



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

A. Use of Form I-ACGR

This SEC Form shall be used as a tool to disclose Publicly-Listed Companies’ compliance/non-compliance with the recommendations provided under the Code of Corporate Governance for Publicly-Listed Companies, which follows the “comply or explain” approach, and for harmonizing the corporate governance reportorial requirements of the SEC and the Philippine Stock Exchange (PSE).

B. Preparation of Report

These general instructions are not to be filed with the report. The report shall contain the numbers and captions of all items.

The I-ACGR has four columns, arranged as follows:

RECOMMENDED CG PRACTICE/POLICY	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>Contains CG Practices/ Policies, labelled as follows:</p> <p>(1) “Recommendations” – derived from the CG Code for PLCs;</p> <p>(2) “Supplement to Recommendation”– derived from the PSE CG Guidelines for Listed Companies;</p> <p>(3) “Additional Recommendations”–CG Practices not found in the CG Code for PLCs and PSE CG Guidelines but are expected already of PLCs; and</p> <p>(4) “Optional Recommendation”– practices taken from the ASEAN Corporate Governance Scorecard</p> <p>*Items under (1) – (3) must be answered/disclosed by the PLCs following the “comply or explain” approach. Answering of items under (4) are left to the discretion of PLCs.</p>	<p>The company shall indicate compliance or non-compliance with the recommended practice.</p>	<p>The company shall provide additional information to support their compliance with the recommended CG practice</p>	<p>The PLCs shall provide the explanations for any non-compliance, pursuant to the “comply or explain” approach.</p> <p>Please note that the explanation given should describe the non-compliance and include how the overall Principle being recommended is still being achieved by the company.</p> <p>*“Not Applicable” or “None” shall not be considered as sufficient explanation</p>

C. Signature and Filing of the Report

- a. Three (3) copies of a fully accomplished I-ACGR shall be filed with the Main Office of the Commission **on or before May 30 of the following year for every year that the company remains listed in the PSE;**
- b. At least one (1) complete copy of the I-ACGR shall be duly notarized and shall bear **original and manual** signatures
- c. The I-ACGR shall be signed under oath by: (1) Chairman of the Board; (2) Chief Executive Officer or President; (3) All Independent Directors; (4) Compliance Officer; and (5) Corporate Secretary.
- d. The I-ACGR shall cover all relevant information from January to December of the given year.
- e. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended 31 December 2019
2. SEC Identification Number CS2011102137 3. BIR Tax Identification No. 007-979-726
4. Exact name of issuer as specified in its charter CIRTEK HOLDINGS PHILIPPINES CORPORATION
5. LAGUNA, PHILIPPINES
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. 116 East Main Avenue, Phase V-SEZ,
Laguna Technopark, Biñan, Laguna
Address of principal office
- 4024
Postal Code
8. (632) 7729 6206
Issuer's telephone number, including area code
9. N/A
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
<p>Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.</p>			
Recommendation 1.1			
<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	Compliant	<p>The Corporation's SEC Form 17-A (the "2019 Annual Report") filed on 21 April 2020 and its Amendment to include the Sustainability Report filed on 29 June 2020 and the SEC Form 20-IS (the "Definitive Information Statement") filed on 09 July 2020 include a write-up of each of the directors of the Corporation stating their work experience and competence.</p> <p>Further, Section 1.1 Article I of the Revised Manual on Corporate Governance of the Corporation (the "Manual") explicitly provides:</p> <p><i>"The Board shall be composed of directors with a collective working knowledge, experience or expertise that is relevant to the Company. The Board shall 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</i></p>	
<p>2. Board has an appropriate mix of competence and expertise.</p>	Compliant		
<p>3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.</p>	Compliant		

		<i>needs of the organization based on the evolving business environment and strategic direction."</i>	
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	Five (5) out of the nine (9) members of the Board of Directors (the "Board") of the Corporation are considered as "non-executive" directors, i.e. Hector Villanueva (Independent Director), Ernest Fritz Server (Independent Director (in 2019)), Bernardino Ramos (Independent Director), Corazon Guidote (Independent Director), and Jerry Liu (Regular Director/Chairman of the Board).	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	Section 2, Article VIII of the Manual provides:	
2. Company has an orientation program for first time directors.	Compliant	"The Company shall provide a comprehensive orientation program for new directors, including an understanding of the contribution that the Director is expected to make, an explanation of the Board and its committees, and an explanation of the Company's business, including corporate governance and other issues that will assist them in discharging their duties.	

		The Company shall also provide general access to training courses to its Directors as a matter of continuous professional education as well as to maintain and enhance their skills as directors, and keep them updated in their knowledge and understanding of the Company's business. The Board Committees may also hire independent legal counsel, accounting, or other consultants to advise them when necessary."	
3. Company has relevant annual continuing training for all directors.	Non-Compliant		The Company is taking the necessary measures, where practicable and applicable, to comply with the SEC recommendation.
Recommendation 1.4			
1. Board has a policy on board diversity.	Non-Compliant		The Board is currently composed of eight (8) male Directors and (1) female Director. The knowledge, experience, or expertise of the current Directors still ensure that optimal decision-making is achieved. However, as of now the Board has still no policy on board diversity.
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.			
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	Section 2.3 Article II of the Manual states:	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		

<p>3. Corporate Secretary is not a member of the Board of Directors.</p>	<p>Compliant</p>	<p><i>"The Corporate Secretary must be a resident and citizen of the Philippines. S/He shall be a separate individual from the Compliance Officer. The Corporate Secretary shall not be a member of the Board of Directors and shall annually attend a training on corporate governance. xxx"</i></p> <p>The current Corporate Secretary of the Corporation is Atty. Everlene Lee while the Chief Compliance Officer is Ms. Ma. Lourdes C. Laraño.</p> <p>The background and qualifications of the Corporate Secretary are disclosed in the Corporation's 2019 Annual Report and the Definitive Information Statement.</p> <p>The specific powers and duties of the Corporate Secretary are enumerated in Section 4 Article VII of the By-laws of the Corporation and in Section 2.3 Article II of the Manual.</p>	
<p>4. Corporate Secretary attends training/s on corporate governance.</p>	<p>Non-Compliant</p>		<p>The Corporate Secretary intends to attend training/s on corporate governance within the year.</p>
<p>Optional: Recommendation 1.5</p>			
<p>1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.</p>			

Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	The Corporation's Compliance Officer is Ms. Ma. Lourdes C. Laraño whose background and qualifications are disclosed in the Corporation's 2019 Annual Report and the Definitive Information Statement.	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Non-Compliant		<p>The Company is taking the necessary measures, where practicable and applicable, to comply with the SEC recommendation such as looking for the right candidate.</p> <p>In the meantime, the Company is honing or developing its home-grown talent, Ms. Lourdes Larano, the Company's incumbent Compliance Officer.</p>
3. Compliance Officer is not a member of the board.	Compliant	The Corporation's Compliance Officer is not a member of the Board.	
4. Compliance Officer attends training/s on corporate governance.	Compliant	<p>The Compliance Officer attended the following trainings on Corporate Governance:</p> <ul style="list-style-type: none"> - SEC Corporate Governance Seminar last December 03, 2019 Trainor: Ms. Karen Arias Rocha SEC Specialist 1 Corporate Governance Division - PSE Disclosure Rules Seminar last August 13, 2019 and - 6th SEC-PSE CORPORATE GOVERNANCE FORUM last October 25,2019 	

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

Recommendation 2.1

<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>Compliant</p>	<p>Section 1 Article 1 of the Manual states that in the exercise of their duties, the members of the Board must act on a fully informed basis, in good faith, with due diligence and care, and in the best interests of the Company and all stockholders. The Board is the guardian of fairness, transparency, and accountability in all of the major financial and business dealings of the Company, protecting the interests of investors and stakeholders. Further, Section 1.10 Article I of the Manual provides that the Corporation's directors shall act in good faith, with due care and in the best interests of the Company and all its shareholders, including minority shareholders, based on all relevant information. Each director is expected to attend board meetings and applicable committee meetings. Directors are expected to ensure that other commitments do not interfere in the discharge of their duties.</p>	
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Recommendation 2.2

<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p>	<p>Compliant</p>	<p>Section 1 Article I of the Manual expressly provides that the Board shall oversee the development of and approve the Company's business objectives and strategy, and monitor their implementation, in order to sustain the Company's long-term viability and strength.</p> <p>In this regard, the Board has convened for special and regular meetings to discuss various significant matters affecting the Corporation including the matters disclosed in the PSE Edge and reflected in Item 15 of the Corporation's Definitive Information Statement.</p>	
<p>2. Board oversees and monitors the implementation of the company's business objectives and strategy.</p>	<p>Compliant</p>	<p>Section 1 Article I of the Manual expressly provides that the Board shall oversee the development of and approve the Company's business objectives and strategy, and monitor their implementation, in order to sustain the Company's long-term viability and strength.</p> <p>In this regard, the Board has convened for special and regular meetings to discuss various significant matters affecting the Corporation including the matters disclosed in the</p>	

		PSE Edge and reflected in Item 15 of the Corporation's Definitive Information Statement.	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	The Board is headed by Mr. Jerry Liu whose background and qualifications as Chairman of the Board are found in the Corporation's 2019 Annual Report and Definitive Information Statement.	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Non-Compliant		<p>Section 1.9 Article I of the Manual provides that it is the duty of the Board to adopt succession planning for senior management and key positions in the Corporation. Further, Section 1 Article II of the Manual states that the management shall put into place a plan of succession that formalizes the process of identifying, training and selection of successors in key positions in the Corporation.</p> <p>The Company is taking the necessary measures, where practicable and applicable, to comply with the SEC recommendation. For the directors, they are elected by the stockholders and have a definite term. At present, the Company does not have a retirement policy for directors, however, the Company's Manual provides a provision on the 9-year term rule for Independent Director.</p>
2. Board adopts a policy on the retirement for directors and key officers.	Non-Compliant		

Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	Section 1.9 Article I of the Manual expressly provides that the Board shall align the remuneration of key officers and board members with the long-term interests of the Corporation. In doing so, it shall formulate and adopt a policy specifying the relationship between remuneration and performance. Further, it shall ensure that no director shall participate in discussions or deliberations involving his own remuneration.	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Non-Compliant		<p>Section 1.14 Article I of the Manual states: "The Board shall formulate and adopt a policy specifying the relationship between remuneration and performance, which includes specific financial and non-financial metrics to measure performance and set specific provisions for employees with significant influence on the overall risk profile of the Company. Key considerations in determining proper compensation include the following: (1) the level of remuneration is commensurate to the responsibilities of the role; (2) no directors should participate in deciding on his remuneration; and (3) remuneration pay-out schedules should be sensitive to risk outcomes over a multi-year horizon."</p> <p>The Company is taking the necessary measures, where practicable and applicable, to comply with the SEC</p>

			recommendation and implement the above.
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Non-Compliant		<p>Section 1.14 Article I of the Manual states: "The Board shall formulate and adopt a policy specifying the relationship between remuneration and performance, which includes specific financial and non-financial metrics to measure performance and set specific provisions for employees with significant influence on the overall risk profile of the Company. Key considerations in determining proper compensation include the following: (1) the level of remuneration is commensurate to the responsibilities of the role; (2) no directors should participate in deciding on his remuneration; and (3) remuneration pay-out schedules should be sensitive to risk outcomes over a multi-year horizon."</p> <p>The Company is taking the necessary measures, where practicable and applicable, to comply with the SEC recommendation and implement the above.</p>
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.			
2. Company has measurable standards to align the performance-based remuneration of the executive directors			

and senior executives with long-term interest, such as claw back provision and deferred bonuses.			
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	<p>Section 2 Article 3 of the Corporation's By-laws provides for the procedure for nomination and election of the members of the Board, to wit:</p> <ol style="list-style-type: none"> 1. Nomination of director/s shall be conducted by the Nominations Committee of the Corporations prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholder together with the acceptance and conformity by the would-be nominees; 2. The Nominations Committee shall pre-screen the qualifications and prepare a final list of all candidates; 3. After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for directors, as required under Part IV (A) and (C) of Annex "C" of the Securities Regulation Code, Rule 12, which list shall be made available to the SEC and to all stockholders through the filing 	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant		
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant		
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		

and distribution of the Information Statement in accordance with SRC Rule 20, or in such other reports the Company is required to submit with the SEC. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.

4. Only nominees whose name appear on the Final List of Candidates shall be eligible for election as director. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

Section 2 Article IV of the Corporation's By-laws and Section 2 Article I of the Manual provides for the creation of a Nominations Committee and its duties and responsibilities which includes the duty to assess the effectiveness of the Board's processes and procedures in the election or replacement of the Board of Directors.

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.			
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Recommendation 2.7

1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	The Company established an RPT Policy between the Company or any of its subsidiaries or affiliates and a related party which shall be subject to review and approval to ensure that the transactions are at arm's length, the terms are fair, and they will inure to the best interest of the Company and its subsidiaries or affiliates and their shareholders. Related party transactions shall be reviewed, approved, and disclosed in accordance with this Policy consistent with the principles of transparency and fairness. The Board of Directors of the Company, through its Related Party Transactions Committee ("RPT Committee"), shall have oversight authority over this Policy.	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	Related party transactions shall be reviewed, approved, and disclosed in accordance with the RPT Policy of the Corporation and consistent with the principles of transparency and fairness.	

<p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>	<p>Compliant</p>	<p>The RPT Policy of the Corporation covers related party transactions between the Company and a related party, which encompasses the Company's directors, officers, substantial shareholders, and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control, joint control, or significant influence over the Company. It also covers the Company's parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture, or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.</p>	
<p>Supplement to Recommendations 2.7</p>			
<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	<p>Compliant</p>	<p>Based in the RPT Policy of the Corporation, the materiality threshold which is determined and approved by the RPT Committee and/or the Board of Directors is Eight percent (8%) of the Company's total assets based on its latest audited financial statement.</p>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders</p>	<p>Non-compliant</p>		<p>The Corporation currently does not have such mechanism in place. The Company however complies with the requirements</p>

approve specific types of related party transactions during shareholders' meetings.			under the Revised Corporation Code of the Philippines on matters requiring stockholder's approval.
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>Section 1 Article VII of the Corporation's By-laws provides that the Board may, from time to time, appoint such other officers as it may determine to be necessary and proper. Further, Section 1.8 Article I of the Manual states that the Board shall be responsible for the evaluation of proposed senior management appointments and ensuring the selection, appointment and retention of qualified and competent management. Section 1.9 Article 1 of the Manual also provides that it is the duty of the Board to approve the selection and assess the performance of the Management led by the Chief Executive Officer ("CEO"), and control functions led by their respective heads (Chief Compliance Officer and Vice President – Controller and Internal Audit).</p> <p>The management composition of the Corporation is disclosed in the Corporation's Definitive Information Statement and other reports and disclosures it has submitted to the PSE and the SEC.</p>	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the	Compliant	The Board's responsibility of assessing performance is inherent in the powers of appointment.	

<p>heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>		<p>Further, Section 1.9 Article 1 of the Manual states that the Board is responsible for the establishment of an effective performance management framework that will ensure that the performance of the Management, including the CEO, is at par with the standards set by the Board and Senior Management.</p>	
Recommendation 2.9			
<p>1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.</p>	<p>Non-Compliant</p>		<p>Section 1.9 Article 1 of the Manual states that the Board is responsible for the establishment of an effective performance management framework that will ensure that the Management, including the CEO, and personnel's performance is at par with the standards set by the Board and Senior Management.</p> <p>The Company is taking the necessary measures, where practicable and applicable, to comply with the SEC recommendation and implement the above. The Company is planning to implement a Performance Assessment, Performance Tracking and Feedback mechanism. This process will be an effective tool which ensures that the performance of management and other officers remain at par with the standards set by the Board and Senior Management.</p>
<p>2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.</p>	<p>Non-Compliant</p>		

Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	Section 1.8 Article 1 of the Manual states that the Board shall ensure 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.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	<p>The minimum internal control mechanisms for the Board's oversight responsibility include, but shall not be limited to:</p> <ol style="list-style-type: none"> 1. Ensuring the presence of organizational and procedural controls, supported by an effective management information system and risk management reporting system; 2. Reviewing conflict-of-interest situations and providing appropriate remedial measures for the same; 3. Defining the duties and responsibilities of the President who shall be ultimately accountable for the Company's organizational and operational controls; and appointing a President with the appropriate ability, integrity, and experience to fill the role; 4. Evaluation of proposed senior management appointments; 	

		<p>5. Ensuring the selection, appointment and retention of qualified and competent management; reviewing the Company's personnel and human resources policies, compensation plan and the management succession plan;</p> <p>6. Institutionalizing the internal audit and enterprise risk management ("ERM") functions; and</p> <p>7. Ensuring the presence of, and regularly reviewing, the performance and quality of external audit.</p>	
3. Board approves the Internal Audit Charter.	Compliant	The Board approved the Internal Audit Charter. Please refer to: http://www.cirtekholdings.com/content/corporate-governance	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Non-Compliant		Section 1.8 Article I of the Manual states that it is the responsibility of the Board to institutionalize internal audit and enterprise risk management ("ERM") functions. Further, Section 1.9 provides that the Board shall oversee that a sound ERM framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework should guide the Board in identifying units or business lines and enterprise-level risk exposures, as well as
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.	Non-Compliant		

			<p>the effectiveness of risk management strategies.</p> <p>The Company is taking the necessary measures, where practicable and applicable, to comply with the SEC recommendation and implement the above.</p>
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	<p>The Board established Board Committee Charter which formalized and clearly states, among others, the roles, responsibilities, and accountabilities of the Board.</p> <p>Please refer to: http://www.cirtekholdings.com/content/corporate-governance</p>	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant		
3. Board Charter is publicly available and posted on the company's website.	Compliant		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Non-compliant		<p>While the corporation does not have a written insider trading policy yet, the Corporation adheres to the rules on insider trading under the Securities Regulation Code and its implementing rules and regulations and the PSE's Consolidated Listing and Disclosure Rules.</p>
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.			

2. Company discloses the types of decision requiring board of directors' approval.			
<p>Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.</p>			
<p>Recommendation 3.1</p>			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	<p>The Board established a Compensation and Nominations Committee, Audit and Risk Management Committee, Sustainability and Compliance Committee and Related Party Transaction Committee.</p> <p>Please refer to: https://edge.pse.com.ph/openDiscViewer.do?edge_no=4ca08d0e7afceec5efdfc15ec263a54d</p>	
<p>Recommendation 3.2</p>			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	<p>Section 2.2 Article 1 of the Manual provides for the specific duties and responsibilities of the Audit Committee including the recommendation of appointment and removal of the Corporation's external auditor.</p> <p>These duties are also provided in the Audit and Risk Committee Charter.</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	The Corporation has the Audit and Risk Management Committee which consists of three (3) members of the Board of Directors, all of whom are Independent Directors. The members	

		of the Audit and Risk Management Committee are Bernardino Ramos (Independent Director) as the Chair, together with Mr. Hector Villanueva (Independent Director), and Ms. Corazon Guidote (Independent Director) as members.	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	The background and qualifications of all the members of the Audit and Risk Management Committee are found in the Definitive Information Statement.	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	The Chairman of the Audit and Risk Management Committee is Mr. Bernardino Ramos (Independent Director) who does not chair any other board committee. His background and qualifications are found in the Definitive Information Statement.	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	Section 2.2 Article 1 of the Manual provides that the Audit Committee shall evaluate and determine the non-audit work, if any, of the External Auditor, and shall periodically review the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Corporation's overall consultancy expenses.	
2. Audit Committee conducts regular meetings and dialogues with the external	Non-compliant		The Company is taking the necessary measures, where practicable and applicable, to comply with the SEC

audit team without anyone from management present.			recommendation. At present, the Audit and Risk Management Committee conducts meetings with the External Auditor with Management present. However, each member of the Committee has open communication lines with the auditor.
Optional: Recommendation 3.2			
1. Audit Committee meets at least four times during the year.			
2. Audit Committee approves the appointment and removal of the internal auditor.			
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	The Corporation has the Sustainability and Compliance Committee, which consists of three (3) members of the Board of Directors, all of whom are Independent Directors. The members of the Sustainability and Compliance Committee are Corazon Guidote (Independent Director) as the Chair, together with Mr. Hector Villanueva (Independent Director) and Mr. Ernest Fritz Server (Independent Director) as members.	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Compliant		
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant		
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.			

Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Non-compliant		The functions of the BROC are undertaken by the Board as provided under Section 1.9 Article I of the Manual. Given that the Corporation and its subsidiaries are not conglomerates and companies with a high-risk profile and that the organization is structured to operate in a relatively lean manner to promote efficiency, the Board has not determined a need to create a Board Risk Oversight Committee.
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Non-compliant		
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Non-compliant		
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Non-compliant		
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	The Corporation has the Related Party Transactions (RPT) Committee which consists of three (3) members of the Board of Directors, all of whom are Independent Directors. The members of the Related Party Transactions (RPT) Committee are Corazon Guidote (Independent Director) as the Chair, together with Mr. Hector Villanueva (Independent Director) and Mr. Ernest Fritz Server (Independent Director) as members.	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant	The RPT Committee is composed of three (3) members of the Board of Directors, all of whom are Independent Directors. The members of the RPT Committee are Hector Villanueva (Independent Director) as	

		the Chair, together with Mr. Bernardino Ramos (Independent Director), and Mr. Ernest Fritz Server (Independent Director) as members.	
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	The Company established Committee Charters, namely: Charter on Audit and Risk Management Committee, Charter on Sustainability and Compliance Committee, Charter on Compensation and Nomination Committee and Charter on Related Party Transactions Committee	
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	Section 13 Article III of the By-laws of the Corporation provides that a director may attend a meeting of the Board by teleconference, videoconference, or through similar modes of modern communication technology. If a director attends a meeting through teleconferencing or video conferencing, such meetings shall be properly recorded with appropriate tapes, discs, and/or other recording material which shall be properly stored for safekeeping, in	

		<p>addition to the secretary of such meeting maintains written minutes thereof.</p> <p>Please refer to: http://www.cirtekholdings.com</p>	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	<p>Directors are furnished with materials for meetings of the Board and Committee for their review before the meeting. Further, under Section 1.10 Article 1 of the Manual, it is the responsibility of each director to review meeting materials and, if called for, ask questions or seek clarifications and explanations.</p>	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	<p>Minutes of meetings reflect discussion of matters including clarifications or explanations.</p> <p>Further, under Section 1.10 Article 1 of the Manual, it is the responsibility of each director to review meeting materials and, if called for, ask questions or seek clarifications and explanations.</p>	

Recommendation 4.2			
<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>	<p>Non-compliant</p>		<p>Section 1.6 Article 1 of the Manual provides for the Corporation's policy on multiple board seats, to wit:</p> <p>“A director shall exercise due discretion in accepting and holding of directorships outside of the Company. A director may hold any number of directorships outside of the Company provided that these other positions do not detract from the director's capacity to diligently perform his duties as a director of the Company.”</p> <p>The Definitive Information Statement contains a write-up of each of the directors of the Corporation stating their directorships in other companies, where applicable.</p>
Recommendation 4.3			
<p>1. The directors notify the company's board before accepting a directorship in another company.</p>	<p>Non-compliant</p>		<p>Section 1.6 Article 1 of the Manual provides for the Corporation's policy on multiple board seats, to wit:</p> <p>“A director shall exercise due discretion in accepting and holding of directorships outside of the Company. A director may hold any number of directorships outside of</p>

			the Company provided that these other positions do not detract from the director's capacity to diligently perform his duties as a director of the Company."
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.			
2. Company schedules board of directors' meetings before the start of the financial year.			
3. Board of directors meet at least six times during the year.			
4. Company requires as minimum quorum of at least 2/3 for board decisions.			
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	In 2019, the Board has four (4) independent directors out of nine (9) board seats. Please refer to: http://www.cirtekholdings.com	
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	The background and qualifications of the Corporation's independent directors are found in the Definitive Information Statement. Please refer to:	

		https://edge.pse.com.ph/openDiscViewer.do?edge_no=03e75044982c05600de8473cebbd6407	
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	<p>The Corporation's By-laws and Manual provide general principles and values to be observed by the Board.</p> <p>Please refer to: http://cirtexholdings.com/file-manager/files/Cirtek_Revised%20Manual%20on%20Corporate%20Governance%20(2%20June%202017).pdf</p>	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	<p>The Definitive Information Statement contains the total number of years the current independent directors of the Corporation served as such.</p> <p>Mr. Ernest Fritz Server has been an Independent Director of the Corporation since 17 February 2011, Mr. Hector Villanueva has been an Independent Director of the Corporation since 26 May 2017, Ms. Corazon Guidote has been an Independent Director since May 31, 2019, and Mr. Bernardino Ramos has been an Independent Director since September 20, 2019. In accordance with the Securities and Exchange Memorandum Circular No. 19, Series of 2016, Mr. Server may serve as Independent Director until FY 2019</p>	

		- 2020, Mr. Villanueva may serve as Independent Director of the Corporation until 2026, while Ms. Guidote and Mr. Ramos may serve as Independent Directors until 2028.	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	Section 1.5 Article 1 of the Manual provides: <i>"The Board's independent directors shall serve for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from re-election as such in the Company, but may continue to qualify for nomination and election as a non-independent director. Should the Company decide to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting."</i>	
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 of 2019, all the independent directors of the Corporation have not yet breached the nine-year term limit. Mr. Ernest Fritz Server has been an Independent Director of the Corporation since 17 February 2011, Mr. Hector Villanueva has been Independent Director of the Corporation since 26 May 2017, Ms. Corazon Guidote has been an	

		Independent Director since May 31, 2019, and Mr. Bernardino Ramos has been an Independent Director since September 20, 2019. In accordance with the Securities and Exchange Memorandum Circular No. 19, Series of 2016, Mr. Server may serve as Independent Director for FY 2019 to 2020, Mr. Villanueva may serve as Independent Director of the Corporation until 2026, while Ms. Guidote and Mr. Ramos may serve as Independent Director until 2028.	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	The Corporation's Chairman is Mr. Jerry Liu while the President, who is also the CEO in accordance with Section 2 Article VII of the Corporation's By-laws, is Mr. Jorge Aguilar.	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	Section 1.11 and 1.12, Article I of the Manual provides for respective duties and responsibilities of the Chairman and the CEO, who are separate individuals.	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board	Non-compliant		The Chairman of the Board is not an independent director.

designates a lead director among the independent directors.			In lieu of this, to maintain transparency, Section 1.7 Article 1 of the Manual provides that the Board may, to promote transparency, require the presence of at least one independent director in all its meetings. However, the absence of an independent director shall not affect the quorum requirements if he is duly notified of the meeting but not withstanding such notice fails to attend.
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Recommendation 5.6			
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1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	<p>Article III of the Manual provides for a governance policy on conflict of interest which states that the personal interest of directors and officers should never prevail over the interests of the Corporation. It further states that if an actual or potential conflict of interest should arise on the part of any of the directors, it should be fully disclosed and the concerned director should not participate in the decision-making process. A director who has a continuing conflict of interest of a material nature should either resign or, if the Board deems it to be appropriate, be removed from the Board.</p> <p>There has not been any instance for this principle to be invoked.</p>	
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Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Non-compliant		<p>The non-executive or independent directors have not found cause or reason to conduct separate meetings with the external auditor, Internal Auditor, or Compliance Officer without the participation of the other members of the Board who are executive directors.</p> <p>The Corporation does not have a lead independent director. The Chairman of the Board, Mr. Jerry Liu, is not involved in the day-to-day operations of the Corporation and is not part of the Corporation's management team.</p>
2. The meetings are chaired by the lead independent director.	Non-compliant		
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.			
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.	Non-compliant		The Board is still in the process of developing this program.
2. The Chairman conducts a self-assessment of his performance.	Non-compliant		
3. The individual members conduct a self-assessment of their performance.	Non-compliant		
4. Each committee conducts a self-assessment of its performance.	Non-compliant		
5. Every three years, the assessments are supported by an external facilitator.	Non-compliant		

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.	Non-Compliant		<p>The Manual provides the qualifications and criteria for directors and members of the committees, as well as the process by which the nominations and screening of directors are undertaken. Article VIII of the Manual further provides that the Compliance Officer shall establish an evaluation system to measure the performance of the Board and the Executive Officers of the Company in terms of good governance practices. This shall be annually conducted by the Audit Committee, which shall discuss the results thereof at a Board meeting. Independent consultants may also be invited to assist the Audit Committee in this process.</p> <p>The Company is still in the process of implementing the evaluation system.</p>
2. The system allows for a feedback mechanism from the shareholders.	Compliant	<p>The Corporation's website provides for a mechanism by which feedback can be given by shareholders.</p> <p>Please refer to: http://cirtekholdings.com/content/contact-us</p>	
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well	Non-compliant		The Board is still in the process of developing the Corporation's Code of Business Conduct and Ethics.

as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.			
2. The Code is properly disseminated to the Board, senior management and employees.	Non-compliant		The Company is taking the necessary measures, where practicable and applicable, to comply with the SEC recommendation. The Board is still in the process of developing the Corporation's Code of Business Conduct and Ethics.
3. The Code is disclosed and made available to the public through the company website.	Non-compliant		The Company is taking the necessary measures, where practicable and applicable, to comply with the SEC recommendation. The Board is still in the process of developing the Corporation's Code of Business Conduct and Ethics.
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.	Non-compliant		<p>In lieu of this, Section 1.13 Article I of the Manual provides:</p> <p><i>“Directors who willfully and knowingly vote or consent to patently unlawful acts of the Company or who are guilty of gross negligence or bad faith in directing the affairs of the Company or acquire any personal or pecuniary interest in conflict with their duty as such directors, shall be liable jointly and severally for all damages resulting therefrom suffered by the Company, its stockholders and other persons.</i></p> <p><i>When a director attempts to acquire or acquires, in violation of his duty, any interest</i></p>

			adverse to the Company in respect of any matter which has been reposed in him in confidence, as to which equity imposes a disability upon him to deal in his own behalf, he shall be liable as a trustee for the Company and must account for the profits which otherwise would have accrued to the Company."
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Non-compliant		The Company is taking the necessary measures, where practicable and applicable, to comply with the SEC recommendation. The Board is still in the process of developing the Corporation's Code of Business Conduct and Ethics.
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Non-compliant		The Company is taking the necessary measures, where practicable and applicable, to comply with the SEC recommendation. The Board is still in the process of developing the Corporation's Code of Business Conduct and Ethics.
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			
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	Section 1 Article VII of the Manual provides for Enhancing the Reportorial and Disclosure System, Policies and Procedures of Company's Corporate Governance Policies. In addition, the Sustainability and Compliance Committee (formerly the Corporate Governance and Compliance	

		Committee) charter provides for the role/responsibility of the Committee in reviewing the effectiveness of the management system for monitoring compliance with laws and regulations, including, but not limited to, the submission of all reportorial requirements of regulatory authorities, among others.	
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	Compliant	The annual and quarterly consolidated financial reports of the Corporation are posted on the Corporation's website and on the PSE EDGE portal which can be freely accessed by the stockholders and the public. Please refer to: http://www.cirtekholdings.com/content/investor-relations/asm-2020/	
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	Compliant	Please refer to the 2019 Annual Report as posted in PSE EDGE portal on 29 June 2020. Please refer to: https://edge.pse.com.ph/openDiscViewer.do?edge_no=ab820e1356e8f3190de8473cebbd6407	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	Directors and officers of the Corporation are required to disclose to the Compliance Officer any	

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	dealings in the Corporation's within two (2) days from the transaction. The required SEC Forms 23-A and 23-B have been complied with.	
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	Trading of the Corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders are timely disclosed in the PSE EDGE portal and through submission of the required forms to the SEC. Please refer to: https://edge.pse.com.ph/openDiscViewer.do?edge_no=ab820e1356e8f3190de8473cebbd6407	
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	The background, education, training, and work experience and of members of the Board are discussed in the Corporation's 2019 Annual Report and Definitive Information Statement.	
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	The background, education, training, and work experience of key executives are discussed in the Corporation's 2019 Annual Report and Definitive Information Statement.	

Recommendation 8.4

<p>1. Company provides a clear disclosure of its policies and procedures for setting Board remuneration, including the level and mix of the same.</p>	<p>Compliant</p>	<p>Section 12, Article III of the By-Laws of the Corporation states that by resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the Corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.</p> <p>Please refer to Section 1.14, Article I of the Manual on Compensation and Liability Insurance Coverage of Directors.</p> <p>Section 2.3 (b), Article I provide that the Compensation Committee shall establish a formal and transparent procedure for developing a policy on remuneration of directors and officer to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates.</p>	
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<p>2. Company provides a clear disclosure of its policies and procedures for setting executive remuneration, including the level and mix of the same.</p>	<p>Non-Compliant</p>		<p>The Corporation gives compensation packages that combine standard remuneration and performance incentives.</p> <p>There are no other arrangements for compensation either by way of payments for committee participation or special assignments other than reasonable per diem. There are also no outstanding warrants or options held by the Company's Chief Executive Officer, other officers and/or directors.</p> <p>There are no special retirement plans for executives. There is also no existing arrangement for compensation to be received by any executive officer from the Company in the event of change in control of the Company.</p>
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>Non-compliant</p>		<p>The compensation package for the executives are highly confidential. Disclosure of remuneration of executives on an individual basis exposes the Corporation to potential loss of key executives which is not in the best interest of the Corporation. Disclosure also poses potential security issue to the key executives.</p>
Recommendation 8.5			
<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>	<p>Compliant</p>	<p>Please refer to Article IV of the Manual on Related Party Transactions.</p>	

2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	Information concerning RPTs is disclosed in SEC Form 17-C (Current Report) SEC Form 17-Q (Quarterly Report) and 17-A (Annual Report).	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	Please refer to Article III of the Manual on Governance Policy on Conflict of Interest.	
Optional: Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.			
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that 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.	Compliant	The Company discloses every material fact or event that occurs, particularly on the acquisition or disposal of significant assets with the SEC through the submission of SEC Form 17-C and uploading of reports to PSE Edge.	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Non-compliant		The Company is taking the necessary measures, where practicable and applicable, to comply with the SEC recommendation.
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder	Compliant	All material transactions of the Corporation that may impact on the	

<p>agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.</p>		<p>control, ownership, and strategic direction of the Corporation are timely disclosed in the PSE EDGE portal. There are no material shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic discretion of the Company.</p> <p>Please refer to: http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=630</p>	
Recommendation 8.7			
<p>1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).</p>	Compliant	<p>Please refer to: http://www.cirtekholdings.com</p>	
<p>2. Company's MCG is submitted to the SEC and PSE.</p>	Compliant		
<p>3. Company's MCG is posted on its company website.</p>	Compliant		
Supplement to Recommendation 8.7			
<p>1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.</p>	Compliant	<p>The Corporation submits with the SEC and PSE its Manual on Corporate Governance ("MCG"). The MCG has gone through several revisions and updates.</p> <p>Various versions of the MCG including the Manual can be found at:</p>	

		http://www.cirtekholdings.com/content/corporate-governance	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:			
a. Corporate Objectives			
b. Financial performance indicators			
c. Non-financial performance indicators			
d. Dividend Policy			
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors			
f. Attendance details of each director in all directors' meetings held during the year			
g. Total remuneration of each member of the board of directors			
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.			
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.			
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.			
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).			

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

Recommendation 9.1

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	The Corporation's external auditor is the accounting firm R.S. Bernaldo & Associates (RSBA). The appointment of the external auditor was made upon the recommendation by the Audit and Risk management Committee with Mr. Romeo De Jesus Jr., as Partner – In - Charge.	
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.	Non-Compliant		During the Annual Stockholders' Meeting of the Corporation held last 31 May 2019, the stockholders delegated to the Board of Directors the appointment of the external auditor of the Corporation, as the Audit and Risk Management Committee was still evaluating/assessing potential external auditors at the time of the annual stockholders' meeting.

			<p>During the Special Board Meeting held on 20 December 2019 R.S. Bernaldo & Associates was appointed by the Board of Directors as the External Auditor for Calendar Year 2019 pursuant to the recommendation by the Audit and Risk Management Committee.</p> <p>The fees of the external auditor were disclosed in the 2019 Annual Report and Definitive Information Statement.</p>
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	<p>The Change in External Auditor was disclosed in PSE Edge.</p> <p>Please refer to: https://edge.pse.com.ph/openDiscViewer.do?edge_no=41f516ecb4c88273efdfc15ec263a54d</p>	
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	Section 2(c), Article V of the Manual provides that the External Auditor shall be rotated every five (5) years or earlier, or the handling partner shall be changed.	
Recommendation 9.2			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and 	Compliant	<p>The responsibilities of the Audit Risk Management Committee were included in the Audit and Risk Management Committee Charter.</p> <p>Please refer to: http://www.cirtekholdings.com/content/corporate-governance</p>	

<p>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</p>			
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	<p>Compliant</p>	<p>The responsibilities of the Audit and Risk Management Committee is contained in the Audit and Risk Management Committee Charter.</p> <p>Please refer to: http://www.cirtekholdings.com/content/corporate-governance</p>	
<p>Supplement to Recommendations 9.2</p>			
<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	<p>Compliant</p>	<p>The responsibilities of the Audit and Risk Management Committee is contained in the Audit and Risk Management Committee Charter.</p> <p>Section 2.2, Article 1 of the Manual provides for the functions and responsibilities of the Audit Committee.</p>	
<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	<p>Compliant</p>	<p>The responsibilities of the Audit and Risk Management Committee is contained in the Audit and Risk Management Committee Charter.</p> <p>Section 2.2, Article 1 of the Manual provides for the functions and responsibilities of the Audit Committee</p>	

Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	No non-audit services were performed by the external auditor during the year.	
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	Section 2.2, Article 1 of the Manual provides for the functions and responsibilities of the Audit and Risk Management Committee	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	The Corporation rarely engages the auditor for non-audit services, and when it does, the Corporation ensures that the fees paid to non-audit services do not outweigh the fees paid for audit services to maintain independence by the auditor. Moreover, we understand the auditor also has its own policies that it observes to maintain independence.	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	Provide information on company's external auditor, such as: <ul style="list-style-type: none"> 1. Name of the audit engagement partner – Percival De Guzman; 2. Accreditation number - 1411-A (Group A); 3. Date Accredited – 	

		<p>June 15, 2017;</p> <p>4. Expiry date of accreditation – June 14, 2020; and</p> <p>5. Name, address, contact number of the audit firm – R.S. Bernaldo & Associates 18/F Cityland Condominium 156 H.V. Dela Costa St. Ayala North Makati City Philippines Tel: (632) 812-1718 to 24 Fax: (632) 813-6539</p>	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Non-Compliant		The Company's External Auditor is covered by this requirement under SEC Memorandum Circular No. 9, series of 2017. However, they have not yet been inspected by the SEC as of this date. SEC follows a risk-based approach in the selection of engagements and firms to be subjected to SOAR inspection. The Company's External Auditor might be selected for inspection in the future.

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

Recommendation 10.1

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	The Board headed by the Sustainability and Compliance Committee reviewed the non-financial information and the Sustainability Report of the Company	
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<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>Compliant</p>	<p>The Company's subsidiaries, Cirtek Electronics Corporation and Cirtek Advanced Technologies and Solutions, Inc. has been certified under the international environmental standard ISO 14001:2015, which specifies the requirements for an environmental management system that an organization can use to enhance its environmental performance. ISO 14001:2015 seeks to manage its environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability. ISO 14001:2015 helps an organization achieve the intended outcomes of its environmental management system, which provide value for the environment, the organization itself and interested parties. Consistent with the organization's environmental policy, the intended outcomes of an environmental management system include:</p> <ul style="list-style-type: none"> · enhancement of environmental performance; · fulfilment of compliance obligations; · achievement of environmental objectives. · <p>The Cirtek Group is also SONY Green Partner Certified which passes the standards and requirements of SONY.</p>	
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		<p>This is a stepping stone that the system of the Company is in place in terms of their requirements for QMS and EMS standards. SONY has identified substances contained in the parts or materials of SONY products that have been judged to have a significant impact on the global environment and may harm human health. Thus, SONY established its "Management Regulations for Environment-related Substances to Be Controlled which Are Included in Parts and Materials" and clarifies which chemical substances cannot be used or whose use it is working to reduce. SONY introduced its "Green Partner Environmental Quality Approval System" for ensuring that suppliers comply with these standards and regulations, and SONY only procures from suppliers who are certified as Green Partners.</p>	
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Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

<p>1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.</p>	<p>Compliant</p>	<p>Please refer to: http://cirtekholdings.com/content/investor-relations http://edge.pse.com.ph/companyDisclosures/form.do?cmpry_id=630</p>	
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Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	Compliant	Please refer to http://www.cirtekholdings.com	
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	Please refer to http://www.cirtekholdings.com	
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			
1. Company has an adequate and effective internal control system in the conduct of its business.	Non-compliant		The Company is taking the necessary measures, where practicable and applicable, to comply with the SEC recommendation. The oversight and monitoring of internal control and internal audit and the

			<p>responsibility of risk management is with the Audit and Risk Management Committee. These are contained in the Charter of the Audit and Risk Management Committee.</p> <p>The Company has also appointed Ms. Gina Gillen as the Vice President for Controller and Internal Audit.</p>
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Non-compliant		<p>The Company is taking the necessary measures, where practicable and applicable, to comply with the SEC recommendation.</p> <p>At present the oversight and monitoring of internal control and internal audit and the responsibility of risk management is with the Audit and Risk Management Committee. These are contained in the Charter of the Audit and Risk Management Committee.</p>
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.	Non-compliant		<p>The Company is taking the necessary measures, where practicable and applicable, to comply with the SEC recommendation. The Company is still in the process of developing formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed.</p>

Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.			
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Non-Compliant		<p>Section 1 Article V of the Manual provides for the establishment of an Internal Audit Group and its duties and functions. However, the Board is still in the process of establishing the same.</p> <p>At present, the oversight and monitoring of internal control and internal audit and the responsibility of risk management is with the Audit and Risk Management Committee. These are contained in the Charter of the Audit and Risk Management Committee.</p> <p>The Company has also appointed Ms. Gina Gillen as the Vice President for Controller and Internal Audit.</p>
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Non-Compliant		<p>Section 1 Article V of the Manual provides for the establishment of an Internal Audit Group which shall be headed by the CAE. However, the Board is still in the process of establishing the same and therefore has not appointed a CAE yet. While there is no CAE yet, the Company has appointed Ms. Gina Gillen as the Vice President for Controller and Internal Audit.</p>

			The oversight and monitoring of internal control and internal audit and the responsibility of risk management is with the Audit and Risk Management Committee. These are contained in the Charter of the Audit and Risk Management Committee.
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider.	Non-compliant		At present, the Audit Committee and Risk Management Committee is responsible for the oversight of the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider. The Board is still in the process of establishing an Internal Audit Group. In the meantime, the Company has appointed Ms. Gina Gillen as the Vice President for Controller and Internal Audit.
3. In case of a fully outsourced internal audit activity, qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Non-compliant		The Board is still in the process of establishing an internal audit group within the Corporation. There is also currently no outsourced internal audit activity.
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Non-compliant		Given that the Corporation and its subsidiaries are not conglomerates and companies with a high risk profile and that the organization is structured to operate in a relatively lean manner to promote efficiency, the Board has not determined a need to create a separate risk

			<p>management function to identify, assess and monitor key risk exposures.</p> <p>The oversight and monitoring of internal control and internal audit and the responsibility of risk management is with the Audit and Risk Management Committee. These are contained in the Charter of the Audit and Risk Management Committee.</p>
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Non-compliant		<p>Given that the Corporation and its subsidiaries are not conglomerates and companies with a high-risk profile and that the organization is structured to operate in a relatively lean manner to promote efficiency, the Board has not determined a need to seek external technical support in risk management.</p>
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Non-compliant		<p>Given that the Corporation and its subsidiaries are not conglomerates and companies with a high-risk profile and that the organization is structured to operate in a relatively lean manner to promote efficiency, the Board has not determined a need to appoint a Chief Risk Officer (CRO).</p> <p>The oversight and monitoring of internal control and internal audit and the responsibility of risk management is with the Audit and Risk Management Committee.</p>

			These are contained in the Charter of the Audit and Risk Management Committee.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Non-compliant		<p>Given that the Corporation and its subsidiaries are not conglomerates and companies with a high-risk profile and that the organization is structured to operate in a relatively lean manner to promote efficiency, the Board has not determined a need to appoint a Chief Risk Officer (CRO).</p> <p>The oversight and monitoring of internal control and internal audit and the responsibility of risk management is with the Audit and Risk Management Committee. These are contained in the Charter of the Audit and Risk Management Committee.</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, control and compliance system is in place and working effectively.	Non-compliant		<p>In lieu of this, the Manual provides for the establishment of an Audit Committee whose function is to ensure that a sound internal audit, control and compliance system is in place and working effectively.</p> <p>The oversight and monitoring of internal control and internal audit and the responsibility of risk management is with the Audit and Risk Management Committee. These are contained in the Charter of the Audit and Risk Management Committee.</p>
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	Please refer to http://www.cirtekholdings.com/content/corporate-governance	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Please refer to http://www.cirtekholdings.com/content/corporate-governance	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	<p>The Corporation's capital stock consists of common shares and preferred A, B-1 and B-2 shares. The stockholders of common and preferred A shares have the same voting rights. Each share is entitled to one vote.</p> <p>The stockholders of preferred B1 and B2 shares are not entitled to vote except in those cases provided by law.</p>	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	Section 1, Article 10 of the Manual provides that the "[t]he Board shall establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders."	
3. Board has an effective, secure, and efficient voting system.	Compliant	Please refer to Section 7, Article II of the Amended By-Laws of the Corporation on the manner of voting by stockholder in person or by proxy.	

		Also please refer to Item 19 of the Corporation's Definitive Information Statement which describes the voting procedures that will be observed.	
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.	Compliant	<p>The Corporation observes the voting requirements prescribed under the Revised Corporation Code of the Philippines, including those provisions requiring supermajority votes.</p> <p>The Corporation also observes the voting requirement in the PSE Rules.</p>	
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	<p>Section 1(c), Article IX of the Manual provides that "[t]he minority shareholders shall have 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>In accordance with existing law and jurisprudence, minority shareholders shall 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 should include such information and, if not included, then the minority shareholders can propose to include such matters in the agenda of stockholders' meeting provided always that this right of access is conditioned upon the requesting</p>	

		shareholder's having a legitimate purpose for such access."	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	<p>Article IX of the Manual provides for the following protection of minority stockholders' interests:</p> <ul style="list-style-type: none"> - Directors may be removed with or without cause, but directors shall not be removed without cause if it will deny minority shareholders representation in the Board. Removal of directors requires an affirmative vote of two-thirds (2/3) of the outstanding capital of the Company. - The minority shareholders shall have 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. - In accordance with existing law and jurisprudence, minority shareholders shall 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 should include such information and, if not included, then the minority shareholders can 	

		propose to include such matters in the agenda of stockholders' meeting provided always that this right of access is conditioned upon the requesting shareholder's having a legitimate purpose for such access.	
7. Company has a transparent and specific dividend policy.	Compliant	The Company's Board approved an annual dividend payment ratio of approximately 30% of its consolidated net income from the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of dividends including, but not limited to, when the Company undertakes major projects and developments requiring substantial cash expenditures or when it is restricted from paying cash dividends by its loan covenants. The Company's Board may, at any time, modify such dividend payout ratio depending upon the results of operations and future projects and plans of the Company.	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.			

Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	<p>In connection with the 2019 Annual Stockholders' Meeting held on 31 May 2019, the notice of meeting was posted on PSE Edge on 29 March 2019, which is more than 28 days before the meeting.</p> <p>The Company observes the required period of distribution of the notice of the shareholders' meeting and definitive information statement as provided in the 2015 Securities Regulations Code implementing rules and regulations is 15 trading days before the date of the shareholders' meeting.</p>	
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:			
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	Please refer to the Definitive Information Statement together with the Notice of meeting and management report uploaded in the PSE Edge.	
b. Auditors seeking appointment/re-appointment	Compliant	Please refer to the Definitive Information Statement together with the Notice of meeting and management report uploaded in the PSE Edge.	
c. Proxy documents	Compliant	Please refer to the Definitive Information Statement together with	

		the Notice of meeting and management report uploaded in the PSE Edge.	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Non-compliant		The Agenda for the 2019 Annual Stockholders' Meeting are just the usual and ordinary items. No special action was required for approval of the stockholders.
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		While the results of the votes are not made available to the public the next working day, the results of the Annual Stockholders' Meeting held on 31May 2019 was posted on PSE EDGE portal on 31 May 2019, which is on the same day. The Minutes of the Meeting which consists of the votes taken during the Annual Stockholders' Meeting held on 31May 2019 was posted in the Company's website within 5 business days from the date of the annual stockholders' meeting.
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	Please refer to: http://www.cirtekholdings.com/content/investor-relations/minutes/	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	Representatives from SGV attended the 2019 Annual Meeting of the Stockholders of the Corporation and were given the opportunity to make a statement if they so desire. They are also expected to respond to appropriate questions.	

Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	Section 1.9 Article 1 of the Manual provides "Establish and maintain an alternative dispute resolution system in the Company that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including regulatory authorities;"	
1. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	Section 1.9 Article 1 of the Manual provides "Establish and maintain an alternative dispute resolution system in the Company that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including regulatory authorities;"	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Non-compliant		The Manual provides for the appointment of an IR Officer. However, the Board has not yet appointed the same.
2. IRO is present at every shareholder's meeting.	Non-compliant		In lieu thereof, the shareholders may request information and provide feedback to the Corporation through its website or through email to the CFO.
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench	Compliant	The Board has not employed anti-takeover measures or similar devices.	

ineffective management or the existing controlling shareholder group			
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Compliant	The Corporation has a public ownership percentage of 33.28% as of 31 December 2019.	

Optional: Principle 13

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

Duties to Stakeholders

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

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Non-compliant		The Corporation's stakeholders include its shareholders, the customers, its suppliers, creditors, employees and the community. The Board is in the process of formulation policies and programs for its stakeholders.
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Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Non-compliant		The Board is in the process of formulating policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.
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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.	Non-compliant		The Board is in the process of adopting a transparent framework.
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Non-compliant		The Board is in the process of establishing an alternative dispute resolution system
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 Corporation has not requested for 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 Corporation, in its dealings with its own and its customers' Intellectual Properties, adheres to a strict risk management process, which encompasses Intellectual Property risk assessment and mitigation. The Corporation's subsidiary's manufacturing process is also stringent, in that, each step in the manufacturing process is closely overseen to prevent any leakage of Intellectual Property material.	

		Moreover, those assigned to the manufacturing process only cover a specific portion of the entire process, to ensure that only a limited number of key employees are aware of the complete process or design to ensure that our customers' intellectual properties are safe guarded.	
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Optional: Principle 14

1. Company discloses its policies and practices that address customers' welfare			
2. Company discloses its policies and practices that address supplier/contractor selection procedures			

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

Recommendation 15.1

1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Non-compliant		<p>The Manual provides that the Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance. These shall include (1) health, safety and welfare; (2) training and development; and (3) reward/compensation.</p> <p>However, the Board is still in the process of formulating such policies, programs and procedures.</p>
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Supplement to Recommendation 15.1

<p>1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.</p>	<p>Non-compliant</p>		<p>The Corporation gives compensation packages that combine standard remuneration and performance incentives.</p> <p>There are no other arrangements for compensation either by way of payments for committee participation or special assignments other than reasonable per diem. There are also no outstanding warrants or options held by the Company's Chief Executive Officer, other officers and/or directors.</p> <p>There are no special retirement plans for executives. There is also no existing arrangement for compensation to be received by any executive officer from the Company in the event of change in control of the Company.</p>
<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	<p>Compliant</p>	<p>The Company has implemented its Workplace Health, Safety and Welfare Policy based on DOLE Accreditation OSH-001</p>	
<p>3. Company has policies and practices on training and development of its employees.</p>	<p>Non-compliant</p>		<p>The Manual provides that the Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance. These shall include (1) health, safety and welfare; (2) training and development; and (3) reward/compensation.</p> <p>However, the Board is still in the process of formulating such policies, programs and procedures.</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.	Non-compliant		<p>The Manual provides that the Board shall set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. Further, the Board shall disseminate the policy and program to employees across the organization through trainings to embed them in the culture of the Company.</p> <p>However, the Board is still in the process of formulating such policies, programs and procedures.</p>
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Non-compliant		<p>The Manual provides that the Board shall set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. Further, the Board shall disseminate the policy and program to employees across the organization through trainings to embed them in the culture of the Company.</p> <p>However, the Board is still in the process of formulating such policies, programs and procedures.</p>
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Non-compliant		<p>In lieu thereof, the Corporation adopts the just causes for termination under the Labor Code which include serious misconduct such as involvement in offering, paying and receiving bribes.</p>

Recommendation 15.3

<p>1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation</p>	<p>Non-compliant</p>		<p>The Manual provides that the Board shall 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 shall be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.</p> <p>However, the Board is still in the process of formulating such framework.</p>
<p>2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.</p>	<p>Non-compliant</p>		<p>The Manual provides that the Board shall 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 shall be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.</p> <p>However, the Board is still in the process of formulating such framework.</p>
<p>3. Board supervises and ensures the enforcement of the whistleblowing framework.</p>	<p>Non-compliant</p>		<p>The Manual provides that the Board shall establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear</p>

			<p>of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. The Board shall be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.</p> <p>However, the Board is still in the process of formulating such framework.</p>
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Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

Recommendation 16.1

1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Non-compliant		The Company is taking the necessary measures, where practicable and applicable, to comply with the SEC recommendation.
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Optional: Principle 16

1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development.			
2. Company exerts effort to interact positively with the communities in which it operates			

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant Cirtek Holdings Philippines Corporation in the Province of Laguna.



JERRY LIU
Chairman of the Board of Directors



JORGE AGUILAR
Vice Chairman & President



MA. LOURDES LARAÑO
Chief Compliance Officer



EVERLENE LEE
Corporate Secretary



HECTOR VILLANUEVA
Independent Director



ERNEST FRITZ SERVER
Independent Director



CORAZON PILAR GUIDOTE
Independent Director



BERNARDINO RAMOS
Independent Director

Province of Laguna

City of Santa Rosa

BEFORE ME, a Notary Public for and in the City of _____, personally appeared the following: **AUG 28 2020**

Competent Evidence of Identity		
	Type of ID	ID Number and Expiry Date (if applicable)
JERRY LIU	TIN No. :113-279-728	Passport No.: 307391456 July 01,2023
JORGE AGUILAR	TIN No. :115-957-757	Passport No.: P9239135SA October 19,2028
MA. LOURDES LARAÑO	TIN No. :439-390-656	Passport No.: P0060413B January 11,2029
EVERLENE O. LEE	TIN No. :206-820-214	D-16-02-260244 04 November 2022
HECTOR VILLANUEVA	TIN No. :102-762-204	Passport No.: P2513043B July 10,2029
ERNEST FRITZ SERVER	TIN No. :115-593-099	Passport No.: P3835616B November 13,2029
CORAZON PILAR GUIDOTE	TIN No. :107-044-646	Passport No.: EC6360176 January 10,2021
BERNARDINO RAMOS	TIN No. :123-305-110	Passport No.: P3573762A July 04,2022

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Series of 2020.

Atty. Ma. Fatima Ungson-Liu
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Until December 31, 2021
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MCLE no. VI-0024880/4-17-19
TIN no. 172-447-973-000
PTR no. 3930181/01-02-2020/Sta. Rosa, Laguna