



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **31 December 2018**
2. SEC Identification Number **PW00000216**
3. BIR Tax Identification No. **000-164-009-000**
4. Exact name of issuer as specified in its charter **MABUHAY VINYL CORPORATION**
5. **Philippines**
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **3rd Floor Philamlife Building, 126 L.P. Leviste St.,
Salcedo Village, Makati City**
Address of principal office Postal Code
8. **(63) 8178971**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

| COMPLIANT/ NON- COMPLIANT | ADDITIONAL INFORMATION | EXPLANATION |
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| The Board's Governance Responsibilities | | |
| <p>Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.</p> | | |
| Recommendation 1.1 | | |
| 1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector. | Compliant | Y2018 Definitive Information Statement (Pages 5, 11-13) |
| 2. Board has an appropriate mix of competence and expertise. | Compliant | Item II(2) of MVC's New Manual on Corporate Governance |
| 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 | Articles III and IV, MVC's Amended By-laws |
| Recommendation 1.2 | | |
| 1. Board is composed of a majority of non-executive directors. | Compliant | Y2018 Annual Report (SEC 17-A), pages 15-17. SEC Form 17-C re Results of the Y2018 Annual Stockholders' Meeting and Organizational Meeting |
| Recommendation 1.3 | | |
| 1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors. | Compliant | Item IV of MVC's New Manual on Corporate Governance |

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| 2. Company has an orientation program for first time directors. | Compliant | Item IV of MVC's New Manual on Corporate Governance | |
| 3. Company has relevant annual continuing training for all directors. | Compliant | | |
| Recommendation 1.4 | | | |
| 1. Board has a policy on board diversity. | Compliant | Item II(2)(2.1.1.1), New Manual on Corporate Governance Y2018 SEC Form 20-IS of MVC, pages 5, 11-13. The Board is composed of six (6) male directors and one (1) female director; each of whom has diverse educational, business and professional backgrounds. | |
| 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. | | | |
| Recommendation 1.5 | | | |
| 1. Board is assisted by a Corporate Secretary. | Compliant | Annex A, Page 15 of the Y2018 Definitive Information Statement Item II(B) (1) Item II(2)(2.2), New Manual on Corporate Governance | The Corporate Secretary is a lawyer with vast corporate experience who efficiently performs the functions of a Compliance Officer and ably guides the board of directors with its compliances. |
| 2. Corporate Secretary is a separate individual from the Compliance Officer. | Non-Compliant | | |
| 3. Corporate Secretary is not a member of the Board of Directors. | Compliant | | |

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| 4. Corporate Secretary attends training/s on corporate governance. | Compliant | Cert. of Attendance issued by Center for Training and Development, Inc. dated 15 June 2017. | |
| Optional: Recommendation 1.5 | | | |
| 1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting. | | | |
| Recommendation 1.6 | | | |
| 1. Board is assisted by a Compliance Officer. | Compliant | Item II(1) of the New Manual on Corporate Governance SEC Form 17-C on the results of the Y2018 organizational meeting | Current Compliance Officer is a lawyer with a vast corporate experience and is capable of providing the required guidance to the Corporation on its compliance with applicable laws, rules and regulations. |
| 2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation. | Non-Compliant | | |
| 3. Compliance Officer is not a member of the board. | Compliant | | |
| 4. Compliance Officer attends training/s on corporate governance. | Compliant | Certificate of Attendance issued by Center for Training and Development, Inc. dated 15 June 2017. | |
| 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 | Copy of the Minutes of the Board Meeting on 26 April 2018. Item II (2) 2.1.2 of the New Manual on Corporate Governance. | |

| Recommendation 2.2 | | | |
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| 1. Board oversees the development, review and approval of the company's business objectives and strategy. | Compliant | Copy of the Minutes of the Board Meeting on 26 April 2018. | |
| 2. Board oversees and monitors the implementation of the company's business objectives and strategy. | Compliant | | |
| Supplement to Recommendation 2.2 | | | |
| 1. Board has a clearly defined and updated vision, mission and core values. | Compliant | MVC's Code of Business Conduct | |
| 2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture. | Compliant | MVC's Code of Business Conduct | |
| Recommendation 2.3 | | | |
| 1. Board is headed by a competent and qualified Chairperson. | Compliant | Page 6 and 11, Y2018 Definitive Information Statement. | |
| Recommendation 2.4 | | | |
| 1. Board ensures and adopts an effective succession planning program for directors, key officers and management. | Compliant | MVC's Code of Business Conduct Item II(2)(2.1.7.2.1) of the New Manual on Corporate Governance. | |
| 2. Board adopts a policy on the retirement for directors and key officers. | Compliant | | |

| Recommendation 2.5 | | | |
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| 1. Board aligns the remuneration of key officers and board members with long-term interests of the company. | Compliant | Item II(2)(2.1.3)(ii) of the New Manual on Corporate Governance. | |
| 2. Board adopts a policy specifying the relationship between remuneration and performance. | Compliant | Pages 7-8, Y2018 Definitive Information Statement | |
| 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 | | | |
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| 1. Board has a formal and transparent board nomination and election policy. | Compliant | Item II(2)(2.1.7.2.1), New Manual on Corporate Governance Sections 2 and 3, Article III, Amended By-Laws | |
| 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 | | | |
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| 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 | Item II(2)(2.1.3), page 4 of the New Manual on Corporate Governance. | |
| 2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions. | Compliant | | |
| 3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations. | Compliant | | |
| Supplement to Recommendations 2.7 | | | |
| 1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval. | Compliant | Item II(2)(2.1.3)(i), New Manual on Corporate Governance. | |

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| <p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p> | <p>Compliant</p> | <p>All corporate acts of the Company, whether RPTs or not, are approved by the Board of Directors and ratified by the shareholders during the Annual Stockholders' Meeting.</p> <p>Y2018 Definitive Information Statement Part I (C.) Other Matters</p> | |
| <p>Recommendation 2.8</p> | | | |
| <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>SEC Form 17-C re 2018 Organizational Meeting of the Board of Directors.</p> | |
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| 2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive). | Compliant | Item II(2)(2.1.3), New Manual on Corporate Governance | |
| Recommendation 2.9 | | | |
| 1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management. | Compliant | The Company implements a formal Performance Management System which requires quarterly individual, departmental and entity level assessments. | |
| 2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management. | Compliant | | |
| Recommendation 2.10 | | | |
| 1. Board oversees that an appropriate internal control system is in place. | Compliant | Item II(2)(2.1.3).(2.1.7.4), New Manual on Corporate Governance - creation of an Audit Committee and an Internal Audit department | |
| 2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders. | Compliant | | |
| 3. Board approves the Internal Audit Charter. | Compliant | MVC's Internal Audit Charter. | |

| Recommendation 2.11 | | | |
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| 1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks. | Compliant | The Company has a risk assessment procedure for the identification of risks, conduct of risk assessment and managing those risks within the company's appetite level through the preparation of corresponding preventive action plans. ERM Procedures Manual | |
| 2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. | Compliant | | |
| Recommendation 2.12 | | | |
| 1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role. | Non-Compliant | | The Amended By-Laws and the New Manual on Corporate Governance defines the duties and responsibilities of the Board of Directors which serves as guidance for the directors in the performance of their functions. |
| 2. Board Charter serves as a guide to the directors in the performance of their functions. | Non-Compliant | | |
| 3. Board Charter is publicly available and posted on the company's website. | Non-Compliant | | |
| Additional Recommendation to Principle 2 | | | |
| 1. Board has a clear insider trading policy. | Compliant | MVC's Code of Business Conduct | |
| 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. | | | |

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| 2. Company discloses the types of decision requiring board of directors' approval. | | | |
| <p>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.</p> | | | |
| <p>Recommendation 3.1</p> | | | |
| 1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities. | Compliant | <p>Item II(2)(2.1.7), New Manual on Corporate Governance.</p> <p>Amended By-Laws Article VI.</p> <p>SEC Form 17-C on the organizational meeting of the board on 26 April 2018.</p> | |
| <p>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. | Compliant | <p>Item II(2)(2.1.7.4), New Manual on Corporate Governance.</p> <p>MVC's Audit Committee Charter.</p> <p>It is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor. See Part I(B)(c), SEC Form 20-IS.</p> | |
| 2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent. | Compliant | <p>MVC's Audit Committee Charter.</p> <p>SEC Form 17-C on the organizational meeting of the board on 26 April 2018.</p> <p>Part I(B)(c), Y2018 SEC Form 20-IS.</p> | |

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| 3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. | Compliant | MVC's Audit Committee Charter. Part I(B)(c), Y2018 SEC Form 20-IS. Annex "A", Y2018 SEC Form 20-IS | |
| 4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee. | Compliant | MVC's Audit Committee Charter. SEC Form 17-C on the organizational meeting of the board on 26 April 2018. | |
| Supplement to Recommendation 3.2 | | | |
| 1. Audit Committee approves all non-audit services conducted by the external auditor. | Compliant | MVC's Audit Committee Charter. | |
| 2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present. | Compliant | MVC's Audit Committee Charter. | |
| Optional: Recommendation 3.2 | | | |
| 1. Audit Committee meet at least four times during the year. | Compliant | MVC's Audit Committee Charter. | |
| 2. Audit Committee approves the appointment and removal of the internal auditor. | Compliant | MVC's Audit Committee Charter. | |

| Recommendation 3.3 | | | |
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| 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. | Non-Compliant | | The different board committees and the Compliance Officer assists the board in accomplishing its corporate governance responsibilities. |
| 2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors. | Non-Compliant | | |
| 3. Chairman of the Corporate Governance Committee is an independent director. | Non-Compliant | | |
| Optional: Recommendation 3.3. | | | |
| 1. Corporate Governance Committee meet at least twice during the year. | | | |
| Recommendation 3.4 | | | |
| 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. | Non-Compliant | | The Audit Committee, as assisted by the Internal Audit Department, provides oversight over Management's activities in managing risks. |
| 2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman. | Non-Compliant | | The Audit Committee, as assisted by the Internal Audit Department, provides oversight over Management's activities in managing risks. |
| 3. The Chairman of the BROC is not the Chairman of the Board or of any other committee. | Non-Compliant | | The Audit Committee, as assisted by the Internal Audit Department, provides oversight over Management's activities in managing risks. |

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| 4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management. | Non-Compliant | | The Audit Committee, as assisted by the Internal Audit Department, provides oversight over Management's activities in managing risks. |
| Recommendation 3.5 | | | |
| 1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company. | Non-Compliant | | The Board of Directors have overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs). |
| 2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman. | Non-Compliant | | The Board of Directors have overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs). |
| Recommendation 3.6 | | | |
| 1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information. | Non-Compliant | | The Company's New Manual on Corporate Governance provides sufficient standards for evaluating the performance of the various committees. |
| 2. Committee Charters provide standards for evaluating the performance of the Committees. | Non-Compliant | | The Company's New Manual on Corporate Governance provides sufficient standards for evaluating the performance of the various committees. |
| 3. Committee Charters were fully disclosed on the company's website. | Non-Compliant | | The Company's New Manual on Corporate Governance provides sufficient standards for evaluating the performance of the various committees. |

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

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| 1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission. | Compliant | Attendance Sheet of the Board of Directors Item 11(2)(2.1.3) New Manual on Corporate Governance | |
| 2. The directors review meeting materials for all Board and Committee meetings. | Compliant | Excerpt from the minutes of the Board of Directors' meeting on 26 April 2018 | |
| 3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings. | Compliant | Excerpt from the minutes of the Board of Directors' meeting on 26 April 2018. | |

Recommendation 4.2

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| 1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company. | Compliant | The Company does not have a policy on the limit of directorships in publicly-listed corporations. Pages 5,11-13 of Y2018 SEC Form 20-IS. | |
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| Recommendation 4.3 | | | |
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| 1. The directors notify the company's board before accepting a directorship in another company. | Compliant | Directors are required yearly to update their business experience and to indicate if they have any change in directorships in other reporting companies. Annex "A" of the Y2018 Definitive Information Statement | |
| 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. | | | |
| 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. | Non-Compliant | | The current number of the Company's independent directors comply with the requirements under the SRC; the two (2) independent directors are active and independently participates in the board. |

| Recommendation 5.2 | | | |
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| 1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions. | Compliant | Annex "A" Y2018 SEC Form 20-IS. Item II(2)(2.1.7.2.1), New Manual on Corporate Governance | |
| Supplement to Recommendation 5.2 | | | |
| 1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently. | Compliant | Part I(B)(d), Y2018 SEC Form 20-IS | |
| Recommendation 5.3 | | | |
| 1. The independent directors serve for a cumulative term of nine years (reckoned from 2012). | Compliant | Item II(2)(2.1.7.2.1), New Manual on Corporate Governance | |
| 2. The company bars an independent director from serving in such capacity after the term limit of nine years. | Non-Compliant | | The Board may recommend the re-election of an independent director, upon presentation to the stockholders of meritorious and justifiable reasons. |
| 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. | Non-compliant | | The Board may recommend the reelection of an independent director, upon presentation to the stockholders of meritorious and justifiable reasons. |

| Recommendation 5.4 | | | |
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| 1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals. | Non-Compliant | | <p>Chairman/CEO - Takahiro Machiba President/COO - Edwin U. Umali</p> <p>The CEO of the Company assumes the role of the Chairman of the Board. The Board constituted the Executive, Audit, Nominations, and Compensation Committees to ensure adequate checks and balances in the Company's Corporate Governance structure.</p> <p>The COO directly manages the business operations of the Company and manages the day-to-day business affairs of the corporation; represents company in all transactions with the government/ other entities.</p> <p>The CEO merely has oversight functions on the COO's duties.</p> |
| 2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities. | Compliant | Sections 2,3,4, Article V, Amended By-Laws | |
| Recommendation 5.5 | | | |
| 1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors. | Non-Compliant | | The independent directors are independent-minded individuals and ably speaks out during board meetings. |

| Recommendation 5.6 | | | |
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| 1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction. | Compliant | Item II(2)(2.1.2), New Manual on Corporate Governance | |
| Recommendation 5.7 | | | |
| 1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present. | Non-Compliant | | The directors collectively and individually have free access to the internal and external auditors, compliance officer and other committees for any clarification they would wish to raise with them. |
| 2. The meetings are chaired by the lead independent director. | Non-Compliant | | |
| Optional: Principle 5 | | | |
| 1. None of the directors is a former CEO of the company in the past 2 years. | | | |

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| Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies. | | | |
| Recommendation 6.1 | | | |
| 1. Board conducts an annual self-assessment of its performance as a whole. | Compliant | Item II(2)(2.1.4), New Manual on Corporate Governance | |
| 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. | Compliant | Item II(2)(2.1.4), New Manual on Corporate Governance | |
| Recommendation 6.2 | | | |
| 1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees. | Compliant | Item II(B)(2)(2.1.4), New Manual on Corporate Governance | |
| 2. The system allows for a feedback mechanism from the shareholders. | Non-Compliant | | Item VII, New Manual on Corporate Governance. |

| Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders. | | | |
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| Recommendation 7.1 | | | |
| 1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company. | Compliant | MVC's Code of Business Conduct | |
| 2. The Code is properly disseminated to the Board, senior management and employees. | Compliant | | |
| 3. The Code is disclosed and made available to the public through the company website. | Compliant | | |
| Supplement to Recommendation 7.1 | | | |
| 1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes. | Compliant | MVC's Code of Business Conduct | |
| Recommendation 7.2 | | | |
| 1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics. | Compliant | MVC's Code of Business Conduct MVC's Guidelines on Internal Reporting System | |
| 2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies. | Compliant | The Directors, Officers and Employees of MVC are required to comply with the Company's Code of Business Conduct | |

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

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| 1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations. | Compliant | Item V, New Manual on Corporate Governance | |
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Supplement to Recommendations 8.1

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| 1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period. | Compliant | <p>Definitive Information Statement (20-IS) along with the Audited Financial Statement was filed 21 March 2019 or within 90 days from the end of the reporting period.</p> <p>Annual Report (17-A) was filed 15 April 2019 or 105 days from the end of the reporting period as required by the SEC.</p> <p>The quarterly reports were filed on 15 May 2019 or within 45 days from the end of the reporting period.</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. | Compliant | Y2018 Annual Report (SEC 17-A), pages 9, 20-21. | |

| Recommendation 8.2 | | | |
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| 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 | Item V (4), New Manual on Corporate Governance | |
| 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 | | |
| Supplement to Recommendation 8.2 | | | |
| 1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program). | Compliant | MVC's Public Ownership Report. | |
| Recommendation 8.3 | | | |
| 1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment. | Compliant | Annex "A", Y2018 SEC Form 20-IS | |
| 2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment. | Compliant | Annex "A", Y2018 SEC Form 20-IS | |

| Recommendation 8.4 | | | |
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| 1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same. | Compliant | Item II(2)(2.1.6.3), New Manual on Corporate Governance | |
| 2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same. | Compliant | Item II(2)(2.1.6.3), New Manual on Corporate Governance | |
| 3. Company discloses the remuneration on an individual basis, including termination and retirement provisions. | Compliant | Y2018 Annual Report (SEC 17-A), page 19. | |
| Recommendation 8.5 | | | |
| 1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance. | Compliant | Item II(2)(2.1.3), page 4 of the New Manual on Corporate Governance. | |
| 2. Company discloses material or significant RPTs reviewed and approved during the year. | Compliant | Y2018 Annual Report (SEC 17-A) page 21. Y2018 Audited Financial Statement Note 23 - Related Party Transactions | |

| Supplement to Recommendation 8.5 | | | |
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| 1. Company requires directors to disclose their interests in transactions or any other conflict of interests. | Compliant | Item 11(2)(2.1.2), New Manual on Corporate Governance | |
| 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. | | | |
| Recommendation 8.6 | | | |
| 1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. | Compliant | The Company complies with the disclosure requirements of the SEC and PSE. The Company, however, has not acquired nor disposed any significant assets for the year. | |
| 2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets. | Compliant | There were no significant assets acquired nor disposed during the year. | |

| Supplement to Recommendation 8.6 | | | |
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| 1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company. | Compliant | Y2018 Annual Report (SEC 17-A), page 20. | |
| Recommendation 8.7 | | | |
| 1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG). | Compliant | The Company's Corporate Governance policies and programs are in its New Manual on Corporate Governance which was submitted to the SEC and PSE and also posted in Company website. | |
| 2. Company's MCG is submitted to the SEC and PSE. | Compliant | | |
| 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 | Copy of the New Manual on Corporate Governance with SEC Stamp and the PSE Disclosure Form dated 31 May 2017 | |
| Optional: Principle 8 | | | |
| 1. Does the company's Annual Report disclose the following information: | | Y2018 Annual Report (SEC 17-A): Key Performance indicators (page 10-11) | |
| a. Corporate Objectives | Compliant | | |
| b. Financial performance indicators | Compliant | | |

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| c. Non-financial performance indicators | Compliant | Management's Discussion and Analysis (page 10-11) Dividends (page 9) | |
| d. Dividend Policy | Compliant | | |
| e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors | Compliant | Part IV (A) Directors and Executive Officers (pages 15-18) | |
| f. Attendance details of each director in all directors meetings held during the year | Non-Compliant | | Attendance Sheet of the Board of Directors |
| g. Total remuneration of each member of the board of directors | Compliant | Part IV (B) Compensation of Directors and Executive Officers (page 19) | |
| 2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue. | Compliant | Y2018 Annual Report (SEC 17-A): Part V (B) Corporate Governance (pages 21-22) | |
| 3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems. | Compliant | Y2018 Annual Report (SEC 17-A): Part V (B) Corporate Governance (pages 21-22) Item II(2)(2.1.7.4), New Manual on Corporate Governance. | |

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| 4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems. | Compliant | Y2018 Annual Report (SEC 17-A): Part V (B) Corporate Governance (pages 21-22) Item II(2)(2.1.7.4), New Manual on Corporate Governance. | |
| 5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic). | Compliant | Y2018 Annual Report (SEC 17-A): Part I (A) Description of Business (page 3 to 5) | |
| 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 | | | |
| 1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors. | Compliant | MVC's Audit Committee Charter | |
| 2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders. | Compliant | Stockholders in attendance of the 2018 Annual Stockholder's Meeting approved the appointment of the external auditor. http://www.mvc.com.ph/disclosure-category/minutes-of-all-general-or-special-stockholders-meeting/ MVC's Audit Committee Charter | |

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| 3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures. | Compliant | MVC's Audit Committee Charter | |
| Supplement to Recommendation 9.1 | | | |
| 1. Company has a policy of rotating the lead audit partner every five years. | Compliant | Y2018 Annual Report (SEC 17-A): Part III (B) Information on Independent Accountant and Other Related Matters (page 14). | |
| Recommendation 9.2 | | | |
| 1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. | Compliant | MVC's Audit Committee Charter (pages 5-6). | |

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| 2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis. | Compliant | MVC's Audit Committee Charter (pages 5-6). | |
| Supplement to Recommendations 9.2 | | | |
| 1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions. | Compliant | MVC's Audit Committee Charter (pages 5-6). | |
| 2. Audit Committee ensures that the external auditor has adequate quality control procedures. | Compliant | MVC's Audit Committee Charter (pages 5-6). | |
| Recommendation 9.3 | | | |
| 1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest. | Compliant | Y2018 Annual Report (SEC 17-A): Part III (B) Information on Independent Accountant and Other Related Matters (page 14). | |
| 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 | Y2018 Annual Report (SEC 17-A): Part III (B) Information on Independent Accountant and Other Related Matters (page 14). | |

| Supplement to Recommendation 9.3 | | | |
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| 1. Fees paid for non-audit services do not outweigh the fees paid for audit services. | Compliant | Y2018 Annual Report (SEC 17-A): Part III (B) Information on Independent Accountant and Other Related Matters (page 14). | |
| Additional Recommendation to Principle 9 | | | |
| 1. Company's external auditor is duly accredited by the SEC under Group A category. | Compliant | Manolito R. Elle SEC Accreditation No. (incl) 1618-A (Group A) March 16, 2017, valid until March 15, 2020 Sycip Gorres Velayo & Co. 6760 Ayala Avenue, 1226 Makati City 891-0307 | |
| 2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA). | Compliant | <ol style="list-style-type: none"> 1. November 12 to 23, 2018 2. SGV & Co. 3. The names of the members of the engagement team were provided to the SEC during the SOAR inspection. | |

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

Recommendation 10.1

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| 1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability. | Compliant | We provide in our website disclosures on non-financial information such as our advocacies and the different programs and initiatives we undertake that highlights our corporate social responsibility. | |
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| <p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p> | <p>Compliant</p> | <p>MVC's approach to sustainable development is rooted in our core value of social responsibility and is taken into consideration as we work to grow the business without jeopardizing the growth and welfare of future generations.</p> <p>Our framework for sustainable development combines aspects of environmental protection, general health and safety, harmonious community relations and employee development in order to maintain sustainability in our operations.</p> <p>We take pride in protecting the environment and conserving resources as an essential part of manufacturing and business processes. As such, we have an ISO14001 certified Environment Management System (EMS) in our production facilities that is communicated, implemented and improved on a regular basis.</p> <p>MVC also continues to affirm its commitment to support initiatives of the UN Global Compact. As one of the pioneer signatories in the Philippines, MVC confirms its adherence to the UN GCI principles.</p> | |
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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

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| 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. | Non-Compliant | | The Company disseminates and discloses material and relevant information through its website and disclosures to PSE and SEC. |
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Supplemental to Principle 11

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| 1. Company has a website disclosing up-to-date information on the following: | Compliant | The Company disseminates and discloses material and relevant information through its website: | |
| a. Financial statements/reports (latest quarterly) | Compliant | www.mvc.com.ph | |
| b. Materials provided in briefings to analysts and media | Non-Compliant | | The Stakeholders have free access to the company's website. |
| c. Downloadable annual report | Compliant | | |
| d. Notice of ASM and/or SSM | Compliant | | |
| e. Minutes of ASM and/or SSM | Compliant | | |
| f. Company's Articles of Incorporation and By-Laws | Compliant | | |

| Additional Recommendation to Principle 11 | | | |
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| 1. Company complies with SEC-prescribed website template. | Compliant | The Company complies with the SEC-prescribed website template: www.mvc.com.ph | |

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

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| <p>1. Company has an adequate and effective internal control system in the conduct of its business.</p> | <p>Compliant</p> | <p>The policies are set by the Board. However, Management is primarily responsible for the design, implementation and maintenance of the internal control system of the Company. The Board, through its audit committee oversees the actions of Management and monitors the effectiveness of the internal control system in place. Recommendations are provided by Management, the Board, and/or the internal Audit Department, to address certain issues and concerns of the Company.</p> <p>The Internal Audit department provides independent and objective review of operational, administrative and other controls designed to add value and improve operations; evaluate and improve the effectiveness of internal controls, company processes and risk management.</p> | |
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| 2. Company has an adequate and effective enterprise risk management framework in the conduct of its business. | Compliant | The Company has a risk assessment procedure for the identification of risks, conduct of risk assessment and managing those risks within the company's appetite level through the preparation of corresponding preventive action plans. Risks and controls identified are evaluated semi-annually. | |
| Supplement to Recommendations 12.1 | | | |
| 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. | Compliant | The Company has a risk assessment procedure for the identification of risks, conduct of risk assessment and managing those risks within the company's appetite level through the preparation of corresponding preventive action plans. Risks and controls identified are evaluated semi-annually. | |
| Optional: Recommendation 12.1 | | | |
| 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. | | | |

| Recommendation 12.2 | | | |
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| 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. | Compliant | The Company has an in-house Internal Audit department that provides independent and objective review of operational, administrative and other controls designed to add value and improve operations; evaluate and improve the effectiveness of internal controls, company processes and risk management. | |
| Recommendation 12.3 | | | |
| 1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board. | Non-compliant | | The Company's Internal Audit Department is comprised of two (2) Senior Internal Auditors who are currently performing the duties and responsibilities of the Chief Audit Executive as summarized on the Internal Audit Chapter. The Internal Auditors reports directly to the Audit Committee. |
| 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 | | The Board establishes an Audit Committee to assist in the performance of its oversight responsibility the company's financial reporting, internal control system, compliance with applicable laws and regulations, and also internal and external audit processes. |

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| 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 | | The Company's Internal Audit Department is comprised of two (2) Senior Internal Auditors who are currently performing the duties and responsibilities of the Chief Audit Executive as summarized on the Internal Audit Chapter. The Internal Auditors reports directly to the Audit Committee. |
| Recommendation 12.4 | | | |
| 1. Company has a separate risk management function to identify, assess and monitor key risk exposures. | Compliant | The Company has a risk assessment procedure for the identification of risks, conduct of risk assessment and managing those risks within the company's appetite level through the preparation of corresponding preventive action plans. | |
| Supplement to Recommendation 12.4 | | | |
| 1. Company seeks external technical support in risk management when such competence is not available internally. | Compliant | The Enterprise Risk Management (ERM) framework of the Company is currently existing and in place. The duties and responsibilities of a BROCC are performed by the Company's Audit Committee. | |
| Recommendation 12.5 | | | |
| 1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM). | Non-compliant | | Although there is no designation of CRO in the organizational structure of the Company, the Company's Compliance Officer oversees risk management in coordination with the BOD, Committees and Management. |

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| 2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities. | Non-Compliant | | Although there is no designation of CRO in the organizational structure of the Company, the Company's Compliance Officer oversees risk management in coordination with the BOD, Committees and Management. |
| Additional Recommendation to Principle 12 | | | |
| 1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively. | Non-Compliant | | Audit Committee conducts quarterly meeting to review of the internal controls and ensure sound internal audit control and compliance system is in place. |
| Cultivating a Synergic Relationship with Shareholders | | | |
| Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights. | | | |
| Recommendation 13.1 | | | |
| 1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance. | Compliant | Item VI, New Manual on Corporate Governance | |
| 2. Board ensures that basic shareholder rights are disclosed on the company's website. | Compliant | http://www.mvc.com.ph/about-us/ | |
| Supplement to Recommendation 13.1 | | | |
| 1. Company's common share has one vote for one share. | Compliant | Y2018 Definitive Information Statement Part I (B) (page 3) | |
| 2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights. | Compliant | Item VI, New Manual on Corporate Governance | |
| 3. Board has an effective, secure, and efficient voting system. | Compliant | Section 7, Article II, Amended By-laws | |

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| 4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders. | Non-Compliant | | The rights of the minority are protected under the New Manual on Corporate Governance under Item VI(1.1) |
| 5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting. | Compliant | Item VI(1.1). New Manual on Corporate Governance | |
| 6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders. | Compliant | Article VI, New Manual on Corporate Governance | |
| 7. Company has a transparent and specific dividend policy. | Compliant | Item VI, New Manual on Corporate Governance 26 April 2018 - the Board declared cash dividends of P0.07 per share (7%) for stockholders on record as of 21 May 2018 payable on or before 15 June 2018 | |
| Optional: Recommendation 13.1 | | | |
| 1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting. | | | |

| Recommendation 13.2 | | | |
|--|---------------|--|---|
| 1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting. | Non-Compliant | | The Company sends out the materials within the time frame allowed by law and the SEC/PSE rules. |
| Supplemental to Recommendation 13.2 | | | |
| 1. Company's Notice of Annual Stockholders' Meeting contains the following information: | | | |
| a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies) | Compliant | Annex "A", Y2018 SEC Form 20-IS | |
| b. Auditors seeking appointment/re-appointment | Compliant | Y2018 SEC Form 20-IS | |
| c. Proxy documents | Compliant | Attachment to Y2018 SEC Form 20-IS | |
| Optional: Recommendation 13.2 | | | |
| 1. Company provides rationale for the agenda items for the annual stockholders meeting | | | |
| 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 | Minutes of the Y2018 Annual Stockholders' Meeting. | |

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| 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. | Non-Compliant | | The minutes are formally reviewed and approved by the stockholders during the following annual stockholders' meeting. |
| Supplement to Recommendation 13.3 | | | |
| 1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM. | Compliant | Representatives from external audit were present during the ASM. | |
| 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 | Item II(2)(2.1.3), New Manual on Corporate Governance | |
| 2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance. | Compliant | Item II(2)(2.1.3), New Manual on Corporate Governance | |
| Recommendation 13.5 | | | |
| 1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders. | Non-Compliant | | The shareholders can freely access the company's website and telephone lines should they have inquiries or need assistance at anytime. |
| 2. IRO is present at every shareholder's meeting. | Non-Compliant | | |

| Supplemental Recommendations to Principle 13 | | | |
|--|---------------|--|---|
| 1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group | Compliant | There has been no event so far that will require the Board to act and/or avoid antitakeover measures or similar devices. | |
| 2. Company has at least thirty percent (30%) public float to increase liquidity in the market. | Non-Compliant | | <p>Section 3(a), Article XVIII of the PSE Rules on Minimum Public Ownership (public float) provides: "Listed companies shall, at all time, maintain a minimum percentage of listed securities held by the public of ten percent (10%) of the listed companies' issued and outstanding shares, exclusive of any treasury shares, or as such percentage that may be prescribed by the Exchange. The Exchange may impose a higher percentage effective upon receipt by the Commission of written notice of such increase. -xxx"</p> <p>The company's public float is at 11.99% as of 31 December 2018.</p> |
| 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

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| 1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability. | Compliant | Item VII, New Manual on Corporate Governance | |
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Recommendation 14.2

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| 1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders. | Compliant | <p>Item VI, New Manual on Corporate Governance</p> <p>The following policy are also in place to protect the interest of the Company's stakeholders:</p> <ul style="list-style-type: none"> a. Whistle-blowing Policy b. Insider Trading Policy c. Related Party Transactions Policy d. Policy and Data Relating to Health, Safety and Welfare of Employees, including company sponsored trainings | |
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| Recommendation 14.3 | | | |
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| 1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights. | Compliant | MVC has a formal whistle blowing policy implemented thru its Internal Reporting System. The Company's website provides contact details for other stakeholders. http://www.mvc.com.ph/contact-us/ | |
| Supplement to Recommendation 14.3 | | | |
| 1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner. | Compliant | Item II(2)(2.1.3), New Manual on Corporate Governance | |
| Additional Recommendations to Principle 14 | | | |
| 1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation. | Compliant | No exemption sought. | |
| 2. Company respects intellectual property rights. | Compliant | Code of Conduct/Company Manual | |

| Optional: Principle 14 | | | |
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| 1. Company discloses its policies and practices that address customers' welfare | | | |
| 2. Company discloses its policies and practices that address supplier/contractor selection procedures | | | |
| Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes. | | | |
| Recommendation 15.1 | | | |
| 1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance. | Compliant | Item VIII, New Manual on Corporate Governance | |
| Supplement to Recommendation 15.1 | | | |
| 1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures. | Compliant | MVC's Employee Handbook The Company also implements a formal Performance Management System which requires quarterly individual, departmental and entity level assessments. | |
| 2. Company has policies and practices on health, safety and welfare of its employees. | Compliant | MVC's Employee Handbook | |
| 3. Company has policies and practices on training and development of its employees. | Compliant | Item VIII, New Manual on Corporate Governance | |

| Recommendation 15.2 | | | |
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| 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. | Compliant | Item VIII, New Manual on Corporate Governance MVC's Code of Business Conduct. MVC also has a formal whistle blowing policy implemented thru its Internal Reporting System. | |
| 2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture. | Compliant | The Audit Committee administers the Code to the Board Directors, while the Human Resources Department administers to all levels throughout the organization. | |
| Supplement to Recommendation 15.2 | | | |
| 1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes. | Compliant | Item VIII, New Manual on Corporate Governance Code of Conduct/Company Manual No violation of the company policy. | |
| Recommendation 15.3 | | | |
| 1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation | Compliant | MVC has a formal whistle blowing policy implemented thru its Internal Reporting System. | |

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| 2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. | Compliant | MVC has a formal whistle blowing policy implemented thru its Internal Reporting System. | |
| 3. Board supervises and ensures the enforcement of the whistleblowing framework. | Compliant | MVC has a formal whistle blowing policy implemented thru its Internal Reporting System. | |
| <p>Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.</p> | | | |
| <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. | Compliant | <p>MVC's approach to sustainable development is rooted in our core value of social responsibility and is taken into consideration as we work to grow the business without jeopardizing the growth and welfare of future generations.</p> <p>Our framework for sustainable development combines aspects of environmental protection, general health and safety, harmonious community relations and employee development in order to maintain sustainability in our operations.</p> | |

Optional: Principle 16

1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development

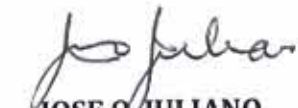
2. Company exerts effort to interact positively with the communities in which it operates

CITY OF MAKATI

Signed this **MAY 30 2019** th day of May 2019, at _____, Philippines.


TAKAHIRO MACHIBA
Chairman of the Board/CEO


EDWIN LL.UMALI
President/COO


JOSE O. JULIANO
Independent Director


RENATO A. MIGRIÑO
Independent Director



MA. MELVA E. VALDEZ
Compliance Officer/
Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME, this **MAY 30 2019** th day of May 2019, affiants exhibited to me their Tax Identification Numbers:

TIN

- | | |
|------------------------|-------------|
| 1. Takahiro Machiba | 347-150-060 |
| 2. Edwin Ll. Umali | 106-960-926 |
| 3. Jose O. Juliano | 908-622-761 |
| 4. Renato A. Migrino | 102-118-145 |
| 5. Ma. Melva E. Valdez | 123-493-209 |

NOTARY PUBLIC


ATTY. JOSHUA P. LAPUZ
Notary Public for Makati City
Appointment No. 12/31/2019
PTR No. 7333096-JAN 3, 2019, Makati City
Roll No. 45790, (3) Lifetime Roll #80097
MCLE No. VI-8016565/Jan. 14, 2019
G/F Fedman Suites, 199 Salcedo Street
Legaspi Village, Makati City

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