



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended: **2019**
2. SEC Identification Number: **62596**
3. BIR Tax Identification No.: **000-163-715-000**
4. Exact name of issuer as specified in its charter **KEPPEL PHILIPPINES HOLDINGS, INC.**
5. **Makati City, Philippines**
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **Unit 3-B Country Space 1 Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City, 1200**
Address of principal office Postal Code
8. **(632) 8892 1816**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address, and former fiscal year, if changed since last report.

| INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT | | | |
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| | COMPLIANT/ NON- COMPLIANT | ADDITIONAL INFORMATION | EXPLANATION |
| The Board's Governance Responsibilities | | | |
| Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders. | | | |
| Recommendation 1.1 | | | |
| 1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector. | Compliant | The following are the profile/qualifications of the directors as per SEC Form 17A – 2019 Annual Report, Part III, Item 9 (a) (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf) | |
| 2. Board has an appropriate mix of competence and expertise. | Compliant | and SEC Form 20 IS –2019 Statement, Part 1, Item B.5 (a) (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2_020.pdf) | |
| 3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization. | Compliant | <p>1. Paul Tan Poh Lee*, 66, Singaporean, was elected as Chairman of the Board on 5 April 2017. He is the Chief Financial Officer of Keppel Offshore and Marine Ltd. (KOM) until December 31, 2019. He is also a director of several Keppel Group companies. From 1998 until June 2018, he was at various times, Group Accountant, Group Accounts Manager, Financial Controller and Group Controller of Keppel Corporation Limited (KCL). Mr. Tan is a Fellow of Association of Chartered and Certified Accountants and a Chartered Accountant, Singapore. He has more than 40 years of experience in his field of profession.</p> <p>* Retired last 31 March 2020 (http://www.keppelph.com/images/pdfs/KPH- SEC17-C - Chairman Paul Tan Resignation.pdf)</p> <p>2. Alan I. Claveria, 49, Filipino, has been elected as President and appointed as regular Director of the Company on 14 September 2017. Prior to his</p> | |

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| | | <p>appointment, he was the Senior Manager, Administration and Corporate Affairs of Keppel Philippines Marine, Inc. He is concurrently the President and Director of Consort Capital, Inc. He also holds the position of Treasurer and Director in KPSI Property, Inc. and other Keppel companies in the Philippines. He provides advice in matters relating to corporate affairs and communication, administration and human resources, drawing from his experience from holding various positions in Keppel's different business units involved in shipbuilding and ship repair, towage and salvage, investment and real estate. Mr. Claveria holds a Master in Business Administration degree from the Ateneo Graduate School of Business and finished BS Management, Major in Legal Management at the Ateneo de Manila University. He has been with Keppel in the Philippines for over 20 years.</p> <p>3. Celso P. Vivas, 73, Filipino, has been elected as an Independent Director of Keppel Philippines Holdings, Inc. since June 2005 and is currently the Company's Lead Independent Director and Chairman of the Audit & Risk Management Committee (ARMC). He is an Independent Director and Chairman of the Audit Committee of Keppel Philippines Marine, Inc. and Independent Director and member of the Audit Committee of Keppel Philippines Properties, Inc. Mr. Vivas is also an Independent Director of Megawide Construction Corp., Chairman of its Audit and Compliance Committee, and member of both the Board Risk Oversight and Governance, Nomination and Remuneration Committee. He is also an Independent Director of Republic Glass Holdings Corp., Chairman of its Governance, Nomination and Remuneration Committee, and member of the ARMC. He is also an Independent Director of Goodsoil Marine Realty, Inc., and a regular director of Goodwealth Realty</p> | |
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| | | <p>Development, Inc., subsidiaries of the Company, Independent director of Keppel Subic Shipyard, Inc. and regular director of Consort Land, Inc. He is a member of Marubeni Foundation's Board of Trustees. He was Risk Consulting Partner and Assurance Business Advisory Partner of SGV & Company until his retirement in 2001. Mr. Vivas obtained his Bachelor's Degree in Business Administration (Cum Laude) from the University of the East. He also obtained a Master's Degree in Business Management from the Asian Institute of Management (SGV & Co. Scholar). He is also a graduate of Company Directors' Course from Australian Institute of Company Directors (ICD Scholar). Mr. Vivas is a Certified Public Accountant and has over 50 years of experience in audit, finance, enterprise risk management, and corporate governance.</p> <p>4. Mayo Jose B. Ongsingco**, 68, Filipino, was elected as Independent Director of the Company on 08 May 2017, prior to which he was a non-executive Director during June 2002 to March 2015. In February 2019, he was appointed as President/Director of PBC Capital Investment Corporation. He was an adviser to the Board of Directors of First Metro Investment Corp. since 2015, non-executive director of First Metro Asset Management Inc. since 2017, Vice Chairman of First Metro Securities Brokerage Corp. since 2018 and Independent Director of Mapfre Insular Insurance Corp. and Omnipay, Inc. since 2016 and 2017, respectively. He was also a non-executive Director of Rafael-Alunan Agro Development Inc. since 2006. He was also an Independent Director of Keppel Philippines Properties Inc., Keppel Philippines Marine, Inc., and Keppel Subic Shipyards, Inc. since 2018. He was also a Trustee of the Foundation for Carmelite Scholastics and De La Salle College of St. Benilde from 2012 to January 2020. He served as President of The Insular Life Assurance Co. Ltd. during</p> | |
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| | | <p>2004 to 2015 and was concurrent Vice Chairman and/or Director of various Insular Life subsidiaries and affiliates such as Pilipinas Shell Petroleum Corp., Mapfre Insular Insurance Corp., Insular Savings Bank, Insular Healthcare Inc., Insular Investment Corp., Asian Hospital Inc., and Union Bank of the Philippines. Mr. Ongsingco graduated from the De La Salle University with Bachelor's Degrees (Magna Cum Laude) in Economics and Accounting. He also obtained a Master's Degree in Business Administration from the University of the Philippines and in National Security Administration from the National Defense College of the Philippines (with Honors). Mr. Ongsingco has more than 45 years of experience in banking, finance, and insurance.</p> <p>**Demised last 03 April 2020 http://www.keppelph.com/images/pdfs/KPH - SEC17-C - Demise of a Director - Mayo Ongsingco.pdf</p> <p>5. Ramon J. Abejuela, 70 years old, Filipino, has been elected as Independent Director of the Keppel Philippines Holdings, Inc. on 14 September 2017. He is also the Independent Director of Keppel Philippines Properties, Inc. (KPPI) from November 1999 to June 2008. He was re-elected as Independent Director in 2009 and is currently the Chairman of the Audit Committee of KPPI. He also serves as Director and Vice Chairman of the Board of Philippine Nutri-Foods Corporation and NCP Publishing Inc. since 2004. Mr. Abejuela holds a Bachelor of Science in Chemical Engineering Degree (cum laude) from De La Salle University and a Master's Degree in Business Management – General Management Curriculum from the Asian Institute of Management. Mr. Abejuela has more than 45 years of experience in the field of financial planning, control and consultancy.</p> | |
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| | | <p>6. Stefan Tong Wai Mun, 47, Malaysian, has been elected as regular Director of the Company since June 2007 and had been the President from same period until 14 September 2017. He has been a regular Director of Keppel Philippine Properties, Inc. since June 2007 and has been elected as regular Director of Keppel Philippines Marine, Inc. in February 2010 and Executive Vice-President in June 2011. He is also a regular Director of various Keppel companies in the Philippines. Mr. Tong graduated from University of Western Australia with a Bachelor's Degree in Accounting and Finance (Honors). He is a Chartered Accountant and a member of the Chartered Accountants Australia and New Zealand. He has more than 20 years of experience in banking, finance and real estate.</p> <p>7. Felicidad V. Razon, 60, Filipino, has been elected as a regular Director of the Company last May 2014. She joined the Company as Finance Manager in May 2008 and has been appointed as Treasurer in June 2008 and appointed as Vice President/Treasurer and Compliance Officer in November 2013. She is also a Chairman/President of Goodsoil Marine Realty, Inc. and Goodwealth Realty Development Corp., Director and President of Consort Land, Inc. and regular director and officer of KPH related companies. Prior to Keppel Group, Ms. Razon has been Finance Manager/Officer of various local companies involved in manufacturing, shipping and freight forwarding. She graduated from Polytechnic University of the Philippines with Bachelor of Science Degree in Commerce Major in Accountancy and is a Certified Public Accountant. She has more than 30 years of experience in her field of profession.</p> <p>Per Article 3.1.1 of the Corporation's New Manual on Corporate Governance (NMCG) (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual)</p> | |
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| | | al on Corporate Govenance as Revised.pdf] "The Board will always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction." | |
| Recommendation 1.2 | | | |
| 1. Board is composed of a majority of non-executive directors. | Compliant | Based on the Corporation's latest GIS (filed on 27 June 2019), only 3 out of the 7 total directors occupy executive positions, therefore, non-executive directors still compose the majority of the board. (link: http://www.keppelph.com/images/pdfs/KPHI - GIS for PSE.pdf) | |
| Recommendation 1.3 | | | |
| 1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors. | Compliant | Per Article 3.1.3 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI New Manual on Corporate Govenance as Revised.pdf) "KPHI will provide in its Board Charter and Manual on Corporate Governance a policy on the training of directors, including an orientation program for first-time directors and relevant annual continuing training for all directors. The orientation or training programs will cover SEC mandated topics on corporate governance and the like conducted by a duly SEC accredited private or government institute." | |
| 2. Company has an orientation program for first time directors. | Compliant | Not Applicable. | There is no first-time director(s). |
| 3. Company has relevant annual continuing training for all directors. | Compliant | On 09 July 2019, the Corporation submitted to the SEC/PSE the Certificate of Attendance of Paul Tan Poh Lee, Stefan Tong Wai Mun, Alan I. Claveria, Mayo Jose B. Ongsingco, and Ramon Abejuela in a Corporate Governance & Strategic Management Seminar conducted by Center for Global Best Practices held at Belmont Hotel, Pasay City on 20 June 2019 and the Certificate of Attendance of Celso P. | |

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| | | Vivas in a seminar on Corporate Governance conducted by SGV & Co. on 15 May 2019 at Republic Glass Building, Salcedo St., Legazpi Village, Makati City (links: http://keppelph.com/images/pdfs/KPHI - Certificates_of_Attendance_re_Corporate_Governance_Seminar.pdf ; https://edge.pse.com.ph/openDiscViewer.do?edge_no=d5d0ae682fc8f574efdfc15ec263a54d) | |
| Recommendation 1.4 | | | |
| 1. Board has a policy on board diversity. | Compliant | <p>Article 3.1.4 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides that: "KPHI will have a policy on board diversity. It recognizes the significance of a diverse Board in order to avoid groupthink and ensure that optimal-decision making is achieved. The Board is diverse in age, skills, competence, knowledge and gender."</p> <p>The average age of the 7-member Board is 60 years old with an age range from 46 to 72 years old.</p> <p>The Board members have diverse skills, competencies, and knowledge drawn from their professional background and experience in financial management, planning and control, accounting, audit, banking, insurance, corporate affairs, administration, human resource development, and real estate.</p> <p>The board of directors comprise of six (6) male directors and one (1) female director. (links: https://www.keppelph.com/images/pdfs/KPHI - Amended 2019 GIS 14 May 2020.pdf; https://edge.pse.com.ph/otherReports/form.do#viewer)</p> | |
| Optional: Recommendation 1.4 | | | |

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| 1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives. | Compliant | Article 3.1.4 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides that: "KPHI will have a policy on board diversity. It recognizes the significance of a diverse Board in order to avoid groupthink and ensure that optimal-decision making is achieved. The Board is diverse in age, skills, competence, knowledge and gender." | |
| Recommendation 1.5 | | | |
| 1. Board is assisted by a Corporate Secretary. | Compliant | Per the company's latest GIS, the current Corporate Secretary is Atty. Ma. Melva E. Valdez , – 60, Filipino, has been the Corporate Secretary of the Company since 1998. She also served as Director of the Company from 24 June 2008 to 11 June 2009. She is a Senior Partner of the law firm of Bello Valdez & Fernandez; she is also the Corporate Secretary of Mabuhay Vinyl Corporation (listed company) and Keppel Philippines Marine, Inc. (a public company). She is likewise the Corporate Secretary of Keppel Subic Shipyard, Inc., Keppel Batangas Shipyard, Inc. and various Keppel companies in the Philippines, EMS Components Assembly Inc., EMS Resources Technology Inc., EMS Land Services Inc., EMS Services Philippines, Inc., EMS Services International Inc., Alliance Mansols Inc., Creotec Philippines Inc., Wartsila Philippines Inc. and Asian Institute of Management. She is also a member of the Board of Directors of Leighton Contractors (Phils.) Inc., Servier Philippines Inc., Buena Homes (Sandoval) Inc., Cambe Dental Inc., Suretrac Holdings Inc., and Asia Contractors Holdings Inc. She holds directorship positions in the following companies: Logwin Air+Ocean Philippines Inc., KPSI Property Inc., Opon Realty & Development Corp., Opon-Ke Properties Inc., Asia Control Systems Philippines Inc., Yinda Communications Philippines Inc., and Saint-Gobain Philippines Co. Ltd. Inc. Atty. Valdez graduated from the University of the Philippines as a holder of degrees of Bachelor of Arts in Political Science and Bachelor of Laws. | |
| 2. Corporate Secretary is a separate individual from the Compliance Officer. | Compliant | | |
| 3. Corporate Secretary is not a member of the Board of Directors. | Compliant | | |

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| | | <p>She has more than 30 years of working experience in her field of profession as a lawyer. (link: https://www.keppelph.com/images/pdfs/KPH_-_Amended_2019_GIS_14_May_2020.pdf; https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf)</p> <p>The Corporate Secretary is not a member of the Board of Directors and not the Compliance Officer.</p> | |
| 4. Corporate Secretary attends training/s on corporate governance. | Compliant | <p>On 09 July 2019, the Corporation submitted Certificate of Completion of Atty. Melva Valdez and Atty. Lory Anne P. Manuel-McMullin, Assistant Corporate Secretary, of the Corporate Governance Seminar dated 14 June 2019 conducted by Risks, Opportunities, Assessment and Management (ROAM) Inc. at RCBC Plaza, Makati City. (link: http://keppelph.com/images/pdfs/KPHI_-_Certificates_of_Attendance_re_Corporate_Governance_Seminar.pdf; https://edge.pse.com.ph/openDiscViewer.do?edge_no=d5d0ae682fc8f574efdfc15ec263a54d)</p> | |
| Optional: Recommendation 1.5 | | | |
| 1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting. | Compliant | The Board meeting materials are distributed at least five business days before scheduled meeting either by hand delivery or via email. | |
| Recommendation 1.6 | | | |
| 1. Board is assisted by a Compliance Officer. | Compliant | <p>Per the company's latest GIS, the current Compliance Officer is Ms. Felicidad V. Razon, 60, Filipino, has been elected as a regular Director of the Company last May 2014. She joined the Company as Finance Manager in May 2008 and has been elected as Treasurer in June 2008 and appointed as Vice President/Treasurer and Compliance Officer in November 2013. She is also a Chairman/President of Goodsoil Marine Realty, Inc. and Goodwealth Realty Development Corp., Director and President of Consort</p> | |
| 2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation. | Compliant | | |

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| <p>3. Compliance Officer is not a member of the board.</p> | <p>Not Compliant</p> | <p>Land, Inc. and regular director and officer of KPH related companies. Prior to Keppel Group, Ms. Razon has been Finance Manager/Officer of various local companies involved in manufacturing, shipping and freight forwarding. She graduated from Polytechnic University of the Philippines with Bachelor of Science Degree in Commerce Major in Accountancy and is a Certified Public Accountant. She has more than 30 years of experience in her field of profession. (link: http://www.keppelph.com/images/pdfs/KPHI_-_GIS_for_PSE.pdf; https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf)</p> <p>Article 3.1.6 of the Corporation's NMCG, as revised(link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf), provides that: "The Board will ensure that it is assisted in its duties by a Compliance Officer, who will have a rank of Vice President or an equivalent position with adequate stature and authority in KPHI."</p> <p>The Duties of the Compliance Officer per Article 3.1.6 of the NMCG are the following:</p> <ul style="list-style-type: none"> a. Ensure proper onboarding of new directors (i.e., orientation on KPHI's business, charter, Articles of Incorporation, and By-laws, among others); b. Monitor, review, evaluate, and ensure the compliance of KPHI, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies; c. Report the matter to the Board if violations are found and recommend the imposition of appropriate disciplinary action; d. Ensure the integrity and accuracy of all documentary submissions to regulators; | <p>Due to the simple structure and operation of the corporation, its Compliance Officer is a member of the Board of Directors and Vice President. Being a member of the Board will not prejudice the compliance function since she will adhere to the rules and regulations of the SEC and other governing bodies.</p> |
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| | | <p>e. Appear before the SEC when summoned in relation to compliance with this Code;</p> <p>f. Collaborate with other departments to properly address compliance issues, which may be subject to investigation;</p> <p>g. Identify possible areas of compliance issues and work towards the resolution of the same;</p> <p>h. Ensure the attendance of board members and key officers to relevant trainings; and</p> <p>i. Perform such other duties and responsibilities as may be provided by the SEC.</p> | |
| 4. Compliance Officer attends training/s on corporate governance. | Compliant | <p>On 09 July 2019, the Corporation submitted to the PSE Ms. Felicidad V. Razon's Certificate of Attendance in the Corporate Governance Seminar dated 20 June 2019 (links: http://keppelph.com/images/pdfs/KPHI - Certificates_of_Attendance_re_Corporate_Governance_Seminar.pdf; https://edge.pse.com.ph/openDiscViewer.do?edge_no=d5d0ae682fc8f574efdfc15ec263a54d)</p> | |
| Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders. | | | |
| Recommendation 2.1 | | | |
| 1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company. | Compliant | <p>The Corporation held eight (8) Board meetings in 2019: five (5) regular meetings, one (1) organizational meeting and two (2) special meetings, details of which are indicated in the SEC Form 20-IS—2020 Information Statement submitted by the company to the SEC. (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2_020.pdf)</p> | |
| Recommendation 2.2 | | | |
| 1. Board oversees the development, review and approval of the company's business objectives and strategy. | Compliant | <p>The business objectives and strategies are reviewed and discussed by the Board during the board meetings.</p> | |

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| 2. Board oversees and monitors the implementation of the company's business objectives and strategy. | Compliant | The Board and management review the Company objectives during the preparation of the annual report, budget preparation, and during discussion of result of annual external audit. | |
| Supplement to Recommendation 2.2 | | | |
| 1. Board has a clearly defined and updated vision, mission and core values. | Compliant | <p>The company, in its NMCG, as revised, provides its mission, vision, and core values:</p> <p>It is also indicated on the Corporation's website at link: http://www.keppelph.com/home/our-company/mission-vision-and-values.html</p> <p>Review is done during the preparation of annual report and annual budget.</p> | |
| 2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture. | Compliant | <p>Article 3.2.2 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides that "the Board will oversee the development of and approve KPHI's business objectives and strategy, and monitor their implementation, in order to sustain KPHI's long-term viability and strength."</p> <p>The Board reviews and discusses strategy execution process during the board meetings.</p> | |
| Recommendation 2.3 | | | |
| 1. Board is headed by a competent and qualified Chairperson. | Compliant | <p>2. Per the company's SEC Form 17-A 2019 Annual Report Part III, Item 9 (a) and the latest GIS, the current Chairman is Mr. Paul Tan Poh Lee*, 66, Singaporean, was elected as Chairman of the Board on 5 April 2017. He is the Chief Financial Officer of Keppel Offshore and Marine Ltd. (KOM) until December 31, 2019. He is also a director of several Keppel Group companies. From 1998 until June 2018, he was at various times, Group Accountant, Group Accounts Manager, Financial</p> | |

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| | | <p>Controller and Group Controller of Keppel Corporation Limited (KCL). Mr. Tan is a Fellow of Association of Chartered and Certified Accountants and a Chartered Accountant, Singapore. He has more than 40 years of experience in his field of profession.</p> <p>*Retired 31 March 2020 http://www.keppelph.com/images/pdfs/KPH-SEC17-C-Chairman_Paul_Tan_Resignation.pdf</p> <p>(link: https://www.keppelph.com/images/pdfs/KPH-Amended_2019_GIS_14_May_2020.pdf; https://www.keppelph.com/images/pdfs/KPHI_17A-Annual_Report_for_2019_with_Sustainability_Report.pdf; https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2020.pdf)</p> | |
| Recommendation 2.4 | | | |
| 1. Board ensures and adopts an effective succession planning program for directors, key officers and management. | Compliant | <p>Article 3.2.2 (a) of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides that one of the duties and responsibilities of the Board is to:</p> | |
| 2. Board adopts a policy on the retirement for directors and key officers. | Compliant | <p>"Implement a process for the selection to ensure a mix of competent directors and officers who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly-motivated management officers. Adopt an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value." (emphasis supplied)</p> <p>CGNC reviews the list of directors in an annual basis to determine if they are qualified to be nominated in the next election for members of the Board.</p> | |
| Recommendation 2.5 | | | |

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| 1. Board aligns the remuneration of key officers and board members with long-term interests of the company. | Compliant | Article 3.2.5 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides that "the Board will align the remuneration of key officers and board members with the long-term interests of KPHI. In doing so, it will formulate and adopt a policy specifying the relationship between remuneration and performance. Further, no director will participate in discussions or deliberations involving his own remuneration. | |
| 2. Board adopts a policy specifying the relationship between remuneration and performance. | Compliant | | |
| 3. Directors do not participate in discussions or deliberations involving his/her own remuneration. | Compliant | <p>The directors' compensation will always be in accordance with the By-laws of KPHI and/or as approved by the stockholders during the annual stockholders' meeting. The Board will, from time to time, approve reasonable per diem that a director may receive for attendance in the Board and Board Committee meetings." (link: http://www.keppelph.com/images/pdfs/KPHI_SEC_17-C_RESULT_OF_THE_ANNUAL_STOCKHOLDERS_MEETING_21_JUNE_2019.pdf)</p> <p>Article 3.3.1(c) (iv) of the Corporation NMCG, as revised, provides that the Corporate Governance and Nomination Committee has Compensation functions, which include "disallowing any director ensuing to decide his or her own remuneration."</p> | |
| Optional: Recommendation 2.5 | | | |
| 1. Board approves the remuneration of senior executives. | Compliant | <p>Part III, Item 10 Executive Compensation of SEC Form 17A-2019 Annual Report as approved by the Board, provides the senior executives' remuneration (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf) and also to Part I, B. Item 6 Compensation of Directors and Executive Officers of SEC Form 20IS – 2020 Information Statement (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2020.pdf)</p> | |

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| 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. | Compliant | The Company conducts annual review of the performance of executive directors and senior executives to determine performance against objectives set at the start of the year. KPHI also takes into account the compensation and compares it to the market. | |
| Recommendation 2.6 | | | |
| 1. Board has a formal and transparent board nomination and election policy. | Compliant | Article 3.2.6 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides that "the Board, through its Corporate Governance and Nomination Committee, will have a formal and transparent board nomination and election policy that will include how it accepts nominations from minority shareholders and reviews nominated candidates. The policy will also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition, its process of identifying the quality of directors will be aligned with the strategic direction of KPHI." (emphasis supplied) Article 3.3.1.c of the Corporation's NCMG, as revised, provides that the Board has a Corporate Governance and Nomination Committee which has the following functions: <u>Nomination Functions:</u> "Determine the nomination and election process for KPHI's directors and has the special duty of defining the general profile of board members that KPHI may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board." | |
| 2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance. | Compliant | | |
| 3. Board nomination and election policy includes how the company accepted nominations from minority shareholders. | Compliant | | |
| 4. Board nomination and election policy includes how the board shortlists candidates. | Compliant | | |
| 5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director. | Compliant | | |

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| <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 Nomination functions are as follows:</p> <ul style="list-style-type: none"> i. Pre-screen and shortlist all candidates to the Board and other appointments that require Board approval, in accordance with the qualifications and disqualifications enumerated provided under this Manual, the Corporation Code, Securities Regulations Code, and other pertinent rules and regulations; ii. Assess the effectiveness of the Board's processes and procedures in the election or replacement of directors; iii. In consultation with the Executive Committee, re-define the role, duties and responsibilities of the President by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times; iv. Ensure compliance and proper observance by the directors of the corporate governance principles and practices; v. Oversee the periodic performance evaluation of the Board and its Committees as well as executive management and conduct an annual self-evaluation of its performance; vi. Ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement; and vii. Ensure the nomination and election process are complied with. <p>The nomination and election process include the review and evaluation of the qualifications of all persons nominated to the Board, in relation to criteria set forth in KPHI's Manual on Corporate Governance, By-laws, and applicable regulations, including whether the candidate:</p> <ul style="list-style-type: none"> • Possesses the knowledge, skills, experiences; | |
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| | | <ul style="list-style-type: none"> Has independence of mind, especially to the Non-Executive Directors (NED), given their responsibilities to the Board; Has a record of integrity and good repute; Has sufficient time to carry out the responsibilities; and Has the ability to promote smooth interaction between board members. <p>The Corporate Governance Committee may secure the assistance of an executive search firm, if necessary, for this purpose.</p> <p>The process includes monitoring the qualifications of the directors and the grounds for disqualification whether permanent or temporary.</p> | |
| Optional: Recommendation to 2.6 | | | |
| 1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors. | Compliant | The Company does not use professional search firms. It taps the network of existing directors and business associates to short list potential candidates for the board of directors. | |
| Recommendation 2.7 | | | |
| 1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions. | Compliant | Article 3.2.7 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides that: "the Board will have the 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, particularly those which pass certain thresholds of materiality. The policy will include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy will encompass | |
| 2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness | Compliant | | |

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| <p>and transparency of the transactions.</p> | | <p>all entities within the group, taking into account their size, structure, risk profile and complexity of operations."</p> <p>As per 3.3.1 b, the Corporation has an Audit, Risk Management Committee which has Related Party Transactions Functions:</p> <p>"As one of the functions of the ARMC, the Committee is tasked in general to review all material related party transactions of KPHI to ensure that it is an arms-length, market based and in compliance with all applicable laws."</p> <p>The <u>RPT functions</u> are as follows:</p> <ul style="list-style-type: none"> i. Evaluate on an ongoing-basis the existing relations between and among businesses and counterparties to ensure that all related parties are continually identified, RPT's are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships will be reflected in the relevant reports to the Board and regulators/supervisors; ii. Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interests rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of KPHI are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following: | |
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| | | <p>The related party's relationship to KPHI and interest in the transaction;</p> <ul style="list-style-type: none"> • The material facts of the proposed RPT, including the proposed aggregate value of such transaction; • The benefits to KPHI of the proposed RPT; • The availability of other sources or comparable products or services; and • An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. KPHI will have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs. <p>iii. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to KPHI's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure will also include information on the approach to managing material conflicts of interest that are inconsistent with such policies and conflicts that could arise as a result of KPHI's affiliation or transactions with other related parties;</p> <p>iv. Report to the Board of Directors on a regular basis, status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;</p> <p>v. Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and</p> <p>vi. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPT's, including periodic review of RPT policies and procedures."</p> | |
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| | | <p>Related Party Transactions of the Corporation can be found on page 18 of the Corporation's SEC Form 17-A—2019 Annual Report and on its Note 10 of the Consolidated Audited Financial Statements (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf) and in SEC Form 201S – 2020 Information Statement (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2_020.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> | Compliant | <p>All RPT Transactions are disclosed according to accounting standards. Significant RPT are also discussed and approved during the board meetings.</p> <p>Related Party Transactions of the Corporation can be found on page 18 of the Corporation's SEC Form 17-A—2019 Annual Report and on its Note 10 of the Consolidated Audited Financial Statements (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf) and in SEC Form 201S – 2020 Information Statement (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2_020.pdf).</p> | |
| <p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p> | Compliant | <p>During the annual stockholders' meeting, all the acts and proceedings of the Board of Directors, officer, and management of the corporation during the preceding year are ratified by the stockholders.</p> <p>(link: http://www.keppelph.com/images/pdfs/KPHI_SEC_17-C_RESULT_OF_THE_ANNUAL_STOCKHOLDERS_MEETING_21_JUNE_2019.pdf)</p> | |

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| 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 | <p>Article 3.2.8 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI New Manual on Corporate Governance as Revised.pdf) provides that: "the Board will be primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO) or the President, and control functions led by their respective heads."</p> <p>Concerned Officers are:</p> <ul style="list-style-type: none"> • Alan I. Claveria (President) • Felicidad V. Razon (Vice-President/Treasurer) | |
| 2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive). | Compliant | <p>Article 3.3.1.c.ii page 16 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI New Manual on Corporate Governance as Revised.pdf) provides that:</p> <p>The Board also conducts its own Self-Assessment. Two (2) out of the seven-member board are executive officers and three (3) of the five (5) of the non-executive board members are independent directors.</p> | |
| Recommendation 2.9 | | | |
| 1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management. | Compliant | Article 3.2.9 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI New Manual on Corporate Governance as Revised.pdf) provides that: "The Board will establish an effective performance management framework that will ensure that the Management, including the President, and personnel's performance is at par with the standards set by the Board and Senior Management." | |
| 2. Board establishes an effective performance management framework that ensures that | Compliant | | |

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| personnel's performance is at par with the standards set by the Board and Senior Management. | | Management and staff submit annual performance review and appraisal. | |
| Recommendation 2.10 | | | |
| 1. Board oversees that an appropriate internal control system is in place. | Compliant | Article 3.2.2(f) of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides that one of the functions of the Board is to: | |
| 2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders. | Compliant | <p>"Adopt a system of check and balances within the Board. A regular review of the effectiveness of such system will be conducted to ensure the integrity of the decision-making and reporting processes at all times. There will be a continuing review of KPHI's internal control system in order to maintain its adequacy and effectiveness."</p> <p>Article 3.2.10 of the Corporation's NMCG, as revised, provides that "the Board will oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders."</p> <p>KPHI also uses controlled self-assessment (CSA), annual management control questionnaires (MCQ) and internal control questionnaires (ICQ) as part of the mechanism for monitoring and managing potential conflict of interest.</p> | |
| 3. Board approves the Internal Audit Charter. | Compliant | <p>The Board approves recommendations from the Audit and Risk Management Committee.</p> <p>One of the Audit Functions of said Committee under Article 3.3.1(b) of the NMCG, as revised, is to "Recommend the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter."</p> | |

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| | | (link: http://www.keppelph.com/corporate-governance/board-committees.html) | |
| Recommendation 2.11 | | | |
| 1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks. | Compliant | Article 3.2.11 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides that "the Board will oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework will guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. This function will be undertaken by the Audit and Risk Management Committee." | |
| 2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. | Compliant | <p>Article 3.3.1 (b) of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides for an Audit and Risk Management Committee which has the following Enterprise Risk Management (ERM) functions:</p> <ul style="list-style-type: none"> i. Develop a formal enterprise risk management plan which contains the following elements: (a) common language or register or risk, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risk and developing strategies to manage prioritized risk, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures; ii. Oversee the implementation of the enterprise risk management plan. The Committee conducts regular discussions on KPHI's prioritized and residual exposures based on regular risk management reports and | |

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| | | <p>assesses how the concerned units or offices are addressing and managing these risks;</p> <ul style="list-style-type: none"> iii. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Committee revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss; iv. Advise the Board on its risk appetite levels and risk tolerance levels; v. Review annually KPHI's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on KPHI; vi. Assess the probability of each identified risk becoming reality and estimates its possible significant impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of KPHI and its stakeholders; vii. Provide oversight over Management's activities in managing credit, market liquidity, operational, legal and other risk exposures of KPHI. This function includes regularly receiving information on risk exposures and risk management activities from Management, and viii. Report to the Board on a regular basis, or as deemed necessary, KPHI's material risk exposures, the actions | |
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| | | <p>taken to reduce the risks, and recommends further action or plans, as necessary.</p> <p>ix. Further details on internal control and risk management framework can be found on Article 5 of NCGM as revised. (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate Govenance as Revised.pdf)</p> | | |
| Recommendation 2.12 | | | | |
| 1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role. | Compliant | Article 3.3.1 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New Manual on Corporate Govenance as Revised.pdf), states that the Board will provide Board committees that focus on specific board functions to aid in the optimal performance and responsibilities. | | |
| 2. Board Charter serves as a guide to the directors in the performance of their functions. | Compliant | | The Board Charters are available at the Corporation's website at http://www.keppelph.com/corporate-governance/board-committees.html | |
| 3. Board Charter is publicly available and posted on the company's website. | Compliant | | | |
| Additional Recommendation to Principle 2 | | | | |
| 1. Board has a clear insider trading policy. | Compliant | <p>The corporation's insider trading policy can be found in its website at http://keppelph.com/images/pdfs/INSIDER TRADING POLICY.pdf</p> <p>The corporation's insider trading policy includes the following:</p> <ul style="list-style-type: none">• Prohibitions on trading in securities and communication of material non-public information. | | |

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| | | <ul style="list-style-type: none"> Trading of the Company's securities or procuring another person to trade in the Company's securities, whilst in the possession of material information concerning the Company that is not generally available to the public, is prohibited at all times. Communicating material information concerning the Company that is not generally available to the public, to any person (including a person outside the scope of Sec 1.2) is prohibited at all times unless such disclosure is made strictly on a need-to-know basis and for the advancement of a legitimate business purpose. Disciplinary action in addition to civil and criminal penalties, employees who fail to observe this policy will be subject to disciplinary actions, including dismissal. | |
| 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. | Compliant | <p>Loans, if any, are conducted at arm's length basis and at market rates provided by banks.</p> <p>The company does not grant loan to its directors. However, executive positions are entitled to company loans as part of their compensation package.</p> | |
| 2. Company discloses the types of decision requiring board of directors' approval. | Compliant | <p>As provided in Article 4.1.1 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf), "the Board will establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of KPHI's financial condition, results and business operations."</p> <p>Types of decision requiring Board of Directors' approval as follows:</p> | |

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| | | <ul style="list-style-type: none"> a. Amendment or appeal of by-laws or the adoption of new by-laws, b. Distribution of dividends, c. Granting of loans to related party, d. Sale or purchase of investment property, e. Entering into merging or joint venture, f. Filling up of vacancies in the Board g. Bank signatories and level of authority h. Approval of quarterly or annual financial reports as required by SEC, PSE and Bureau of Internal Revenue i. Other disclosable matters required by SEC & PSE. | |
| 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>Article 3.3 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) states that: "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 compensation."</p> <p>Further, Article 3.3.1 of the NMCG states that: "the Board will establish board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities."</p> <p>The Board will constitute the following Committees:</p> <ul style="list-style-type: none"> • Executive Committee • Audit and Risk Management Committee <ul style="list-style-type: none"> - Audit | |

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| | | <ul style="list-style-type: none"> - Enterprise Risk Management - Related Party Transactions • Corporate Governance and Nomination Committee <ul style="list-style-type: none"> - Corporate Governance - Nomination - Compensation | |
| Recommendation 3.2 | | | |
| 1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. | Compliant | <p>Information on the Audit and Risk Management Committee (ARMC) can be found in Article 3.3(b) of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf).</p> <p>The ARMC has the following functions:</p> <ul style="list-style-type: none"> - Audit - Enterprise Risk Management - Related Party Transaction <p>One of the functions of the Audit and Risk Management Committee under Article 3.3.1(b)xii of the NMCG, as revised, is to "Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of KPHI, and provide an objective assurance on the manner by which the financial statements will be prepared and presented to the stockholders."</p> | |
| 2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent. | Compliant | <p>Article 3.3.(b) of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides that: "The ARMC will be composed of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the Chairman, will be independent."</p> <p>The ARMC is composed of the following non-executive directors:</p> | |

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| | | <p>1. Celso P. Vivas, Chairman, Lead Independent Director 2. Mayo Jose B. Ongsingco, Independent Director 3. Ramon J. Abejuela, Independent Director 4. Stefan Tong Wai Mun, Member</p> <p>(link: http://www.keppelph.com/corporate-governance/board-committees.html)</p> | |
| 3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. | Compliant | <p>Article 3.3.(b) of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides that: All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p> <p>Refer to SEC Form 17A-2019 Annual Report Item 9(a) iii, iv, and v. (https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf) and in SEC Form 20IS-2020 Information Statement (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2020.pdf) and in Recommendation 1.1 above.</p> | |

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| <p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p> | <p>Compliant</p> | <p>Article 3.3.(b) of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides that: The Chairman of the ARMC will not be the chairman of the Board or of any other committees.</p> <p>The Chairman of the ARMC is Celso P. Vivas, Lead Independent Director.</p> <p>Celso P. Vivas, 73, Filipino, has been elected as an Independent Director of Keppel Philippines Holdings, Inc. since June 2005 and is currently the Company's Lead Independent Director and Chairman of the Audit & Risk Management Committee (ARMC). He is an Independent Director and Chairman of the ARMC of Keppel Philippines Marine, Inc. and Independent Director and member of the Audit Committee of Keppel Philippines Properties, Inc. Mr. Vivas is also an Independent Director of Megawide Construction Corp., Chairman of its Audit and Compliance Committee, and member of both the Board Risk Oversight and Governance, Nomination and Remuneration Committee. He is also an Independent Director of Republic Glass Holdings Corp., Chairman of its Governance, Nomination and Remuneration Committee, and member of the ARMC. He is also an Independent Director of Goodsoil Marine Realty, Inc., and a regular director of Goodwealth Realty Development, Inc., subsidiaries of the Company, Independent director of Keppel Subic Shipyard, Inc. and regular director of Consort Land, Inc. He is a member of Marubeni Foundation's Board of Trustees. He was Risk Consulting Partner and Assurance Business Advisory Partner of SGV & Company until his retirement in 2001. Mr. Vivas obtained his Bachelor's Degree in Business Administration (Cum Laude) from the University of the East. He also obtained a Master's Degree in Business Management from the Asian Institute of Management (SGV & Co. Scholar). He is also a graduate of Company Directors' Course from Australian Institute of Company</p> | |
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| | | <p>Directors (ICD Scholar). Mr. Vivas is a Certified Public Accountant and has over 50 years of experience in audit, finance, enterprise risk management, and corporate governance.</p> <p>(link: http://www.keppelph.com/corporatate-governance/board-committees.html; (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf, Part III, Item 9 (a) (iii) and in SEC Form 20IS Information Statement–2020 (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2_020.pdf)</p> | |
| Supplement to Recommendation 3.2 | | | |
| 1. Audit Committee approves all non-audit services conducted by the external auditor. | Compliant | <p>As per Article 3.3.1b. Audit functions vii (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) ARMC "Evaluate and determine the non-audit work, if any, of the External Auditor, and review periodically the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to KPHI's overall consultancy expenses. The committee will disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, will be disclosed in the KPHI's Annual Report and Annual Corporate Governance Report."</p> <p>There are no non-audit services conducted during the period. (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf), Part II, Item 8 (a).</p> | |
| 2. Audit Committee conducts regular meetings and dialogues with the external audit team | Compliant | The ARMC meets with the External Auditor before the commencement and clearance meeting of the year under | |

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| without anyone from management present. | | <p>Audit. Management is invited to attend to answer issues discussed during the meeting.</p> <p>The External Auditor and the ARMC met four (4) times in 2019:</p> <ol style="list-style-type: none"> 1. 24 January 2019 2. 09 May 2019 3. 05 August 2019 4. 11 November 2019 <p>The Board met the external auditor without the Management prior to its Board Meeting held on 21 June 2019.</p> | |
| Optional: Recommendation 3.2 | | | |
| 1. Audit Committee meet at least four times during the year. | Compliant | <p>The ARMC met 4 times in 2019:</p> <ol style="list-style-type: none"> 1. 24 January 2019 2. 14 May 2019 3. 5 August 2019 4. 11 November 2019 | |
| 2. Audit Committee approves the appointment and removal of the internal auditor. | Compliant | Internal Audit Manager is Ronald A. Henajosa . He is also the Audit Manager of a related company. | |
| Recommendation 3.3 | | | |
| 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. | Compliant | <p>Information on the Corporate Governance and Nomination Committee (CGNC) can be found in Article 3.3(c) of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf).</p> <p>The CGNC has the following functions:</p> <ul style="list-style-type: none"> • Corporate governance - is tasked in ensuring compliance with and proper observance of corporate governance principles and practices. • Nomination - is tasked to determine the nomination and election process and has the special duty of defining the general profile of the Board Members that KPHI may | |

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| | | <p>need and ensuring the knowledge and competencies and expertise that compliments the existing skills of the Board.</p> <ul style="list-style-type: none"> • Compensation is tasked to establish a formal and transparent procedure to develop a policy for determining remuneration of directors and officers that is consistent with KPHI's culture and strategy as well as the business environment in which it operates. <p>As per Article 3.3(c) Nomination functions (vii) of the Corporation's NCMG, as revised, that "the nomination and election process includes the review and evaluation of the qualifications of all persons nominated to the Board, in relation to criteria set forth in KPHI's Manual on Corporate Governance, By-Laws, and applicable regulations, including whether the candidate: possess the knowledge, skills, experience; has independence of mind, especially the Non-Executive Directors, given their responsibilities to the Board; has a record of integrity and good repute; has sufficient time to carry out the responsibilities; and has the ability to promote smooth interaction between board members.</p> | |
| 2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors. | Compliant | <p>Article 3.3(c) of the Corporation's NMCG, as revised, provides that the Commission will be composed of at least three members, all of whom will be independent directors, including the Chairman.</p> <p>The Corporation's CGNC is made of the four directors, three of whom are independent directors, as follows:</p> <ol style="list-style-type: none"> 1. Mayo Jose B. Ongsingco—Chairman, Independent 2. Celso P. Vivas—Member, Independent 3. Ramon J. Abejuela—Member, Independent 4. Stefan Tong Wai Mun—Member <p>(link: http://www.keppelph.com/corporate-governance/board-committees.html)</p> | |

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| | | <p>Please refer to SEC Form 17A-2019 Annual Report (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf) Part III, Item 9(a), in SEC Form 201S -2020 Information Statement (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2_020.pdf) and in Recommendation 1.1 above for the qualifications of the members.</p> | |
| 3. Chairman of the Corporate Governance Committee is an independent director. | Compliant | <p>The Chairman of the Corporate Governance and Nomination Committee is Mayo Jose B. Ongsingco**, an Independent Director.</p> <p>Mr. Ongsingco, 68 years old, Filipino, was elected as Independent Director of the Company on 08 May 2017, prior to which he was a non-executive Director during June 2002 to March 2015. In February 2019, he was appointed as President/Director of PBC Capital Investment Corporation. He was an adviser to the Board of Directors of First Metro Investment Corp. since 2015, non-executive director of First Metro Asset Management Inc. since 2017, Vice Chairman of First Metro Securities Brokerage Corp. since 2018 and Independent Director of Mapfre Insular Insurance Corp. and Omnipay, Inc. since 2016 and 2017, respectively. He was also a non-executive Director of Rafael-Alunan Agro Development Inc. since 2006. He was also an Independent Director of Keppel Philippines Properties Inc., Keppel Philippines Marine, Inc., and Keppel Subic Shipyards, Inc. since 2018. He was also a Trustee of the Foundation for Carmelite Scholastics and De La Salle College of St. Benilde. He served as President of The Insular Life Assurance Co. Ltd. during 2004 to 2015 and was concurrent Vice Chairman and/or Director of various Insular Life subsidiaries and affiliates such as Pilipinas Shell Petroleum Corp., Mapfre Insular Insurance Corp., Insular Savings Bank, Insular Healthcare Inc., Insular Investment Corp., Asian Hospital Inc., and Union Bank of the Philippines. Mr. Ongsingco</p> | |

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| | | <p>graduated from the De La Salle University with Bachelor's Degrees (Magna Cum Laude) in Economics and Accounting. He also obtained a Master's Degree in Business Administration from the University of the Philippines and in National Security Administration from the National Defense College of the Philippines (with Honors). Mr. Ongsingco has more than 45 years of experience in banking, finance, and insurance.</p> <p>** Demised 03 April 2020</p> <p>(http://www.keppelph.com/images/pdfs/KPH - SEC17-C - Demise of a Director - Mayo Ongsingco.pdf)</p> <p>Please refer to SEC Form 17A-2019 Annual Report (link: https://www.keppelph.com/images/pdfs/KPHI_17A - Annual Report for 2019 with Sustainability Report.pdf) Part III, Item 9(a), (iv) and in SEC Form 20IS -2020 Information Statement (link: https://www.keppelph.com/images/pdfs/PSE KPHI DIS_Y2 020.pdf).</p> | |
| Optional: Recommendation 3.3. | | | |
| 1. Corporate Governance Committee meet at least twice during the year. | Compliant | <p>The CGNC met three (3) times in 2019:</p> <ol style="list-style-type: none"> 1. 9 May 2019 2. 21 June 2019 3. 05 August 2019 | |
| Recommendation 3.4 | | | |
| 1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness. | Compliant | <p>The function of Risk Oversight is performed by the Audit and Risk Management Committee (ARMC), information can be found in Article 3.3(b) of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI New Manual on Corporate Governance as Revised.pdf).</p> <p>The ARMC has the following functions:</p> | |

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| | | <ul style="list-style-type: none"> • Audit • Enterprise Risk Management • Related Party Transaction | |
| 2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman. | Compliant | <p>Article 3.3.(b) of the Corporation's NMCG, as revised, provides that: "The ARMC will be composed of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the Chairman, will be independent."</p> <p>The ARMC is made of four directors three of whom are independent directors, as follows:</p> <ol style="list-style-type: none"> 1. Celso P. Vivas - Chairman, Independent 2. Mayo Jose B. Ongsingco - Member, Independent 3. Ramon J. Abejuela—Member, Independent 4. Stefan Tong Wai Mun—Member <p>(link: http://www.keppelph.com/corporate-governance/board-committees.html)</p> | |
| 3. The Chairman of the BROC is not the Chairman of the Board or of any other committee. | Compliant | <p>Article 3.3.(b) of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides that: The Chairman of the ARMC will not be the chairman of the Board or of any other committees.</p> <p>Note that one of the functions of the ARMC is risk oversight. Please refer to Recommendation 3.2 item 4 for the qualification of the Chairman of ARMC, Mr. Celso P. Vivas, which covers the Risk Oversight.</p> | |
| 4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management. | Compliant | <p>Article 3.3.(b) of the Corporation's NMCG, as revised, provides that: "All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance."</p> | |

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| | | <p>Please refer to Recommendation 1.1 for the qualifications of directors, SEC Form 17A-2019 Annual Report (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf) Part III, Item 9(a), and in SEC Form 20IS –2020 Information Statement (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2_020.pdf).</p> | |
| 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. | Compliant | <p>The function of a Related Party Transactions (RPT) committee is performed by the Audit and Risk Management Committee, information can be found in Article 3.3(b) of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf).</p> <p>The ARMC has the following functions:</p> <ul style="list-style-type: none"> • Audit • Enterprise Risk Management • <u>Related Party Transaction</u> | |
| 2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman. | Compliant | <p>Article 3.3.(b) of the Corporation's NMCG, as revised, provides that: "The ARMC will be composed of at least <u>three (3)</u> appropriately qualified <u>non-executive directors</u>, the majority of whom, including the Chairman, will be independent."</p> | |
| Recommendation 3.6 | | | |
| 1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information. | Compliant | <p>Committee charters can be found on the Corporation's website at http://keppelph.com/corporate-governance/board-committees.html</p> | |

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| 2. Committee Charters provide standards for evaluating the performance of the Committees. | Compliant | | |
| 3. Committee Charters were fully disclosed on the company's website. | Compliant | | |
| Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business. | | | |
| Recommendation 4.1 | | | |
| 1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission. | Compliant | <p>Per the Corporation's latest By-Laws (link: http://keppelph.com/images/pdfs/KPHI_Certificate_of_filing_of_Amended_By-Laws_Change_in_Committees.pdf) Regular and Special Meetings may be conducted <u>by teleconferencing or videoconferencing</u>. In such case, the following guidelines shall govern:</p> <ol style="list-style-type: none"> 1) The Secretary of the meeting shall assume the following responsibilities: <ol style="list-style-type: none"> a) To safeguard the integrity of the meeting via tele/videoconferencing; b) To find good tele/video conference equipment/facilities; c) To record the proceedings and prepare the minutes of the meeting; and d) To store for safekeeping and mark the tape recording/s and/or other electronic recording mechanism as part of the records of the corporation. 2) The Secretary shall send out the notices of the meeting to all directors in the same manner of giving notice as stated in this section. 3) The notice shall include the following: | |

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| | | <ul style="list-style-type: none"> a) Inquiry on whether the director will attend physically or through tele/videoconferencing; b) Contact number/s of the Secretary and office staff whom the director may call to notify and state whether he shall be physically present or attend through tele/videoconferencing; c) Agenda of the meeting; and d) All documents to be discussed in the meeting, including attachments, shall be numbered and duly marked by the Secretary in such a way that all the directors, physically or electronically present, can easily follow, refer to the documents and participate in the meeting. <p>4) If the director chooses tele/video conferencing, he shall give notice of at least five (5) days prior to the scheduled meeting to the Secretary. The latter shall be informed of his contact number/s. In the same way, the Secretary shall inform the director concerned of the contact number/s he will call to join the meeting. The Secretary shall keep the records of the details, and on the date of the scheduled meeting, confirm and note such details as part of the minutes of the meeting.</p> <p>5) In the absence of arrangement, it is presumed that the director will physically attend the Board meeting.</p> <p>6) At the start of the scheduled meeting, a roll call shall be made by the Secretary. Every director and participant shall state, for the record, the following:</p> <ul style="list-style-type: none"> a) Full Name b) Location c) For those attending through tele/videoconferencing, he shall confirm that: <ul style="list-style-type: none"> i) he can completely and clearly hear the others who can clearly hear him at the end of the line | |
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| | | <p>ii) state whether he has received the agenda and all the materials for the meeting</p> <p>iii) specify type of device used.</p> <p>Thereafter, the Secretary shall confirm and note the contact numbers being used by the directors and participants not physically present. After the roll call, the Secretary may certify the existence of a quorum.</p> <p>7) All participants shall identify themselves for the record, before speaking and must clearly hear and/or see each other in the course of the meeting. If a person fails to identify himself, the Secretary shall quickly state the identity of the last speaker. If the person speaking is not physically present and the Secretary is not certain of the identity of the speaker, the Secretary must inquire to elicit a confirmation or correction.</p> <p>If a motion is objected to and there is a need to vote and divide the Board, the Secretary should call the roll and note the vote of each director who should identify himself.</p> <p>If a statement of a director/ participant in the meeting via tele/videoconferencing is interrupted or garbled, the Secretary shall request for a repeat or reiteration, and if need be, the Secretary shall repeat what he heard the director/participant was saying for confirmation or correction.</p> <p>8) The Secretary shall require all the directors who attended the meeting, whether personally or through tele/videoconferencing, to sign the minutes of the meeting to dispel all doubts on matters taken up during the meeting.</p> <p>Article 3.4.1. of the Corporation's NMCG, as revised, also provides that "The directors will attend and actively</p> | |
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| | | <p>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, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the director will review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations. “</p> <p>Information on the attendance and participation of directors to Board, Committee and shareholders' meetings can be found in the Company's 2020 Information Statement. (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2020.pdf), Item H.</p> | |
| 2. The directors review meeting materials for all Board and Committee meetings. | Compliant | Board materials are sent to the Directors <u>at least five (5) days</u> before the actual meeting via hand delivery or via email. | |
| 3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings. | Compliant | The Directors actively participate in the Board and Committee Meetings. | |
| 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 | Article 3.4.2 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides that “the non-executive directors (NED) of the Board will concurrently serve as directors to a maximum of five (5) publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of KPHI. However, in the event that they serve | |

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| | | <p>more than five (5) publicly listed companies, the Board will review this and decide accordingly."</p> <p>Information on the directorships of the company's directors in both listed and non-listed companies can be found in SEC Form 17A-2019 Annual Report (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf). and in SEC Form 20IS – 2019 Information Statement (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2_020.pdf).</p> | |
| Recommendation 4.3 | | | |
| 1. The directors notify the company's board before accepting a directorship in another company. | Compliant | Notification to the Board started in 2018. | |
| 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 | The Company does not have any executive directors who serve in more than two boards of listed companies outside of the group. | |
| 2. Company schedules board of directors' meetings before the start of the financial year. | Compliant | The Company prepares annual time table for all meetings for the ensuing year, including, stockholders' meeting and committees' meeting. | |
| 3. Board of directors meet at least six times during the year. | Compliant | <p>The Board conducted eight (8) Board meetings in 2019, (five (5) regular meetings, one (1) organizational meeting, and two (2) special meeting.</p> <p>(link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf)</p> <p>Part V, Exhibits and Schedules and in SEC Form 20IS – 2020 Information Statement (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2_020.pdf) Item H, Corporate Governance.</p> | |

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| 4. Company requires as minimum quorum of at least 2/3 for board decisions. | Compliant | Article II, Section 2 of the Corporation's By-Laws provides that "A majority of the directors shall be necessary at all the meetings to constitute a quorum for the transaction of any business, and every decision of majority of the quorum duly assembled as a Board shall be valid as a corporate act, except in the case of electing a director/s to fill up a vacancy in the board." (link: http://keppelph.com/images/pdfs/KPHI_Certificate_of_filing_of_Amended_By-Laws_Change_in_Committees.pdf) | |
| Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs | | | |
| Recommendation 5.1 | | | |
| 1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher. | Compliant | <p>The Corporation has three independent directors, as provided for in the latest GIS (link: http://www.keppelph.com/images/pdfs/KPHI_-_GIS_for_PSE.pdf)</p> <p>The three (3) independent directors are Celso P. Vivas, Mayo Jose B. Ongsingco and Ramon J. Abejuela. Please refer to SEC Form 17A-2019 Annual Report (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf). and in SEC Form 20IS -2020 Information Statement (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2020.pdf) and in Recommendation 1.1 above.</p> <p>Article 3.5.1 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides that "the Board will have at least three (3) independent directors, or such number as to constitute at least one-third (1/3) of the members of the Board, whichever is higher."</p> | |
| Recommendation 5.2 | | | |
| 1. The independent directors possess all the qualifications and | Compliant | Please refer to SEC Form 17A-2019 Annual Report (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_ | |

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| none of the disqualifications to hold the positions. | | Annual Report for 2019 with Sustainability Report.pdf) and in SEC Form 20IS –2019 Information Statement (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2_020.pdf) and in Recommendation 1.1 above for the qualifications of the independent directors. | |
| Supplement to Recommendation 5.2 | | | |
| 1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently. | Compliant | As indicated in Article II Section 2 of the Corporation's By-Laws, "The directors shall act only as a board, and the individual directors have no power as such." (link: http://keppelph.com/images/pdfs/KPHI_Certificate_of_filing_of_Amended_By-Laws_Change_in_Committees.pdf) | |
| Recommendation 5.3 | | | |
| 1. The independent directors serve for a cumulative term of nine years (reckoned from 2012). | Compliant | As per SEC Form 17A-2019 Annual Report Item 9(a) iii, iv, and v. (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf) and in SEC Form 20IS –2020 Information Statement (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2_020.pdf), Mr. Celso Vivas has been an independent Director since 2005, and Messrs. Mayo Jose Ongsingco and Ramon Abejuela since 2017. Reckoning from 2012, the cumulative term of nine years has not yet lapsed. | |
| 2. The company bars an independent director from serving in such capacity after the term limit of nine years. | Compliant | As provided for in Article 3.5.3 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf), "The Board's independent directors will serve for a maximum cumulative term of nine (9) years. After which, the independent director will be perpetually barred from reelection as such in the same company, but may continue to qualify for nomination and election as a non-independent director." | |

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| 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 | As provided for in Article 3.5.3 of the Corporation's NMCG, as revised, "in the instance that the company wants to retain an independent director who has served for nine (9) years, the Board will provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting." | |
| Recommendation 5.4 | | | |
| 1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals. | Compliant | <p>As provided for in Article 3.5.4 of the Corporation's NMCG, as revised, "the positions of Chairman of the Board and the President will be held by separate individuals and each will have clearly defined responsibilities. This will foster an appropriate balance of power, increased accountability and better capacity for independent decision-making. The Chairman of the Board is not a member of the Executive Committee or officer of the Company."</p> <p>The Chairman of the Board as indicated in the Corporation's GIS (link: http://keppelph.com/images/pdfs/KPHI - GIS for PSE.pdf) is Mr. Paul Tan Poh Lee* and the President is Mr. Alan I. Claveria.</p> <p>* Retired last 31 March 2020 (http://www.keppelph.com/images/pdfs/KPH- SEC17-C - Chairman Paul Tan Resignation.pdf)</p> | |
| 2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities. | Compliant | <p>The Chairman and the Chief Executive Officer are not related.</p> <p>As provided for in Article 3.5.4 a & b of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI New Manual on Corporate Governance as Revised.pdf), the following are the roles and responsibilities of the Chairman and the President, respectively:</p> | |

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| | | <p><u>"Chairman of the Board</u></p> <p>The roles and responsibilities of the Chairman include, among others, the following:</p> <ul style="list-style-type: none"> • Make certain that the meetings of the Board are held in accordance with By-laws or as the Chairman may deem necessary. Also ensure that the meeting agenda focuses on strategic matters, including the overall risk appetite of KPHI, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations; • Ensure that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions; • Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors; • Ensure that the Board sufficiently challenges and inquire on reports submitted and representations made by Management; • Assure the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and • Make sure that performance of the Board is evaluated at least once a year and discussed/followed up on." | |
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| | | <p><u>President</u></p> <p>The roles and responsibilities of the President include, among others, the following:</p> <ul style="list-style-type: none"> • Determine KPHI's strategic direction and formulates and implement its strategic plan on the direction of the business; • Communicate and implement KPHI's vision, mission, values and overall strategy and promote any organization or stakeholder change in relation to the same; • Oversee the operations of KPHI and manage human and financial resources in accordance with the strategic plan; • Must have a good working knowledge of KPHI's industry and market and keep up-to-date with its core business purpose; • Direct, evaluate and guide the work of the key officers of KPHI; • Manage KPHI's resources prudently and ensure a proper balance of the same; • Provide the Board with timely information and interface between the Board and the employees; • Build the corporate culture and motivate the employees of KPHI; and • Serve as the link between internal operations and external stakeholders." | |
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| Recommendation 5.5 | | | |
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| 1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors. | Compliant | As provided in the Corporation's SEC Form 17-C filed with the SEC on 21 June 2019 on the results of the Organizational Meeting on the same day. The Chairman of the Board, Mr. Paul Tan Poh Lee, is not an independent director. The Lead Independent Director is Mr. Celso Vivas. (link: http://www.keppelph.com/images/pdfs/KPHI_SEC_17-C_RESULT_OF_THE_ORGANIZATIONAL_MEETING_21_JUNE_2019.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 | As provided for in Article 3.5.6 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) "a director with a material interest in any transaction affecting KPHI will abstain from taking part in the deliberations to ensure that he has no influence over the outcome of 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. | Compliant | Non-executive directors met during the Audit and Risk Management Committee meetings at least 4 times in 2019 - 24 January 2019, 9 May 2019, 5 August 2019, and 11 November 2019. The presence of Executive Director is by invitation to answer questions or issues brought up by the internal or external auditor. Meetings are always chaired by the Lead Independent Director. (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2020.pdf) | |
| 2. The meetings are chaired by the lead independent director. | Compliant | | |
| Optional: Principle 5 | | | |
| 1. None of the directors is a former CEO of the company in the past 2 years. | Compliant | As provided for in the SEC Form 17A-2019 Annual Report Item 9(a) iii, iv, and v. (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf) and GIS (link:) | Stefan Tong Wai Mun was the President until 14 September 2017, who is presently a regular director. |

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| | | https://www.keppelph.com/images/pdfs/KPH_-_Amended_2019_GIS_14_May_2020.pdf), the current President is Mr. Alan I. Claveria who was elected as such on 14 September 2017. | |
| 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 | As provided for in Article 3.6 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf), | |
| 2. The Chairman conducts a self-assessment of his performance. | Compliant | 3.6.1. The Board will conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. If the need arises, every three (3) years, the assessment will be supported by an external facilitator. | |
| 3. The individual members conduct a self-assessment of their performance. | Compliant | | |
| 4. Each committee conducts a self-assessment of its performance. | Compliant | | |
| | | 3.6.2 The Board will have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system will allow for a feedback mechanism from the shareholders. The Board conducts on an annual basis the self-assessment. Upon review and recommendation of the CGNC on 9 May 2019 meeting, the self-assessment questionnaire form was presented to the Board on the same day for approval. Result of the self-assessment conducted was presented on 5 August 2019 during the CGNC regular meeting. | |
| 5. Every three years, the assessments are supported by an external facilitator. | Compliant | As provided for in Article 3.6.1 of the Corporation's NMCG, as revised, | |

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| | | If the need arises, every three (3) years, the assessment will be supported by an external facilitator. | |
| 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 | As provided for in Article 3.6.2 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf), "the Board will have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system will allow for a feedback mechanism from the shareholders." | |
| 2. The system allows for a feedback mechanism from the shareholders. | Compliant | The self-assessment form is the system being used to review the performance of the Board. The Company website can be used by the Shareholders for information they would like to get from the Corporation and email addresses of the officers and corporate secretary are available. (link: http://www.keppelph.com/investor-relations/investor-relations-programs.html) | |
| 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 | | | |
| 1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company. | Compliant | The corporation's Code of Business Conduct and Ethics can be found in its website at http://keppelph.com/corporate-governance/code-of-business-conduct-and-ethics.html . | |
| 2. The Code is properly disseminated to the Board, senior management and employees. | Compliant | The Corporation's Code of Business Conduct and Ethics can be disseminated to the Board, senior management and employees by providing them copy of the Code and | |

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| | | Policies via emails and are also found at its website at http://keppelph.com/corporate-governance/code-of-business-conduct-and-ethics.html . | |
| 3. The Code is disclosed and made available to the public through the company website. | Compliant | The Corporation's Code of Business Conduct and Ethics can be found in its website at http://keppelph.com/corporate-governance/code-of-business-conduct-and-ethics.html . | |
| Supplement to Recommendation 7.1 | | | |
| 1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes. | Compliant | According to the Corporation's Code of Business Conduct and Ethics: "Conduct of Business and Fair Dealings This addresses standards of ethical business behavior including anti-corruption, the offering and receiving of gifts, hospitality and promotional expenditures and dealings with Keppel associates." | |
| Recommendation 7.2 | | | |
| 1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics. | Compliant | All employees must comply with the Code of Business conduct and Ethics and internal policies which were disseminated via email to the Company Officers and staff. | |
| 2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies. | Compliant | | |

Disclosure and Transparency

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

Recommendation 8.1

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| 1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations. | Compliant | <p>As provided in Article 4.1.1 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf), "the Board will establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of KPHI's financial condition, results and business operations."</p> <p>Company disclosures are available on the Corporation's website at http://keppelph.com/company-disclosures.html and also at PSE Website http://edge.pse.com.ph/.</p> | |
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Supplement to Recommendations 8.1

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| 1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period. | Non-compliant | <ul style="list-style-type: none"> Audited Consolidated financial statement was published, distributed or made available 100-105 number of days from the end of 31 December fiscal year on or before the deadline set by the SEC which is April 15 of the following year. Interim financial statement was published, distributed or made available 40-45 days from the end of the reporting period. | Recognizing that the declaration of Enhanced Community Quarantine in Luzon and other parts of the country due to the COVID-19 pandemic has resulted in restricted movement and temporary business and work suspension, which thus, posed specific challenges on the preparation and subsequent audit of the annual financial statements (AFS) and affected the processes needed to produce the meeting materials as well as the physical distribution of the said materials to the stockholders, the SEC issued |
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| | | | <p>SEC Memorandum Circular No. 5, Series of 2020, granting extension of filing the 2019 Annual Reports including the applicable quarterly reports for Year 2020 and 2019 Audited Financial Statements.</p> <p>The deadline for the filing of 2019 Annual Reports and/or 2019 Audited Financial Statements and applicable 2020 Quarterly Reports is extended for companies affected by COVID-19 pandemic to 30 June 2020. The Corporation filed with the SEC a request for extension to file SEC Form 17-A (link: https://edge.pse.com.ph/openDiscViewer.do?edge_no=c5a9cf564ee1b2730de8473cebbd6407)</p> |
| <p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p> | Compliant | <p>The SEC Form 17A-2019 Annual Report (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf) was electronically filed on 14 May 2020, provides information as follows: Item 11 –Security Ownership of Certain Record and Beneficial Owners and Management, and Item 12 –Certain Relationships and Related Transactions.</p> <p>Please also refer to Consolidated Audited Financial Statements for 2019—Note 1—General Information, note 10 Related party transactions: Note 12—Share capital and share premium. (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf)</p> | |

| Recommendation 8.2 | | | |
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| 1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days. | Compliant | As provided in Article 4.1.2 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf), KPHI will have a policy requiring all directors and officers to disclose/report to KPHI any dealings in KPHI's shares within three (3) business days. Directors and officers are aware that they have to inform the Company any dealings in the Company shares as this has been discussed in the Corporate Governance Seminars. | |
| 2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days. | Compliant | | |
| Supplement to Recommendation 8.2 | | | |
| 1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program). | Compliant | The Company discloses any movement in the shares of the directors and controlling shareholders thru submission of SEC Form 23-A or 23-B to SEC, public ownership report, Top 20, Top 100 Shareholders which are all disclosed in the PSE website (link: http://edge.pse.com.ph/companyDisclosures/form.do?company_id=87#viewer) and in Company's website (link: http://www.keppelph.com/investor-relations/share-information.html ; and http://www.keppelph.com/company-disclosures.html) Refer to shareholding structure of the Company http://www.keppelph.com/home/our-company/shareholdings-structure.html | |
| Recommendation 8.3 | | | |
| 1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment. | Compliant | Refer to answer in Recommendation 1.1 and SEC Form 17A – 2019 Annual Report, Item 9 Directors and Executive Directors of the Issuer and SEC Form 20IS—2020 Information Statement (links: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf ; https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2020.pdf) | |

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| | | Per Article 3.1.1 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf), "the Board will always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction." | |
| 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 | Refer to answer in Recommendation 1.1 and SEC Form 17A – 2019 Annual Report, Item 9 Directors and Executive Directors of the Issuer and SEC Form 20IS— 2020 Information Statement links: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf ; https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2020.pdf) | |
| 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 | As provided for in Article 3.2.5 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf), "The Board will align the remuneration of key officers and board members with the long-term interests of KPHI. In doing so, it will formulate and adopt a policy specifying the relationship between remuneration and performance. Further no director will participate in discussion or deliberations involving his own remuneration. The directors' compensation will always be in accordance with the By-laws of KPHI and/or approved by the stockholders during the annual stockholders' meeting. The Board will, from time to time, approve reasonable per diem that a director may receive in the Board and Board Committee meetings. | |

| | | <p>As provided for in Article 4.1.4 of the Corporation's NMCG, as revised, KPHI will provide a clear disclosure of its policies and procedure for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report. Also, companies will disclose the remuneration on an individual basis, including termination and retirement provisions.</p> <p>For the year 2019, per the Corporation's 17-A and Minutes of the Annual Meeting of the Stockholders on 21 June 2019, (link: http://www.keppelph.com/images/pdfs/KPH_ANNUAL_STOCKHOLDERS_MINUTES_OF_MEETING_21_JUNE_2019.pdf), the directors were each paid directors' fee amounting to P60,000 each and the same amount is budgeted for 2019 as annual directors' fee. There is no bonus, profit sharing, or other compensation plan, contract or arrangement in which any director, nominee for election as director, or executive officers of the registrant will participate.</p> | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---------------|---|-------------|---------------------------|-----------------|-------|---------------------------|----------------------------|---------------|-----------|------|------|------|-----------|------|------|------|-----------|------|------|--|--|------|------|------|---|
| 2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same. | Compliant | Please see Recommendation 8.4 item 1 above. | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. Company discloses the remuneration on an individual basis, including termination and retirement provisions. | Not compliant | <p>As Per the Corporation's 17-A 2019 Annual Report (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf) the following is the compensation of directors and officers:</p> <table><tr><th>Description</th><th>Year</th><th>Salary (in PhP)</th><th>Bonus</th><th>Other Annual Compensation</th></tr><tr><td rowspan="3">Aggregate for All Officers</td><td>2020 Estimate</td><td>8,515,000</td><td>None</td><td>None</td></tr><tr><td>2019</td><td>8,375,000</td><td>None</td><td>None</td></tr><tr><td>2018</td><td>7,116,000</td><td>None</td><td>None</td></tr><tr><td></td><td></td><td>None</td><td>None</td><td>None</td></tr></table> | Description | Year | Salary (in PhP) | Bonus | Other Annual Compensation | Aggregate for All Officers | 2020 Estimate | 8,515,000 | None | None | 2019 | 8,375,000 | None | None | 2018 | 7,116,000 | None | None | | | None | None | None | The Company disclosed the aggregate remuneration of directors and officers. |
| Description | Year | Salary (in PhP) | Bonus | Other Annual Compensation | | | | | | | | | | | | | | | | | | | | | | |
| Aggregate for All Officers | 2020 Estimate | 8,515,000 | None | None | | | | | | | | | | | | | | | | | | | | | | |
| | 2019 | 8,375,000 | None | None | | | | | | | | | | | | | | | | | | | | | | |
| | 2018 | 7,116,000 | None | None | | | | | | | | | | | | | | | | | | | | | | |
| | | None | None | None | | | | | | | | | | | | | | | | | | | | | | |

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| | | <table><tr><td rowspan="3">Aggregate for all Directors</td><td>2020 Estimate</td><td></td><td></td><td></td></tr><tr><td>2019</td><td>None</td><td>None</td><td>None</td></tr><tr><td>2018</td><td>None</td><td>None</td><td>None</td></tr></table> <p>Please also refer to SEC Form 201S—2020 Information Statement no. 6 page 10 of 25 (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2020.pdf)</p> | Aggregate for all Directors | 2020 Estimate | | | | 2019 | None | None | None | 2018 | None | None | None | |
| Aggregate for all Directors | 2020 Estimate | | | | | | | | | | | | | | | |
| | 2019 | None | | None | None | | | | | | | | | | | |
| | 2018 | None | None | None | | | | | | | | | | | | |
| Recommendation 8.5 | | | | | | | | | | | | | | | | |
| 1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance. | Compliant | <p>Under Article 3.3.1 (b) page 15 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) the corporation's Audit and Risk Management Committee has an RPT function, which provides:</p> <p>"As one of the functions of the ARMC, the Committee is tasked in general to review all material related party transactions of KPHI to ensure that it is an arms-length, market based and in compliance with all applicable laws.</p> <p>Further, under Article 4.1.5 of the NMCG, as revised, "KPHI will disclose its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions. The material or significant RPTs reviewed and approved during the year will be disclosed in its Annual Corporate Governance Report."</p> <p>Refer to SEC Form 17A-2019 Annual Report Item 12 and Note 10 of the Consolidated Audited Financial Statements (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf) and in SEC Form 201S – 2020 Information Statement (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2020.pdf).</p> | | | | | | | | | | | | | | |

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| 2. Company discloses material or significant RPTs reviewed and approved during the year. | Compliant | Related Party Transactions of the Corporation are indicated in page 18 Item 12 of the SEC Form 17-A –2019 Annual Report and Note 10 of the Consolidated Audited Financial Statements. Refer also to attached Related Party Transactions for 2019 as Annex A. (link: https://www.keppelph.com/images/pdfs/KPHI_17A - Annual Report for 2019 with Sustainability Report.pdf). | |
| Supplement to Recommendation 8.5 | | | |
| 1. Company requires directors to disclose their interests in transactions or any other conflict of interests. | Compliant | Article 3.2.10 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI New Manu al on Corporate Govenance as Revised.pdf) provides that "The Board will oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and shareholders." | |
| 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 | RPTs are conducted in such a way to ensure that they are fair and at arm's length. RPTs of the Corporation are indicated in page 18, Item 12 of the SEC Form 17A—2019 Annual Report and Note 10 of the Consolidated Audited Financial Statements: (link: https://www.keppelph.com/images/pdfs/KPHI_17A - Annual Report for 2019 with Sustainability Report.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 | Disclosures are posted at the Company's website at http://keppelph.com/company-disclosures.html and the PSE Website at http://edge.pse.com.ph/companyDisclosures/form.do?c mpy_id=87#viewer | |

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| 2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets. | Compliant | <p>Article 4.1.6 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides that "KPHI will make a full, fair, accurate and timely disclosure to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. Moreover, the Board of the offeree company will appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets."</p> <p>The Company gets the services of Vitale' Valuation Services Inc. marketing@vitalevaluation.com.ph SEC Accreditation No. 017 (Valid until 22 March 2022) to appraise the fair market value of investment properties of the Company.</p> | |
| 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. | Compliant | <p>Disclosures are posted at the Company's website at http://keppelph.com/company-disclosures.html and the PSE Website at http://edge.pse.com.ph/companyDisclosures/form.do?company_id=87#viewer.</p> <p>No transactions subject to such disclosure during the period.</p> | |
| Recommendation 8.7 | | | |
| 1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG). | Compliant | The NMCG was first submitted and approved by the Board on 16 June 2017 and was revised, submitted to and approved by the Board on 10 November 2017. This was resubmitted to SEC 20 November 2017 and PSE. It is available on the Company's website at http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf and the PSE Website | |
| 2. Company's MCG is submitted to the SEC and PSE. | Compliant | | |

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| 3. Company's MCG is posted on its company website. | Compliant | http://edge.pse.com.ph/companyDisclosures/form.do?cmpry_id=87#viewer . | |
| Supplement to Recommendation 8.7 | | | |
| 1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices. | Compliant | The NCMG was first submitted and approved by the Board on 16 June 2017 and was revised, submitted to and approved by the Board on 10 November 2017. This was resubmitted to SEC 20 November 2017 and PSE. It is available on the Company's website at http://keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf and the PSE Website http://edge.pse.com.ph/companyDisclosures/form.do?cmpry_id=87#viewer . | |
| Optional: Principle 8 | | | |
| 1. Does the company's Annual Report disclose the following information: | Compliant | SEC Form 17A-2019 Annual Report (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf) contains the following: | |
| a. Corporate Objectives | Compliant | Corporate objectives can be found on Part I Business and General Information. | |
| b. Financial performance indicators | Compliant | Financial and Non-financial performance indicators, and Dividend Policy can be found on Part II Operational and Financial Information. | |
| c. Non-financial performance indicators | Compliant | Details on the Directors and Total Remuneration can be found on Part III Control and Compensation Information. | |
| d. Dividend Policy | Compliant | Details on Directors attendance in the meeting can be found on the Definitive Information Statement 2020 link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2020.pdf | |
| e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other | Compliant | | |

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| directorships in listed companies) of all directors | | | |
| f. Attendance details of each director in all directors' meetings held during the year | Compliant | | |
| g. Total remuneration of each member of the board of directors | Compliant | | |
| 2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue. | Compliant | The statement can be found on Part IV Corporate Governance, SEC Form 17A-2019 Annual Report ((link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf)). | |
| 3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems. | Compliant | As recommended by the ARMC, the Annual Report and the 2019 Consolidated Audited Financial Statements, the Board of Directors reviewed and approved the reports and the release thereof on its meeting held on 29 January 2020 and to be submitted to the stockholders for approval in the annual stockholders' meeting (link: http://www.keppelph.com/images/pdfs/KPH_-_SEC17-C_Result_of_BOD_meeting_-_29_January_2020.pdf | |
| 4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems. | Compliant | The SEC Form 17A—2019 Annual Report and the consolidated audited financial statements (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf) contains "Statement of Management's Responsibility for Financial Statements" duly signed by the Chairman, the President and the Treasurer, as required by SEC. | |

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| 5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic). | Compliant | The 2019 Consolidated Audited Financial Statements as part of SEC Form 17A - 2019 Annual Report link: (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf) contains the Financial Risk Management and Capital Management on Note 19. | |
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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

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| 1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors. | Compliant | According to Article 4.2.1 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) "the ARMC will have a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the external auditor will be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For removal of the external auditor, the reasons for removal or change will be disclosed to the regulators and the public through KPHI's website and required disclosures." | |
| 2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders. | Compliant | Out of the total outstanding shares of the Company as of 21 June 2019 Annual Stockholders' Meeting, 82.04% were present either in person or by proxy, which same approved and ratified the appointment of the external auditor and the fee to be fixed by the Management (link: http://www.keppelph.com/images/pdfs/KPHI_ANNUAL_STOCKHOLDERS_MINUTES_OF_MEETING_21_JUNE_2019.pdf). | |
| 3. For removal of the external auditor, the reasons for removal or change are disclosed to the | Compliant | According to Article 4.2.1 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) | |

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| regulators and the public through the company website and required disclosures. | | al on Corporate Govenance as Revised.pdf] “the ARMC will have a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the external auditor will be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For removal of the external auditor, the reasons for removal or change will be disclosed to the regulators and the public through KPHI's website and required disclosures.” Please refer to PSE Website http://edge.pse.com.ph/companyDisclosures/form.do?company_id=87#viewer ; http://keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf . | |
| Supplement to Recommendation 9.1 | | | |
| 1. Company has a policy of rotating the lead audit partner every five years. | Compliant | Per Item 8, Information on Independent Accountant (a) (i) of the (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf) and 2020 Information Statements (link: http://www.keppelph.com/images/pdfs/SEC_Form_20_IS_2020.pdf) , “the Company is in full compliance with SRC Rule 68, par. 3 (b) (iv) on Rotation of External Auditors. The Company has not engaged Ms. Catherine H. Santos , partner of Isla Lipana & Co. for more than five (5) years.” Isla Lipana & Co, has been engaged by the Corporation since 2016. | |
| Recommendation 9.2 | | | |
| 1. Audit Committee Charter includes the Audit Committee's responsibility on: | Compliant | The Audit Committee Charter can be found on the Corporation's website at http://keppelph.com/corporate-governance/board-committees.html . | |

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| <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. | | | |
| <p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p> | <p>Compliant</p> | <p>Please refer to http://keppelph.com/corporate-governance/board-committees.html for the Audit Committee Charter.</p> <p>Per Article 4.2.2 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) "the ARMC Charter will include the ARMC's responsibility on assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Charter will also contain the ARMC's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis."</p> <p>The Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis is contained in the NMCG, as revised.</p> | |

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| Supplement to Recommendations 9.2 | | | |
| 1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions. | Compliant | The Audit Committee Charter can be found on the Corporation's website at link: http://keppelph.com/corporate-governance/board-committees.html . | |
| 2. Audit Committee ensures that the external auditor has adequate quality control procedures. | Compliant | The Audit Committee Charter can be found on the Corporation's website at http://keppelph.com/corporate-governance/board-committees.html . | |
| 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>Per Article 4.2.3 of the Corporation's NMCG, as revised (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf), "KPHI will disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest. The ARMC will be alerted for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity."</p> <p>Per Article 3.3.1(b)(vii) of the NMCG, as revised, one of the functions of the Audit and Risk Management Committee is to "Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to KPHI's overall consultancy expenses. The Committee will disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, will be disclosed in KPHI's Annual Report and Annual Corporate Governance Report."</p> | |

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| | | The Company has no non-audit services performed by its external auditor for the last three (3) years as disclosed in SEC Form 17A-2019 Annual Report Item 8(a) ii, iii. (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf) and in SEC Form 20IS -2020 Information Statement (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2_020.pdf) Item 7. | |
| 2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity. | Compliant | Please refer to Item 9.3.1 above. | |
| Supplement to Recommendation 9.3 | | | |
| 1. Fees paid for non-audit services do not outweigh the fees paid for audit services. | Compliant | The Company has no non-audit services performed by its external auditor for the last three (3) years as disclosed in SEC Form 17A-2018 Annual Report Item 8(a) ii, iii. (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf) and in SEC Form 20IS -2020 Information Statement (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2_020.pdf) Item 7. | |
| Additional Recommendation to Principle 9 | | | |
| 1. Company's external auditor is duly accredited by the SEC under Group A category. | Compliant | <ol style="list-style-type: none"> 1. Name of the audit engagement partner: Ms. Catherine H. Santos, Partner of Isla Lipana and Co. (PwC) 2. CPA Certificate No. 0110097 3. Accreditation Number: 1660-A 4. Accreditation No. Until 6 September 2020 5. Address: 29th Floor Philamlife Tower, Paseo de Roxas, Makati City 6. Telephone Number: (02) 8845 2728 | |

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| 7. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA). | Compliant | PwC is willing to be subjected to SOAR if there will be any. | |
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Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

Recommendation 10.1

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| 1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability. | Compliant | Article 4.3.1 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides: "the Board will have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance issues of its business, which underpin sustainability. Companies will adopt a globally recognized standard/framework in reporting sustainability and non-financial issues." | |
| 2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues. | Compliant | <p>The Company adopted globally recognized standards or framework in reporting sustainability and non-financial issues.</p> <p>The Company complied with SEC Memorandum Circular No. 4 Series of 2019 issued on 15 February 2019 <i>Sustainability Reporting Guidelines for Publicly-Listed Companies</i>. (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf)</p> | |

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

| Recommendation 11.1 | | | |
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| 1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors. | Compliant | <p>Per Article 4.4.1 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf), "KPHI will include media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors."</p> <p>The company also provides disclosure and other information on its website http://www.keppelph.com/press-materials-news.html; http://www.keppelph.com/company-disclosures.html; and the PSE Edge http://edge.pse.com.ph/companyDisclosures/form.do?company_id=87#viewer.</p> | |
| Supplemental to Principle 11 | | | |
| 1. Company has a website disclosing up-to-date information on the following: | Compliant | <p>Disclosures can be found on the company website at http://keppelph.com/company-disclosures.html and the PSE Edge http://edge.pse.com.ph/companyDisclosures/form.do?company_id=87#viewer.</p> | |
| a. Financial statements/reports (latest quarterly) | Compliant | | |
| b. Materials provided in briefings to analysts and media | Compliant | | |
| c. Downloadable annual report | Compliant | | |
| d. Notice of ASM and/or SSM | Compliant | | |
| e. Minutes of ASM and/or SSM | Compliant | | |
| f. Company's Articles of Incorporation and By-Laws | Compliant | | |
| Additional Recommendation to Principle 11 | | | |
| 1. Company complies with SEC-prescribed website template. | Compliant | The Corporation's website, http://keppelph.com/ is compliant with the SEC-prescribed template. | |

Internal Control System and Risk Management Framework

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

Recommendation 12.1

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| 1. Company has an adequate and effective internal control system in the conduct of its business. | Compliant | <p>Per Article 5.1.1 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf), "KPHI will have an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business, taking into account its size, risk profile and complexity of operations."</p> <p>Per Article 5.1.1 (a to h) "KPHI will have in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve KPHI's operations."</p> <p>Refer also to Article 5.1.3 (a to f) of the NCMG, as revised.</p> | |
| 2. Company has an adequate and effective enterprise risk management framework in the conduct of its business. | Compliant | <p>Per Article 5.1.1 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf), KPHI will have an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business, taking into account its size, risk profile and complexity of operations.</p> <p>The Company has Enterprise Risk Management (ERM) functions under the ARMC as per Article 3.3.1 (b) and Article 5.1.4 (a-g) and Article 5.1.5 (a-e) of the NCMG, as revised; which provides that KPHI will have Internal Audit & Risk Manager (IARM), who is the ultimate champion of ERM and has adequate authority, stature, resources, and support to fill his responsibilities, subject to KPHI's size, risk profile, and complexity of operations. Considering the size and operation of KPHI and when need arises, the role of the</p> | |

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| | | IARM will be undertaken by the ARMC which has the oversight functions. | |
| Supplement to Recommendations 12.1 | | | |
| 1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances. | Compliant | <p>Officers and staff have appropriate training and awareness through seminars and conferences attended within the year as suited to the needs of the company as well as compliance to new issuances of the government entities.</p> <p>Corporate Governance Manual and company policies are disseminated via website and emails.</p> <p>According to Article 8 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) "to ensure adherence to this Manual, KPHI establishes a compliance system as follows:</p> <p>8.1 COMMUNICATION PROCESS</p> <p>8.1.1 This Manual will be available for inspection by any stockholder of KPHI at reasonable hours on business days.</p> <p>8.1.2 All directors, executives and management staff are task to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.</p> <p>8.1.3 An adequate number of printed copies of this Manual must be reproduced under the supervision of the Corporate Information Officer, with a minimum of at least one (1) hard copy of the Manual.</p> | |

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| | | <p>8.2 MONITORING AND ASSESSMENT</p> <p>8.2.1 Each Committee will report regularly to the Board of Directors.</p> <p>8.2.2 The Compliance Officer will establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof will subject the responsible officer or employee to the penalty provided under Article 9 of this Manual.</p> <p>8.2.3 The establishment of such evaluation system, including the features thereof, will be disclosed in KPHI's annual report (SEC Form 17-A) or in such form of report that is applicable to KPHI. The adoption of such performance evaluation system must be covered by a Board approval.</p> <p>8.2.4 This Manual will be subject to annual review unless the same frequency is amended by the Board.</p> <p>8.2.5 All business processes and practices being performed within any department or business unit of KPHI that are not consistent with any portion of this Manual will be revoked unless upgraded to the compliant extent."</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. | Compliant | The Company has been provided by the Keppel group policies and procedures such as End User Computing Policy, Access Control & Password Control Policy, IT guidelines and Compliance Questionnaires Templates as annual review of the Company's IT matters. | |
| Recommendation 12.2 | | | |
| 1. Company has in place an independent internal audit | Compliant | The internal audit is outsourced. As provided in 3.3.1 of the Corporation's NMCG, as revised, (link: | |

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| <p>function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.</p> | | <p>http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf).</p> <p>"even if KPHI has no Internal Audit Department, the Internal Audit functions is outsourced. It monitors and evaluate the adequacy and effectiveness of KPHI's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances is in place to (a) safeguard KPHI's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of KPHI's financial data, and (d) ensure compliance with applicable laws and regulations"</p> <p>Currently, the Company receives the services of Mr. Ronald B. Henajosa, as Internal Auditor of the Company. He is also the Audit Manager of a related company.</p> | |
| Recommendation 12.3 | | | |
| <p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p> | <p>Compliant</p> | <p>The Group Internal Audit and Risk Manager appointed by the Board is Mr. Stefan Tong Wai Mun, also a Director of the Company.</p> <p>Article 5.1.3 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides: "as the need arises, subject to KPHI's size, risk profile and complexity of operations, KPHI will have qualified Internal Audit and Risk Manager (IARM) appointed by the Board upon recommendation of the ARMC. The IARM will oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider. In case of a fully outsourced internal audit activity, a qualified independent executive, or senior management personnel will be assigned the</p> | |

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| | | <p>responsibility for managing the fully outsourced internal audit activity.</p> <p>The IARM, in order to achieve the necessary independence to fulfill his responsibilities, directly reports functionally to the ARMC and administratively to the President. As provided, under Article 5.1.3 a to f of the NCMG, as revised, the following are the responsibilities of the IARM, among others:</p> <ul style="list-style-type: none"> a. Periodically review the internal audit charter and present it to senior management and the ARMC for approval; b. Establish a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals; c. Communicate the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to senior management and the ARMC for review and approval; d. Spearhead the performance of the internal audit activity to ensure it adds value to the organization; e. Report periodically to the ARMC on the internal audit activity's performance relative to its plan; and f. Present findings and recommendation to the ARMC and give advice to senior management and the Board on how to improve internal processes. | |
| 2. CAE oversees and is responsible for the internal audit activity of the organization, including that | Compliant | <p>Article 5.1.3 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides: "as the need arises, subject to KPHI's size, risk profile and</p> | |

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| portion that is outsourced to a third-party service provider. | | complexity of operations, KPHI will have qualified Internal Audit and Risk Manager (IARM) appointed by the Board upon recommendation of the ARMC. The IARM will oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider. In case of a fully outsourced internal audit activity, a qualified independent executive, or senior management personnel will be assigned the responsibility for managing the fully outsourced internal audit activity. | |
| 3. In case of a fully outsourced internal audit activity, a qualified independent executive or a senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity. | Compliant | <p>Article 5.1.3 of the NMCG, as revised, provides that "in case of a fully outsourced internal audit activity, a qualified independent executive, or senior management personnel will be assigned the responsibility for managing the fully outsourced internal audit activity."</p> <p>Mr. Stefan Tong Wai Mun was appointed by the ARMC last 10 November 2017 as the Group Internal Audit & Risk Manager.</p> | |
| Recommendation 12.4 | | | |
| 1. Company has a separate risk management function to identify, assess and monitor key risk exposures. | Compliant | <p>Article 5.1.4 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides: "as the need arises, subject to its size, risk profile and complexity of operations, KPHI will have a separate risk management function to identify, assess and monitor key risk exposures. This function is being undertaken through the risk oversight function of the ARMC.</p> <p>The risk management function involves the following activities, among others:</p> <ul style="list-style-type: none"> a. Defining a risk management strategy; b. Identifying and analyzing key risks exposure relating to economic, environmental, social and governance | |

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| | | <p>factors and the achievement of the organization's strategic objectives;</p> <p>c. Evaluating and categorizing each identified risk using KPHI's predefined risk categories and parameters;</p> <p>d. Establishing a risk register with clearly defined, prioritized and residual risks;</p> <p>e. Developing a risk mitigation plan for the most important risks to KPHI, as defined by the risk management strategy;</p> <p>f. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the ARMC which under takes the risk oversight functions; and</p> <p>g. Monitoring and evaluating the effectiveness of the organization's risk management processes."</p> | |
| Supplement to Recommendation 12.4 | | | |
| 1. Company seeks external technical support in risk management when such competence is not available internally. | Compliant | The Company seeks the technical support from related party. | |
| Recommendation 12.5 | | | |
| 1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM). | Compliant | <p>The Company's Group Internal Audit and Risk Manager is Mr. Stefan Tong Wai Mun, as appointed by the ARMC on 10 November 2017.</p> <p>Per Article 5.1.5 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf):</p> <p>The Internal Audit and Risk Manager (IARM) has the following functions, among others:</p> | |

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| | | <ul style="list-style-type: none"> a. Supervise the entire ERM process and spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation; b. Communicate the top risks and the status of implementation of risk management strategies and action plans to the ARMC. c. Collaborates with the President in updating and making recommendations to the ARMC; d. Suggest ERM policies and related guidance, as may be needed; and e. Provide insights on the following: <ul style="list-style-type: none"> • Risk management processes are performing as intended; • Risk measures reported are continuously reviewed by risk owners for effectiveness; and • Established risk policies and procedures are being complied with." | |
| 2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities. | Compliant | <p>The Chief Risk Officer or the Internal Audit and Risk Manager has adequate authority, stature, resources, and support to fulfill his responsibilities. Please refer to SEC Form 17A-2019 Annual Report (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf) Part III, Item 9 (a) (iv) and in SEC Form 20IS –2020 Information Statement (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2_020.pdf)</p> | |
| Additional Recommendation to Principle 12 | | | |
| 1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, | Compliant | Statement of Management Responsibility duly signed by the Chairman, President and Treasurer as attached to SEC Form 17A-2019 Annual Report and Consolidated Audited Financial Statements. (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf) | |

| control and compliance system is in place and working effectively. | | https://www.keppelph.com/images/pdfs/KPHI_17A - Annual Report for 2019 with Sustainability Report.pdf | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Cultivating a Synergic Relationship with Shareholders | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights. | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Recommendation 13.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance. | Compliant | Shareholder rights are contained in Article 6 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual on Corporate Govenance as Revised.pdf). | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. Board ensures that basic shareholder rights are disclosed on the company's website. | Compliant | Shareholder rights are contained in Article 6 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual on Corporate Govenance as Revised.pdf). | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Supplement to Recommendation 13.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1. Company's common share has one vote for one share. | Compliant | The company's common share has one vote for one share. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights. | Compliant | <div>Class of voting share (as of 30 April 2020):<table border="1"><thead><tr><th>Class of Voting Shares</th><th>No. of Shares Outstanding</th><th>Nationality</th><th>%</th><th>No. of Vote Each Shares Entitled</th></tr></thead><tbody><tr><td>Class 'A' Common Shares</td><td>36,065,970</td><td>Filipino</td><td>62.59</td><td>One (1) vote per share</td></tr><tr><td>Class 'B' Common Shares</td><td>3,894,777</td><td>Filipino</td><td>6.76</td><td>One (1) vote per share</td></tr><tr><td>Class 'B' Common Shares</td><td>17,657,572</td><td>Foreign</td><td>30.65</td><td>One (1) vote per share</td></tr><tr><td>Total Common Shares</td><td>57,618,319</td><td></td><td>100.00</td><td>One (1) vote per share</td></tr></tbody></table></div> <div>As per 2020 Information Statement (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2020.pdf)</div> | Class of Voting Shares | No. of Shares Outstanding | Nationality | % | No. of Vote Each Shares Entitled | Class 'A' Common Shares | 36,065,970 | Filipino | 62.59 | One (1) vote per share | Class 'B' Common Shares | 3,894,777 | Filipino | 6.76 | One (1) vote per share | Class 'B' Common Shares | 17,657,572 | Foreign | 30.65 | One (1) vote per share | Total Common Shares | 57,618,319 | | 100.00 | One (1) vote per share | |
| Class of Voting Shares | No. of Shares Outstanding | Nationality | % | No. of Vote Each Shares Entitled | | | | | | | | | | | | | | | | | | | | | | | | |
| Class 'A' Common Shares | 36,065,970 | Filipino | 62.59 | One (1) vote per share | | | | | | | | | | | | | | | | | | | | | | | | |
| Class 'B' Common Shares | 3,894,777 | Filipino | 6.76 | One (1) vote per share | | | | | | | | | | | | | | | | | | | | | | | | |
| Class 'B' Common Shares | 17,657,572 | Foreign | 30.65 | One (1) vote per share | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Common Shares | 57,618,319 | | 100.00 | One (1) vote per share | | | | | | | | | | | | | | | | | | | | | | | | |

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| 3. Board has an effective, secure, and efficient voting system. | Compliant | <p>As provided for in the 20-IS 2020 Information Statement, "the holders of common stock are entitled to one vote per share, but in connection with the cumulative voting feature applicable to the election of directors, each stockholder is entitled to as many votes as shall equal the number of shares held by such person at the close of business on the record date, multiplied by the number of directors to be elected. A stockholder may cast all of such votes for a single nominee or may apportion such votes among any two or more nominees. The shares shall be voted/cast by secret balloting and/or raising of hands. In all matters included in the agenda, except the election of directors, the counting of votes will be done through the regular method. For the election of directors, the counting will be cumulative."</p> <p>(link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2020.pdf) and http://edge.pse.com.ph/companyDisclosures/form.do?company_id=87#viewer)</p> | |
| 4. Board has an effective shareholder-voting mechanism such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders. | Not Compliant | The Corporation has no shareholder voting mechanisms such as supermajority or "majority of minority" for minority shareholders. | Items that need shareholders' approval are put to a vote during the stockholders meeting. |
| 5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting. | Compliant | <p>Article 6.1d (ii) of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides:</p> <p>"the minority shareholders will be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purpose."</p> | |

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| <p>6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.</p> | <p>Compliant</p> | <p>Article 6.1(d)(ii) and Article 6.1(d)(iii) of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provide:</p> <p>The minority shareholders will be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.</p> <p>The minority shareholders will have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management will include such information and, if not included, then the minority shareholders will be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".</p> <p>Article 6.1 (g) of the NMCG, as revised, also provides:</p> <p>Rights to propose the holding of meetings and to include agenda items ahead of the scheduled Annual and Special Shareholders' Meeting;</p> <p>This is subject to limits and ownership requirement prescribed by the Board. However, to prevent the abuse of this right, the Company may require that the proposal be made by the shareholders holding a specified percentage of shares or voting rights. On the other hand, to ensure that minority shareholders are not effectively prevented from exercising this right, the degree of ownership concentration is considered in determining the threshold.</p> <p>Additionally, Article 3.2.6 of the NMCG, as revised, provides:</p> <p>"The Board, through its Corporate Governance and Nomination Committee, will have a formal and transparent</p> | |
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| | | board nomination and election policy that will include how it accepts nominations from minority shareholders and reviews nominated candidates. The policy will also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition, its process of identifying the quality of directors will be aligned with the strategic direction of KPHI." | |
| 7. Company has a transparent and specific dividend policy. | Compliant | <p>As provided in Article 6.1.e (I to iii) Rights to dividends of Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI New Manual on Corporate Governance as Revised.pdf) follows:</p> <ul style="list-style-type: none"> i. Shareholders will have the right to receive dividends subject to the discretion of the Board. ii. Dividends will be declared and paid out of the unrestricted retained earnings which will be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them, as often and as such times as the Board of Directors may determine in accordance with the law and applicable rules and regulations. iii. KPHI will be compelled to declare dividends when its retained earnings which will be in excess of 100% of its paid-in-capital stock, except: a) when justified by definite corporate expansions projects or programs approved by the board or b) when KPHI is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in KPHI, such as when there is a need for special reserve for probable contingencies. | |

| | | <p>As provided in SEC Form 17A-2019 Annual (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf)</p> <p>"The declaration and payment of dividends will depend, among others, upon the Company's earnings, cash flow, capital requirements and financial condition in addition to other factors. Cash dividends are subject to approval by the Board of Directors but no stockholders' approval is required. Dividends are payable to stockholders whose names are recorded in the stock and transfer books as of the record date fixed by the Board. The Company declared cash dividends in 2019, 2018 and 2017. Cash dividend details are as follows:</p> <table border="1"> <thead> <tr> <th></th><th>Y2019</th><th>Y2018</th><th>Y2017</th></tr> </thead> <tbody> <tr> <td>Date of BOD Approval</td><td>June 21</td><td>June 22</td><td>June 16</td></tr> <tr> <td>Record Date</td><td>July 5</td><td>July 6</td><td>July 3</td></tr> <tr> <td>Payment Date</td><td>July 31</td><td>July 31</td><td>July 27</td></tr> <tr> <td>Amount of Dividend per Share</td><td>₱0.10 or 10%</td><td>₱0.10 or 10%</td><td>₱0.10 or 10%</td></tr> </tbody> </table> | | Y2019 | Y2018 | Y2017 | Date of BOD Approval | June 21 | June 22 | June 16 | Record Date | July 5 | July 6 | July 3 | Payment Date | July 31 | July 31 | July 27 | Amount of Dividend per Share | ₱0.10 or 10% | ₱0.10 or 10% | ₱0.10 or 10% | |
|--|--------------|---|--------------|-------|-------|-------|----------------------|---------|---------|---------|-------------|--------|--------|--------|--------------|---------|---------|---------|------------------------------|--------------|--------------|--------------|--|
| | Y2019 | Y2018 | Y2017 | | | | | | | | | | | | | | | | | | | | |
| Date of BOD Approval | June 21 | June 22 | June 16 | | | | | | | | | | | | | | | | | | | | |
| Record Date | July 5 | July 6 | July 3 | | | | | | | | | | | | | | | | | | | | |
| Payment Date | July 31 | July 31 | July 27 | | | | | | | | | | | | | | | | | | | | |
| Amount of Dividend per Share | ₱0.10 or 10% | ₱0.10 or 10% | ₱0.10 or 10% | | | | | | | | | | | | | | | | | | | | |
| Optional: Recommendation 13.1 | | | | | | | | | | | | | | | | | | | | | | | |
| 1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting. | Compliant | Independent validation and counting of votes at the Annual Shareholders' Meeting is done by Stock Transfer Services, Inc. | | | | | | | | | | | | | | | | | | | | | |
| Recommendation 13.2 | | | | | | | | | | | | | | | | | | | | | | | |
| 1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and | Compliant | The Notice and Agenda for the 21 June 2019 Annual Stockholders Meeting was uploaded on 14 May 2019 (link: http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=87#viewer); and is contained in page 2 of the 2019 20-IS which was uploaded on 24 May 2019 Definitive Information Statement (link: http://www.keppelph.com/images/pdfs/SEC_Form_20_IS | | | | | | | | | | | | | | | | | | | | | |

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| relevant information at least 28 days before the meeting. | | 2019.pdf); and http://www.keppelph.com/images/pdfs/KPH_AGM_Notice_Agenda_21_June_2019.pdf . The Notice and Agenda for the 2020 Annual Stockholders Meeting was uploaded on 28 May 2020 (link: http://edge.pse.com.ph/companyDisclosures/form.do?company_id=87#viewer); and is contained in page 2 of the 2019 20-IS which was uploaded on 28 May 2020 Definitive Information Statement (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2020.pdf) | |
| Supplemental to Recommendation 13.2 | | | |
| 1. Company's Notice of Annual Stockholders' Meeting contains the following information: | Compliant | The Notice and Agenda for the 2019 Annual Stockholders Meeting was uploaded on 14 May 2019 (link: http://edge.pse.com.ph/companyDisclosures/form.do?company_id=87#viewer ; http://www.keppelph.com/images/pdfs/KPH_AGM_Notice_Agenda_21_June_2019.pdf and page 2 of 2019 Information Statement (link: http://www.keppelph.com/images/pdfs/SEC_Form_20_IS_2019.pdf). The Notice and Agenda for the 2020 Annual Stockholders Meeting was uploaded on 28 May 2020 (link: http://edge.pse.com.ph/companyDisclosures/form.do?company_id=87#viewer); and is contained in page 2 of the 2019 20-IS which was uploaded on 28 May 2020 Definitive Information Statement (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2020.pdf) | |
| a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, | Compliant | The Directors' profiles are included in the SEC Form 17A-2019 Annual Report (link: https://www.keppelph.com/images/pdfs/KPHI_17A_- | |

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| experience, and directorships in other listed companies) | | Annual Report for 2019 with Sustainability Report.pdf) and in SEC Form 201S –2020 Information Statement (link: https://www.keppelph.com/images/pdfs/PSE_KPHI_DIS_Y2020.pdf) | |
| b. Auditors seeking appointment/re-appointment | Compliant | | |
| c. Proxy documents | Compliant | | |
| Optional: Recommendation 13.2 | | | |
| 1. Company provides rationale for the agenda items for the annual stockholders meeting | Compliant | Items in the agenda are stated in a simple and straightforward manner. | |
| 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 | Results of the 21 June 2019 (Friday) Annual Stockholders' Meeting were disclosed in the Company's website (link: http://www.keppelph.com/images/pdfs/KPH_ANNUAL_STOCKHOLDERS_MINUTES_OF_MEETING_21_JUNE_2019.pdf) | |
| 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 | Minutes of the 2019 Annual Stockholders' Meeting can be found on link: (http://www.keppelph.com/images/pdfs/KPH_ANNUAL_STOCKHOLDERS_MINUTES_OF_MEETING_21_JUNE_2019.pdf). | |
| Supplement to Recommendation 13.3 | | | |
| 1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM. | Compliant | The External Auditor's team was present during the 2019 Annual Stockholders' Meeting. | |

| Recommendation 13.4 | | | |
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| 1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner. | Compliant | Article 6.6 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides: "the Board will make available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner." | |
| 2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance. | Compliant | In addition to Article 6.6 of the NMCG, as revised, Article 3.2.2 thereof provides that "the Board shall establish and maintain an alternative dispute resolution system in KPHI that can amicably settle conflicts or differences between KPHI and its stockholders, and KPHI and third parties, including the regulatory authorities." | |
| Recommendation 13.5 | | | |
| 1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders. | Compliant | Article 6.6 of the NMCG, as revised, provides The Board will establish an Investor Relations Office (IRO) to ensure constant engagement with its shareholders. The IRO will be present at every shareholders' meeting. KPHI has a Corporate Information Officer who also acts as the Investors Relations Officer. The Corporate Information Officer/Investors Relation Officer's details is: 1. Name: Ms. Felicidad V. Razon, 2. Telephone no: (02)8892 3454 3. Fax number: (02)8894 3684 4. Email address: fely.razon@keppelph.com | |
| 2. IRO is present at every shareholders' meeting. | Compliant | The IRO was present during the Annual Stockholders' Meeting. | |
| Supplemental Recommendations to Principle 13 | | | |
| 1. Board avoids anti-takeover measures or similar devices that | Compliant | The Company does not have anti-takeover measures or similar devices. | |

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| may entrench ineffective management or the existing controlling shareholder group | | | |
| 2. Company has at least thirty percent (30%) public float to increase liquidity in the market. | Non-compliant | <p>As disclosed in SEC Form 17A-2019 Annual Report, "the Company has 17.95% or 10,375,358 shares owned by the public out of the 57,802,419 shares as of 31 December 2019." (link: https://www.keppelph.com/images/pdfs/KPHI_17A_-_Annual_Report_for_2019_with_Sustainability_Report.pdf)</p> <p>As of 30 April 2020, the Company has 17.69% or 10,191,258 shares owned by the public out of the 57,618,319 shares. (link: https://edge.pse.com.ph/companyDisclosures/form.do?company_id=87#viewer)</p> | KPHI is compliant within 10% minimum requirement. KPHI will review its option to increase its public float. |
| Optional: Principle 13 | | | |
| 1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting | Compliant | The shareholder rights beyond the meeting are contained in Article 6 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf). | |
| 2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting. | Non-Compliant | The Corporation does not have an electronic voting in absentia system. Only the votes made by shareholders present or in proxy are counted during the Annual Stockholders' Meeting. | |
| Duties to Stakeholders | | | |
| Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights. | | | |
| Recommendation 14.1 | | | |
| 1. Board identifies the company's various stakeholders and promotes cooperation between | Compliant | Article 7.1.1 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides: | |

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| them and the company in creating wealth, growth and sustainability. | | <p>"the Board will identify KPHI's various stakeholders and promote cooperation between them and KPHI in creating wealth, growth and sustainability."</p> <p>The shareholders, employees, customers, creditors are identified as KPHI's stakeholders.</p> | |
| Recommendation 14.2 | | | |
| 1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders. | Compliant | <p>Article 7.1.2 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides: "the Board will establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders."</p> | |
| 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>Article 7.1.3 of the Corporation's NMCG, as revised, provides: "the Board will adopt a transparent framework and process to allow stakeholders to communicate to KPHI and to obtain redress for the violation of their rights."</p> <p>Per item 5 of the Corporation's whistle-blowing policy, "The Receiving Officer is responsible for administering this policy. The Company has designated the Group Internal Audit and Risk Manager) as the Receiving Officer."</p> <p>The Receiving Officer's details is:</p> <ol style="list-style-type: none"> 1. Name: Mr. Stefan Tong Wai Mun 2. Telephone no: (02) 88922365 3. Fax number: (02) 88943684 4. Email address: stefan.tong@keppelph.com <p>The corporation's policy on whistle-blowing can be found at http://keppelph.com/images/pdfs/WHISTLE-BLOWING_POLICY_Whistle_Blower_Protection_Policy.pdf.</p> | |

| Supplement to Recommendation 14.3 | | | |
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| 1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner. | Compliant | One of the duties of the board as provided in Article 3.2.2(j) of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI New Manual on Corporate Governance as Revised.pdf) is to "establish and maintain an alternative dispute resolution system in KPHI that can amicably settle conflicts or differences between KPHI and its stockholders, and KPHI and third parties, including the regulatory authorities." | |
| Additional Recommendations to Principle 14 | | | |
| 1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation. | Compliant | The Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. | |
| 2. Company respects intellectual property rights. | Compliant | The Company does not have issues on intellectual property rights. | |
| Optional: Principle 14 | | | |
| 1. Company discloses its policies and practices that address customers' welfare | Compliant | Customers are considered as stakeholders and are protected by Article 7.1 Duties to Stakeholders of Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI New Manual on Corporate Governance as Revised.pdf), states that the rights of stakeholders established by laws, by contractual relations and through voluntary commitments must be respected. Where stakeholders' right and/or interests are at stake, stakeholders should have the | |

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| | | opportunity to obtain prompt effective redress for the violation of their rights. | |
| 2. Company discloses its policies and practices that address supplier/contractor selection procedures | Compliant | <p>As per Article 7.1.2 of Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) states that "The Board will establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p> <p>The Company obtains at least three (3) quotations from suppliers of goods or services and choose the best in terms of cost and quality efficiency.</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 | | | |
| 1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance. | Compliant | <p>Article 7.2.1 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides that "the Board will establish policies, programs and procedures that encourage employees to actively participate in the realization of KPHI's goals and in its governance.</p> <p>The establishment of policies and programs covering, among others, the following: (1) health, safety and welfare; (2) training and development; and (3) reward/compensation for employees, encourages employees to perform better and motivates them to take a more dynamic role in KPHI."</p> | |
| Supplement to Recommendation 15.1 | | | |
| 1. Company has a reward/compensation policy that accounts for the performance of the company | Compliant | Article 7.2.1 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf) provides that "the Board will establish policies, programs and | |

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| beyond short-term financial measures. | | <p>procedures that encourage employees to actively participate in the realization of KPHI's goals and in its governance.</p> <p>The establishment of policies and programs covering, among others, the following: (1) health, safety and welfare; (2) training and development; and (3) reward/compensation for employees, encourages employees to perform better and motivates them to take a more dynamic role in KPHI."</p> <p>The Company has in place a merit-based performance incentive such as productivity bonus when operation warrants such incentive, other than the mandated benefits.</p> | |
| 2. Company has policies and practices on health, safety and welfare of its employees. | Compliant | <p>The policies on health, safety and welfare of the employees can be found on the company's website at http://keppelph.com/images/pdfs/HEALTH_SAFETY_WELFARE_and_ENVIRONMENTAL_POLICY.pdf.</p> | |
| 3. Company has policies and practices on training and development of its employees. | Compliant | <p>Employees attended seminars, trainings, and conferences such as those mandated by the government bodies and other financial institutions.</p> | |
| Recommendation 15.2 | | | |
| 1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. | Compliant | <p>The Corporation's policy against corruption can be found at http://keppelph.com/corporate-governance/code-of-business-conduct-and-ethics.html.</p> | |
| 2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture. | Compliant | <p>The Board disseminated the policy and program to all employees across the organization via email and website.</p> | |

Supplement to Recommendation 15.2

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| 1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes. | Compliant | <p>The Corporation's policy against corruption can be found at http://keppelph.com/corporate-governance/code-of-business-conduct-and-ethics.html.</p> <p>As reiterated in Article 7.2.2 of the Corporation's NMCG, as revised, (link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf), "The Board will set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct."</p> | |
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Recommendation 15.3

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| 1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation | Compliant | <p>Whistle-blowing policy includes protection of employees from reprisal.</p> <p>The Corporation's whistle-blowing policies can be found at http://keppelph.com/images/pdfs/WHISTLE-BLOWING_POLICY_Whistle_Blower_Protection_Policy.pdf</p> <p>Further, Article 7.2.3 of the Corporation's NMCG, as revised, link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf provides: "the Board will establish a suitable framework for whistle-blowing 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 a unit created to handle whistle-blowing concerns. The Board will be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement."</p> | |
| 2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent | Compliant | <p>The Corporation's whistle-blowing policies can be found at http://keppelph.com/images/pdfs/WHISTLE-BLOWING_POLICY_Whistle_Blower_Protection_Policy.pdf.</p> | |

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| member of the Board or a unit created to handle whistleblowing concerns. | | <p>the same provides for a reporting mechanism which handles whistle-blowing concerns.</p> <p>Further, Article 7.2.3 of the Corporation's NMCG, as revised, link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf provides: "the Board will establish 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 a unit created to handle whistleblowing concerns. The Board will be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement."</p> | |
| 3. Board supervises and ensures the enforcement of the whistleblowing framework. | Compliant | <p>Article 7.2.3 of the Corporation's NMCG, as revised, link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf provides: "the Board will establish 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 a unit created to handle whistleblowing concerns. The Board will be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement."</p> | |
| <p>Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.</p> | | | |

| Recommendation 16.1 | | | |
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| 1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates. | Compliant | Article 7.3.1 of the Corporation's NMCG, as revised, link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf provides: "KPHI will recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows KPHI to grow its business, while contributing to the advancement of the society where it operates." | We encourage our tenants or business partners to be part of the CSR. |
| Optional: Principle 16 | | | |
| 1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development. | Compliant | Article 7.3.1 of the NMCG, as revised, provides: "KPHI will recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows KPHI to grow its business, while contributing to the advancement of the society where it operates." | |
| 2. Company exerts effort to interact positively with the communities in which it operates. | Compliant | One of the Board's functions under Article 3.2.2 of the Corporation's NMCG, as revised, link: http://www.keppelph.com/images/pdfs/KPHI_New_Manual_on_Corporate_Governance_as_Revised.pdf is to "identify KPHI's stakeholders in the community in which it operates or are directly affected by its operations, and formulate clear policy of accurate, timely and effective communication with them." | |

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed in behalf of the registrants by the undersigned, thereunto duly authorized, in the City of _____ in _____ 2020.

KEVIN CHNG CHEE KEONG
Chairman

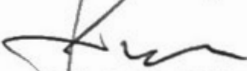
SUBSCRIBED AND SWORN TO before me this _____ day of _____ 2020, affiants exhibiting to me their TIN/valid government ID as follows:


| NAME | TIN/Competent Evidence of Identity |
|-----------------------|------------------------------------|
| KEVIN CHNG CHEE KEONG | TIN 766-630-319 |

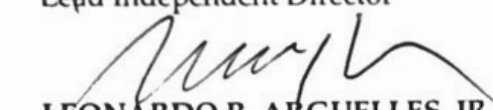
Doc. No. ____;
Page No. ____;
Book No. ____;
Series of 2020.

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed in behalf of the registrants by the undersigned, thereunto duly authorized, in the City of _____ in AUG 20 2020 2020.


ALAN L. CLAVERIA
President

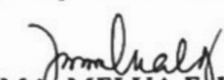

CELSO P. VIVAS
Lead Independent Director


RAMON J. ABEJUELA
Independent Director


LEONARDO R. ARGUELLES, JR.
Independent Director


STEFAN TONG WAI MUN
Director


FELICIDAD V. RAZON
Vice-President/Treasurer/Compliance Officer

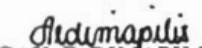

MA. MELVA E. VALDEZ
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this _____ day of AUG 20 2020 2020, affiants exhibiting to me their TIN/valid government ID as follows:

| NAME | TIN/Competent Evidence of Identity |
|----------------------------|------------------------------------|
| ALAN L. CLAVERIA | TIN 127-165-720 |
| CELSO P. VIVAS | TIN 123-305-206 |
| RAMON J. ABEJUELA | TIN 172-761-781 |
| LEONARDO R. ARGUELLES, JR. | TIN 106-967-381 |
| STEFAN TONG WAI MUN | TIN 201-588-126 |
| FELICIDAD V. RAZON | TIN 112-942-756 |
| MA. MELVA E. VALDEZ | TIN 123-493-209 |

Doc. No. 6;
Page No. 3;
Book No. 1;
Series of 2020.

SEC Form - I-ACGR • Updated 20 July 2020


ABIGAIL E. DIMAPILIS
Notarial Public - Pasig City
Appointment No. 155 (2020-2021)
17th Floor, Robinsons Equitable Tower, ADB Avenue
cor. P. Poveda Drive, Ortigas Center Pasig City
IBP No. 103473/7 January 2020/Makati City
PTR No. 6537636/21 January 2020/Pasig City
Attorney's Roll No. 72809

KEPPEL PHILIPPINES HOLDINGS, INC.
MATERIAL RELATED PARTY TRANSACTIONS
as of December 31, 2019
In Philippine Pesos

| | | | | Terms & Conditions | | | | % over Total Assets 2019 AFS of P1.0 B | % over Total Assets 2018 AFS of P1.0 B |
|---------------------------------|------------------|----------------------|----------------------------------|--|-----------------------|---------------------|-------------------------------|---|---|
| Type of Transaction | KPH Group | Related Party | Amount of Transaction | Value Date | Maturity Date | No. of Days | Interest rate p.a. | | |
| I. Loan | KPHI Parent | KPMI | 52,000,000 | 13-Nov-19 | 11-Feb-20 | 90 | 4.817% | 5.07% | 5.14% |
| | | | 50,000,000 | 13-Nov-19 | 6-Feb-20 | 85 | 4.817% | 4.88% | 4.94% |
| | | | 25,000,000 | 20-Nov-19 | 18-Feb-20 | 90 | 4.797% | 2.44% | 2.47% |
| | | | 18,000,000 | 01-Dec-19 | 28-Feb-20 | 89 | 4.806% | 1.76% | 1.78% |
| | | | 25,000,000 | 25-Nov-19 | 21-Feb-20 | 88 | 4.804% | 2.44% | 2.47% |
| | | | 20,000,000 | 9-Dec-19 | 6-Mar-20 | 88 | 4.809% | 1.95% | 1.98% |
| | | | 190,000,000 | | | | | 18.54% | 18.77% |
| | GMRI | KPMI | 62,000,000 | 01-Dec-19 | 28-Feb-20 | 89 | 4.806% | 6.05% | 6.12% |
| | KPSI | KPMI | 10,000,000 | 26-Nov-19 | 24-Feb-20 | 90 | 4.804% | 0.98% | 0.99% |
| | | | 262,000,000 | | | | | 25.57% | 25.88% |
| II. Lease Rental | | | Annual Rental | Lease Period | Start of Lease | Monthly Rent | | | |
| | GMRI * | KPMI – PYard | 9,584,028 | 50 Years | 1-Jan-17 | 798,669 | | 0.94% | 0.95% |
| | GMRI | KPMI - AYard | 440,564 | Annual | 1-Jan-19 | 36,714 | | 0.04% | 0.04% |
| | KPHI Parent | KPMI | 2,104,364 | Annual | 1-Jul-19 | 175,364 | | 0.21% | 0.21% |
| | KPSI | KPMI | 436,680 | Annual | 11-Apr-19 | 36,390 | | 0.04% | 0.04% |
| | | KIVI | 300,000 | Annual | 1-Apr-19 | 25,000 | | 0.03% | 0.03% |
| | | KECI | 120,000 | Annual | 1-Jun-19 | 10,000 | | 0.01% | 0.01% |
| | GRDC | KPMI | 250,548 | Annual | 1-Jan-19 | 20,879 | | 0.02% | 0.02% |
| | | | 13,236,184 | | | | | 1.29% | 1.31% |
| | | | | | | | | | |
| | | | | | | | | % over Total Assets 2019 AFS of P1.0 B | % over Total Assets 2018 AFS of P1.0 B |
| III. Interest from Loans | KPHI Parent | KPMI | 12,075,954 | Outstanding Interest Receivable | | | | 1.18% | 1.19% |
| | GMRI | KPMI | 3,790,181 | | | | | 0.37% | 0.37% |
| | KPSI | KPMI | 611,216 | | | | | 0.06% | 0.06% |
| | | | 16,477,351 | | | | | 1.63% | 1.63% |

Notes:

1. No termination as of December 31, 2019.
2. Short-term loan interest rate is based on lowest interest rate from at least three banks at the time of loan or renewal
3. SEC requires RPT advisement if transaction reached more than 10% of Total Assets.
4. Total assets for 2019 – Php1,024,759,772; 2018 – Php 1,012,329.992