



# **MANUAL OF CORPORATE GOVERNANCE**

**(Updated 2017)**

**BLOOMBERRY RESORTS CORPORATION**

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### I. OBJECTIVE

1.1. This Manual on Corporate Governance shall serve as a guide for BLOOMBERRY RESORTS CORPORATION (BRC), its Board of Directors, officers and employees to strive to enhance the value of the Corporation and optimize over time the returns to its shareholders by:

- a. Sound, prudent, and effective management,
- b. Efficient and effective management information system,
- c. Effective risk management,
- d. Reliable financial and operational information,
- e. Cost effective and profitable business operations, and
- f. Compliance with laws, rules, regulations and contracts.

### 1.2 Definition of Terms

- a. **Corporate Governance** –the system of stewardship and control to guide organizations in fulfilling their long term economic, moral, legal and social obligations towards their stakeholders. It is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and senior management accountable for ensuring ethical behavior – reconciling long term customer satisfaction with shareholder value – to benefit of all stakeholders and society. Its purpose is to maximize the organization’s long term success, creating sustainable value for its shareholders, stakeholders and the nation;
- b. **Board of Directors** – the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and control its properties;
- c. **Exchange** – an organized market place of facility that brings together buyers and sellers and executes trades of securities and/or commodities;
- d. **Management** – the officers/body given the authority under the by-laws and by the Board of Directors to implement the policies it has laid down in the conduct of the business of the corporation;
- e. **Independent Director** – a person who, apart from his fees and shareholdings, is independent of Management and free from any business or other relationship which could reasonably be perceived to

- materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director;
- f. **Executive director** – a director who is also an officer or head of a department or unit of the corporation or performs any work related to its operation;
  - g. **Non-executive director** – a director who is not an officer or is not the head of a department or unit of the corporation nor performs any work related to its operation;
  - h. **Non-audit work** – the other services offered by an external auditor to a corporation that are not directly related and relevant to its statutory audit functions (such as accounting, payroll, bookkeeping, reconciliation, computer project management, data processing, or information technology outsourcing services, internal audit, and other services) that may compromise the independence and objectivity of an external auditor;
  - i. **Internal Control** – the system established by the Board of Directors and Management to provide reasonable assurance on the accomplishment of the corporation’s objectives through efficient and effective operation of its business, reliable financial reporting and management information, and faithful compliance with applicable laws, regulations and internal rules effected by the Board of Directors, senior management, and all levels of personnel;
  - j. **Internal Control System** – the framework under which internal controls are developed and implemented (alone or in concert with other policies and procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the corporation is exposed;
  - k. **Internal Audit** – an independent and objective assurance activity designed to add value to and improve the corporation’s operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes;
  - l. **Internal Audit Department** – a department or unit of the corporation and its Consultants, if any, that provide internal audit services and independent and objective assurance services in order to add value to and improve the corporation’s operations;
  - m. **Internal Auditor** – the highest position in the corporation responsible for internal audit activities (other than the Audit Committee). If internal audit activities are performed by outside service providers, he is the person responsible for overseeing the service contract, the overall quality of these activities, and follow-up of engagement results.
  - n. **Enterprise Risk Management** - a process, effected by an entity’s Board of Directors, management and other personnel, applied in

strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives;

- o. **Related Party** - shall cover the company's subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the company exerts direct or indirect control over or that exerts direct or indirect control over the company; the company's directors; officers; shareholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other person or juridical entity whose interest may pose a potential conflict with the interest of the company;
- p. **Related Party Transactions** - a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party;
- q. **Stakeholders** - any individual, organization or society at large who can either affect and/or be affected by the company's strategies, policies, business decisions and operations, in general. This includes, among others, customers, creditors, employees, suppliers, investors, as well as the government and community in which it operates; The Corporation understands that it is impossible to treat all stakeholders equally because they have different and, at times, contradictory interests with respect to the Corporation. In the event the Corporation is faced with a situation where the interests of various stakeholders are contradictory to each other, then the Board of Directors, or the Chairman/CEO, or Senior Management, shall determine who among the stakeholders will have priority and the attention of the Corporation following the provisions of the Corporation Code and other binding laws.

### 1.3 Rules of Interpretation

- a. All references to the masculine gender in the provisions of this Manual shall likewise cover the feminine gender.
- b. All doubts or questions that may arise in the interpretation or application of this Code shall be resolved in favor of promoting transparency, accountability or fairness to the stockholders and investors of the corporation, and shall not prejudice the corporation.

## II. **BOARD GOVERNANCE**

The Board of Directors (the “Board”) shall be primarily responsible for the governance of the Corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on management.

### 2.1 **Composition of the Board**

- 2.1.1 The Board shall be composed of seven (7) directors to be elected by the stockholders in accordance with the law and the by-laws. The directors shall have collective working knowledge, experience, expertise in the Corporation’s business or industry or in other disciplines or industries which can provide the appropriate insight and diversity to respond to the needs of an evolving business and provide strategic direction to the Corporation. (R 1.1)
- 2.1.2 At least two (2) directors shall be an independent director or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, in no case less than two (2) as provided by law.
- 2.1.3 Independent directors shall serve for a maximum cumulative term of nine (9) years. After which such director shall be perpetually barred from re-election in the Corporation, but he/she may continue to qualify for nomination and election as a non-independent director. In case the Corporation intends to retain the independent director after serving 9 years, the Board should provide meritorious justification/s and seek approval of the shareholders during the annual shareholders’ meeting. (R 5.3)
- 2.1.4 The stockholders may elect a mix of executive and non-executive directors (which include independent directors), to allow a healthy balance of ideas, opinions, wisdom and experience on the management and business of the Corporation.
- 2.1.5 The Board shall promote attendance of directors in annual continuing training and development program to keep the directors abreast of the developments in business and regulatory environment. An orientation program for first time directors shall be established. (R 1.3)

### 2.2 **Multiple Board Seats**

The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities. Practices by other world-class corporations may be

considered. Directors who pass the vetting by the Nomination Committee shall be considered to have complied with this requirement.

The Chief Executive Officer (“CEO”) and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve shall not be compromised. Directorship in subsidiaries and affiliates of the Corporation shall not be considered a limitation. Officers who have passed the vetting of the Nomination Committee shall be considered to have complied with this requirement.

### **2.3 The Chairman and Chief Executive Officer**

The Roles of Chairman (as presiding officer of Board meetings) and the Chief Executive Officer (CEO) is currently held by one person because the Chairman of the Corporation, Enrique K. Razon, Jr., happens to be the more than 60% controlling stockholder and is the visionary behind the Solaire Resort & Casino flagship project of the Corporation. It is his vision and leadership that guides the Corporation now and in the foreseeable future.

The duties and responsibilities of the Chairman shall be provided in the By-Laws, and may include, the following:

- (i) Ensure that the meetings of the Board are held in accordance with the By-Laws or as Chairman may deem necessary;
- (ii) Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the President, Management and directors; and,
- (iii) Maintain qualitative and timely lines of communication and information between the Board and Management.

### **2.4 Qualifications and Nomination of Directors**

2.4.1 A director must have at least one share of stock of the Corporation in his name in the books of the Corporation. A director who ceases to be the owner of at least one (1) share of the capital stock of the Corporation shall cease to be a director.

2.4.2 Majority of the directors shall be citizens of the Philippines. Majority of the directors shall also be residents of the Philippines.

2.4.3 In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, the Board may consider any of the following qualifications as may be applicable:

- (i) College education or equivalent academic degree;
- (ii) Practical understanding of the business of the corporation;
- (iii) Membership in good standing in relevant industry, business or professional organizations;
- (iv) Previous professional or business experience;
- (v) Record of integrity and good repute;
- (vi) Sufficient time to carry out the responsibilities as a director;
- (vii) Ability to promote smooth inter-action among directors.

2.4.4 The following shall be grounds for the permanent disqualification of a director as provided by law:

- (i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code (“SRC”); (b) arises out of the person’s conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or an affiliated person of any them;
- (ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission (“SEC” or “Commission”), Bangko Sentral ng Pilipinas (BSP), or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

This disqualification shall also apply if such person is currently the subject of a final order of the Commission, BSP, or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained by a final

order to engage in any activity involving securities and banking; or such person is currently the subject of final order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- (iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- (iv) Any person who has been adjudged by final judgment or order if the Commission, BSP, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;
- (v) Any person earlier elected as independent director ceases to be such when he becomes an officer, employee or consultant of the same corporation.
- (vi) Any person judicially declared as insolvent;
- (vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in subparagraphs (i) to (iv) above;
- (viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.

2.4.5 A director may be temporarily disqualified from being a director in the Corporation for the following reasons as provided by law:

2.4.5.1 Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its implementing regulations.

2.4.5.2 Absence in more than fifty percent (50%) of all regular and special meetings, of the Board during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident, or other similar reasons, or the performance of an order by or a duty to the



corporation. This disqualification shall apply for the purpose of the succeeding election.

- 2.4.5.3 Dismissal/termination from directorship in another listed corporation for irregularity, fraud or other valid causes. This disqualification shall be in effect until such person has cleared himself of any involvement in the alleged irregularity, fraud or other valid cause for termination, or such cause does not apply to the Corporation (e.g. disqualification as a competitor in another line of business not related to the business of the Corporation).
- 2.4.5.4 Being a director, officer or substantial stockholder of a company or business that is directly in competition with the business of the Corporation, as determined by the Board.
- 2.4.5.5 If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.
- 2.4.5.6 If any of the judgments or orders cited in the grounds for permanent disqualification has not become final.

A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

- 2.4.6 Nominations for directors shall be submitted in writing addressed to the Corporate Secretary at the Executive Offices of Solaire Resorts & Casino. The nomination shall include the name, age, address, education, business or profession, and the interest and position of the nominee in other companies or business. The nominee shall sign the nomination to signify his acceptance of the nomination. These formal requirements shall not be required for nominees who are incumbent members of the Board of Directors of the Corporation. (R 2.6)

2.4.6.1 Any stockholder of record of the Corporation, including a minority stockholder, may nominate a candidate for election to the Board. Only a stockholder of record entitled to notice of, and to vote in the stockholder meeting shall be qualified to be nominated and elected as a director.

2.4.6.2 The nomination shall be submitted only during the 20-day nomination period which shall not be earlier than 40 days nor later than 20 days prior to the date of the stockholders meeting for the election of directors.

2.4.6.3 All the nominations received shall be submitted to the Nomination Committee for evaluation as to compliance with rules on the form and requirement of the nomination and the qualification and disqualification of the candidate under this Manual, the by-laws and applicable laws. Only nominees who passed the evaluation of the Nomination Committee shall be qualified to run for and be elected as a director of the Corporation.

2.4.7 The Board shall assess and evaluate the effectiveness of this nomination process and process for replacement of a director.

## 2.5 **Responsibility of the Board and the Directors**

2.5.1 It is the Board's responsibility to foster the long-term success of the Corporation, act on a fully informed basis, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.

2.5.2 A director owes the duty to be obedient, loyal and diligent to the Corporation. Obedience imposes on the directors the obligation to act only within the corporate powers of the Corporation as defined under its articles of incorporation and by-laws and by the Corporation Code and other applicable laws. Directors should manage the corporation with reasonable diligence, care and prudence. They cannot be held liable for mistakes or errors in the exercise of their business judgment when they act in good faith and with due care and prudence.

2.5.3 A director has fiduciary responsibility to the Corporation and its stockholders. His duty to be loyal requires him to act in the best interest of the Corporation, and prevents him from acquiring for himself a business opportunity which belongs to the Corporation.

2.5.4 To ensure good governance of the Corporation, the Board should establish the Corporation's vision and mission, strategic objectives, policies and procedures that shall guide and direct the business and corporate activities of the Corporation and the means to attain the same, and mechanism for monitoring Management's implementation and performance. The management of the day-to-day affairs of the Corporation is the responsibility of Management. The directors shall keep themselves sufficiently informed about the general condition of the business and the manner in which it is being conducted, so that they can monitor Management's implementation and may become aware of the difficulties and problems that must be met and solved by the Corporation.

## 2.6 Functions and Duties of the Board

To ensure a high standard of best practice for the corporation and its stockholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

- 2.6.1 Select and appoint the Chairman/CEO, President/Chief Operating Officer (“COO”), Chief Finance Officer (“CFO”) and other senior officers of the Corporation. The executive officers shall have the requisite maturity, motivation, integrity, competence and professionalism necessary to effectively perform their duties and responsibilities to the Corporation. The Board may adopt a professional development program for employees and officers, and a succession planning program for management.
- 2.6.2 Provide strategies and general policies to maintain the viability and promote the growth and success of the Corporation. . It must periodically evaluate and monitor implementation of such strategies and policies, business plans and operating budgets as well as management’s over-all performance, and provide sound strategic policies and guidelines to the corporation on major capital expenditures.
- 2.6.3 Ensure the faithful compliance by the Corporation of all applicable laws, regulations and applicable best business practices.
- 2.6.4 Establish a policy on communicating or relating with stockholders and other stakeholders of the Corporation through an effective investor relations program. An officer designated by the Board shall exercise oversight responsibility over this program.
- 2.6.5 Provide a system of internal checks and balances. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the corporation’s internal control system in order to maintain its adequacy and effectiveness.
- 2.6.6 Identify and monitor key risk areas and key performance indicators.
- 2.6.7 Meet at least once every quarter. All such meetings should be duly minuted. Independent views during Board meetings should be encouraged and given due consideration.
- 2.6.8 Establish a Nomination Committee which will implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly motivated management officers.

- 2.6.9 Identify the sectors in the community in which the corporation operates or directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them as may be necessary. And maintain a meaningful CSR Program. It shall undertake its CSR Program through its foundation – Bloomberry Cultural Foundation, Inc. (R 16.1)
- 2.6.10 Formulate and implement policies and procedures that would ensure group-wide the integrity and transparency of related party transactions (RPT) especially those which are over certain thresholds of materiality, between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors including their spouses, children and dependent siblings and parents, and interlocking director relationships by members of the Board to protect the interest of the Corporation.. The Related Party Transaction Policy shall include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of transactions. The Board shall constitute a Related party Transaction Committee to oversee the RPT Policy. (R 2.7)
- 2.6.11 Constitute an Audit Committee and such other committee it deems necessary to focus on specific board functions to assist the Board in the performance of its duties and responsibilities.
- 2.6.12 Any dispute between the corporation and its stockholders as well as the corporation and third parties, including the regulatory authorities, shall be resolved in accordance with Republic Act 9285, otherwise known as “Alternative Dispute Resolution Act of 2004” with the approval or consent of such other parties in compliance with law.
- 2.6.13 Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with the Corporation Code, and applicable laws, rules and regulations.
- 2.6.14 Appoint a Compliance Officer who shall, ideally, have the rank of at least Vice President. The Corporate Secretary, preferably a lawyer, may be designated as Compliance Officer. The Compliance Officer shall have the powers and functions provided in Section 3.4 below.
- 2.6.15 Align the remuneration of key officers and board members with the long-term interests of the Corporation, such as providing a Stock Incentive Plan (SIP) so that good performance may be awarded in shares of stocks of the Corporation. And provide other compensation policies pursuant to Section 2.10 below. (R 2.5)

## 2.7 **Duties and Responsibilities of a Director**

A director's office is one of trust and confidence. A Director should act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress.

The duties and responsibilities of a Director include the following:

- 2.7.1 To conduct fair business transactions with the Corporation and to ensure that personal interest does not bias Board decisions or does not conflict with the interest of the Corporation.
- 2.7.2 To attend Board meetings regularly and devote time and attention necessary to properly discharge his duties and responsibilities as a director.
- 2.7.3 To act judiciously on matters referred to the Board.
- 2.7.4 To exercise independent judgment in deciding Board matters.
- 2.7.5 To have a working knowledge of the statutory and regulatory requirements affecting the Corporation, without prejudice to obtaining advise of legal counsel on appropriate issues.
- 2.7.6 To observe confidentiality on all proprietary, confidential and non-public information that comes to his possession as director.
- 2.7.7 To abstain from taking part in the deliberation on any transaction in which he/she has a material interest affecting the Corporation. (R 5.6)

## 2.8 **Internal Control Responsibilities of the Board**

- 2.8.1 The internal control mechanism for the Board's oversight responsibility include:
  - Defining the duties and responsibilities of the President;
  - Selecting or approving an individual with appropriate competence, vision, integrity, and experience to fill the President role;
  - Reviewing proposed senior management appointments;
  - Ensuring the selection, appointment and retention of qualified and competent management;
  - Reviewing the Corporation's personnel and human resource policies and sufficiency, conflict of interest situations, changes to the compensation plan for employees and officers and management succession plan.
  - Assess the performance of Management, the President and the control functions led by their respective heads. (R 2.8)

- Establish an effective performance management framework that will ensure Management and personnel's performance is at par with the standards set by the Board and Senior Management. (R 2.9);
- Approve an Internal Audit Charter which will implement the appropriate internal control system. (R 2.10);
- Approve an Enterprise Risk Management System (ERM) to establish a sound enterprise risk management framework and system to identify, monitor, assess and manage key business risks. (R 2.11)

2.8.2 The minimum internal control mechanisms for management's operational responsibility would center on the President, being ultimately accountable for the company's organizational and procedural controls.

2.8.3 The Corporation may provide for an auditor or any other officer designated by the Board, or the Audit Committee through which the Board, senior management, and stockholders may be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with. The auditor and/or Audit Committee shall be guided by the International Standards on Professional Practice of Internal Auditing.

## 2.9 **Board Meetings and Quorum Requirement**

2.9.1 Directors should attend and actively participate in all meetings of the Board, and of Committees that they are part of, in person, or by use of modern technology through teleconference devices. They should review meeting materials and contribute in the discussion and decision making. (R 4.1)

2.9.2 The independent director should endeavor to attend all Board meetings. However, the absence of an independent director shall not affect the quorum requirements as provided in the by-laws. However, the Board may, to promote transparency, require the presence of at least one independent director in all its meetings, unless he is duly notified of the meeting and fails to attend same, or if the independent director resigns or ceases to be an independent director pending the appointment of or of his replacement.

2.9.3 To monitor the directors' compliance with the attendance requirements, corporations shall submit to the Commission, on or before January 30 of the following year, a sworn certification about the directors' record of attendance in Board meetings. The said certification may be submitted with the Corporation's current report (SEC Form 17-1) or on a separate filing.

## 2.10 **Remuneration of Directors and Officers**

2.10.1 Levels of remuneration shall be sufficient to attract and retain the directors, if any, and officers needed to run the Corporation successfully. A proportion of

executive directors' or officers, remuneration may be structured so as to link rewards to corporate and individual performance.

- 2.10.2 Corporations may establish formal and transparent procedure for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers depending on the particular needs of the Corporation. No director should participate in deciding his remuneration.
- 2.10.3 The Corporation's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers, in the aggregate, during the preceding fiscal year as provided by law.
- 2.10.4 To protect the funds of a corporation, the Commission may, in exceptional cases, e.g. when a Corporation is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.

## 2.11 **The Audit Committee**

- 2.11.1 The Audit Committee shall consist of at least three (3) non-executive Directors, who shall preferably have an accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The Chairperson of the Audit Committee or majority of the members should be independent directors. The Committee shall have the following functions:
  - (a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process and monitoring of compliance with applicable laws, rules and regulations.
  - (b) Provide oversight over management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation. This function shall include regular receipt from Management of information on risk exposure and risk management activities.
  - (c) Perform oversight function over the Corporation's internal and external auditors. It should ensure that internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

- (d) Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it;
- (e) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- (f) Organize and oversee an internal audit department, and recommend to the Board the appointment of an independent internal auditor (Internal Audit Head) and the terms and conditions of his engagement and removal; Review and recommend to the Board the approval of the Internal Audit Charter, and oversee its implementation;
- (g) Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;
- (h) Review reports submitted by the internal and external auditors; Review and monitor responsiveness to the internal auditor's findings and recommendations;
- (i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular on the following matters:
  - Any change/s in accounting policies and practices
  - Major judgment areas
  - Significant adjustments resulting from the audit
  - Going concern assumptions
  - Compliance with accounting standards
  - Compliance with tax, legal and regulatory requirements such those of the Philippine Amusement and Gaming Corporation ("PAGCOR") as applicable.

Review the disposition of the recommendations in the External Auditor's management letter.

- (j) Coordinate, monitor and facilitate compliance with laws, rules and regulations as may be directed by the Board;
- (k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The Committee shall



disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report as may be required by law;

- (l) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report to the Audit Committee.

The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

- (m) Provide oversight over the Surveillance Group in the casino and hotel facilities of the Corporation and its operating subsidiaries.
- (n) Review the Internal Audit Charter (IA Charter) and recommend any amendment or modification to the Board.

## 2.12 **The Enterprise Risk Management (ERM) Committee**

2.12.1 The Enterprise Risk Management (ERM) Committee shall be composed of three (3) directors, majority of whom shall be non-executive. The Committee has the responsibility to assist the Board in ensuring that there is an effective and integrated risk management process in place to arrive at a well informed decisions, taking into consideration the risk related to significant business activities, plans and opportunities. The Committee shall have the following functions: (R 12.4)

- (a) Develop a formal enterprise risk management plan which contains the following:
  - i. common risk language
  - ii. risk management goals and objectives
  - iii. risk management process on identifying, assessing, implementing risk management strategies
  - iv. continuing risk assessment to improve risk strategies, processes and measures.
- (b) Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. Revisit risk management strategies to anticipate emerging or changing material exposures and to stay abreast of significant developments that impact the likelihood of the harm or loss;

- (c) Oversee the implementation of the risk management process and review regular management reports and assess how business risk owners are managing the risks. Priority areas of concern are those risks that most likely to occur and to impact the performance and stability of the corporation and its stakeholders;
- (d) Annually review the company's risk appetite and risk tolerance limits based on business changes and developments, regulatory changes and external economic environment.
- (e) Provide oversight function over management's activities in managing credit, market, liquidity, operational, legal and other risk exposure of the corporation;
- (f) Report to the Board on a regular basis, or as deemed necessary, the company's risk appetite levels, risk tolerance limits, material risk exposures, management actions taken and recommend further actions/plans as necessary.

## 2.13 **The Related Party Transactions (RPT) Committee**

2.13.1 The Related Party Transactions (RPT) Committee shall be composed of three (3) directors, majority of whom shall be non-executive. The Committee shall have the responsibility to assist the Board in reviewing all material Related Party Transactions (RPT) of the Corporation. The RPT Committee shall have the following functions: (R 2.7, 3.5 and 8.5)

- (a) Oversee on an-going basis the existing relationship counterparties between and among businesses to properly identify, evaluate and monitor all RPTs including subsequent changes in the relationships;
- (b) Report to the Board and, if required, regulatory agency on related parties, related party transactions and changes in the relationships;
- (c) Oversee the Corporation's implementation on identifying, monitoring, measuring, controlling and reporting RPTs including periodic review of its RPT policies and procedures.
- (d) Evaluate all material RPTs if in accordance with economic terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances, that no corporate or business resources of the Corporation are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise in connection with the transactions.

(e) Disclose to the regulating authorities, if required, relating to the company's RPT exposures and conflicts or potential conflicts of interest including the management approach in addressing such material conflict of interest.

(f) Ensure that RPTs, including write-off if exposures, are subject to an independent periodic review or audit process;

(g) Report to the Board on a regular basis the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties.

## 2.14 **Other Committees**

The Board shall constitute the proper committees to assist it in good corporate governance.

The Board may also organize the following committees:

(a) A Nomination Committee, which may be composed of at least three (3) members and one of whom should be an independent director, to review and evaluate qualifications of all persons nominated to the Board and other appointments that require Board approval and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;

(b) A Compensation or Remuneration Committee, which may be composed of at least three (3) members and one of whom should be an independent director, to establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the corporation's culture, strategy and the business environment in which it operates.

## III. **THE EXECUTIVE OFFICERS**

### 3.1 **The Chairman and CEO and the President**

The Chairman or in his incapacity or absence, the Vice Chairman, shall preside at all meetings of the Board of Directors and of the stockholders. The President shall have general supervision, administration and management of the business of the Corporation. The President shall with the approval of the CEO establish general administrative and operating policies and guidelines.

### **3.2 The Other Executive Officers**

The COO, CFO and other officers shall have the qualifications, duties and responsibilities specified in the by-laws of the Corporation or as may be specified or designated by the Board of Directors, or by the CEO. All officers of the Corporation shall familiarize themselves with and shall comply with their duties and responsibilities under this Manual.

### **3.3 The Corporate Secretary**

The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, is an Officer of the corporation. The Corporate Secretary shall have the qualifications, duties and responsibilities specified in the by-laws of the Corporation, or as may further be specified or designated by the Board of Directors.

- 3.3.1 The Corporate Secretary shall gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation. He shall advise and monitor that Board procedures are being followed and applicable rules and regulations are complied with.
- 3.3.2 The Corporate Secretary shall deal with the Board of Directors, management, stockholders and other stakeholders professionally and objectively. To the extent feasible, the Corporate Secretary shall have sufficient administrative skills, interpersonal skills, legal skills and financial and skills as may reasonably be necessary to allow him to perform his duties and responsibilities as Corporate Secretary.
- 3.3.3 The Corporate Secretary shall be part of the scheduling process of the different Board or stockholders meetings. He shall prepare a schedule of regular Board meetings for the current year in coordination with the Board. He should send notices to all Directors before each Board meeting.
- 3.3.4 The Corporate Secretary shall serve as an adviser to the directors and assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations as directors of the Corporation.
- 3.3.5 The Corporate Secretary shall attend and take the minutes of all Board meetings, except when justifiable causes such as illness, death in the immediate family and serious accidents, prevent him from doing so. In his absence, the Assistant Corporate Secretary or a person designated by the Board shall take the minutes of the meeting.

- 3.3.6 The Corporate Secretary shall serve as a liaison officer with the SEC with respect to compliance with SEC requirement pertaining to this Manual. The Corporate Secretary shall also monitor the compliance of this Manual and shall report his findings to the Board.
- 3.3.7 If the Corporate Secretary is also the Compliance Officer, he shall perform all the duties and responsibility of said officer as provided hereunder and other existing laws, rules and regulations.
- 3.3.8 The Corporate Secretary shall be loyal to the mission, vision and objectives of the corporation; work fairly and objectively with the Board, Management and stockholders; have a working knowledge of the operations of the corporation; and ensure that all Board procedures, rules and regulations are strictly followed by the members.
- 3.3.9 The Corporate Secretary shall issue a certification every January 30<sup>th</sup> of the year on the attendance of directors in meetings of the board of directors, countersigned by the Chairman of the Board.

#### 3.4 **The Compliance Officer**

The Board shall appoint a Compliance Officer who shall report directly to the Board. He shall perform the following duties:

- (i) Monitor compliance by the corporation with the latest Code of Corporate Governance, including attendance of directors and key officers to relevant trainings, and the rules and regulations of regulatory agencies and if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;
- (ii) Appear before the SEC when summoned in relation to compliance with the latest Code of Corporate Governance;
- (iii) Identify possible areas of compliance issues and work towards the resolution of the same, and collaborate with other departments to properly address compliance issues which may be subject to investigation;
- (iv) Issue a certificate every January 30<sup>th</sup> of the year on the extent of the corporation's compliance with the latest Code of Corporate Governance for the completed year and if there are any deviations, explain the reason for such variation;

- (v) Ensure proper onboarding of new directors (i.e., orientation on the Corporation's business, articles of incorporation and bylaws, Manual on Corporate Governance, among others);
- (vi) Perform such other duties and responsibilities as may be provided by the Board, or by the SEC.

#### **IV. SUPPLY OF ADEQUATE AND TIMELY INFORMATION**

- 4.1 Directors, should be provided with complete, adequate and timely information prior to Board meetings on an on-going basis.
- 4.2 Management shall have an obligation to supply the Board with such information. The Board shall have separate and independent access to the senior management of the Corporation, including the Corporate Secretary.
- 4.3 The Board may provide a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice concerning matters pending before the Board, if necessary, at the Corporation's expense.

#### **V. ACCOUNTABILITY AND AUDIT**

- 5.1 The Board is primarily accountable to the shareholders, and Management is primarily accountable to the Board. The Board should provide the shareholders with a fair, balanced and comprehensive assessment of the Corporation's performance position on a quarterly basis, including interim and other reports to regulators, as required by law. It is essential that Management provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders. Management should formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:
  - 5.1.1 Present a fair assessment of the Corporation's financial position;
  - 5.1.2 Explain the responsibility for preparing the accounts, for which there should be a statement by the auditors about their reporting responsibilities;
  - 5.1.3 Report that the business is a going concern, with supporting assumptions or qualifications, if necessary;

- 5.1.4 Provide a sound system of internal control to safeguard shareholders' investment and the Corporation's assets;
  - 5.1.5 Based on the approved audit plans, scope and frequency of audits, ensure that internal audit examinations cover, the evaluation of adequacy and effectiveness of controls encompassing BRC's governance, operations, and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations.
  - 5.1.6 The Corporation shall comply with the financial reporting requirements of the Commission.
  - 5.1.7 The Corporation shall have an independent internal audit system that provides an independent and objective assurance, and consulting service designed to add value and improve the operations of the Corporation. The Internal Auditor should submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposure, control issues and such other matters as may be needed or requested by the Board and Management. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice on Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards. (R 12.2)
  - 5.1.8 The extent of its responsibility in the preparation of the financial statements of the corporation, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;
- 5.2 Selection/appointment, resignation, dismissal or cessation of service of an External Auditor
- 5.2.1 The Board, upon recommendation by the Audit Committee, shall recommend to the stockholders a licensed and accredited external auditor who shall undertake an independent audit and provide assurance on the way in which financial statements have been prepared and represented. Such external auditor cannot at the same time provide the services of an internal auditor to the Corporation. Other non-audit work should not be in conflict with the functions of the external auditor, or pose a threat to his independence. (R 9.1 and 9.3)

- 5.2.2 The external auditor shall be rotated or the handling partner of the auditing Firm handling the external audit shall be changed at least every five (5) years.
- 5.2.3 The reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the Corporation's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which if not resolved would have cause making reference to the subject matter of the disagreement in connection with its report. A preliminary copy of the said report shall be given by the corporation to the external auditor before its submission. (R 9.1)
- 5.2.3 If an external auditor believes that the statements made in an annual report, information statement or proxy statement filed during his engagement are incorrect or incomplete, he shall also present his views in said reports.

## **VI. STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTERESTS (R 13.1)**

### **6.1 Voting Right**

- 6.1.1 Shareholders have the right to vote in the election, removal and replacement of directors and vote on certain corporate acts in accordance with the Corporation Code and the by-laws;
- 6.1.2 Cumulative voting shall be allowed in the election of officers;
- 6.1.5 Although directors may be removed with or without cause, the Corporation Code prohibits removal without cause if it will deny minority shareholders representation in the Board.

### **6.2 Power of Inspection**

Shareholders are allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code. They shall be provided with a copy of the annual report, including financial statements, without cost or restrictions in accordance with law.



### **6.3 Right to Information**

6.3.1 The shareholders shall be provided, upon request, with reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among directors and key officers, and the aggregate compensation of directors and officers, as may be required by laws and applicable disclosure rules.

6.3.2 The minority shareholders have the same right of information as other shareholders of the Corporation. They may propose the holding of a meeting, in accordance with the by-laws, and propose items in the agenda of the meeting, provided the items are for legitimate business purposes, in accordance with law and the by-law.

### **6.4 Right to Dividends**

Shareholders have the right to receive dividends subject to the discretion of the Board to declare such dividends. However, the Commission may direct the Corporation to declare dividends when its retained earnings is in excess of 100% of its paid-in capital stock, except: (a) when justified by definite corporate expansion projects or programs approved by the Board or (b) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured or (c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

### **6.5 Appraisal Right**

Section 82 of the Corporation Code allows the exercise of the shareholders' appraisal rights under the following circumstances:

- In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- In case of merger or consolidation.

## **6.6 Promotion of Shareholders Right**

The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be appraised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt on the validity of a proxy should be resolved in the stockholder's favor.

The Board shall promote shareholder rights in accordance with law, remove impediments to the exercise of shareholders rights and allow possibilities to seek redress for violation of their rights in accordance with law. The exercise of shareholders' voting rights and solution of collective act on problems through appropriate mechanisms shall be encouraged in accordance with applicable law. Excessive and other administrative or practical impediments to shareholders participation in meetings and/or voting in person should be removed. The Board shall allow the electronic filing and distribution of shareholder information necessary to make informed decisions as may be allowed by law.

## **VII. GOVERNANCE SELF RATING AND EVALUATION SYSTEMS**

- 7.1 The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. On every third year, such assessment should, ideally be supported by an external facilitator. (R 6.1)
- 7.2 The establishment of an internal self-rating and evaluation system, including the features thereof, may be disclosed in the annual report (SEC Form 17-A), or in such other appropriate form of report. The adoption of such performance evaluation system shall be covered by a Board resolution.
- 7.3 This Manual shall be subject to periodic review as may be provided by the Board.

## **VIII. DISCLOSURE AND TRANSPARENCY**

- 8.1 The Corporation shall comply with all disclosure requirements under the law. The essence of corporate governance is transparency. The more transparent the internal working of the corporation are, the more difficult it will be for Management, and dominant stockholders to mismanage the corporation or misappropriate its assets.

- 8.2 All material information, i.e, any thing that could potentially affect share price, should be publicly disclosed in the manner provided by law. Such information would include earnings results, acquisition or disposal of major assets, board changes, related party transactions, shareholdings of directors and changes to ownership. Other information that should be disclosed includes remuneration of all directors and senior management as provided in applicable disclosure rules, corporate strategy, and off-balance sheet transactions. All disclosed information should be released via the approved stock exchange procedure for company announcements or through the annual report and other structured or unstructured reports provided by law.
- 8.3 The Corporation shall include media and analysts' briefing as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors. (R11.1)

## **IX. COMMITMENT TO CORPORATE GOVERNANCE**

- 9.1 This Manual of Corporate Governance shall be made available to any director, officer, or employee of the Corporation. This Manual shall form part of the records of the Corporation that is available for inspection by any stockholder of the Corporation at reasonable hours or business days.
- 9.2 The Chairman of the Board shall promote pragmatic compliance of this Corporate Governance Manual.
- 9.3 The Corporation shall conduct information campaigns, orientation program or workshops on Corporation Governance under this Manual to its directors, officers and employees.

## **X. CORPORATE GOVERNANCE SCORECARD**

The Compliance Officer shall accomplish annually a scorecard on the scope, nature and extent of the actions the Corporation has taken to meet the objectives of the latest Manual of Corporate Governance pursuant to existing circulars as well as rules and regulations of the SEC and other regulatory bodies.

## **XI QUALIFICATION**

Nothing in this Manual shall be interpreted:

- 10.1.1 To compel any act which constitutes a violation of law, regulation or contract applicable to the Corporation (including laws against unfair discrimination, confidentiality agreements, and privacy statutes), and the latest amended articles of incorporation and by-laws of the Corporation.

- 10.1.2 To violate the Corporation's right to maintain the confidentiality of proprietary information, trade secrets, and other information, the premature disclosure of which will prejudice the legitimate interest of the Corporation.
- 10.1.3 To violate the Corporation Code, including the rights of minority directors and minority shareholders.
- 10.1.4 To breach the applicable rules and regulations of the Philippine Amusement and Gaming Corporation ("PAGCOR") or other regulatory agencies having jurisdiction over Corporation and its business.
- 10.1.5 To put the Corporation in a disadvantage vis-à-vis its competitors and industry rivals, or to allow persons or entities with unlawful or illegitimate interest to disrupt business or prejudice the Corporation.

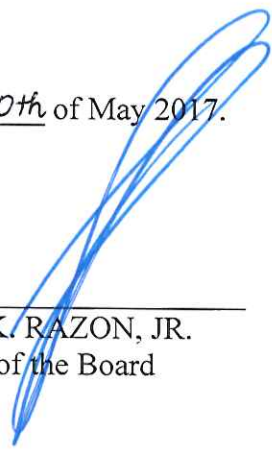
## XII COMMITMENT TO CORPORATE GOVERNANCE

Bloomberry Resorts Corporation as a covered corporation has established and will implement its corporate governance rules in accordance with this Manual of Corporate Governance. The rules embodied in this Manual can be used as reference by the members of the Board and Management,.

## XIII. EFFECTIVITY

This Manual of Corporate Governance (Updated 2017) shall be effective on 1 June 2017.

Signed this 30th of May 2017.

  
\_\_\_\_\_  
ENRIQUE K. RAZON, JR.  
Chairman of the Board

  
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SILVERIO BENNY J. TAN  
Compliance Officer