

SEC FORM - I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **31 December 2017**
2. SEC Identification Number **163671**
3. BIR Tax Identification No. **000-804-342-000**
4. Exact name of issuer as specified in its charter **PRIME ORION PHILIPPINES, INC.**
5. **Metro Manila, Philippines**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **3rd Floor, Glorietta 5, Ayala Center, Makati City** **1223**
Address of principal office Postal Code
8. **(632)884-1106**
Issuer's telephone number, including area code
9. **Unit 1014 Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City/ 30 June**
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			
<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	COMPLIANT	<p>Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors are disclosed in the Corporation's Annual Report and Definitive Information Statement.</p> <p>The qualifications for the directors are provided in the Corporation's Manual on Corporate Governance.</p> <p>Reference:</p> <p>1. SEC Form 17-A (2017 Annual Report) > Item 9. Directors and Executive Officers of the Registrant > Page 26-30 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p> <p>2. Definitive Information Statement (for Annual Stockholders' Meeting on 13 January 2017) > Item 5-Directors and Officers ></p>	

		<p>page 5 ; Annex A > Page 15 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Definitive-Information-Statement-for-13-January-2017-ASM.pdf</p> <p>3. Manual on Corporate Governance (2017) > Article III – Governance > Item 1.3 – Qualification > Page 5 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
2. Board has an appropriate mix of competence and expertise.	COMPLIANT	<p>The Corporation’s Board of Directors is composed of a diverse mix of individuals with accounting, legal or business background, consistent with its policy to ensure diversity of experience and background of directors.</p> <p>Reference:</p> <p>SEC Form 17-A (Annual Report) > Item 9. Directors and Executive Officers of the Registrant > Page 26-30 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p>	
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the	COMPLIANT	<p>All directors possess the qualifications and none of the disqualifications provided in the Manual on Corporate Governance.</p>	

organization.		<p>Reference:</p> <p>1. SEC Form 17-A (Annual Report) > Item 9. Directors and Executive Officers of the Registrant > Page 26-30 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p> <p>2. Manual on Corporate Governance (2017) > Article III – Governance > Item 1.3 – Qualification > Page 5 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	COMPLIANT	<p>The Board is composed of majority non-executive directors as shown in the 2017 Amended General Information Sheet of the Corporation and Annual Corporate Governance Report (updated as of 16 March 2017), Annual Report (SEC 17-A) and List of Directors.</p> <p>The 2017 members of the Board were as follows:</p> <ol style="list-style-type: none"> 1. Bernard Vincent O. Dy – NED 2. Felipe U. Yap – NED 3. Jose Emmanuel H. Jalandoni – ED* 4. Maria Rowena M. Tomeldan– NED* 5. Augusto D. Bengzon – NED 	

		<p>6. Victor C. Say – NED 7. Nathanael C. Go – NED 8. Rex Ma. A. Mendoza – Lead ID 9. Renato O. Marzan – ID (Non-executive Director – NED, Executive Director – ED, Independent Director – ID):</p> <p>Note: Mr. Jose Emanuel H. Jalandoni was replaced by Ms. Maria Rowena M. Tomeldan as President/CEO effective February 19, 2018.</p> <p>Reference:</p> <p>1. 2017 Amended General Information Sheet >2017 Amended General Information Sheet (amended on 21 July 2017) > page 3 http://www.primeorion.com/wp-content/uploads/2015/01/Amended-2017-General-Information-Sheet_21-July-2017.pdf</p> <p>> 2017 Amended General Information Sheet (Amended on 12 March 2018) > page 3 http://www.primeorion.com/wp-content/uploads/2015/01/PRIME-ORION-PHILIPPINES-INC.-AMENDED-GIS-2017-2018-02-19.pdf</p>	
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		<p>2. SEC Form 17-A (Annual Report) > Item 9. Directors and Executive Officers of the Registrant > Page 26-30 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p> <p>3. List of the Board of Directors http://www.primeorion.com/about-us/board-of-directors-management-team-executive-officers/</p> <p>4. Annual Corporate Governance Report (updated as of 16 March 2017) > Advisement Letter > ACGR Updated as of 16 March 2017 > page 4 http://www.primeorion.com/wp-content/uploads/2015/01/ACGR-Update-as-of-16-March-201711.pdf</p>	
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Recommendation 1.3

<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p>COMPLIANT</p>	<p>The Corporation's Board Charter and Manual on Corporate Governance provide a policy for training and continuing professional development of directors.</p> <p>Reference:</p> <p>1. Manual on Corporate Governance (2017)</p>	
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		<p>a) Article III – Governance > Item 2.3 – Specific Responsibilities of each Director > paragraph i) > Page 11</p> <p>b) Article IV – Management > Item 2.1 –Chairman of the Board > Paragraph i > Page 24</p> <p>c) Article III – Governance > Item 3.3 Corporate Governance Committee > Paragraph d > Page 17</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>2. Board Charter > Section 4.4 – The Chairman of the Board > Paragraph i > Page 8 http://www.primeorion.com/wp-content/uploads/2015/01/Charter-of-the-Board-of-Directors.pdf</p>	
<p>2. Company has an orientation program for first time directors.</p>	<p>COMPLIANT</p>	<p>Prior to assuming office, directors are required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institution, and to attend relevant annual continuing training programs for directors in order to be informed of the developments in the business and regulatory environments,</p>	

		<p>including emerging risks relevant to the Corporation.</p> <p>The Corporate Secretary ensures proper onboarding of all directors by conducting orientation for its new directors.</p> <p>Reference:</p> <ol style="list-style-type: none"> 1. Manual on Corporate Governance <ol style="list-style-type: none"> a) Article III – Governance > Item 2.3 – Specific Responsibilities of each Director > paragraph i) > Page 11 b) Article IV – Management > Item 2.1 –Chairman of the Board > Paragraph i > Page 24 c) Article IV-Management > Item 2.4-Secretary > paragraph i > page 26 d) Article V –Audit, Risk and Compliance > Item 5- Compliance System > paragraph h > page 31 <p>http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> 2. Certificate of Attendance of Directors and Key Officers to 	
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		<p>Training and Seminars > Certificate of Attendance of Directors and Key Officers dated 11 August 2017, 16 November 2017, 7 December 2017 and 12 December 2017 http://www.primeorion.com/company-disclosure/other-disclosures/</p>	
<p>3. Company has relevant annual continuing training for all directors.</p>	<p>COMPLIANT</p>	<p>It is the responsibility of the Chairman of the Board to set proper orientation for first-time directors and continuing training opportunities for all directors.</p> <p>The Compliance Officer shall ensure that there is relevant training program for all directors.</p> <p>1. Board Charter > Section 4.4 – The Chairman of the Board > Paragraph I > Page 8 http://www.primeorion.com/wp-content/uploads/2015/01/Charter-of-the-Board-of-Directors.pdf</p> <p>2. Manual on Corporate Governance > Article V- Audit, Risk and Compliance > Item 5 Compliance System > paragraph h > page 31 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017-5-23-2017.pdf</p>	

		<p>3. Certificate of Attendance of Directors and Key Officers to Training and Seminars</p> <p>> Certificate of Attendance of Directors and Key Officers http://www.primeorion.com/company-disclosure/other-disclosures/</p>	
Recommendation 1.4			
<p>1. Board has a policy on board diversity.</p>	<p>COMPLIANT</p>	<p>The Board encourages the selection of a mix of competent directors, each of whom can add value and contribute independent judgment in the formulation of sound corporate strategies and policies. In the selection of candidates for the Board, the objectives set by the Board for its composition are to be seriously considered, as well as the required knowledge, abilities and experience needed to successfully manage the Corporation.</p> <p>At present, the Board consists of eight (8) male directors and one (1) female director.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article III – Governance > Item 1.2 – Diversity > Page 4 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-</p>	

		2017.pdf	
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	<p>The Board is assisted by the following Corporate Secretaries:</p> <p>Corporate Secretary June Vee D. Monteclaro-Navarro</p> <p>Asst. Corporate Secretaries Nimfa Ambrosia L. Perez-Paras Marthe Lois V. Cordia</p> <p>The qualifications, duties and functions of the Secretary are stated in the SEC Form 17-A (Annual Report) and Manual on Corporate Governance.</p> <p>Reference:</p> <p>1. SEC Form 17-A (Annual Report) > Item 9. Directors and Executive Officers of the Registrant > Pages 31-32 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p>	

		<p>2. Manual on Corporate Governance > Article IV – Management > Item 2.4 – Secretary > Page 25 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>3. List of Officers http://www.primeorion.com/about-us/board-of-directors-management-team-executive-officers/</p> <p>4. SEC 17-C (Current Report) > SEC 17-C dated 13 January 2017 > page 4 http://www.primeorion.com/wp-content/uploads/2015/01/SEC-PSE-Results-of-ASM-and-Organizational-Board-Meeting_1-13-17.pdf</p> <p>5. 2017 Amended General Information Sheet > 2017 Amended General Information Sheet (Amended on 12 March 2018) > page 3 http://www.primeorion.com/wp-content/uploads/2015/01/PRIME-ORION-PHILIPPINES-INC.-AMENDED-GIS-2017-2018-02-19.pdf</p>	
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<p>2. Corporate Secretary is a separate individual from the Compliance Officer.</p>	<p>COMPLIANT</p>	<p>The Corporate Secretary is a separate individual from the Compliance Officer.</p> <p>Reference:</p> <ol style="list-style-type: none"> 1. List of Officers http://www.primeorion.com/about-us/board-of-directors-management-team-executive-officers/ 2. SEC 17-C (Current Report) >SEC 17-C dated 13 January 2017 > page 4 http://www.primeorion.com/wp-content/uploads/2015/01/SEC-PSE-Results-of-ASM-and-Organizational-Board-Meeting_1-13-17.pdf 3. 2017 Amended General Information Sheet > 2017 Amended General Information Sheet (Amended on 12 March 2018) > page 3 http://www.primeorion.com/wp-content/uploads/2015/01/PRIME-ORION-PHILIPPINES-INC.-AMENDED-GIS-2017-2018-02-19.pdf 	
<p>3. Corporate Secretary is not a member of the Board of Directors.</p>	<p>COMPLIANT</p>	<p>The Corporate Secretary is not a member of the Board of Directors.</p> <p>Reference:</p>	

		<p>1. List of Officers http://www.primeorion.com/about-us/board-of-directors-management-team-executive-officers/</p> <p>2. SEC 17-C (Current Report) > SEC 17-C dated 13 January 2017 > page 4 http://www.primeorion.com/wp-content/uploads/2015/01/SEC-PSE-Results-of-ASM-and-Organizational-Board-Meeting_1-13-17.pdf</p> <p>3. 2017 Amended General Information Sheet > 2017 Amended General Information Sheet (Amended on 12 March 2018) > page 3 http://www.primeorion.com/wp-content/uploads/2015/01/PRIME-ORION-PHILIPPINES-INC.-AMENDED-GIS-2017-2018-02-19.pdf</p>	
<p>3. Corporate Secretary attends training/s on corporate governance.</p>	<p>COMPLIANT</p>	<p>The Corporate Secretaries attended a 4-hour corporate governance seminar facilitated by the Institute of Corporate Directors (ICD) held at Fairmont Hotel on August 11, 2017.</p> <p>Reference:</p>	

		<p>Certificate of Attendance of Directors and Key Officers to Training and Seminars</p> <p>> Corporate Governance Seminar dated 11 August 2017</p> <p>http://www.primeorion.com/wp-content/uploads/2017/12/POPI_CertificateofAttendanceforCGSeminar.pdf</p>	
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	<p>The Board is assisted by the Compliance Officer, Rhodora Estrella B. Revilla.</p> <p>The qualifications, duties and functions of the Compliance Officer are stated in the SEC Form 17-A (Annual Report) and Manual on Corporate Governance.</p> <p>Reference:</p> <p>1. SEC Form 17-A (Annual Report)</p> <p>> Item 9. Directors and Executive Officers of the Registrant > Page 31</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p>	

		<p>2. Manual on Corporate Governance > Article V – Audit, Risk Oversight and Compliance > Item 5.1– Compliance System > Page 31 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
<p>2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.</p>	<p>COMPLIANT</p>	<p>The Compliance Officer, Rhodora Estrella B. Revilla, is also the Corporation’s Chief Finance Officer. She is listed among the top 4 officers of the Corporation.</p> <p>Reference:</p> <p>1. SEC Form 17-A (Annual Report) > Item 9. Directors and Executive Officers of the Registrant > pages 30-31 > Item 10. Executive Compensation > page 33 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p> <p>2. List of Officers http://www.primeorion.com/about-us/board-of-directors-management-team-executive-officers/</p>	

		<p>3. 2017 Amended General Information Sheet > 2017 Amended General Information Sheet (Amended on 12 March 2018) > page 3 http://www.primeorion.com/wp-content/uploads/2015/01/PRIME-ORION-PHILIPPINES-INC.-AMENDED-GIS-2017-2018-02-19.pdf</p>	
<p>3. Compliance Officer is not a member of the board.</p>	<p>COMPLIANT</p>	<p>The Compliance Officer is not a member of the Board of Directors.</p> <p>Reference:</p> <p>1. List of Directors and Officers http://www.primeorion.com/about-us/board-of-directors-management-team-executive-officers/</p> <p>2. 2017 Amended General Information Sheet > 2017 Amended General Information Sheet (Amended on 12 March 2018) > page 3 http://www.primeorion.com/wp-content/uploads/2015/01/PRIME-ORION-PHILIPPINES-INC.-AMENDED-GIS-2017-2018-02-19.pdf</p>	
<p>4. Compliance Officer attends training/s on corporate governance.</p>	<p>COMPLIANT</p>	<p>The Compliance Officer attended a 4-hour corporate governance</p>	

		<p>seminar facilitated by the ICD held at Fairmont Hotel on August 11, 2017.</p> <p>Reference:</p> <p>Certificate of Attendance of Directors and Key Officers to Training and Seminars > Corporate Governance Seminar dated 11 August 2017 http://www.primeorion.com/wp-content/uploads/2017/12/POPI_CertificateofAttendanceforCGSeminar.pdf</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

<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>COMPLIANT</p>	<p>Directors attended the meetings of the Board and Board Committees. The directors participate and ask clarificatory questions during the meetings of the Board and Board Committees.</p> <p>All directors act in the best interest of the Corporation in a manner characterized by transparency, accountability and fairness.</p> <p>Reference:</p> <p>1. SEC Form 20-IS (Definitive Information Statement) for the 2018 Annual Stockholders'</p>	
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		<p>Meeting > Item 5 Directors and Executive Officers > Attendance of Directors> page 5 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-2018-Definitive-Information-Statement.pdf</p>	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	COMPLIANT	<p>Management presents the goals and objectives, budget and strategies at the beginning of the year. The Board, through the Audit and Risk Committee, reviews the operations and financial performance of the Corporation every quarter.</p> <p>Reference:</p> <p>Quarterly Reports > SEC 17-Q (Quarterly Report) dated 31 March 2017, 30 June 2017 and 30 September 2017 http://www.primeorion.com/company-disclosure/sec-filings/</p>	
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	<p>The Corporation's vision, mission and core values are as follows:</p> <p><u>Mission</u></p> <p>We are committed to:</p> <ul style="list-style-type: none"> Strengthen our position in existing markets by focusing our efforts in the retention and 	

		<p>expansion of our existing core businesses.</p> <ul style="list-style-type: none"> • Seek business opportunities and synergies which complement and enhance our existing core businesses. • Provide our employees, our greatest resource, every opportunity for them to excel in their respective fields and achieve their hopes, goals and career aspirations. • Provide superior management practices that will allow our subsidiaries to deliver quality products and services, achieve long-term growth and profitability and create shareholder value. <p><u>Vision</u></p> <p>“Creating Wealth, Enriching Lives”</p> <p><u>Values</u></p> <ul style="list-style-type: none"> • Customer Delight We provide best value products and services to gain customer loyalty • Unity We are united in our pursuit of our goals through effective confluence of our individual talents and passion for excellence. 	
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		<ul style="list-style-type: none"> • Integrity We strive to do things right, with integrity and honesty at all times and all situations • Resilience and Determination We will never give up until our goals are achieved. <p>The Corporation's vision, mission and values are reviewed every year.</p> <p>Reference:</p> <p>Vision, Mission and Values http://www.primeorion.com/about-us/board-of-directors-management-team-executive-officers/</p>	
<p>2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.</p>	<p>COMPLIANT</p>	<p>Before the start of the calendar year, Management submits its budget, plans and strategies to the Board. Management reports to the Board the status of the implementation of the strategies and results of operations at least every quarter.</p> <p>Reference:</p> <p>Quarterly Reports > SEC 17-Q dated 31 March 2017, 30 June 2017 and 30 September 2017 http://www.primeorion.com/company-disclosure/sec-filings/</p>	

Recommendation 2.3			
<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>COMPLIANT</p>	<p>The Board is headed by a competent and qualified Chairperson.</p> <p>Qualifications and competencies of the Chairperson are stated in SEC Form 17-A (Annual Report).</p> <p>Reference:</p> <ol style="list-style-type: none"> 1. SEC Form 17-A (Annual Report) > Item 9. Directors and Executive Officers of the Registrant > Page 27 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf 2. SEC 20-IS (Definitive Information Statement) for 2017 Annual Stockholders' Meeting (ASM) > SEC Form 20-IS (as of 24 November 2016) > pages 5-6; Annex A (pages 15-16) http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Definitive-Information-Statement-for-13-January-2017-ASM.pdf 3. List of the Board of Directors http://www.primeorion.com/about-us/board-of-directors-management-team-executive-officers/ 	

Recommendation 2.4			
<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	<p>COMPLIANT</p>	<p>The Board, through its Corporate Governance Committee (renamed as Corporate Governance and Nomination Committee), together with the Management is tasked to plan and recommend a succession plan for the board members, senior officers, and remuneration packages for corporate and individual performance.</p> <p>Reference:</p> <p>1. Manual on Corporate Governance (2017)</p> <p>a) > Article III – Governance > Item 2.2 – Specific Duties of the Board > Paragraph d > page 9</p> <p>b) > Article III – Governance > Item 3.3 – Corporate Governance Committee > Paragraph d > Page 17</p> <p>c) > Article IV – Management > Item 1 – General Responsibilities of Management > Paragraph a.iv > Page 23</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	

		<p>2. Board Charter</p> <p>a) > Section 2- Membership > Item 2.4 Vacancy > page 4</p> <p>b) > Section 4- Powers, Duties and Responsibilities of the Board > Item 4. 2 –Specific Duties of the Board > Paragraph d > page 6</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/Charter-of-the-Board-of-Directors.pdf</p> <p>3. Management Succession Policy</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/management-succession-policy.pdf</p>	
<p>2. Board adopts a policy on the retirement for directors and key officers.</p>	<p>NON-COMPLIANT</p>		<p>The directors of the Corporation are men of competence. The Board has not set a retirement age for its directors. However, the term of the independent director is set at cumulative term of nine (9) years (starting from 2012) as provided in the Code of Corporate Governance for Publicly-listed Companies.</p> <p>At present, the key officers are employees, and subject to the retirement policy, of the parent company, Ayala Land, Inc. (ALI).</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article III – Governance > Item 5.1 – Independence > 4th paragraph ></p>

			<p>Page 20 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>
Recommendation 2.5			
<p>1. Board aligns the remuneration of key officers and board members with long-term interests of the company.</p>	<p>COMPLIANT</p>	<p>The Board, through the Compensation and Remuneration Committee, ensures that the executive remuneration and remuneration packages of individual directors and corporate officers are consistent with the Corporation's culture, strategy and environment.</p> <p>Reference:</p> <p>1. Manual on Corporate Governance</p> <p>a) > Article III – Governance > Item 3.4 – Compensation and Remuneration Committee > Paragraph a > Page 18</p> <p>b) > Article III – Governance > Item 2.5 – Compensation and Liability Insurance Coverage of Directors > paragraph a > page 12</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	

		<p>2. Board Charter > Section 4.1-General Responsibilities of the Board > paragraph d (v) > page 6 http://www.primeorion.com/wp-content/uploads/2015/01/Charter-of-the-Board-of-Directors.pdf</p>	
<p>2. Board adopts a policy specifying the relationship between remuneration and performance.</p>	COMPLIANT	<p>The Board conducts an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees which is a basis in developing its policy on remuneration.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article III – Governance > Item 6 – Performance Assessment > Page 22 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
<p>3. Directors do not participate in discussions or deliberations involving his/her own remuneration.</p>	COMPLIANT	<p>No director shall be involved in deciding his or her own remuneration.</p> <p>No member of the Compensation and Remuneration Committee will act to fix his or her own compensation except for uniform</p>	

		<p>compensation to directors for their services as a director.</p> <p>Reference:</p> <p>Manual on Corporate Governance</p> <p>a) > Article III – Governance > Item 2.5 – Compensation and Liability Insurance Coverage of Directors > paragraph b > page 12</p> <p>b) > Article III – Governance > Item 3.4 – Compensation and Remuneration Committee > last paragraph</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
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			
<p>1. Board has a formal and transparent board nomination and election policy.</p>	<p>COMPLIANT</p>	<p>The Board is committed to respect the voting right of the stockholders.</p> <p>The Board is assisted by the following committees in developing and implementing the nomination and election policy:</p> <ol style="list-style-type: none"> 1. The Corporate Governance and Nomination Committee which is tasked to establish and maintain a process to ensure that all candidates/nominees to be nominated for election as directors at the Annual Stockholders' Meeting (ASM) are qualified in accordance with the By-laws, Manual on Corporate Governance and relevant laws, rules and regulations and possess none of the disqualifications stated in the Corporation's Manual on Corporate Governance. 2. Inspectors of Proxies and Ballots Committee which is tasked to perform the validation, counting and tabulation of votes cast at the Corporation's stockholders' meeting. <p>The rules of conduct and procedures for the nomination and election are also disclosed in the ASM Notice.</p>	

		<p>The Charter of the Board prescribes that the names of the nominees for directors and their consent thereto be submitted to the Corporate Governance and Nomination Committee, through the Office of the Corporate Secretary, at least thirty (30) business days before the date of the stockholders' meeting where they are to be elected.</p> <p>Reference:</p> <p>1. Manual on Corporate Governance</p> <p>a) > Article III – Governance > Item 3.3 – Corporate Governance Committee > Paragraph g > Page 17</p> <p>b) > Article III – Governance > Item 3.5 – Inspectors of Proxies and Ballots Committee > Paragraphs a & b > Page 18</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>2. Notice of Annual Stockholders' Meeting</p> <p>a) > 2016 Notice of Annual Stockholders' Meeting > Rules of Conduct > Page 1</p> <p>b) > 2016 Notice of Annual Stockholders' Meeting ></p>	
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		<p>Election of Directors (including the Independent Directors) > Page 3 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Notice-and-Agenda-for-the-Annual-Stockholders-Meeting-13-January-20171.pdf</p> <p>3. Corporate Governance and Nomination Committee Charter > Section 3 – Responsibilities > paragraphs 3.6 to 3.8 > page 2 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Corporate-Governance-and-Nomination-Committee-Charter-002.pdf</p> <p>4. Board Charter > Section 2.3- Election of Directors > page 3 http://www.primeorion.com/wp-content/uploads/2015/01/Charter-of-the-Board-of-Directors.pdf</p>	
<p>2. Board nomination and election policy is disclosed in the company’s Manual on Corporate Governance.</p>	<p>COMPLIANT</p>	<p>The nomination and election policy is disclosed in the Manual on Corporate Governance and Board Charter. The rules of conduct and procedures for nomination and election are also stated in the ASM Notice.</p> <p>Reference:</p>	

		<p>1. Manual on Corporate Governance</p> <p>a) > Article III – Governance > Item 3.3 – Corporate Governance Committee> Paragraph g > Page 17</p> <p>b) > Article III – Governance > Item 3.5 –Inspectors of Proxies and Ballots Committee > Paragraph a & b > Page 18</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>2. Notice of Annual Stockholders' Meeting</p> <p>a) > 2016 Notice of Annual Stockholders' Meeting>Rules of Conduct >Page 1</p> <p>b) > 2016 Notice of Annual Stockholders' Meeting> Election of Directors (including the Independent Directors) > Page 3</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Notice-and-Agenda-for-the-Annual-Stockholders-Meeting-13-January-20171.pdf</p>	
<p>3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.</p>	<p>COMPLIANT</p>	<p>The Board is committed to respect the voting right of the shareholders.</p> <p>All shareholders, including minority shareholders, have the right to nominate, elect, remove and</p>	

		<p>replace directors and vote on certain corporate acts in accordance with the Corporation Code. Each common share is entitled to one vote. Cumulative voting shall be used in the election of directors.</p> <p>The procedure for nomination shall be clearly explained to the stockholders. The information on the background and experience of candidates shall be provided (through the Information Statement sent to the stockholders and posted in the Corporation's website) to enable the stockholders to study and candidates' qualifications and credibility.</p> <p>Stockholders, including minority stockholders, may submit to the Corporate Governance and Nomination Committee, the nominations to the Board. The list of names of nominees to the Board, together with the written consent of the nominees shall be submitted to the Committee, through the office of the Corporate Secretary at least thirty (30) business days prior to the date set for the annual meeting of the stockholders. The Committee will determine whether the nominees for directors, including nominees for independent directors have all the</p>	
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		<p>qualifications and none of the disqualifications to serve as members of the Board before submitting the nominees for election of the stockholders.</p> <p>Reference:</p> <p>1. Manual on Corporate Governance > Article VII – Shareholders’ Rights and Protection of Minority Shareholder > Item 1.1 – Voting Right > first and second paragraphs > page 36 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>2. Notice of Annual Stockholders’ Meeting a) > 2016 Notice of Annual Stockholders' Meeting>Rules of Conduct >Page 1 b) > 2016 Notice of Annual Stockholders' Meeting> Election of Directors (including the Independent Directors) > Page 3 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Notice-and-Agenda-for-the-Annual-Stockholders-Meeting-13-January-20171.pdf</p>	
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		<p>3. Board Charter</p> <p>> Section 2.3- Election of Directors > page 3 http://www.primeorion.com/wp-content/uploads/2015/01/Charter-of-the-Board-of-Directors.pdf</p>	
<p>4. Board nomination and election policy includes how the board shortlists candidates.</p>	<p>COMPLIANT</p>	<p>The Board, through the Corporate Governance and Nomination Committee, screens and shortlists all candidates nominated to become a member of the Board to ensure that all candidates/ nominees to be nominated for election as directors at the ASM are qualified in accordance with the By-laws, Manual on Corporate Governance and relevant laws, rules and regulations and possess none of the disqualifications stated in the Corporation's Manual on Corporate Governance.</p> <p>Reference:</p> <p>1. Corporate Governance and Nomination Committee Charter > Item 3 – Responsibilities > Paragraph 3.6 and 3.8 >Page 2 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Corporate-Governance-and-Nomination-Committee-Charter-002.pdf</p>	

		<p>2. Manual on Corporate Governance > Article III – Governance > Item 3.3 – Corporate Governance Committee> Paragraph g > page 17 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
<p>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.</p>	<p>NON-COMPLIANT</p>		<p>The Board, through the Corporate Governance and Nomination Committee, shall annually review its performance with respect to the fulfillment of its functions and responsibilities relating to nomination, election or replacement of a director.</p> <p>The self-assessment will be performed in 2018. Self-assessment form to be prepared.</p> <p>Reference:</p> <p>1. Corporate Governance and Nomination Committee Charter > Item 5 – Performance Evaluation > Page 3 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Corporate-Governance-and-Nomination-Committee-Charter-002.pdf</p>

			<p>2. Manual on Corporate Governance > Article III – Governance > Item 6 – Performance Assessment > Page 22 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>
<p>6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.</p>	<p>COMPLIANT</p>	<p>The Board, through the Corporate Governance and Nomination Committee, screens and shortlists all candidates nominated to become a member of the Board to ensure that all candidates/ nominees to be nominated for election as directors at the ASM are qualified.</p> <p>The Corporate Governance and Nomination Committee confirms that all the nominees comply with the following qualifications to be a director as provided in the Manual on Corporate Governance:</p> <ul style="list-style-type: none"> a) Ownership of one (1) share in the Corporation; b) A college degree or is equivalent or adequate competence and understanding of the fundamentals of the business of the Corporation or sufficient experience in managing the business to substitute for such formal education; c) Membership in good standing in the relevant industry and membership in business organizations; 	

		<p>d) Possess integrity, probity and shall be diligent in the performance of the functions.</p> <p>Reference:</p> <p>1. Corporate Governance and Nomination Committee Charter > Item 3 – Responsibilities > Paragraph 3.6 and 3.8 >Page 2 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Corporate-Governance-and-Nomination-Committee-Charter-002.pdf</p> <p>2. Manual on Corporate Governance > Article III – Governance > Item 1.3 Qualifications > page 5 > Article III – Governance > Item 3.3 – Corporate Governance Committee> Paragraphs f, g and i > page 17 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
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Optional: Recommendation to 2.6

<p>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.</p>			
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Recommendation 2.7			
<p>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.</p>	<p>COMPLIANT</p>	<p>The Board shall have the overall responsibility in ensuring that there is a group-wide policy and system governing RPTs and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality.</p> <p>The Corporation has a RPT Policy. RPT transactions are submitted for approval of the Audit and Risk Committee and ratification of the Board as was in the case of the acquisition by the Corporation's subsidiary of Southpark mall and office from Ayala Land, Inc. (ALI).</p> <p>Reference:</p> <ol style="list-style-type: none"> 1. Manual on Corporate Governance > Article VI – Disclosure and Transparency > Item 2 – Related Party Transactions > Page 32 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017-5-23-2017.pdf 2. Audit and Risk Committee Charter > Item D – Roles and Responsibilities > Paragraph 1.7 > Page 3 http://www.primeorion.com/wp- 	

		content/uploads/2015/01/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf 3. Related Party Transactions Policy http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Related-Party-Transaction-Policy-2017.pdf	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT	<p>The Policy includes identification, review and approval of related party transactions.</p> <p>Reference:</p> <p>Related Party Transactions Policy > Item 5 - Identification, review and approval of related party transactions > page 4 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Related-Party-Transaction-Policy-2017.pdf</p>	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT	<p>The Policy encompasses all entities within the group, considering the terms, business purpose, benefits and other details of the related party transaction, including the description of the transaction, including the affected periods to be disclosed in the financial statements, including the amounts, and such other information necessary for better understanding of the effect of the proposed transaction in the financial</p>	

		<p>statements, which may include the amounts due to or from related parties to the transaction, if any, and the terms and manner of settlement.</p> <p>Reference:</p> <p>Related Party Transactions Policy > Item 5 - Identification, review and approval of related party transactions > page 4 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Related-Party-Transaction-Policy-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>The Audit and Risk Committee shall approve RPTs before their commencement. However, material or significant related party transactions will have to be endorsed by the Audit and Risk Committee to the Board for approval. The Board may, at objections, require that an RPT that it has approved, be also submitted to the stockholders for consideration and ratification.</p> <p>RPTs are disclosed in the relevant financial reports of the Corporation as required under International Accounting Standard 24 on Related Party Disclosures and other applicable disclosure requirements.</p>	

		<p>Reference:</p> <p>Related Party Transactions Policy</p> <p>a) > Item 5 - Identification, review and approval of related party transactions > Paragraphs 5.3 & 5.4 > pages 4-5</p> <p>b) >Item 6 – Pre-approved Related Party Transactions, Item 7 - Disclosure > page 6</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Related-Party-Transaction-Policy-2017.pdf</p>	
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	NON-COMPLIANT		<p>There is no voting system whereby a majority of non-related party shareholders approve specific RPTs in a stockholders' meeting.</p> <p>In 2017, there was no RPT subject to the approval of the stockholders.</p> <p>In 2017, matters presented for approval of the stockholders required majority vote of all outstanding capital stock of the Corporation, except for the amendment of the Articles of Incorporation, which required a 2/3 vote of the stockholders.</p>
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	The Board is responsible for approving the selection of the Management, including the President/CEO and other function heads.	

		<p>Reference:</p> <ol style="list-style-type: none"> 1. Manual on Corporate Governance > Article III – Governance > Item 2.1 – General Responsibilities of the Board > Paragraph d.iii – d.v > Page 8 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf 2. 2017 General Information Sheet > 2017 Amended General Information Sheet (Amended on 12 March 2018) > page 3 http://www.primeorion.com/wp-content/uploads/2015/01/PRIME-ORION-PHILIPPINES-INC.-AMENDED-GIS-2017-2018-02-19.pdf 3. Board Charter > Section 4.2- Specific Duties of the Board > paragraphs b, c, j (vii) > page 3 http://www.primeorion.com/wp-content/uploads/2015/01/Charter-of-the-Board-of-Directors.pdf 	
<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the</p>	<p>COMPLIANT</p>	<p>Board conducts an annual assessment of the President and the Management.</p>	

<p>heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>		<p>Reference:</p> <p>Manual on Corporate Governance > Article III – Governance > Item 2.2 – Specific Duties of the Board > Paragraph m > Page 10 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
Recommendation 2.9			
<p>1. Board establishes an effective performance management framework that ensures that Management’s performance is at par with the standards set by the Board and Senior Management.</p>	<p>COMPLIANT</p>	<p>It is the policy of the Company to manage work performance through a year-round process of helping and guiding people to achieve desired results. Our Performance Management System aims to systematically and periodically monitor results against established individual or organizational goals and thus improve the overall performance and potentials of the Company and its employees. The system allows the Company to be linked to employee rewards and compensation. Performance of the individual, department and the company as a whole bears the greatest weight in determining annual merit increases.</p> <p>Before the start of the calendar year, the Board sets the Corporation’s</p>	

		objectives and goals. Management sets Key Result Areas (KRA) and Key Process Indicators (KPI) to achieve the objectives. Management's performance is measured against the set KRAs and KPIs at the end of the year.	
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	See explanation in Recommendation 2.9 Item 1. The Corporation's personnel are also asked to prepare their respective KRAs and KPIs for the year based on the KRAs of Management. At the end of the year, Management evaluates the performance of the personnel based on the KRAs and KPIs.	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	The Board ensures the presence and adequacy of internal control mechanisms for good governance. The Board, through the Audit and Risk Committee, monitors the presence and adequacy of internal control system. Reference: 1. Manual on Corporate Governance > Article II - Governance > Item	

		<p>2.1 – General Responsibilities of the Board > Paragraph d > Pages 8-9 http://www.prim Orion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>2. Audit and Risk Committee Charter > Item B –Statement of Policy > page 2 > Item D-Roles and Responsibilities > pages 3-6 http://www.prim Orion.com/wp-content/uploads/2015/01/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>	
<p>3. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.</p>	<p>COMPLIANT</p>	<p>The minimum internal control mechanisms for the Board’s oversight responsibility include reviewing conflict-of-interest situations and providing appropriate remedial measures for the same.</p> <p>The Board has also adopted a governance policy on conflict of interest as one of its preventing measures.</p> <p>Reference:</p> <p>1. Manual on Corporate Governance a) > Article III – Governance ></p>	

		<p>Item 2.1 – General Responsibilities of the Board > Paragraph d.ii > Page 8 b) > Article VI – Disclosures and Transparency > Item 3 – Governance Policy on Conflict of Interest > Page 8 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>2. Conflict of Interest Policy http://www.primeorion.com/wp-content/uploads/2015/01/Conflict-of-Interest-Policy-3.pdf</p>	
<p>4. Board approves the Internal Audit Charter.</p>	<p>COMPLIANT</p>	<p>The Audit and Risk Committee is tasked to review and recommend approval of the Internal Audit Charter and subsequent revisions thereto to the Board.</p> <p>The amended Internal Audit Charter was approved by the Audit and Risk Committee on February 13, 2017 and ratified by the Board on March 16, 2017.</p> <p>Reference:</p> <p>1. Audit and Risk Committee Charter > Section D – Roles and Responsibilities > Item 2.1> Page 3</p>	

		<p>http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p> <p>2. Internal Audit Charter http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Internal-Audit-Charter-2017.pdf</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>The Audit and Risk Committee is tasked to review the adequacy of the Corporation’s risk management framework/process and monitor the risk management activities of the Corporation and evaluate the effectiveness of the risk mitigation strategies and action plans.</p> <p>Reference:</p> <p>1. Audit and Risk Committee Charter > Section D – Roles and Responsibilities > Item 4 – Risk Oversight http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p> <p>2. Enterprise Risk Management http://www.primeorion.com/wp-content/uploads/2015/01/write-up-on-Enterprise-Risk-Management-2014-1.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>The underlying premise of enterprise risk management is that every entity exists to provide value for its stakeholders. The Corporation faces uncertainty which presents both risk and opportunity, with potential to erode or enhance value.</p> <p>The Corporation launched a formal ERM system, firmly embedded into its corporate planning process, which constantly seeks to identify, assess and address all the risks inherent and external to the business that could potentially affect the performance of the Corporation. The ERM exercise was completed in March 2017.</p> <p>The following risks are identified and ranked according to their potential impact to the Corporation in terms of cost, reputation, and likelihood of occurrence:</p> <ul style="list-style-type: none"> a. Safety and Security b. Marginalization c. Regulatory d. Financial e. Execution and Timely Delivery f. Environmental (Disaster Readiness) g. Government/Political h. Organizational i. Company Fraud 	
Recommendation 2.12			
<p>1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities</p>	<p>COMPLIANT</p>	<p>The Board Charter formalizes and clearly states the roles, responsibilities</p>	

and accountabilities in carrying out its fiduciary role.		and accountabilities of the Board. Reference: Board Charter http://www.primeorion.com/wp-content/uploads/2015/01/Charter-of-the-Board-of-Directors.pdf	
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT	See reference and explanation in Recommendation 2.12 – Item 1 Board Charter http://www.primeorion.com/wp-content/uploads/2015/01/Charter-of-the-Board-of-Directors.pdf	
3. Board Charter is publicly available and posted on the company’s website.	COMPLIANT	The Corporation’s Board Charter is posted in its website. Board Charter http://www.primeorion.com/wp-content/uploads/2015/01/Charter-of-the-Board-of-Directors.pdf	
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	COMPLIANT	The Corporation’s insider trading policy identifies the covered persons, type and examples of material information and blackout periods. The Corporation approved and implemented its revised Insider Trading Policy in March 2018. Reference: Insider Trading Policy http://www.primeorion.com/wp-content/uploads/2015/01/Insider-Trading-Policy-revised-2018.pdf	

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.			
2. Company discloses the types of decision requiring board of directors' approval.			

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>The Board is supported by the following committees that focus on specific functions to aid in the optimal performance of its roles and responsibilities:</p> <ul style="list-style-type: none"> a. Executive Committee b. Audit and Risk Committee c. Corporate Governance and Nomination Committee d. Compensation and Remuneration Committee e. Inspectors of Proxies and Ballots Committee f. Sustainability Committee <p>Reference:</p> <p>Manual on Corporate Governance > Article III – Governance > Item 3</p>	
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		<p>– Board Committees > Pages 12-17</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</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.</p>	<p>COMPLIANT</p>	<p>The Board is supported by its Audit and Risk Committee in its oversight role over the Corporation's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p> <p>The Audit and Risk Committee recommends the appointment and removal of the Corporation's external auditor.</p> <p>Reference:</p> <p>Audit and Risk Committee Charter</p> <ul style="list-style-type: none"> >Item B- Statement of Policy > page 1 > Item D- Roles and responsibilities > Paragraph 3 –External Auditors > pages 4-5 <p>http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>	

<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>The members of the Audit and Risk Committee in 2017 are:</p> <ol style="list-style-type: none"> 1. Rex Ma. A. Mendoza (Chairman) Lead Independent Director 2. Maria Rowena M. Tomeldan* Non-executive Director as of December 31, 2017 *elected as President of the Corporation on February 19, 2018 3. Renato O. Marzan Independent Director <p>Reference:</p> <ol style="list-style-type: none"> 1. Board Committees http://www.primeorion.com/corporate-governance/board-committees/ 2. SEC Form 17-A (Annual Report) > Item 9. Directors and Executive Officers of the Registrant > pages 26, 28-30 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf 	
<p>2. 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>All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	

		<p>Reference:</p> <p>SEC Form 17-A (Annual Report) > Item 9. Directors and Executive Officers of the Registrant > Page 28-30 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p>	
<p>3. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>COMPLIANT</p>	<p>The Chairman of the Audit and Risk Committee, Mr. Rex Ma. A. Mendoza, is not the Chairman of the Board or of any other committee.</p> <p>Reference:</p> <ol style="list-style-type: none"> 1. Board Committees http://www.primeorion.com/corporate-governance/board-committees/ 2. Audit and Risk Committee Charter > Item E –Membership > paragraph 5 > page 7 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf 3. SEC Form 17-A (Annual Report) > Item 9. Directors and Executive Officers of the Registrant > pages 29 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf 	

Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	NON-COMPLIANT		<p>All non-audit services to be conducted by the external auditor must be presented to the Audit and Risk Committee for approval and must be disclosed as stated in its Charter.</p> <p>Total non-audit fees for year 2017 amounted to Php151, 200, including VAT of Php16,200, pertaining to the following:</p> <ol style="list-style-type: none"> 1) Professional fees for Review of FLT Valuation – P75,000 plus VAT; 2) Professional fees for OLI AUP Report – P60,000 plus VAT. <p>There was no approval from the Audit and Risk Committee on the valuation services for FLT and the AUP, but these were carried out to comply with regulatory requirements of the Securities and Exchange Commission and Insurance Commission.</p> <p>Reference:</p> <ol style="list-style-type: none"> 1. Audit and Risk Committee Charter <ul style="list-style-type: none"> > Section D – Roles and Responsibilities > Item 3.7 > Page 5 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf 2. SEC Form 17-A (Annual Report) <ul style="list-style-type: none"> > Item 8. – Information on Independent Auditor> Paragraph 2) >

			Page 25-26 http://www.primenorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	NON-COMPLIANT		Members of the Management are invited to join the meetings between the Audit and Risk Committee and the External Auditor to ensure that management responses are immediately obtained pertaining to the agenda being discussed. The external auditor met with the Audit and Risk Committee on February 13, 2017 and October 20, 2017.
Optional: Recommendation 3.2			
1. Audit Committee meets at least four times during the year.	COMPLIANT	The Audit and Risk Committee held four (4) meetings during the year. Schedule of Meetings: 1. February 13, 2017 2. April 26, 2017 3. August 08, 2017 4. October 20, 2017	
2. Audit Committee approves the appointment and removal of the internal auditor.	COMPLIANT	The Audit and Risk Committee is tasked to set up the Internal Audit Group, including the appointment of the Chief Audit Executive (CAE). The Committee shall establish and identify the reporting line of the CAE so that the reporting levels allow the internal audit activity to fulfill its responsibilities. The CAE shall report	

		<p>directly to the Committee functionally. The Committee, having appointed the CAE, shall also concur in his/her replacement, re-assignment or dismissal. The CAE shall set up the qualification criteria for internal auditors, subject to the approval of the Board through the Committee.</p> <p>The Corporation's CAE as at December 31, 2017 is Mr. Leovigildo D. Abot.</p> <p>Reference:</p> <p>Audit and Risk Committee Charter > Section D – Roles and Responsibilities > Item 2 – Internal Audit > Paragraph 2.2 > pages 3-4 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>	
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Recommendation 3.3

<p>1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.</p>	<p>COMPLIANT</p>	<p>The purpose of the Corporate Governance and Nomination Committee is to oversee the implementation of the corporate governance framework of the Corporation. The Committee shall also assist the Board of Directors in the screening and short listing of all candidates nominated to become a member of the Board in accordance with the qualifications and</p>	
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		<p>disqualifications for directors, as provided in the Corporation's Manual on Corporate Governance.</p> <p>The Corporate Governance and Nomination Committee went through the nominations for directors which were submitted by the stockholders through the Office of the Corporate Secretary. It checked the qualifications (i.e., academic qualifications, training, expertise) of each of the 10 nominees and as provided in the Manual on Corporate Governance vis-a vis the requirements of the business of the Corporation.</p> <p>Reference:</p> <ol style="list-style-type: none">1. Corporate Governance and Nomination Committee Charter http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Corporate-Governance-and-Nomination-Committee-Charter-002.pdf2. 2017 Amended General Information Sheet > page 3 http://www.primeorion.com/wp-content/uploads/2015/01/PRIME-ORION-PHILIPPINES-INC.-AMENDED-GIS-2017-2018-02-19.pdf	
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<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	<p>NON-COMPLIANT</p>		<p>The Corporate Governance and Nomination Committee has only one (1) independent director as member. The members of the Corporate Governance and Nomination Committee in 2017 were:</p> <ol style="list-style-type: none"> 1. Jose Emmanuel H. Jalandoni* Chairman/ Executive Director <p>*resigned as Chairman of the Committee on February 19, 2018 and was replaced by Ms. Maria Rowena M. Tomeldan</p> <ol style="list-style-type: none"> 2. Felipe U. Yap Non-executive Director 3. Rex Ma. A. Mendoza Lead Independent Director <p>It is the position of the Board that having the Lead independent director in the Committee is sufficient given the Corporation's size, risk profile and nature of operations.</p> <p>Reference:</p> <p>Board Committees Corporate Governance > Board Committees http://www.primeorion.com/corporate-governance/board-committees/</p>
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	<p>NON-COMPLIANT</p>		<p>The Chairman of the Corporate Governance and Nomination Committee is not an independent director.</p>

			<p>However, the Lead Independent Director is a member of the Committee. Having the Lead Independent Director as member of the Committee is sufficient given the Corporation's size, risk profile and operations. The Lead Independent Director actively participates in all the meetings of the Committee.</p> <p>Reference:</p> <p>Corporate Governance and Nomination Committee Charter > Item 2. Membership and Composition > Paragraph 2.1 > page 1 http://www.primenorion.com/wp-content/uploads/2015/01/POPL-Corporate-Governance-and-Nomination-Committee-Charter-002.pdf</p>
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Optional: Recommendation 3.3.

1. Corporate Governance Committee meet at least twice during the year.	COMPLIANT	The Corporate Governance and Nomination Committee had 2 meetings in 2017, on the following dates: 13 January 2017 18 July 2017	
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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	NON-COMPLIANT		Given the size, risk profile and nature of its operations, the Corporation does not see the need to establish a BROC. The oversight of the Corporation's Enterprise
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effectiveness.			<p>Risk Management system is performed by the Audit and Risk Committee of the Corporation as provided in the Audit and Risk Committee Charter.</p> <p>Reference:</p> <p>Audit and Risk Committee Charter > Section D – Roles and Responsibilities > Item 4 – Risk Oversight > page 6 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	NON-COMPLIANT		The Corporation has no BROC. See explanation in Recommendation 3.4 – Item 1.
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	NON-COMPLIANT		The Corporation has no BROC. See explanation in Recommendation 3.4 – Item 1.
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	NON-COMPLIANT		The Corporation has no BROC. See explanation in Recommendation 3.4 – Item 1.
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		<p>Given the size, risk profile and nature of its operations, the function of reviewing RPTs of the Corporation is performed by the Audit and Risk Committee as provided in the Audit and Risk Committee Charter.</p> <p>Reference:</p>

			<p>1. Audit and Risk Committee Charter > Section D – Roles and Responsibilities > Item 1.7 – Risk Oversight > page 6 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p> <p>2. Related Party Transaction Policy a) > Section 2- Statement of Policy, paragraph 2 > page 1 b) > Section 5- identification, Review and Approval of Related Party Transactions > pages 4-5 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Related-Party-Transaction-Policy-2017.pdf</p>
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	NON-COMPLIANT		The Corporation has no RPT Committee. See explanation in Recommendation 3.5 – Item 1.
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		<p>All established committees have their own committee charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information, except for the Executive Committee*.</p> <p>*The Executive Committee’s powers are provided in Article III, Section 9 of the By-laws.</p>

2. Committee Charters provide standards for evaluating the performance of the Committees.	NON-COMPLIANT		The self-assessment forms of Board and its Committees provide the standards to evaluate performance. Except for the Board and Audit and Risk Committee, the self-assessment forms of the other committees will have to be prepared.
3. Committee Charters were fully disclosed on the company's website.	COMPLIANT	<p>Committee Charters are disclosed in the Corporation's website.</p> <p>Reference:</p> <p>Board Committee Charters http://www.primeorion.com/corporate-governance/board-committees/</p>	
<p>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.</p>			
<p>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.	COMPLIANT	<p>The directors attended in person the meetings of the Board, Board Committees and stockholders held in 2017 as shown in the minutes of the meetings and in the Definitive Information Statement.</p> <p>SEC 20-IS (Definitive Information Statement) for 2018 Annual Stockholders' Meeting > Item 5 > Attendance of Directors > page 5; Annex A (pages 14-16) http://www.primeorion.com/wp-content/uploads/2015/01/POPI-2018-Definitive-Information-</p>	

		Statement.pdf	
2. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT	The meeting materials are sent to the directors several days before the meeting to give them time to review the materials and to prepare their questions.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT	The directors ask questions (as may be necessary) during the meetings of the Board and Committees. The Chairman of the meetings always ask the members if they have questions on each item taken up.	
Recommendation 4.2			
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	<p>The Corporation shall ensure that adequate time and attention is given to the fulfillment of each director's duties. Non-executive directors shall hold no more than five (5) board seats or directorships in any group of publicly-listed companies and executive directors shall hold no more than two (2) board seats in listed companies outside the Corporation's group.</p> <p>Reference:</p> <p>1. Manual on Corporate Governance > Article III – Governance > Item 1.6 – Policy on Multiple Board Seats > Page 7 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-</p>	

		<p>Governance-May-2017 5-23-2017.pdf</p> <p>2. SEC 20-IS (Definitive Information Statement) for 2017 Annual Stockholders' Meeting (ASM) > SEC Form 20-IS (as of 24 November 2016) > pages 5-6; Annex A (pages 15-16) http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Definitive-Information-Statement-for-13-January-2017-ASM.pdf</p> <p>3. SEC Form 17-A (2017 Annual Report) > Item 9. Directors and Executive Officers of the Registrant > Page 26-30 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p>	
Recommendation 4.3			
<p>1. The directors notify the company's board before accepting a directorship in another company.</p>	<p>NOT APPLICABLE</p>		<p>No member of the Board reported new directorship during the year 2017. The directors disclosed their directorships in the Annual Report and Information Statement.</p> <p>It is the specific responsibility of each director to notify the Board where he is an incumbent director before accepting directorship in another company.</p> <p>Reference:</p>

			<p>Manual on Corporate Governance > Article III – Governance > Item 2.3 – Specific Responsibilities of each Director > Paragraph j > Page 11 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>
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.	COMPLIANT	<p>The Corporation does not have any executive directors who serve in more than two boards of listed companies outside of the group.</p> <p>Reference:</p> <p>SEC Form 17-A (Annual Report) Company Disclosures > SEC Filings > Item 9. Directors and Executive Officers of the Registrant > Page 26-30 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p>	
2. Company schedules board of directors' meetings before the start of the financial year.	COMPLIANT	The Board has set four (4) Board meetings for the year 2017: 13 January , 16 March, 18 July and 15 December	
3. Board of directors meet at least six times during the year.			
4. Company requires as minimum quorum of at least 2/3 for board decisions.	NON COMPLIANT		Members of the Board should attend regular and special meetings of the Board

			<p>in person or via teleconference or videoconference or by any other technological means allowed by the SEC.</p> <p>Majority of the number of directors as fixed in the articles of incorporation shall constitute a quorum for the transaction of corporate business.</p> <p>A majority of such quorum shall decide any question that may come before the meeting save for those cases where Philippine laws require an affirmative vote of a greater proportion of the shareholders.</p> <p>Reference:</p> <ol style="list-style-type: none"> 1. Manual on Corporate Governance > Article III – Governance > Item 1.7 – Board Meetings and Quorum Requirements > Page 7 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf 2. Amended By-laws > Amended By-laws (as of 10 April 2017) > Article III-Directors > Section 6- Quorum http://www.primeorion.com/wp-content/uploads/2015/01/SEC-PSE-Amendment-of-By-Laws_4-11-17.pdf
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Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs.			
Recommendation 5.1			
<p>1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.</p>	<p>NON-COMPLIANT</p>		<p>The Board has only two (2) independent directors, namely:</p> <ol style="list-style-type: none"> 1. Rex Ma. A. Mendoza Lead Independent Director 2. Renato O. Marzan Independent Director <p>The Board believes that having two (2) independent directors is sufficient given the Corporation's size, risk profile and nature of its operations. The 2 independent directors are men of competence and integrity.</p> <p>Reference:</p> <ol style="list-style-type: none"> 1. List of Board of Directors http://www.primeorion.com/about-us/board-of-directors-management-team-executive-officers/ 2. Manual on Corporate Governance > Article III – Governance > Item 5.1 Independent Directors > paragraph 2 > page 20 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf

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>All independent directors possess the qualification and none of the disqualifications to hold their respective positions.</p> <p>Reference:</p> <p>1. SEC Form 17-A (Annual Report) > PART III – Control and Compensation Information > Item 9. Directors and Executive Officers of the Registrant > Page 26-30 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p> <p>2. Manual on Corporate Governance > Article III – Governance > Item 1.3 – Qualification > Page 5 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
Supplement to Recommendation 5.2			
<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>The Corporation has no shareholder agreements, by-laws provisions, voting trust holders of 5% or more or other arrangements that constrain the directors’ ability to vote independently.</p> <p>Reference:</p>	

		<p>SEC Form 17-A (2017 Annual Report) > Item 11. Security Ownership of Certain Beneficial Owners and Management > Item C-Voting Trust Holders of 5% or More > page 36 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p>	
Recommendation 5.3			
<p>1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).</p>	<p>COMPLIANT</p>	<p>No independent director has served for more than a cumulative term of nine (9) years.</p> <p>Mr. Rex Ma. Mendoza was elected as an independent director on February 26, 2016 and was re-elected as such on January 13, 2017.</p> <p>Mr. Renato O. Marzan was elected as an independent director of the Corporation on January 13, 2017.</p> <p>Reference:</p> <p>1. SEC Form 17-A (Annual Report) > Item 9. Directors and Executive Officers of the Registrant > Page 26-30 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p>	

		<p>2. General Information Statements (filed in 2016 and 2017)</p> <p>a) 2015 Amended General Information Sheet > page 3 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-AMENDED-2015-GIS1.pdf</p> <p>b) 2017 General Information Sheet > page 3 http://www.primeorion.com/wp-content/uploads/2015/01/PRIME-ORION-PHILIPPINES-INC-GIS-2017-2017-02-091.pdf</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>Independent directors may serve for a cumulative period of not more than nine (9) years. After serving for nine years, he shall be perpetually <u>barred</u> from being elected as such in the Corporation, without prejudice to being elected as non-independent director or independent director in other companies outside of the business conglomerate, where applicable.</p> <p>Reference:</p> <p>1. Manual on Corporate Governance > Article III – Governance > Item 5.1– Independent Director > Paragraph 4 > Page 20 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-</p>	

		Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf 2. Board Charter > Section 2.1 Composition > paragraph 6 > pages 1-2 http://www.primeorion.com/wp-content/uploads/2015/01/Charter-of-the-Board-of-Directors.pdf	
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.	COMPLIANT	The Corporation does not allow retention of an independent director after serving nine (9) years. The provision is a permanent bar.	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	COMPLIANT	The positions of Chairman of the Board and the President/Chief Executive Officer are held by separate individuals. The Chairman of the Board in 2017 was Mr. Bernard Vincent O. Dy. Mr. Jose Emmanuel H. Jalandoni was the President/CEO for 2017. Note: Mr. Jose Emmanuel H. Jalandoni was replaced by Ms. Maria Rowena M. Tomeldan as President/CEO on February 19, 2018. Mr. Jalandoni was elected Chairman of the Board during the annual	

		<p>stockholders' meeting on 12 April 2018 vice Mr. Dy. Mr. Dy remains to be a director of the Corporation.</p> <p>Reference:</p> <ol style="list-style-type: none"> SEC Form 17-A (Annual Report) > Item 9. Directors and Executive Officers of the Registrant > Page 27 and 30 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf General Information Sheet > 2017 General Information Sheet > page 3 http://www.primeorion.com/wp-content/uploads/2015/01/PRIME-ORION-PHILIPPINES-INC-GIS-2017-2017-02-091.pdf 	
<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>COMPLIANT</p>	<p>The roles, responsibilities and duties of the Chairman of the Board and President/Chief Executive Officer are stated in the Corporation's Manual on Corporation Governance.</p> <p>The Chairman presides at all meetings of the Board and stockholders.</p> <p>The President acts as chairman in the absence of the Chairman and Vice Chairman. The President ensures the implementation of policies and</p>	

		<p>objectives set by the Board.</p> <p>1. Manual on Corporate Governance</p> <p>a) > Article IV – Management > Item 2.1– Chairman of the Board > Page 23</p> <p>b) > Article IV – Management > Item 2.3 – President > Page 24</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p> <p>2. Amended By-laws</p> <p>>Amended By-laws (as of 10 April 2017) > Article IV-Officers > Sections 2 and 4</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/SEC-PSE-Amendment-of-By-Laws_4-11-17.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>The Board has designated Mr. Rex Ma. A. Mendoza as the lead independent director.</p> <p>The Chairman is not an independent director.</p> <p>Reference:</p> <p>1. List of Board of Directors</p> <p>http://www.primeorion.com/abo</p>	
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		ut-us/board-of-directors-management-team-executive-officers/ 2. Manual on Corporate Governance > Article III – Governance > Item 5.2 Lead Director > pages 21-22 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	COMPLIANT	No director had any material interest in any transaction affecting the Corporation. There was no need to abstain from taking part in the deliberations.	
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		Members of the Management are invited to join the meetings between the NEDs and the external auditor to ensure that management responses are immediately obtained pertaining to the agenda being discussed. The meetings with external auditors are held during the meetings of the Audit and Risk Committee.
2. The meetings are chaired by the lead independent director.	NON-COMPLIANT		See explanation in Recommendation 5.7 – Item 1.

			The meetings with the external auditors and Management were chaired by the lead independent director who is chairman of the Audit and Risk Committee.
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	<p>The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees.</p> <p>Attached is the self-assessment form (Annex A).</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article III – Governance > Item 6 – Performance Assessment > Page 22 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	

2. The Chairman conducts a self-assessment of his performance.	COMPLIANT	See reference and explanation in Recommendation 6.1 Item 1.	
3. The individual members conduct a self-assessment of their performance.	COMPLIANT	See reference and explanation in Recommendation 6.1 Item 1.	
4. Each committee conducts a self-assessment of its performance.	NON COMPLIANT	See reference and explanation in Recommendation 6.1 Item 1.	The Board and Audit and Risk Committee use a Self-Rating form to evaluate their performance. The other committees will work on the self-assessment form to evaluate their performance.
5. Every three years, the assessments are supported by an external facilitator.	NOT APPLICABLE		The assessment will be supported by an external facilitator in 2019 as provided in the Article III, Section 6 of the 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	<p>The Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders.</p> <p>The Board uses self-assessment form to measure the performance of the Board.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article III – Governance > Item 6</p>	
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		<p>- Performance Assessment > Page 22 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
<p>2. The system allows for a feedback mechanism from the shareholders.</p>	<p>COMPLIANT</p>	<p>The Board established the investor relations function to reach out to the shareholders and serve as a feedback mechanism from the shareholders.</p> <p>The Corporation has an email - corporate.popi@primeorion.com.ph which the shareholders can use to express their comments regarding the company, its programs or its directors.</p> <p>Manual on Corporate Governance > Article VII – Disclosure and Transparency > Item 4.2 – Investor Relations Function > Page 35 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	

Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

Recommendation 7.1

<p>1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.</p>	<p>COMPLIANT</p>	<p>The Board adopted a Code of Business Conduct and Ethics, which provides standards for professional and ethical behavior.</p> <p>Reference:</p> <p>Code of Business Conduct and Ethics http://www.primeorion.com/wp-content/uploads/2015/01/Code-of-Business-conduct-and-Ethics.pdf</p>	
<p>2. The Code is properly disseminated to the Board, senior management and employees.</p>	<p>COMPLIANT</p>	<p>A copy of the Code is provided to each member of the Board, Management and employees.</p> <p>It is also posted in the Corporation's website.</p> <p>Reference:</p> <p>Code of Business Conduct and Ethics http://www.primeorion.com/wp-content/uploads/2015/01/Code-of-Business-conduct-and-Ethics.pdf</p>	
<p>3. The Code is disclosed and made available to the public through the company website.</p>	<p>COMPLIANT</p>	<p>The Code is posted in the Corporation's Website.</p>	

		<p>Reference:</p> <p>Code of Business Conduct and Ethics Corporate Governance > Code of Business Conduct and Ethics http://www.primeorion.com/corporate-governance/code-of-business-conduct-and-ethics/</p>	
Supplement to Recommendation 7.1			
<p>1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.</p>	COMPLIANT	<p>Employees and officers are expected to exercise utmost discretion in accepting personal favor or gifts from individuals or entities seeking or doing business with the Company and refuse any gift that might be considered as bribery of any form.</p> <p>Reference:</p> <p>Code of Business Conduct and Ethics > Code of Business Conduct and Ethics > Bullet 4 http://www.primeorion.com/corporate-governance/code-of-business-conduct-and-ethics/</p>	
Recommendation 7.2			
<p>1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.</p>	COMPLIANT	<p>The Board, through the Human Resources Department, implements and monitors compliance by the senior management and employees with the Code. The Corporation's Compliance Officer implements and</p>	

		<p>monitors compliance by the Board of Directors with the Code and the Manual on Corporate Governance.</p> <p>The Human Resource Department and the Compliance Officer monitor compliance with internal policies. The Corporation has an Employee Manual and the following policies in place:</p> <ul style="list-style-type: none"> • Related Party Transaction Policy • Conflict of Interest Policy • Insider Trading Policy • Management Succession Policy • Whistle Blowing Policy • Health, Safety, and Welfare Policy 	
<p>2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.</p>	<p>COMPLIANT</p>	<p>Reference:</p> <p>Company Policies Corporate Governance > Company Policies http://www.primeorion.com/corporate-governance/company-policies/</p>	

Disclosure and Transparency

Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

Recommendation 8.1

<p>1. Board establishes corporate disclosure policies and procedures to ensure a</p>	<p>COMPLIANT</p>	<p>The corporate disclosure policies and procedures are stated in the</p>	
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<p>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>Corporation's Manual on Corporate Governance.</p> <p>These disclosure policies and procedures comply with the rules and regulations required by the SEC, Philippine Stock Exchange (PSE), Bureau of Internal Revenue and other regulatory agencies.</p> <p>Copies of reports such as the Information Statement (SEC 20-IS), audited financial statements, Annual Report (SEC 17-A) and Quarterly Reports (SEC 17-Q) are promptly posted in the Corporation's website to enable the stockholders to easily access information on the Corporation.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article VI – Disclosure and Transparency > Item 1 – Disclosure Policy and Material Information > Page 32 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</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>The SEC Form 20-IS (Information Statement) which contains the 2017 audited financial statements was released to the stockholders starting on March 15, 2018 or seventy-four (74) days after the end of the fiscal year and disclosed to the public (via posting on PSEedge and the Corporation's website) on March 14, 2018.</p> <p>The quarterly reports which contain unaudited financial statements were filed within forty five (45) days from end of each quarter in 2017.</p> <p>Reference:</p> <p>SEC Form 20-IS Company Disclosures > SEC Filings > SEC Form 20-IS (Information Statement) http://www.primeorion.com/wp-content/uploads/2015/01/POPI-2018-Definitive-Information-Statement.pdf</p> <p>PSE Disclosure http://edge.pse.com.ph/openDiscViewer.do?edge_no=98a0ca8b34174da543ca035510b6ec2b#sthash.V6nGncqC.dpbs</p> <p>Quarterly Reports > SEC 17-Q dated 31 March</p>	
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		2017, 30 June 2017 and 30 September 2017 http://www.primeorion.com/company-disclosure/sec-filings/	
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	The audited financial statements as of December 31, 2017 attached to the Annual Report (SEC Form 17-A) discussed the risks faced by the Corporation. SEC Form 17-A (Annual Report) >Note 32 of Notes to Financial Statements > pages 62-66 of Notes > Supplementary Schedules> Schedule IV-Map of relationships of Companies within the group as at December 31, 2017 http://www.primeorion.com/company-disclosure/sec-filings/	
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	The Charter of the Board of Directors requires directors to inform the Corporation of the proposed dealing with the Corporation's shares at least a day before the transaction and to report the transaction within three (3) business days from the transaction. Under the Corporation's revised Insider Trading Policy (approved in March 2018), all covered persons, which includes directors and officers, are required to report their trades	

		<p>with the Office of the Compliance Officer within 3 business days. All covered persons are prohibited from dealing with the Corporation's shares ten (10) trading days before and three (3) trading days after the date of disclosure of the Corporation's accounts.</p> <p>In December 2017, two directors were granted the option, and subscribed, to 8,944,000 shares of the Corporation under the Employees' Stock Ownership Plan (ESOWN) of the Corporation. These shares were partially paid. The ESOWN availment was reported by the directors to the SEC and PSE.</p>	
<p>2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p>COMPLIANT</p>	<p>Except for the ESOWN availment, there were no dealings with the Company's shares reported by the directors in 2017.</p> <p>Reference:</p> <p>1. Board Charter >Section 3- Board Independence and Conflict of Interest > paragraph 3 > page 4 http://www.primeorion.com/wp-content/uploads/2015/01/Charter-of-the-Board-of-Directors.pdf</p> <p>2. Insider Trading Policy (2018) > Insider Trading Policy > Item 3 –</p>	

		<p>Compliance and Reporting > Paragraph 3.2 – Reporting > Page 4</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/Insider-Trading-Policy-revised-2018.pdf</p> <p>3. SEC Form 23-B of Directors</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/SEC-Form-23-B-ofFelipeU.YapFeb-2018.pdf</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/SEC-Form-23-BofVictorC.Say_Feb-2018.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>The Corporation discloses the trading of the Corporation’s shares by, as well as the shareholdings of, directors, officers (or persons performing similar functions) and controlling shareholders.</p> <p>Reference:</p> <p>1. SEC Form 17-A (Annual Report)</p> <p>a) > Item 11- Security Ownership of Certain Beneficial Owners and Management > Pages 35-36</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p>	

		<p>b) > Supplementary Schedules> Schedule IV-Map of relationships of Companies within the group as at December 31, 2017 http://www.primeorion.com/company-disclosure/sec-filings/</p> <p>2. SEC Form 23-A/23-B (Statement of Beneficial Ownership) > SEC Form 23-A/23-B (Statement of Beneficial Ownership) of Directors http://www.primeorion.com/company-disclosure/sec-filings/</p> <p>3. <u>Top 100 Stockholders/PCD Participants</u> (for the quarters ended 31 March 2017, 30 April 2017, 30 September 2017 and 31 December 2017) http://www.primeorion.com/company-disclosure/other-disclosures/</p>	
Recommendation 8.3			
<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>COMPLIANT</p>	<p>Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors and their shareholdings in the Corporation are disclosed in the Corporation's Annual Report.</p> <p>Reference:</p> <p>SEC Form 17-A (Annual Report)</p>	

		<p>> Item 9. Directors and Executive Officers of the Registrant > Pages 26-30</p> <p>>Item 11- B. Security Ownership of Directors and Management> page 36</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p>	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	<p>Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors are disclosed in the Corporation's Annual Report.</p> <p>Reference:</p> <p>SEC Form 17-A (Annual Report)</p> <p>> Item 9. Directors and Executive Officers of the Registrant > Page 26-30</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p>	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	COMPLIANT	<p>The Corporation provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p> <p>The directors receive per diems for their attendance in the meetings of the Board and its committees. The</p>	

		<p>per diems must be guided by reasonableness and industry practice.</p> <p>Reference:</p> <ol style="list-style-type: none"> 1. SEC Form 17-A (Annual Report) > Item 10. Executive Compensation > Pages 33-34 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf 2. Minutes of the Stockholders' Meeting of 13 January 2017 Item 11> Resolution No. S-07-17 http://www.primeorion.com/wp-content/uploads/2015/01/Prime-Orion-Philippines-Minutes-of-ASM-13-Jan-2017-3.pdf 3. Amended By-laws > Article III- Directors >Section 12 http://www.primeorion.com/wp-content/uploads/2015/01/SEC-PSE-Amendment-of-By-Laws-4-11-17.pdf 	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	NON COMPLIANT		The present executives of the Corporation are employees of the parent company and do not receive compensation from the Corporation.
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	NON-COMPLIANT		The Corporation discloses in the Annual Report and Information Statement the aggregate remuneration of the CEO and four most highly compensated executive

			<p>officers for confidentiality and security purposes.</p> <p>The directors receive per diems for their attendance in the meetings of the Board and the Committees as were approved during the stockholders' meeting on 13 January 2017.</p> <p>Executive directors / ALI directors receive no compensation from the Corporation. The CEO of the Corporation is an employee of its parent company (ALI) and does not receive compensation from the Corporation.</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>The policy on RPTs and other unusual transactions are disclosed in the Manual on Corporate Governance and posted in the Corporation's website.</p> <p>No director had a conflict of interest with that of the Corporation.</p> <p>Reference:</p> <p>1. Manual on Corporate Governance > Article VI – Disclosure and Transparency > Item 2 – Related Party Transactions > Page 32 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	

		<p>2. Related Party Transactions Policy http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Related-Party-Transaction-Policy-2017.pdf</p>	
<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p>COMPLIANT</p>	<p>Related party transactions reviewed and approved during the year were disclosed in the Annual Report.</p> <p>Reference:</p> <p>SEC Form 17-A (Annual Report) > Consolidated Financial Statements > Note 18 – Related Party Transactions > Pages 46-49 of the Consolidated Financial Statements > Pages 103-106 of the Document http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p>	
Supplement to Recommendation 8.5			
<p>1. Company requires directors to disclose their interests in transactions or any other conflict of interests.</p>	<p>COMPLIANT</p>	<p>All directors and officers to disclose/report to the company any dealings in the company's shares within three (3) business days or any transaction that may potentially cause conflict of interest. The directors must disclose any potential conflict of interest immediately to the Corporation.</p> <p>A conflict of interest exists when a director or an officer of the</p>	

		<p>Corporation:</p> <ul style="list-style-type: none"> i. Supplies or is attempting or applying to supply goods or services to the Corporation; ii. Supplies or is attempting to supply goods, services or information to an entity in competition with the Corporation; iii. By virtue of his office, acquires or is attempting to acquire for himself a business opportunity which should belong to the Corporation; iv. Is offered or receives consideration for delivering the Corporation's business to a third party; v. Is engaged or is attempting to engage in a business or activity which competes with or works contrary to the best interests of the Corporation. <p>Reference:</p> <p>1. Manual on Corporate Governance > Article VI – Disclosures and Transparency > Item 3 – Governance Policy on Conflict of Interest > Page 8 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017 5-23-</p>	
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		2017.pdf 2. Conflict of Interest Policy http://www.primeorion.com/wp-content/uploads/2015/01/Conflict-of-Interest-Policy-3.pdf	
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.	COMPLIANT	The Corporation's RPTs are conducted at arm's length transactions. Reference: Related Party Transactions Policy > Item 2 - Statement of Policy > Page 1 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Related-Party-Transaction-Policy-2017.pdf	
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	As stated in the Corporation's Manual on Corporate Governance, all material information, i.e., anything that could potentially adversely affect the viability of the Corporation or interests of the stockholders and other stakeholders shall be publicly and timely disclosed. All material information, i.e., business, operational, financial, is accurately and timely disclosed through SEC	

		<p>Form 17-C (Current Report) and in the SEC Form 17-A (Annual Report).</p> <p>Reference:</p> <ol style="list-style-type: none"> 1. Manual on Corporate Governance > Article VI – Disclosures and Transparency > Item 1.2 – Material Information > Page 32 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf 2. SEC Form 17-A (Annual Report) > PART I - Business and General information Part II – Operational and Financial Information > Pages 4 - 26 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf 3. SEC Form 17-C (Current Report) (for CY 2017) http://www.primeorion.com/company-disclosure/sec-filings/ 	
<p>2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p>	<p>COMPLIANT</p>	<p>All acquisition and disposal of the assets were made at arm's length and are monitored by the Audit and Risk Committee if relating to related party and unusual transactions. An independent party was engaged by the Corporation's subsidiary to</p>	

		evaluate the fairness of the price for the acquisition of assets, such as Price Waterhouse Coopers Philippines for the subsidiary's acquisition of Southpark in 2017.	
Supplement to Recommendation 8.6			
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.	NOT APPLICABLE		There are no shareholder agreements, voting trust agreements or such similar agreements at this time involving the Corporation's shares of stock that may impact the control, ownership and direction of the Corporation.
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	The Corporation's corporate governance policies, programs and procedures are contained in its MCG. Reference: Manual on Corporate Governance http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf	
2. Company's MCG is submitted to the SEC and PSE.	COMPLIANT	The Corporation's MCG was submitted to SEC on May 31, 2017 and PSE on even date.	

		<p>Reference:</p> <p>See transmittal letter to the SEC (Annex B)</p> <p>Submission to PSE http://edge.pse.com.ph/openDisccViewer.do?edge_no=6510dc9c62cc237c3318251c9257320d#sthas.h.CCUxwzMy.dpbs</p>	
3. Company's MCG is posted on its company website.	COMPLIANT	<p>The Corporation's Manual on Corporate Governance is posted in its website.</p> <p>Reference: Manual on Corporate Governance http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
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.	NOT APPLICABLE		<p>The Corporation submitted its Manual on Corporate Governance to SEC and PSE on May 31, 2017. The said Manual has not been revised or updated.</p> <p>Reference:</p> <p>Manual on Corporate Governance http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>

			<p>Submission to PSE http://edge.pse.com.ph/openDiscViewer.do?edge_no=6510dc9c62cc237c3318251c9257320d#sthash.CCUxwzMy.dpbs</p>
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	COMPLIANT	<p>All material information, i.e., business, operational, financial, is accurately and timely disclosed in the Annual Report.</p> <p>Reference:</p> <p>SEC Form 17-A (Annual Report) > PART I - Business and General information / Part II - Operational and Financial Information >Pages 4 - 26 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p>	
a. Corporate Objectives	COMPLIANT	<p>Reference:</p> <p>SEC Form 17-A (Annual Report) > PART I Part II - Operational and Financial Information > Prospects of the Future > Page 15 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p>	
b. Financial performance indicators	COMPLIANT	<p>Reference:</p> <p>SEC Form 17-A (Annual Report)</p>	

		<p>> Part II – Operational and Financial Information > Key Variable and other Qualitative and Quantitative Factors > Pages 16-17</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p>	
c. Non-financial performance indicators	COMPLIANT	<p>Reference:</p> <p>SEC Form 17-A (Annual Report)</p> <p>> Part II – Operational and Financial Information > Key Variable and other Qualitative and Quantitative Factors > Pages 16-17</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p>	
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	COMPLIANT	<p>Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors are disclosed in the Corporation’s Annual Report.</p> <p>Reference:</p> <p>SEC Form 17-A (Annual Report)</p> <p>> Item 9. Directors and Executive Officers of the Registrant > Page 26-30</p>	

		http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf	
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	COMPLIANT	<p>The total fees paid to the directors in 2017 are stated in the General Information Sheet.</p> <p>Reference:</p> <p>SEC Form 17-A (Annual Report) > PART III – Control and Compensation Information > Item 10. Executive Compensation > Pages 33-34 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p> <p>2018 General Information Sheet >Page 7 http://www.primeorion.com/wp-content/uploads/2015/01/PRIME-ORION-PHILIPPINES-INC.-GIS-2018-2018-04-12.pdf</p>	
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	NON-COMPLIANT		The Corporation endeavored to comply with all the provisions of the Code of Corporate Governance. However, given the size, risks, scope and nature of operations of the Corporation, it did not adopt the provisions on the number of

			<p>independent directors and the creation of the RPT Committee and BROOC in the Corporation's Manual.</p> <p>There was no material deviation from the Manual. The Company continues to work on its systems to procedures to improve compliance with the principles and practices of good corporate governance.</p>
<p>3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.</p>	COMPLIANT	<p>The Management prepares and submits to the Board, on a regular basis, financial and operational reports which enable the Board and the Management to assess effectiveness and efficiency of the Corporation and its operating subsidiaries. The Audit and Risk Committee reviews the quarterly and annual financial statements before their submission to the Board.</p> <p>Reference:</p> <p>SEC Form 17-A (Annual Report) > PART IV – Corporate Governance > Item 13 – Corporate Governance > Paragraph 4 > Page 37 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</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>	COMPLIANT	<p>See explanation and reference in Principle 8 – Item 3.</p>	

<p>5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).</p>	<p>COMPLIANT</p>	<p>The key risks are included in the Notes of the Audited Financial Statements attached to the SEC 17-A (Annual Report).</p> <p>Reference:</p> <p>SEC Form 17-A (Annual Report) > Note 32 of the 2017 Audited Financial Statements > Page 62-66 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p>	
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Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p>COMPLIANT</p>	<p>The Audit and Risk Committee is tasked to recommend the appointment and removal of the External auditors and the fixing of their remuneration to the Board.</p> <p>The Committee conducts an assessment of independence and professional qualifications and competence of the external auditor and ensures that a rotation process is observed in the engagement of external auditor.</p> <p>The Corporation's external auditor shall be rotated or changed every</p>	
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		<p>five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Corporation, should be changed with the same frequency.</p> <p>Reference:</p> <p>1. Audit and Risk Committee Charter > Section D – Roles and Responsibilities > Item 3.7 > Page 5 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p> <p>2. SEC Form 17-A (Annual Report) > Item 8 – Information on Independent Auditor> Paragraph 2 > Page 26 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p>	
<p>2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.</p>	<p>COMPLIANT</p>	<p>The reappointment, including the audit fees, of the external auditor SyCip Gorres Velayo & Co., was recommended by the Audit and Risk Committee, approved by the Board and ratified by the stockholders during the Annual Stockholders' Meeting on January 13, 2017.</p> <p>Number of Shares Voted: 3,829,391,213 % of Shares Voted: 89.46%</p>	

		<p>Reference:</p> <p>Minutes of Meetings of Stockholders of 13 January 2017 > Item 8 – Election of External Auditor and Fixing of its Remuneration > Page 7 http://www.primeorion.com/wp-content/uploads/2015/01/Prime-Orion-Philippines-Minutes-of-ASM-13-Jan-2017-3.pdf</p>	
<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.</p>	<p>NOT APPLICABLE</p>		<p>Removal or change of auditor has to be disclosed. However, there was no change in the appointed external auditor for 2017.</p> <p>SyCip Gorres Velayo and Co. Inc. was appointed external auditors for fiscal year 2016 to 2017 during the annual stockholders’ meeting held on January 13, 2017.</p> <p>Reference:</p> <p>1. Minutes of Annual Stockholders’ Meeting dated 13 January 2017 >Item 8> Page 7 http://www.primeorion.com/wp-content/uploads/2015/01/Prime-Orion-Philippines-Minutes-of-ASM-13-Jan-2017-3.pdf</p> <p>2. SEC Form 17-A (Annual Report) > Item 8 – Information on Independent Auditor> Paragraph 2) > Page 26</p>

			http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	COMPLIANT	<p>The Corporation's External Auditor shall be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Corporation, should be changed with the same frequency.</p> <p>Reference: Manual on Corporate Governance > Article IV – Audit, Risk Oversight and Compliance > Item 3 – External Audit > Paragraph 3.4 – Rotation > Page 31 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <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 	COMPLIANT	<p>The Audit and Risk Committee is responsible to assess the independence and professional qualifications and competence of the external auditor and ensure that a rotation process is observed in the engagement of external auditor. The Audit and Risk Committee is also responsible for reviewing and pre-approving the External auditor's</p>	

<p>audit process, taking into consideration relevant Philippine professional and regulatory requirements.</p>		<p>plans one (1) month before the conduct of external audit to understand the basis for their risk assessment and financial statement materiality, including the scope and frequency of the audit.</p> <p>Reference:</p> <p>Audit and Risk Committee Charter http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>	
<p>h. 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>See explanation in Recommendation 9.2</p> <p>Reference:</p> <p>Audit and Risk Committee Charter http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>	
<p>Supplement to Recommendations 9.2</p>			
<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	<p>COMPLIANT</p>	<p>The Committee shall discuss with the External auditors, before the audit commences, the nature and scope of the audit, including the fees and terms, and ensure cooperation when more than one professional service firm is needed. In addition, the Committee shall review compliance of external auditor with auditing standards.</p>	

		<p>Reference:</p> <p>Audit and Risk Committee Charter > Item 3.2 > Paragraph 2 > Page 5 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	COMPLIANT	<p>The Audit and Risk Committee ensures that the external auditor complies with auditing standards that include having adequate quality control procedures.</p> <p>Reference:</p> <p>Audit and Risk Committee Charter > Item 3.2 > Paragraph 2 > Page 5 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>	
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	<p>Total non-audit fees for year 2017 amounted to Php151, 200, including VAT of Php16,200, pertaining to the following:</p> <ol style="list-style-type: none"> 1) Professional fees for Review of FLT Valuation – PHP75,000 plus VAT 2) Professional fees for OLI AUP Report – Php60,000 plus VAT <p>Reference:</p>	

		<p>SEC Form 17-A (Annual Report) > Item 8. – Information on Independent Auditor> Paragraph 2) > Page 25-26 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p>	
<p>2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor’s objectivity.</p>	COMPLIANT	<p>The Audit and Risk Committee reviews and approves the proportion of audit versus non-audit work both in relation to their significance to the External auditor and in relation to the Corporation’s year-end financial statements, and total expenditure on consultancy, to ensure that non-audit work will not be in conflict with the audit functions of the External auditor. The amount of both audit and non-audit work of External auditors shall be disclosed in the annual report.</p> <p>Reference</p> <p>Audit and Risk Committee Charter > Section D – Roles and Responsibilities > Item 3.7 > Page 5 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>	
Supplement to Recommendation 9.3			
<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	COMPLIANT	<p>Total audit fees for the year 2017 amounted to Php1,565,200, including VAT of Php167,700.</p>	

		<p>Total non-audit fees for year 2017 amounted to Php151, 200, including VAT of Php16,200.</p> <p>Reference:</p> <p>SEC Form 17-A (Annual Report) > Item 8 – Information on Independent Auditor> Paragraph 2) > Page 25-26 http://www.primeorion.com/wp-content/uploads/2015/01/2017AnnualReport.pdf</p>	
Additional Recommendation to Principle 9			
<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<p>COMPLIANT</p>	<p>Details of the re-appointed external auditor :</p> <p>Engagement Partner: Ms. Dhonabee Seneres</p> <p>SEC Accreditation No.: 1196-AR-1(Group A) June 30, 2015 to June 29, 2018</p> <p>Audit Firm: SyCip Gorres Velayo & Co. 6760 Ayala Avenue, Makati City, 1226 Metro Manila, Philippines Tel: (632) 891-0307. Fax: (632) 819-0872 / (632) 818-1377</p>	
<p>2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).</p>	<p>NOT APPLICABLE</p>		<p>The external auditor, Ms. Dhonabee Seneres from SyCip Gorres Velayo & Co, has not yet been subjected to the SEC Oversight Assurance and Review (SOAR) Inspection Program.</p>

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

Recommendation 10.1

<p>1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.</p>	<p>COMPLIANT</p>	<p>The Board has a disclosure and transparency policy on non-financial and sustainability reporting.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article VI – Disclosure and Transparency > Item 1.3 – Non-financial and Sustainability Reporting > Page 32 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>COMPLIANT</p>	<p>The Corporation has adopted a three pillar approach for Sustainability: Environmental Protection, Economic Growth, and Social Equality, and set four (4) focus areas of sustainability. These include growing our local economy through inclusive economic strategies; operating in a more eco-efficient manner; heightening our focus on pedestrian and transit connectivity; and improving the site resilience of our assets against disasters and other major risks.</p>	

		<p>The Corporation will look into adopting integrated reporting based on international Integrated Reporting framework developed by the International Integrated Reporting Council.</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

<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>The Corporation had a media interview after the annual stockholders' meeting in 2017.</p> <p>After the 2018 annual stockholders' meeting, there was also a media briefing where the President discussed the Corporation's 2017 operations and the plans for 2018.</p> <p>The Corporation has a website and e-mail address by which it can communicate information to its stakeholders and the public.</p> <p>Reference:</p> <p>Analyst/Media Briefings and Conferences 2017: http://thestandard.com.ph/business/226783/pop-i-to-spend-p15b-in-tutuban-project.html</p>	
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		2018: http://www.4-traders.com/PRIME-ORION-PHILS-INC-20699827/news/Prime-Orion-Phils-POPI-to-strengthen-real-estate-logistics-industrial-business-26355733/	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:			
a. Financial statements/reports (latest quarterly)	COMPLIANT	Reference: SEC Form 17-Q (Quarterly Report) > SEC Form 17-Q (Quarterly Report) for quarter ended 30 September 2017 http://www.primeorion.com/company-disclosure/sec-filings/	
b. Materials provided in briefings to analysts and media	NON COMPLIANT	Reference: Press Materials / News http://www.primeorion.com/articles/	No materials were provided during the media interview held after the stockholders' meeting in 2017.
c. Downloadable annual report	COMPLIANT	Reference: SEC Form 17-A (Annual Report) > For the Calendar Year ended 31 December 2017 http://www.primeorion.com/company-disclosure/sec-filings/	

d. Notice of ASM and/or SSM	COMPLIANT	<p>Reference:</p> <p>Notice of Stockholders' Meeting > 2016 Notice of Annual Stockholders' Meeting on January 13, 2017 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Notice-and-Agenda-for-the-Annual-Stockholders-Meeting-13-January-20171.pdf</p>	
e. Minutes of ASM and/or SSM	COMPLIANT	<p>Reference:</p> <p>Minutes of Meeting of Stockholders of 13 January 2017 http://www.primeorion.com/wp-content/uploads/2015/01/Prime-Orion-Philippines-Minutes-of-ASM-13-Jan-2017-3.pdf</p>	
f. Company's Articles of Incorporation and By-Laws	COMPLIANT	<p>Reference:</p> <p>Articles of Incorporation and By-Laws http://www.primeorion.com/about-us/articles-of-incorporation-and-by-laws/</p>	
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	COMPLIANT	The Corporation complies with the SEC-prescribed website template. This website is updated regularly and contains all the corporate information on the business and	

		<p>management, policies, corporate governance reports and disclosures of the Corporation.</p> <p>Reference:</p> <p>http://www.primeorion.com/</p>	
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Internal Control System and Risk Management Framework

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

Recommendation 12.1

<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p>COMPLIANT</p>	<p>The nature of internal audit activities can be classified as either assurance or consulting services.</p> <p>Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding a process, system or other subject matter.</p> <p>Consulting activities are advisory in nature and are generally performed at the specific request of an engagement client. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility.</p> <p>The scope of internal audit work includes the review of risk management procedures, internal</p>	
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		<p>control systems, information systems and governance processes to ensure:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Safeguarding of Assets <input type="checkbox"/> Proper identification and management of risks <input type="checkbox"/> The appropriate level of internal control exists within the company to manage and mitigate risk <input type="checkbox"/> Policies, standards, procedures, and controls are adequately documented as needed <input type="checkbox"/> Interaction with the various governance groups occurs as needed <input type="checkbox"/> Significant financial, managerial, and operating information is accurate, reliable, and timely. <input type="checkbox"/> Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations. <input type="checkbox"/> Resources are acquired economically, used efficiently, and adequately protected <input type="checkbox"/> Programs, plans, and objectives are achieved <input type="checkbox"/> Quality and continuous improvement are fostered in the organization's control process <input type="checkbox"/> Significant legislative or regulatory issues impacting the organization are recognized 	
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		<p>and addressed appropriately.</p> <p>The internal control system is reviewed annually.</p> <p>Reference:</p> <p>Internal Audit Charter > Section G – Scope of Work > Page 7 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Internal-Audit-Charter-2017.pdf</p>	
<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>COMPLIANT</p>	<p>The underlying premise of enterprise risk management (ERM) is that every entity exists to provide value for its stakeholders. The Corporation faces uncertainty which presents both risk and opportunity, with potential to erode or enhance value.</p> <p>The Corporation launched a formal ERM system, firmly embedded into its corporate planning process, which constantly seeks to identify, assess and address all the risks inherent and external to the business that could potentially affect the performance of the Corporation. The ERM exercise was completed in March 2017.</p> <p>The following risks were identified and ranked according to their potential impact to the Corporation in terms of cost, reputation, and likelihood of</p>	

		<p>occurrence:</p> <ul style="list-style-type: none"> a. Safety and Security b. Marginalization c. Regulatory d. Financial e. Execution and Timely Delivery f. Environmental (Disaster Readiness) g. Government/Political h. Organizational i. Company Fraud <p>The ERM is subject to annual review.</p> <p>The Corporation will work to enhance its enterprise-wide risk management activities through periodic review through a “top down, bottom up” approach. This approach enables the company to have full visibility of the wide range of risks that the company is facing from the perspective of management and from the operational side of business.</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>The Corporation has formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The Internal Audit Group performs compliance audit of relevant laws, rules and regulations,</p>	
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		<p>contractual obligations and other commitments, which could have a significant impact on the Corporation.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article V – Audit, Risk Oversight and Compliance > Item 2 – Internal Audit > Paragraph d) > Page 38 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
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			
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	<p>The Corporation has an independent internal audit function that reports to the Audit and Risk Committee.</p> <p>The nature of internal audit activities can be classified as either assurance or consulting services.</p>	

		<p>Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding a process, system or other subject matter.</p> <p>Consulting activities are advisory in nature and are generally performed at the specific request of an engagement client. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility.</p> <p>Reference:</p> <p>Internal Audit Charter > Internal Audit Charter > Section G – Scope of Work > Pages 3-5 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Internal-Audit-Charter-2017.pdf</p>	
Recommendation 12.3			
<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>	<p>COMPLIANT</p>	<p>Mr. Leovigildo D. Abot is the appointed Chief Audit Executive as of December 31, 2017.</p> <p>The Chief Audit Executive's overall responsibilities are disclosed in the Corporation's Internal Audit Charter.</p> <p>Reference:</p>	

		<p>Internal Audit Charter > Section H – Overall Responsibility > Pages 5-6 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Internal-Audit-Charter-2017.pdf</p>	
<p>2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.</p>	<p>COMPLIANT</p>	<p>The CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.</p> <p>However, activities that will be outsourced to a third party service provider must be recommended by the CAE to the Audit and Risk Committee for approval.</p> <p>Reference:</p> <p>1. Internal Audit Charter > Section H – Overall Responsibility > Pages 5-6 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Internal-Audit-Charter-2017.pdf</p> <p>2. Audit and Risk Committee Charter > Item 2.4 > Page 4 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Audit-and-Risk-Committee-Charter-2017-Clean.pdf</p>	

3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	NOT APPLICABLE		The internal audit function is not outsourced. Mr. Leovigildo D. Abot is the appointed CAE as of December 31, 2017.
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	NON-COMPLIANT	Provide information on company's risk management function.	Given the size, risk profile and nature of the Corporation's operations, the Board believes there is no need for separate group to perform the risk management function. At present, risk management is performed by the Audit and Risk Committee. Reference: Internal Audit Committee Charter http://www.prim Orion.com/wp-content/uploads/2015/01/POPI-Internal-Audit-Charter-2017.pdf
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	NON-COMPLIANT		Given the size, risk profile and nature of the Corporation's operations, the Board believes there is no need for an external technical support in risk management. At present, technical support in risk management is performed by the Audit and Risk Committee. Reference: Internal Audit Committee Charter http://www.prim Orion.com/wp-content/uploads/2015/01/POPI-Internal-Audit-Charter-2017.pdf

Recommendation 12.5

<p>1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).</p>	<p>COMPLIANT</p>	<p>Mr. Leovigildo D. Abot, the Chief Audit Executive, is designated as the Chief Risk Officer on a concurrent basis.</p> <p>The roles and responsibilities of the Chief Risk Officer is stated in the Corporation's Manual on Corporate Governance.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article IV – Audit, Risk Oversight and Compliance > Item 4 – Risk Oversight> Pages 30-31 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
<p>2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.</p>	<p>COMPLIANT</p>	<p>The Chief Risk Officer is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfill his responsibilities.</p>	

Additional Recommendation to Principle 12

<p>1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at</p>	<p>NON-COMPLIANT</p>		<p>The Board is responsible for overseeing the Corporation's audit, control and</p>
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<p>least annually, that a sound internal audit, control and compliance system is in place and working effectively.</p>			<p>compliance systems through its Audit and Risk Committee.</p> <p>Prospectively, we will have a written attestation pertaining to the effectiveness of the internal control and compliance systems from the CAE and CEO.</p>
<p>Cultivating a Synergic Relationship with Shareholders</p>			
<p>Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.</p>			
<p>Recommendation 13.1</p>			
<p>1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.</p>	<p>COMPLIANT</p>	<p>Shareholders' rights are disclosed in the Corporation's Manual on Corporate Governance.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article VII – Shareholders' Rights and Protection of Minority Shareholder > Pages 36-38 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
<p>2. Board ensures that basic shareholder rights are disclosed on the company's website.</p>	<p>COMPLIANT</p>	<p>See explanation and reference in Recommendation 13.1 – Item 1</p> <p>Reference:</p> <p>Manual on Corporate Governance</p>	

		<p>> Article VII – Shareholders’ Rights and Protection of Minority Shareholder > Pages 36-38 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
Supplement to Recommendation 13.1			
<p>1. Company’s common share has one vote for one share.</p>	COMPLIANT	<p>Each common share is entitled to one vote.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article VII – Shareholders’ Rights and Protection of Minority Shareholder > Item 1.1 – Voting Right > Page 36 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
<p>2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.</p>	COMPLIANT	<p>Shareholders are treated equally or without discrimination. One share is entitled to one vote. The Board, as far as practicable, gives minority shareholders the right to nominate candidates for the Board of Directors and propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.</p>	

		<p>Reference:</p> <p>Manual on Corporate Governance > Article VII – Shareholders’ Rights and Protection of Minority Shareholder > Item 2 – Directors to Promote Shareholders’ Rights > Paragraph 2 > Page 38 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
3. Board has an effective, secure, and efficient voting system.	COMPLIANT	<p>The Corporation has a secure and effective voting system. The Corporation used manual poll voting during its annual stockholders’ meeting in 2017.</p> <p>Reference:</p> <p>Minutes of Meeting of Stockholders of 13 January 2017 > Item 4- Procedures for Discussion and Voting http://www.primeorion.com/wp-content/uploads/2015/01/Prime-Orion-Philippines-Minutes-of-ASM-13-Jan-2017-3.pdf</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.	NON COMPLIANT		The Corporation has no supermajority or majority of the minority voting mechanism.

<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>NOT APPLICABLE</p>		<p>There was no call from the stockholders for a special meeting in 2017.</p> <p>Shareholders are treated equally or without discrimination. The Board, as far as practicable, gives minority shareholders the right to nominate candidates for the Board of Directors and propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.</p> <p>The By-laws recognize the right of stockholders to call for a special meeting.</p> <p>Reference:</p> <ol style="list-style-type: none"> 1. Manual on Corporate Governance <ul style="list-style-type: none"> > Article VII – Shareholders' Rights and Protection of Minority Shareholder > Item 2 – Directors to Promote Shareholders' Rights > Paragraph 2 > Page 38 http://www.primenorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf 2. Amended By-laws <ul style="list-style-type: none"> > Article II- Stockholders' Meeting >Section 2 http://www.primenorion.com/wp-content/uploads/2015/01/SEC-PSE-Amendment-of-By-Laws_4-11-17.pdf
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6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	COMPLIANT	See explanation and reference in Supplement to Recommendation 13.1 – Item 5 above.	
7. Company has a transparent and specific dividend policy.	NON-COMPLIANT		<p>The Board has not declared dividends for the last five (5) years. The last dividend declaration was in 1997.</p> <p>The Corporation follows the provisions of its By-laws and the rules and regulations on dividends implemented by the SEC.</p>
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	COMPLIANT	<p>In 2017, SyCip Gorres Velayo & Co. was engaged to count/validate the votes cast at the ASM.</p> <p>Reference:</p> <p>Minutes of Meetings of Stockholders > Item 4 – Procedures for Discussion and Voting> Paragraph 6 > Page 2 http://www.primeorion.com/wp-content/uploads/2015/01/Prime-Orion-Philippines-Minutes-of-ASM-13-Jan-2017-3.pdf</p>	
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	NON-COMPLIANT		For the annual stockholders' meeting last 13 January 2017, the Notice of Annual Shareholders' Meeting with the SEC 20-IS (information Statement) was sent to the stockholders fifteen (15) business days as

meeting.			<p>required under the rules of the SEC or twenty-three (23) calendar days before the stockholders' meeting on 13 January 2017.</p> <p>The agenda for the 2017 ASM included approval of the director's fee and per diems for 2016 and 2017.</p> <p>Reference:</p> <ol style="list-style-type: none"> 1. Notice of Annual Stockholders' Meeting http://www.primeorion.com/wp-content/uploads/2015/01/POPL-Notice-and-Agenda-for-the-Annual-Stockholders-Meeting-13-January-20171.pdf 2. SEC 20-IS (Information Statement) for the 2017 ASM http://www.primeorion.com/wp-content/uploads/2015/01/POPL-Definitive-Information-Statement-for-13-January-2017-ASM.pdf
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	Attached to the Notice of Annual Stockholders' Meeting is the Corporation's Definitive Information Statement (SEC 20-IS).	

		<p>Profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other companies (listed or not)) are stated in the Information Statement (SEC 20-IS).</p> <p>Reference:</p> <p>SEC 20-IS (Definitive Information Statement) for 2017 Annual Stockholders' Meeting (ASM) > SEC Form 20-IS (as of 24 November 2016) > pages 5-6; Annex A (pages 15-16) http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Definitive-Information-Statement-for-13-January-2017-ASM.pdf</p>	
<p>b. Auditors seeking appointment/re-appointment</p>	<p>COMPLIANT</p>	<p>Auditor seeking appointment/re-appointment is stated in the Explanation of the Agenda items and in the Information Statement which are attached to the Notice of the Annual Stockholders' Meeting.</p> <p>Reference:</p> <p>1. Notice of Annual Stockholders' Meeting http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Notice-and-Agenda-for-the-Annual-Stockholders-Meeting-13-</p>	

		<p>January-20171.pdf</p> <p>2. SEC 20-IS (Definitive Information Statement) for 2017 Annual Stockholders' Meeting > Item 7 > page 9 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Definitive-Information-Statement-for-13-January-2017-ASM.pdf</p>	
c. Proxy documents	COMPLIANT	<p>The proxy form is attached to the Notice of Annual Stockholders' Meeting which is attached to the Definitive Information Statement.</p> <p>Reference:</p> <p>SEC 20-IS (Definitive Information Statement) for 2017 ASM http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Definitive-Information-Statement-for-13-January-2017-ASM.pdf</p>	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	COMPLIANT	<p>The Explanation of the Agenda Items is attached to the Notice of Annual Stockholders' Meeting.</p> <p>Reference:</p> <p>Notice of Annual Stockholders' Meeting http://www.primeorion.com/wp-</p>	

		content/uploads/2015/01/POPI-Notice-and-Agenda-for-the-Annual-Stockholders-Meeting-13-January-20171.pdf	
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	<p>Matters taken up at the 2017 Annual Stockholders' Meeting were made publicly available through PSEedge and SEC 17-C (Current Report) on the same day of the meeting. The voting results were also posted in the Corporation's website.</p> <p>Reference:</p> <p>SEC Form 17-C (Current) http://www.primeorion.com/wp-content/uploads/2015/01/SEC-PSE-Results-of-ASM-and-Organizational-Board-Meeting_1-13-17.pdf</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/POPI-13-January-2017-ASM-Voting-Results.pdf</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.	COMPLIANT	<p>Voting during the 2017 ASM was by poll. The voting results of the 2017 ASM were posted in the Corporation's website the next business day after the ASM.</p> <p>Minutes of the 2017 ASM was posted in the Corporation's website within five (5) calendar days from the date</p>	

		<p>of the meeting.</p> <p>The Chairman of the Board gave the stockholders opportunity to ask questions. However, there were no questions asked during the 2017 ASM.</p> <p>Reference:</p> <ol style="list-style-type: none"> 1. Minutes of Meetings of Stockholders of 13 January 2017 > Item 4 – Procedures for Discussion and Voting> Paragraph 6 > Page 2 http://www.primeorion.com/wp-content/uploads/2015/01/Prime-Orion-Philippines-Minutes-of-ASM-13-Jan-2017-3.pdf 2. SEC 17-C (Current Report) dated 16 January 2017 > Voting results of 2017 ASM http://www.primeorion.com/wp-content/uploads/2015/01/POPI-13-January-2017-ASM-Voting-Results.pdf 	
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>The representatives of the external auditor, SyCip Gorres Velayo & Co., are expected to be present during the annual stockholders' meeting of the Company. They are not expected to make a statement but may do so if they so desire.</p>	

		<p>The external auditor attended the 2017 Annual Stockholders' Meeting.</p> <p>Reference:</p> <ol style="list-style-type: none"> 1. SEC Form 20-IS (Definitive Information Statement) > Item 7 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Definitive-Information-Statement-for-13-January-2017-ASM.pdf 2. Minutes of Meeting of Stockholders of 13 January 2017 > Item 12 > page 12 http://www.primeorion.com/wp-content/uploads/2015/01/Prime-Orion-Philippines-Minutes-of-ASM-13-Jan-2017-3.pdf 	
Recommendation 13.4			
<p>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.</p>	<p>COMPLIANT</p>	<p>An alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner is made available to the stockholders.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article VII - Shareholders' Rights and Protection of Minority Shareholder > Item 2 -Duty of Directors to Promote Shareholders' Rights > last paragraph > Page 38</p>	

		http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	NON-COMPLIANT		<p>Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner. However, the alternative dispute resolution (ADR) procedure was not specified in the Manual. In such case, the stockholder may avail of existing ADR procedures as may be appropriate.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article VII - Shareholders' Rights and Protection of Minority Shareholder > Item 2 -Duty of Directors to Promote Shareholders' Rights > last paragraph > Page 38 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	COMPLIANT	<p>Atty. Ma. Rhodora P. dela Cuesta is the appointed Investor Relations Officer.</p> <p>The contact details are as follows:</p>	

		<p>Corporate Email - popi.corporate@primeorion.com.ph</p> <p>Email- delacuesta.dolly@primeorion.com.ph</p> <p>Telephone No. - 884-1106</p> <p>The roles and responsibilities of the Investor Relations Officer are stated in the Corporation's Manual on Corporate Governance.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article VII – Disclosure and Transparency > Item 4.2 – Investor Relations Function > Page 35 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
2. IRO is present at every shareholder's meeting.	COMPLIANT	The Investor Relations Officer was present during the 2017 Annual Stockholders' Meeting.	
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	The Corporation does not have anti-takeover measures. The Board regularly reviews the performance of Management against the set goals.	

<p>2. Company has at least thirty percent (30%) public float to increase liquidity in the market.</p>	<p>COMPLIANT</p>	<p>As of 31 December 2017, the Corporation's public float was 36.49%.</p> <p>The public float was above 30% at the end of each quarter in 2017.</p> <p>Reference:</p> <p>Public Ownership Report as of December 31, 2017 http://www.primeorion.com/wp-content/uploads/2015/01/PSE-BIR-Public-Ownership-Report_12.31.17.pdf</p>	
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Optional: Principle 13

<p>1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting</p>	<p>COMPLIANT</p>	<p>The Board encourages active shareholder participation beyond the Annual Stockholders' Meeting by making the minutes of the stockholders' meeting available in the Corporation's website within five (5) business days from the end of the meeting.</p> <p>The Corporation has corporate email through which the stockholders can post their questions or comments at any time.</p> <p>The Corporation has a Compliance Officer and IRO who can assist the stockholders with their queries or concerns regarding the Corporation.</p>	
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		<p>Reference:</p> <p>Manual on Corporate Governance > Article VII - Shareholders' Rights and Protection of Minority Shareholder > Item 2 -Duty of Directors to Promote Shareholders' Rights > 3rd paragraph > Page 38 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
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2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.			
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Duties to Stakeholders

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

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	The Corporation adheres to a high level of moral standards and unquestionable dealing with all its suppliers, customers, employees, shareholders and other business partners to lay down the foundation for long-term beneficial relationships which allows the Corporation to grow its business while contributing to the advancement of the community and	
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		<p>the society in which it operates.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article VIII - Stakeholders' Interest > Page 39 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
Recommendation 14.2			
<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	<p>COMPLIANT</p>	<p>The Corporation, through the Board, established policies and procedures to promote fair treatment and protection of the stakeholders and allow stakeholders to communicate with the Corporation and to obtain redress for violation of their rights.</p> <p>These policies include whistleblowing, insider trading, and conflict of interest which are posted in the Corporation's website.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article VIII - Stakeholders' Interest > Page 39 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-</p>	

		Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf	
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	COMPLIANT	<p>The Corporation has a whistleblowing policy to allow stakeholders to communicate with the Corporation.</p> <p>The Board also established a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or unit created to handle whistleblowing concerns.</p> <p>Stakeholders may reach the following personnel to voice their concerns and/or complaints for possible violation of their rights:</p> <p>Human Resource: Jhanna M. Kabigting kabigting.jhanna@primeorion.com.ph +63 9178264354</p> <p>Investor Relations Atty. Ma. Rhodora P. dela Cuesta delacuesta.dolly@primeorion.com.ph +63 9175929623</p>	

		<p>Internal Audit: Alvin Angelo J. Anoos anoos.alvin@ayalamalls.com.ph +63 9178264281</p> <p>Reference:</p> <p>1. Whistleblowing Policy http://www.primeorion.com/wp-content/uploads/2015/01/whistle-blowing-policy.pdf</p> <p>2. Manual on Corporate Governance > Article III - Governance > > Item 7 - Business Conduct and Ethics > Second Paragraph > Page 22 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
Supplement to Recommendation 14.3			
<p>1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.</p>	<p>COMPLIANT</p>	<p>An alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner is made available to the stockholders.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article VII - Shareholders' Rights and Protection of Minority</p>	

		<p>Shareholder > Item 2 -Duty of Directors to Promote Shareholders' Rights > last paragraph > Page 38</p> <p>http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
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>	COMPLIANT	<p>The Corporation did not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue.</p>	
<p>2. Company respects intellectual property rights.</p>	COMPLIANT	<p>The Corporation respects intellectual property rights and has not violated any intellectual property rights. There are no complaints filed against the Corporation pertaining to intellectual property rights.</p>	
Optional: Principle 14			
<p>1. Company discloses its policies and practices that address customers' welfare</p>	COMPLIANT	<p>The Corporation adheres to a high level of moral standards and unquestionable dealing with all its suppliers, customers, employees, shareholders and other business partners to lay down the foundation for long-term beneficial relationships which allows the Corporation to grow its business while contributing to the</p>	

		<p>advancement of the community and the society in which it operates.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article VIII - Stakeholders' Interest > Page 39 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	
<p>2. Company discloses its policies and practices that address supplier/contractor selection procedures</p>	<p>COMPLIANT</p>	<p>The Corporation adheres to a high level of moral standards and unquestionable dealing with all its suppliers, customers, employees, shareholders and other business partners to lay down the foundation for long-term beneficial relationships which allows the Corporation to grow its business while contributing to the advancement of the community and the society in which it operates.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article VIII - Stakeholders' Interest > Page 39 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</p>	

Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

Recommendation 15.1

<p>1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.</p>	<p>COMPLIANT</p>	<p>The Board established policies, programs and procedures that encourage employees to actively participate in the realization of the Corporation's goals and in governance. The Board has a Whistleblowing Policy and has adopted an anti-corruption policy and program which shall be disseminated to its employees.</p> <p>Reference:</p> <p>Manual on Corporate Governance > Article III - Governance > > Item 7 - Business Conduct and Ethics > Second Paragraph > Page 22 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23-2017.pdf</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>The Board approved in 2015 the Terms and Conditions of P250-million Employee Stock Ownership Plan (ESOWN) which was to be issued in 2 tranches from 2015 to 2019. The</p>	
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		<p>ESOWN was granted to the directors, officers and employees of the Corporation as of June 30, 2015.</p> <p>The SEC has granted the Corporation exemption from registration requirements of the Securities Regulation Code on the issuance of the ESOWN.</p>	
<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	<p>COMPLIANT</p>	<p>The Corporation seeks to provide services and programs designed to promote the well-being of employees such as health and safety, rest and recreation, economic security and family welfare.</p> <p>Programs for health, safety, and employee welfare are implemented to communicate and demonstrate a caring atmosphere in the work place.</p> <p>The Corporation maintains a medical and wellness program which provides for in-patient and out-patient benefits for the employees (through a Health Maintenance Organization provider). Furthermore, policies to promote a safe and healthy work environment have been established in accordance with the requirements of the Department of Labor and Employment.</p>	

		<p>Reference:</p> <p>Health, Safety, and Welfare Policy http://www.primeorion.com/wp-content/uploads/2015/01/write-up-on-POPI-Health-Safety-and-Welfare-Programs.pdf</p>	
3. Company has policies and practices on training and development of its employees.	COMPLIANT	<p>Training efforts focus on the three core areas: 1) Personal Effectiveness; 2) Functional / Professional Skills; and 3) Leadership Skills.</p> <p>The Corporation also sends its employees to public seminars to continuously equip them with the necessary technical or functional knowledge and expertise necessary for meeting the present and future demands for achieving the business objectives of the Corporation.</p> <p>In 2017, certain employees were asked to join the seminars on topics such as:</p> <ol style="list-style-type: none"> 1. Powerful Business Presentation Workshop 2. TRAIN Seminar 3. Accounting for Non-Accountants 4. Corporate Governance and Risk Management. 5. 	
Recommendation 15.2			
1. Board sets the tone and makes a stand	COMPLIANT	The Corporation has a Code of	

<p>against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.</p>		<p>Business Conduct and Ethics.</p> <p>The Corporation promotes an environment that fosters and maintains a high level of self discipline among all employees. It recognizes that the ultimate responsibility for meeting prescribed standards of conduct and performance rests on each employee</p> <p>Reference:</p> <p>Code of Business Conduct and Ethics http://www.primeorion.com/wp-content/uploads/2015/01/Code-of-Business-conduct-and-Ethics.pdf</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>Copies of the Code of Business Conduct and Ethics are provided to the employees and also made available in the Corporation's website.</p> <p>Reference:</p> <p>Code of Business Conduct and Ethics http://www.primeorion.com/wp-content/uploads/2015/01/Code-of-Business-conduct-and-Ethics.pdf</p>	
Supplement to Recommendation 15.2			
<p>1. Company has clear and stringent policies</p>	<p>COMPLIANT</p>	<p>Employees and officers are</p>	

<p>and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.</p>		<p>expected to exercise utmost discretion in accepting personal favor or gifts from individuals or entities seeking or doing business with the Company and refuse any gift that might be considered as bribery of any form.</p> <p>There was no reported incident of corrupt practice committed by employees or officers.</p> <p>Reference:</p> <p>Code of Business Conduct and Ethics http://www.primeorion.com/wp-content/uploads/2015/01/Code-of-Business-conduct-and-Ethics.pdf</p>	
Recommendation 15.3			
<p>1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation</p>	<p>COMPLIANT</p>	<p>The Corporation has a whistleblowing policy to allow stakeholders to communicate with the Corporation. The Board also established a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or unit created to handle whistleblowing concerns</p> <p>Stakeholders may reach the following personnel to voice their</p>	

		<p>concerns and/or complaints relating to violation of their rights:</p> <p>Human Resource: Jhanna M. Kabigting kabigting.jhanna@primeorion.com.ph +63 9178264354</p> <p>Investor Relations Atty. Ma. Rhodora P. dela Cuesta delacuesta.dolly@primeorion.com.ph +63 9175929623</p> <p>Internal Audit: Alvin Angelo J. Anoos anoos.alvin@ayalamalls.com.ph +63 9178264281</p> <p>Reference:</p> <ol style="list-style-type: none"> 1. Whistleblowing Policy http://www.primeorion.com/wp-content/uploads/2015/01/whistleblowing-policy.pdf 2. Manual on Corporate Governance > Article III - Governance > Item 7 - Business Conduct and Ethics > Second Paragraph > Page 22 http://www.primeorion.com/wp-content/uploads/2015/01/POPI-Manual-on-Corporate-Governance-May-2017_5-23- 	
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		2017.pdf	
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	See explanation and reference in Recommendation 15.3 – Item 1. The Group Human Resources Dept. has informed employees of the Whistleblowing Policy. The Whistleblowing Policy is also posted in the Corporation’s website.	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	See explanation and reference in Recommendation 15.3 – Item 1. There has been no reported incident pertaining to whistleblowing. Reference: Whistleblowing Policy http://www.primeorion.com/wp-content/uploads/2015/01/whistle-blowing-policy.pdf	

Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

Recommendation 16.1

1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it	COMPLIANT	The Corporation and its subsidiaries undertake Corporate Social Responsibility projects such as feeding programs, distribution of hygiene kits to school children and fixing of day care centers of the communities near Tutuban mall. The	
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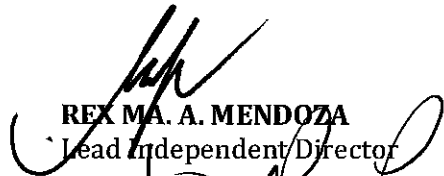
operates.		<p>Corporation has also constructed a waste recovery facility and has a plant nursery at the rooftop of its building to address environmental issues.</p> <p>Reference: http://www.primeorion.com/wp-content/uploads/2015/01/CSR-Activity-June-2017-Write-Up-clean.pdf</p>	
Optional: Principle 16			
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	COMPLIANT	<p>The Corporation has adopted a three-pillar approach to sustainability, with 4 focus areas. These include growing our local economy through inclusive economic strategies; operating in a more eco-efficient manner; heightening our focus on pedestrian and transit connectivity; and improving the site resilience of our assets against disasters and other major risks.</p>	

MAY 18 2018

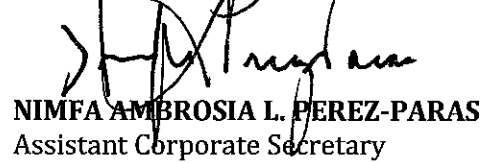
Signed on _____ at Makati City.



JOSE EMMANUEL H. JALANDONI
Chairman of the Board



REX MA. A. MENDOZA
Lead Independent Director



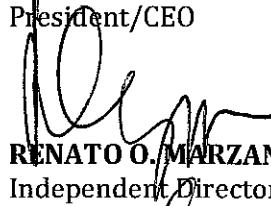
NIMFA AMBROSIA L. PEREZ-PARAS
Assistant Corporate Secretary



RHODORA ESTRELLA B. REVILLA
Compliance Officer



MARIA ROWENA M. TOMELDAN
President/CEO



RENATO O. MARZAN
Independent Director



JUNE VEE D. MONTECLARO-NAVARRO
Corporate Secretary

Republic of the Philippines)
Makati City) S.S.

ACKNOWLEDGMENT

MAY 18 2018

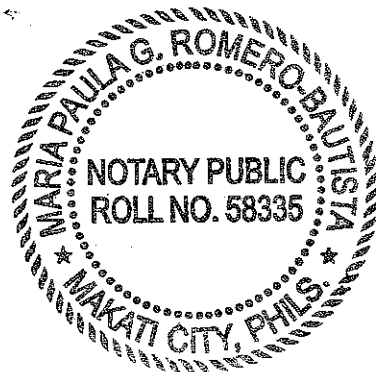
BEFORE ME, a notary public for and in the above jurisdiction, this _____, at Makati City, personally appeared the following:


Name	Valid ID	Date/Place Issued
Jose Emmanuel H. Jalandoni	Passport No. P1697725A	1-21-2017/DFA NCR South
Maria Rowena M. Tomeldan	Passport No. EC3297851	1-28-2015/DFA Manila
Rex Ma. A. Mendoza	Passport No. EB9572318	11-13-2013/DFA Manila
Renato O. Marzan	Passport No. EC3435112	2-11-2015/DFA NCR East
Nimfa Ambrosia L. Perez-Paras	Passport No. EC1178482	5-22-2014/DFA Manila
Rhodora Estrella B. Revilla	Passport No. P5332304A	12-13-2017/Manila
June Vee D. Monteclaro-Navarro	Passport No. EC4193967	5-18-2015/DFA Manila

known to me and to me known to be the same persons who signed this Integrated Annual Corporate Governance Report and acknowledged to me that the same is their free and voluntary act and deed.

WITNESS MY HAND AND SEAL on the date and at the place first abovewritten.

Doc. No. 20 ;
Page No. 5 ;
Book No. IV ;
Series of 2018.




MARIA PAULA G. ROMERO-BAUTISTA
Notary Public - Makati City
Appt. No. 153 until December 31, 2019
Roll of Attorneys No. 58335
IBP No. 026373 - 01/11/2018 - Makati City
PTR No. 6628678MD - 01/11/2018 - Makati City
MCLE Compliance No. V-0017192- 03/28/2016
3rd Floor Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

PRIME ORION PHILIPPINES, INC.
BOARD OF DIRECTORS' SELF-ASSESSMENT

This self-assessment form is designed to evaluate the performance of the Board of Directors and its individual members. It is intended to help the Board identify areas for attention and development. Please check the number that best corresponds to your assessment for each item.

- 1 - Strongly Agree
 2 - Agree
 3 - Neutral
 4 - Disagree
 5 - Strongly Disagree

Board Responsibilities

1. The Board demonstrates commitment to good corporate governance and oversees the Company's operation to ensure that the same is in accordance with the highest ethical standards and applicable laws, regulations and policies.	1	2	3	4	5
2. The Board manages group-wide risks and ensures that the Company has appropriate policies and procedures to effectively identify, monitor and mitigate these risks.					
3. The Board regularly monitors and approves the Company's financial statements including the income statement, balance sheet and cash flows. The Board ensures that financial statements that are filed with the regulatory bodies and released to the public represent an accurate, fair and true picture of the Company's financial position.					
4. The Board reviews and approves an annual capital and operating budget and effectively monitors performance against budget throughout the year and ensures corrective action if negative variances occur.					
5. The Board takes into account the interests of the minority shareholders along with the interests of all shareholder groups in every decision making process and all corporate undertakings.					

Board Processes

1. Board members are provided in a timely manner complete and relevant information and materials for each item in the agenda to be discussed in the meeting.	1	2	3	4	5
2. Board members regularly attend all Board and committee meetings and generally come adequately informed of the agenda and well-prepared on the issues to be discussed. Attendance at Board and committee meetings is 70% or more on a regular basis.					
3. Board and Committee agenda are realistic in terms of the scope of topics to be discussed given the time available and are effectively managed in accordance with the relative importance of each topic.					
4. Board meetings are conducted in a manner that ensures open and truthful communication, meaningful participation and timely resolution of issues. Each member of the Board exercises independent judgment in making a stand for a particular issue.					
5. Board committees are well organized and contribute to the effectiveness of the Board. Each committee renders valuable aid in accordance with their particular area of expertise.					

Individual Board Members

1. As a member of the Board, I understand the vision, mission, values and strategies of the Company and I am aware of the function and role that I need to play as Board member.	1	2	3	4	5
2. As a member of the Board, I am aware and I fully comprehend the by-laws and governing principles and policies of the Company and I keep myself updated on the latest standard and best practices in corporate governance.					
3. As a member of the Board, I consciously and deliberately avoid engaging in any transaction or situation where a potential conflict of interests with the Company exists and if such potential conflict appears, I immediately disclose the situation to the rest of the Board.					
4. As a member of the Board, I actively participate in discussions with independence and objectivity and an open mind for differing opinions of other members.					
5. I support the decisions of the Board reached after a full discussion of the topics even if I do not fully agree with the decision.					

Management Relationship

1. The Board and the President/CEO are clear on their respective roles and functions as well as the role of other members of management. There is a clear understanding of where the role of the Board ends and where that of the President/CEO and management begins.	1	2	3	4	5
2. The Board consistently challenges the President/CEO and management in order to understand and attend to the businesses better and to drive improvements in the Company's performance.					
3. The Board has established appropriate and clear threshold limit and boundaries for Board or committee involvement in major policies or decisions.					
4. The Board ensures that an appropriate system of incentives is in place which sets down guidelines on how to distinguish and reward performers from non-performers.					
5. The Board conducts a review of the President/CEO's performance and ensures that the performance objectives of the management is in consistent and in furtherance of the goals of the Company.					

Using the following levels of performance, please encircle the level that corresponds to your perception or evaluation of the Board's general performance for year _____.

Excellent	Performance is clearly outstanding and superior- it far exceeds standards or expectations
Good	Performance generally meets or exceeds standards or expectations.
Satisfactory	Performance is adequate.
Needs Improvement	Performance failed to meet expectations.

Name : _____

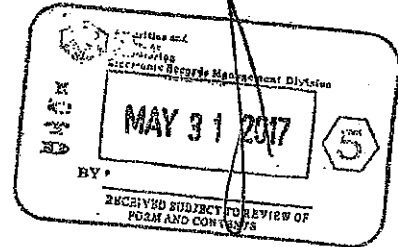
Signature : _____

Date : _____

Annex B.

30 May 2017

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City



Attention : **ATTY. JUSTINA F. CALLANGAN**
Director
Corporate Governance and Finance Department

Re : **Prime Orion Philippines, Inc. (POPI)**
- Manual on Corporate Governance

Gentlemen:

In compliance with Securities and Exchange Commission Memorandum Circular No. 19 Series of 2016, we submit herewith POPI's Manual on Corporate Governance.

Very truly yours,


JUNE VEE D. MONTECLARO-NAVARRO
Corporate Secretary

[sec letter] my docs-popl corporate governance