-committee-charters/</p>	
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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>Provide link/reference to the company's Audit Committee Charter</p> <p>Company Website: https://www.megaworldcorp.com/corporate-governance/board-committees/board-committee-charters/</p>	
<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	<p>Compliant</p>	<p>Provide link/reference to the company's Audit Committee Charter</p> <p>Company Website: https://www.megaworldcorp.com/corporate-governance/board-committees/board-committee-charters/</p>	
Recommendation 9.3			
<p>1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.</p>	<p>Compliant</p>	<p>Disclose the nature of non-audit services performed by the external auditor, if any.</p> <p>2017 Annual Report; Page 34; http://edge.pse.com.ph/openDiscViewer.do?edge_no=3c547063e953103a43ca035510b6ec2b#sthash.6eKGosn3.dpbs</p> <p>2018 Information Statement; Page 50; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs</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.	Compliant	Provide link or reference to guidelines or policies on non-audit services New Manual on Corporate Governance, revised as of May 31, 2017; Page 17; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf	
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Supplement to Recommendation 9.3

1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	Provide information on audit and non-audit fees paid.	The external auditor of the Corporation currently does not perform any non-audit services. Thus, there are no non-audit fees paid by the Corporation.
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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>Provide information on company's external auditor, such as:</p> <ol style="list-style-type: none"> 1. Name of the audit engagement partner; Renan A. Piamonte 2. Accreditation number; Partner - No. 1363-AR-1; Firm - No. 0002-FR-4 3. Date Accredited; Partner - March 2, 2017; Firm – May 1, 2018 4. Expiry date of accreditation; Partner - March 1, 2020; Firm – April 30, 2021 and 5. Name, address, contact number of the audit firm. Punongbayan and Araullo; 20th Floor, Tower 1, The Enterprise Center, 6766 Ayala Avenue, Makati City; 988-2288 	
<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>Provide information on the following:</p> <ol style="list-style-type: none"> 1. Date it was subjected to SOAR inspection, if subjected; 2. Name of the Audit firm; and 3. Members of the engagement team inspected by the SEC. 	<p>The firm of Punongbayan and Araullo has not been subjected to SOAR yet. This year 2018 will be the first year SEC will do SOAR, and the firm agrees to be subjected to SOAR.</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>Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues. New Manual on Corporate Governance, revised as of May 31, 2017; Page 31; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>Compliant</p>	<p>Provide link to Sustainability Report, if any. Disclose the standards used. The Company's Corporate Social Responsibility measures are also available at its Company Website: http://www.megaworldfoundation.com/</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>Compliant</p>	<p>Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any. Company Website: https://www.megaworldcorp.com/</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>Provide link to company website:</p>	
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a. Financial statements/reports (latest quarterly)		Company Website: https://www.megaworldcorp.com/	
b. Materials provided in briefings to analysts and media			
c. Downloadable annual report			
d. Notice of ASM and/or SSM			
e. Minutes of ASM and/or SSM			
f. Company's Articles of Incorporation and By-Laws			

Additional Recommendation to Principle 11

1. Company complies with SEC-prescribed website template.	Compliant	Company Website: https://www.megaworldcorp.com/	
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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>List quality service programs for the internal audit functions.</p> <p>Indicate frequency of review of the internal control system</p> <p>The Audit Committee ensures that all financial reports comply with internal financial and management standards, performs oversight financial management functions, pre-approves all audit plans, scope and frequency and performs direct interface functions with internal and external auditors.</p> <p>Performs oversight responsibilities for the following:</p> <p>(a) Financial Reporting; (b) Risk Management;</p> <p>(c) Internal Control; (d) Internal Audit;</p> <p>(e) External Audit</p>	
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<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>Compliant</p>	<p>Identify international framework used for Enterprise Risk Management</p> <p>Provide information or reference to a document containing information on:</p> <ol style="list-style-type: none"> 1. Company's risk management procedures and processes 2. Key risks the company is currently facing 3. How the company manages the key risks <p>Indicate frequency of review of the enterprise risk management framework.</p> <p>Company Website: https://www.megaworldcorp.com/corporate-governance/%ef%bf%bcenterprise-risk-management/</p>	
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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>Provide information on or link/ reference to a document containing the company's compliance program covering compliance with laws and relevant regulations.</p> <p>Indicate frequency of review.</p> <p>The Audit Committee ensures that all financial reports comply with internal financial and management standards, performs oversight financial management functions, pre-approves all audit plans, scope and frequency and performs direct interface functions with internal and external auditors.</p> <p>Performs oversight responsibilities for the following:</p> <p>(a) Financial Reporting; (b) Risk Management; (c) Internal Control; (d) Internal Audit; (e) External Audit</p>	
Optional: Recommendation 12.1			
<p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p>			
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>Disclose if the internal audit is in- house or outsourced. If outsourced, identify external firm.</p> <p>Internal Audit is in-house.</p>	
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Recommendation 12.3

<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>	<p>Non-compliant</p>	<p>Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.</p>	<p>Although the Company has no Chief Audit Executive (CAE) appointed by the Board, the internal audit functions are exercised by the in-house internal auditor, such as but not limited to:</p> <ol style="list-style-type: none"> 1. Evaluating the reliability and integrity of financial information. 2. Evaluating the effectiveness and efficiency of operations and compliance with established policies and procedures. 3. Evaluating the means of safeguarding assets and verifying the existence of such assets. 4. Evaluating specific operations at the request of the Board or management, as appropriate. 5. Reporting the internal audit performance.
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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.	Non-compliant		Although the Company has no Chief Audit Executive (CAE) appointed by the Board, . However, the internal audit functions are exercised by the in-house internal auditor.
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.	Non-compliant	Identify qualified independent executive or senior management personnel, if applicable.	Although The Company has no Chief Audit Executive (CAE) appointed by the Board. However, the internal audit functions are exercised by the in-house internal auditor.
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	Provide information on company's risk management function. Company Website: https://www.megaworldcorp.com/corporate-governance/%ef%bf%bcenterprise-risk-management/	
Supplement to Recommendation 12.4			

<p>1. Company seeks external technical support in risk management when such competence is not available internally.</p>	<p>Compliant</p>	<p>Identify source of external technical support, if any.</p> <p>The Board, thru the Audit Committee, periodically reviews the effectiveness of the Company's risk management system with emphasis on monitoring of existing and emerging risks as well as risk mitigation measures. Risk management review is conducted annually.</p>	
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>Non-compliant</p>	<p>Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.</p>	<p>Although the Company doesn't have a Chief Risk Officer, risk management is handled collectively by different groups, including legal, internal audit, finance, under the supervision of the COO and the Board Risk Oversight Committee to oversee the Corporation's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>

<p>2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.</p>	<p>Non-compliant</p>		<p>Although the Company doesn't have a Chief Risk Officer, risk management is handled collectively by different groups, including legal, internal audit, finance, under the supervision of the COO and the Board Risk Oversight Committee to oversee the Corporation's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>
<p>Additional Recommendation to Principle 12</p>			

<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>Non-compliant</p>	<p>Provide link to CEO and CAE's attestation</p>	<p>In the Company's Annual Corporate Governance Report, a statement that the directors have reviewed the effectiveness of the risk management system and ensure the adequacy; and that the risk management system is reviewed annually.</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>Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 26; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
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2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Provide link to company's website Company Website: https://www.megaworldcorp.com/corporate-governance/manual-corporate-governance/	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	2018 Information Statement; Page 5; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs By-Laws; Page 4; https://www.megaworldcorp.com/home/our-company/articles-and-by-laws/	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	Provide information on all classes of shares, including their voting rights if any. 2018 Information Statement; Page 5; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs	

<p>3. Board has an effective, secure, and efficient voting system.</p>	<p>Compliant</p>	<p>Provide link to voting procedure. Indicate if voting is by poll or show of hands.</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Pages 26 to 27; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
<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>Provide information on shareholder voting mechanisms such as supermajority or “majority of minority”, if any.</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Pages 26 to 27; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
<p>5. Board allows shareholders to call a special shareholders’ meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.</p>	<p>Compliant</p>	<p>Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)</p> <p>While there is a risk that the controlling shareholders’ voting power may be restrictive or authorize preferences, the Board is committed to respect the rights of the shareholders as provided for in the Corporation Code. These include the right to vote on all matters that require their consent or approval, such that a director shall not be removed without cause if it will deny minority shareholders representation in the Board.</p>	

<p>6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.</p>	<p>Compliant</p>	<p>Provide information or link/reference to the policies on treatment of minority shareholders</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 27; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
<p>7. Company has a transparent and specific dividend policy.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to the company's dividend Policy.</p> <p>Indicate if company declared dividends. If yes, indicate the number of days within which the dividends were paid after declaration. In case the company has offered scrip-dividends, indicate if the company paid the dividends within 60 days from declaration</p> <p>2017 Annual Report; Pages 25 to 26; http://edge.pse.com.ph/openDiscViewer.do?edge_no=3c547063e953103a43ca035510b6ec2b#sthash.6eKGosn3.dpbs</p> <p>2018 Information Statement; Page 27; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs</p>	
<p>Optional: Recommendation 13.1</p>			

<p>1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.</p>			
Recommendation 13.2			
<p>1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.</p>	<p>Compliant</p>	<p>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS)</p> <p>2018 Information Statement; Page 2; http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs</p> <p>Company Website: https://www.megaworldcorp.com/investor-relations/company-disclosures/notice-of-annual-or-special-stockholders-meetings/</p>	
Supplemental to Recommendation 13.2			
<p>1. Company's Notice of Annual Stockholders' Meeting contains the following information:</p>	<p>Compliant</p>	<p>Provide link or reference to the company's notice of Annual Shareholders' Meeting</p>	

a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)		2018 Information Statement; (a) Pages 2; (b) Pages 28 to 31;(c) Page 50; Page 3 http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs	
b. Auditors seeking appointment/re-appointment			
c. Proxy documents			
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting		Provide link or reference to the rationale for the agenda items.	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM. Company Website: https://www.megaworldcorp.com/investor-relations/company-disclosures/minutes-of-the-annual-stockholders-meeting/ Company Website: https://www.megaworldcorp.com/investor-relations/company-disclosures/current-reports-sec-form-17-c/	

<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>Provide link to minutes of meeting in the company website.</p> <p>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</p> <p>Indicate also if the voting on resolutions was by poll.</p> <p>Include whether there was opportunity to ask question and the answers given, if any</p> <p>Company's Website: https://www.megaworldcorp.com/investor-relations/company-disclosures/minutes-of-the-annual-stockholders-meeting/</p> <p>Company's Website: https://www.megaworldcorp.com/investor-relations/company-disclosures/current-reports-sec-form-17-c/</p>	
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Supplement to Recommendation 13.3

<p>1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.</p>	<p>Compliant</p>	<p>Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting</p> <p>The external auditor, Chief Financial Officer, Investor Relations Officer, and Corporate Secretary were present during the ASM.</p>	
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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	Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes No significant conflicts or differences. Concerns of stockholders are raised, addressed and resolved either, thru the Corporate Secretary or Investor Relations Group.	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	Provide link/reference to where it is found in the Manual on Corporate Governance New Manual on Corporate Governance, revised as of May 31, 2017; Page 29; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	Disclose the contact details of the officer/office responsible for investor relations, such as: 1. Name of the person: Johann R. Quiazon 2. Telephone number: (632)8946431 3. Fax number: N/A 4. E-mail address: jquiazon@megaworldcorp.com	
2. IRO is present at every shareholder's meeting.	Compliant	Indicate if the IRO was present during the ASM. The IRO was present during the ASM.	
Supplemental Recommendations to Principle 13			

1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	Provide information on how anti- takeover measures or similar devices were avoided by the board, if any. 2018 Information Statement; Pages 4 and 5 http://edge.pse.com.ph/openDiscViewer.do?edge_no=882b4b1d1e6f9c8643ca035510b6ec2b#sthash.wvvYVpmJ.dpbs	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Compliant	Indicate the company's public float. As of December 31, 2017 - 33.67%	

Optional: Principle 13

1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting			
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.			

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

<p>1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.</p>	<p>Compliant</p>	<p>Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 29; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
<p>Recommendation 14.2</p>			
<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>Identify policies and programs for the protection and fair treatment of company's stakeholders</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 29; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p>	
<p>Recommendation 14.3</p>			

<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>Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</p> <p>Provide information on whistleblowing policy, practices and procedures for stakeholders</p> <p>Company Website: https://www.megaworldcorp.com/investor-relations/investor-relations-program/</p> <p>https://www.megaworldcorp.com/corporate-governance/%ef%bf%bccompanys-policies/</p> <p>The stakeholders can voice their concerns and/or complaints for possible violation of their rights to the following: Mr. Johann – Investor Relations Officer +632-8946431 jquiazon@megaworldcorp.com</p>	
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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>Provide information on the alternative dispute resolution system established by the company.</p> <p>No significant conflicts or differences. Concerns of stockholders are raised, addressed and resolved either thru the Corporate Secretary or Investor Relations Group.</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>Disclose any requests for exemption by the company and the reason for the request.</p> <p>The Company has not yet sought any exemption for the application of any law, rule or regulation especially when it refers to a corporate governance issue.</p>	
<p>2. Company respects intellectual property rights.</p>	<p>Compliant</p>	<p>Provide specific instances, if any.</p> <p>2017 Annual Report; Page 15; http://edge.pse.com.ph/openDiscViewer.do?edge_no=3c547063e953103a43ca035510b6ec2b#sthash.6eKGosn3.dpbs</p>	
<p>Optional: Principle 14</p>			
<p>1. Company discloses its policies and practices that address customers' welfare</p>		<p>Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.</p>	
<p>2. Company discloses its policies and practices that address supplier/contractor selection procedures</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>Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.</p> <p>Company Website: https://www.megaworldcorp.com/corporate-governance/%ef%bf%bcbccompanys-policies/</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>Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.</p> <p>New Manual on Corporate Governance, revised as of May 31, 2017; Page 31; https://www.megaworldcorp.com/wp-content/uploads/2018/05/MEG-Manual-on-Corporate-Governance-2017.pdf</p> <p>2017 Annual Report; Page 44; http://edge.pse.com.ph/openDiscViewer.do?edge_no=3c547063e953103a43ca035510b6ec2b#sthash.6eKGosn3.dpbs</p>	
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<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	<p>Compliant</p>	<p>Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any.</p> <p>The Company is committed to maintain a safety and security program for its employees, which is periodically updated and revised.</p> <p>The Company provides free health care coverage to its employees. The Company periodically upgrades its security procedures and facilities to ensure the safety of employees in the workplace.</p> <p>Company's Website: https://www.megaworldcorp.com/corporate-governance/%ef%bf%bcbccompanys-policies/</p>	
<p>3. Company has policies and practices on training and development of its employees.</p>	<p>Compliant</p>	<p>Disclose and provide information on policies and practices on training and development of employees. Include information on any training conducted or attended.</p> <p>The Company recently established the Megaworld Learning Academy ("MLA"), which institutionalizes training programs for all employees with the view of improving organizational performance thru professional development. The MLA seeks to address the developmental needs of employees through Orientation Programs, Institutionalized Programs, Career Development Programs, Management Development Programs, Leadership Programs, and other training programs.</p>	

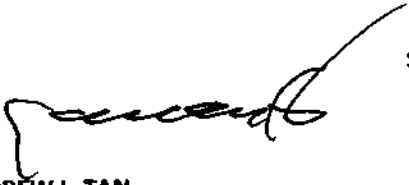
Recommendation 15.2

<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>Identify or provide link/reference to the company's policies, programs and practices on anti-corruption</p> <p>The Company endeavors to cultivate a culture of integrity that does not tolerate conflict-of-interest and unfair business dealings.</p> <p>The Company has set up the Ethics Committee to act as reporting channel through which wrongdoing may be reported, investigated and acted upon.</p> <p>Company's Website: https://www.megaworldcorp.com/corporate-governance/%ef%bf%bccompanys-policies/</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>Identify how the board disseminated the policy and program to employees across the organization</p> <p>Employees may report illegal and unethical behavior to an Ethics Committee which receives and investigates complaints while maintaining confidentiality of information.</p>	
<p>Supplement to Recommendation 15.2</p>			
<p>1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.</p>		<p>Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices.</p> <p>Include any finding of violations of the company policy.</p> <p>Company's Website: https://www.megaworldcorp.com/corporate-governance/%ef%bf%bccompanys-policies/</p>	
<p>Recommendation 15.3</p>			

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>Provide information or reference to a document containing information on the company's community involvement and environment- related programs.</p> <p>Company's Website: http://www.megaworldfoundation.com/</p>	
Optional: Principle 16			
<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>			
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>			

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of ASAY CITY on MAY 29 2018 2018.

SIGNATURES



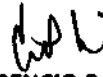
ANDREW L. TAN
Chairman of the Board/Chief Executive Officer,



JESUS B. VARELA
Independent Director,



ROBERTO S. GUEVARA
Independent Director,



CRESENCIO P. AQUINO
Independent Director,



FRANCISCO C. CANUTO
Compliance Officer,



ANNA MICHELLE T. LLOVIDO
Corporate Secretary,

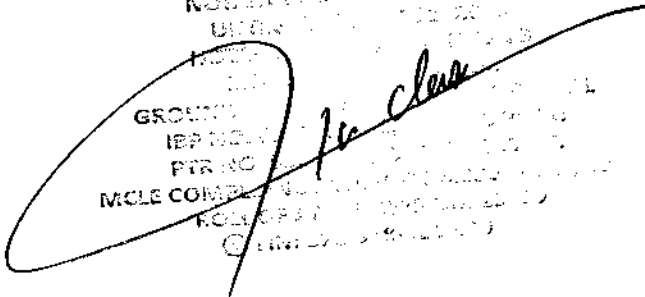
MAY 29 2018

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2018, affiant(s) exhibiting to me there _____, as follows:

<u>NAME</u>	<u>TIN NO.</u>
Andrew L. Tan	125-960-003
Jesus B. Varela	147-974-175
Roberto S. Guevara	102-051-538
Cresencio P. Aquino	113-313-284
Francisco C. Canuto	102-956-483
Anna Michelle T. Llovido	212-970-782

NOTARY PUBLIC

ATTY. HENRY B. ...
NOTARY PUBLIC



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