

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM - I-ACGR**

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

1. For the fiscal year ended  
Dec 31, 2019
2. SEC Identification Number  
CS200803939
3. BIR Tax Identification Number  
006-990-128
4. Exact name of issuer as specified in its charter  
Top Frontier Investment Holdings, Inc.
5. Province, country or other jurisdiction of incorporation  
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office  
5th Floor, ENZO Building, No. 399 Sen. Gil J. Puyat Ave., Makati City  
Postal Code  
1200
8. Issuer's telephone number, including area code  
(02) 8632-3481
9. Former name, former address, and former fiscal year, if changed since last report  
N/A

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*



**TOP FRONTIER**  
INVESTMENT HOLDINGS, INC.

**Top Frontier Investment Holdings, Inc.**

# TFHI

**PSE Disclosure Form I-ACGR - Integrated Annual Corporate Governance Report**  
***Reference: SEC Code of Corporate Governance for Publicly-Listed Companies, PSE***  
***Corporate Governance Guidelines, and ASEAN Corporate Governance Scorecard***

## Description of the Disclosure

Attached is the SEC Form - Integrated Annual Corporate Governance Report (I-ACGR) of Top Frontier Investment Holdings, Inc. for the fiscal year ended 31 December 2019, as filed with the Securities and Exchange Commission ("SEC") on 30 August 2020 in compliance with the relevant guidelines issued by the SEC.

## Filed on behalf by:

<b>Name</b>	Irene Cipriano
<b>Designation</b>	Assistant Corporate Secretary

# COVER SHEET

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S. E. C. Registration Number

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(Company's Full Name)

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Business Address: No. Street City/Town/Province)

<b>Virgilio S. Jacinto</b>
Contact Person

<b>(02) 8632-3144</b>
Company Telephone Number

1	2
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Month  
Day

3	1
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Day

Fiscal Year  
Meeting

<b>Integrated Annual Corporate Governance Report</b> <b>SEC Form I-ACGR</b> <b>For Fiscal Year Ended 31 December 2019</b>
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FORM TYPE

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Annual

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Secondary License Type, If Applicable

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Amended Articles

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Total No. of Stockholders

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Domestic

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Foreign

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## SEC FORM – I-ACGR

### INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **December 31, 2019**
2. SEC Identification Number **CS200803939** 3. BIR Tax Identification No. **006-990-128**
4. Exact name of issuer as specified in its charter **TOP FRONTIER INVESTMENT HOLDINGS, INC.**
5. **Philippines**  
Province, Country or other jurisdiction of  
incorporation or organization
6. (SEC Use Only)   
Industry Classification Code:
7. **5<sup>TH</sup> Floor, ENZO Building, No. 399 Sen. Gil Puyat Ave., Makati City** **1200**  
Address of principal office Postal Code
8. **(632) 8632-3481**  
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
<b>The Board's Governance Responsibilities</b>			
<b>Principle 1:</b> 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.			
<b>Recommendation 1.1</b>			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT	Principle 1 and Recommendation 1.1 are embodied in the Manual on Corporate Governance of Top Frontier Investment Holdings, Inc. (the "Company"), adopted on 19 September 2013, as amended on 31 July 2014 and 10 May 2017 (the "Manual"), specifically Section 2.2.a [Board of Directors] thereof and in the Board Charter of the Company adopted on 10 July 2018 (the "Board Charter").  The qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of their performance are specified in Section 2.2.a.v [Qualification and Disqualification of Directors] of the Manual and in Section 3.2 [Qualifications and Disqualifications] of the Board Charter.	
2. Board has an appropriate mix of competence and expertise.	COMPLIANT		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	COMPLIANT		

		<p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF_Board_Charter_10July2018_FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF_Board_Charter_10July2018_FINAL.pdf</a></p> <p>The qualifications, industry knowledge, professional experience, and expertise of directors are set forth in the Definitive Information Statement of the Company filed on 30 May 2019 (the "Definitive Information Statement"), specifically pages 8-12 thereof, and the Amended Annual Report (SEC Form 17-A) for the fiscal year 31 December 2019 ("SEC Form 17-A") filed on 30 June 2020, specifically Part III <i>[Control and Compensation Information]</i>, pages 35-38. The Definitive Information Statement and SEC Form 17-A, respectively, may be downloaded from the website of the Company at:</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf</a></p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p>	
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**Recommendation 1.2**

1. Board is composed of a majority of non-executive directors.

**COMPLIANT**

Recommendation 1.2 is embodied in the last paragraph of Section 2.2.a [Board of Directors] of the Manual, and Section 3.1 [Composition] of the Board Charter.

[http://www.topfrontier.com.ph/smc\\_files/corporate\\_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf](http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf) 4.pdf

[http://www.topfrontier.com.ph/smc\\_files/corporate\\_files/TF Board Charter 10July2018 FINAL.pdf](http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf)

As set out in page 8 of the Definitive Information Statement, page 3 of the 2019 General Information Sheet of the Company filed on 24 July 2019 (the "GIS"), and page 35 of SEC Form 17-A, out of the seven (7) directors, the Company has three (3) executive directors namely, Mr. Inigo U. Zobel (Chairman), Mr. Ramon S. Ang (President and Chief Executive Officer), and Ms. Aurora T. Calderon (Treasurer). Four (4) out of the seven (7) members of the Board of Directors of the Company (the "Board"), comprising majority of the Board, are non-executive Directors.

		<a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveS2019asfiledwiththeSECdated30May2019_2.pdf</a>  <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf</a>  <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a>	
<b>Recommendation 1.3</b>			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	<b>COMPLIANT</b>	<p>Section 7 of the Board Charter sets out the requirements for the training of directors and key officers of the Company. The policy on training of directors is set out in Section 2.2.a.iv [<i>Duties and Responsibilities of a Director</i>] of the Manual, which states that a director shall attend a seminar or training program on corporate governance, at least once a year, which shall be conducted by a duly accredited training provider of the Securities and Exchange Commission (the "SEC").</p> <p>Section 6.5 of the Manual likewise provides that the Board of Directors and key officers of the Company shall attend a continuing training on corporate governance as may be required by the SEC, which shall</p>	



		<p>include courses on the developments in the business and regulatory environments, including emerging risks relevant to the Company.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF_Board_Charter_10July2018_FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF_Board_Charter_10July2018_FINAL.pdf</a></p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf</a></p>	
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2. Company has an orientation program for first time directors.	<b>COMPLIANT</b>	Section 6.5 of the Manual likewise states that first-time Directors shall attend an orientation program, to ensure that they are appropriately apprised of their duties and responsibilities, before beginning their directorships. The orientation program covers SEC-mandated topics on corporate governance and an introduction to the Company's business, articles of incorporation, and Code of Conduct and Ethics.	
3. Company has relevant annual continuing training for all directors.	<b>COMPLIANT</b>	<p>The requirement for the first-time Directors to attend an orientation program, as well as the holding of annual continuing trainings of the Board and key officers are provided in Section 7 of the Board Charter.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf</a></p> <p>For 2019, all the elected directors of the Company, were able to attend corporate governance seminars as set out in their respective Compliance Reports. The details of the various Corporate Governance ("CG") Seminars attended are summarized as follows:</p>	

		<ul style="list-style-type: none"> <li>- 15 March 2019 CG Seminar by Risks, Opportunities, Assessment and Management, Inc. (ROAM, Inc.);</li> <li>- 15 November 2019 CG Seminar by ROAM, Inc.;</li> <li>- 05 December 2019 CG and Understanding and Analyzing Financial Statements by Center for Global Best Practices.</li> </ul> <p><a href="https://www.topfrontier.com.ph/smc_files/corporate_files/ComplianceReports/TFHI_Compliance-with-the-Corporate-Governance-Training-Requirement_CYSantiago_02April2019.pdf">https://www.topfrontier.com.ph/smc_files/corporate_files/ComplianceReports/TFHI_Compliance-with-the-Corporate-Governance-Training-Requirement_CYSantiago_02April2019.pdf</a></p> <p><a href="https://www.topfrontier.com.ph/smc_files/corporate_files/ComplianceReports/TFHI_Compliance_with_CorporateGovernanceSeminar_asfiledwithSEC20Nov2019.pdf">https://www.topfrontier.com.ph/smc_files/corporate_files/ComplianceReports/TFHI_Compliance_with_CorporateGovernanceSeminar_asfiledwithSEC20Nov2019.pdf</a></p> <p><a href="https://www.topfrontier.com.ph/smc_files/corporate_files/ComplianceReports/TFHI_Compliancewiththe_CorporateGovernanceSeminar_asfiledwiththe_SEC10December2019.pdf">https://www.topfrontier.com.ph/smc_files/corporate_files/ComplianceReports/TFHI_Compliancewiththe_CorporateGovernanceSeminar_asfiledwiththe_SEC10December2019.pdf</a></p>	
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**Recommendation 1.4**

1. Board has a policy on board diversity.	<b>COMPLIANT</b>	<p>Section 2.2.a.v of the Manual [Qualifications and Disqualifications of Directors] and Section 3.2 of the Board Charter [Qualifications and Disqualifications] state that the Board of Directors shall be composed of members from diverse backgrounds to ensure that optimal decision-making is achieved.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018_FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018_FINAL.pdf</a></p> <p>The Board is gender-diversified with three (3) male members, and four (4) female members. The gender composition of the Board is set out on page 3 of the GIS.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf</a></p>	
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**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.			
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Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	<b>COMPLIANT</b>	Atty. Virgilio S. Jacinto is the incumbent Corporate Secretary of the Company, as reported in page 3 of the GIS, page 8 of the Definitive Information Statement, and page 35 of SEC Form 17-A	
2. Corporate Secretary is a separate individual from the Compliance Officer.	<b>NON-COMPLIANT</b>	<p> <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf</a> </p> <p> <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf</a> </p> <p> <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a> </p> <p>The qualifications, duties and functions of the Corporate Secretary are set out in Article IV, Section 4 of the Amended By-laws of the Corporation ("By-laws")</p> <p> <a href="http://www.topfrontier.com.ph/index.php/sp/about/45.html">http://www.topfrontier.com.ph/index.php/sp/about/45.html</a> </p> <p>and Section 2.2.d of the Manual.</p>	<p>The Manual provides that the Board shall appoint the Corporate Secretary and Compliance Officer, which positions may or may not be held by the same person.</p> <p>Customarily, the Board appoints the General Counsel as the Corporate Secretary and Compliance Officer, as they deem it fit that these positions be held by a person with legal knowledge, considering the nature of these functions. The General Counsel heads a department with resources and legal staff who assist the General Counsel in performing the separate functions of Corporate Secretary and Compliance Officer.</p> <p>The Board deems that Atty. Jacinto, being the General Counsel, Corporate Secretary and Compliance Officer of San Miguel Corporation (the Company's major subsidiary) be likewise appointed as Corporate Secretary and Compliance Officer in a concurrent position. The foregoing arrangement is effective, efficient and maximizes the resources of the Company.</p>
3. Corporate Secretary is not a member of the Board of Directors.	<b>COMPLIANT</b>	<a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf	

		<p>Atty. Virgilio S. Jacinto is the Corporate Secretary and Compliance Officer. He is also the General Counsel of the San Miguel Corporation, the major subsidiary of the Company. His academic qualifications and professional experience are set out on page 11 of the Definitive Information Statement</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveS2019asfiledwiththeSECdated30May2019_2.pdf</a></p> <p>and page 38 of the SEC Form 17-A.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p>	
4. Corporate Secretary attends training/s on corporate governance.	<b>COMPLIANT</b>	<p>The Company's Corporate Secretary has attended the 15 November 2019 CG Seminar conducted by ROAM, Inc.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/corporate_files/ComplianceReports/TFHI_Compliance_with_CorporateGovernanceSeminar_as_filed_withSEC20Nov2019.pdf">https://www.topfrontier.com.ph/smc_files/corporate_files/ComplianceReports/TFHI_Compliance_with_CorporateGovernanceSeminar_as_filed_withSEC20Nov2019.pdf</a></p>	

Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.			
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	<b>COMPLIANT</b>	<p>Atty. Virgilio S. Jacinto is the incumbent Compliance Officer of the Company, as reported in page 3 of the GIS, page 8 of the Definitive Information Statement, and page 35 of SEC Form 17-A.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf</a></p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf</a></p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p> <p>The qualifications, duties and functions of the Compliance Officer are set out in Section 2.1 [Compliance Officer] of the Manual.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf</a></p>	<p>The Board customarily appoints an officer with adequate stature and authority in the Company to the position of Compliance Officer.</p>
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	<b>COMPLIANT</b>		
3. Compliance Officer is not a member of the board.	<b>COMPLIANT</b>		

		<p>Atty. Jacinto is one of the top-ranking officers of the Company. His qualifications and professional experience are set out on page 11 of the Definitive Information Statement,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveS2019asfiledwiththeSECdated30May2019_2.pdf</a></p> <p>and page 38 of the SEC Form 17-A,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p>	
4. Compliance Officer attends training/s on corporate governance.	<b>COMPLIANT</b>	<p>The Company's Corporate Secretary has attended the 15 November 2019 CG Seminar conducted by ROAM, Inc.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/corporate_files/ComplianceReports/TFHI_Compliance_with_CorporateGovernanceSeminar_as_filed_withSEC20Nov2019.pdf">https://www.topfrontier.com.ph/smc_files/corporate_files/ComplianceReports/TFHI_Compliance_with_CorporateGovernanceSeminar_as_filed_withSEC20Nov2019.pdf</a></p>	
<b>Principle 2:</b> 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.			
<b>Recommendation 2.1</b>			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	<b>COMPLIANT</b>	<p>In compliance with Section 2.2.a.i [General Responsibility] of the Manual,</p>	



		<a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf  and Section 2.2 [ <i>General Responsibilities of the Board</i> ] of the Board Charter  <a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF_Board_Charter_10July2018_FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF_Board_Charter_10July2018_FINAL.pdf</a>  the undersigned Directors and Officers, including the Corporate Secretary, hereby certify that the Board acts on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company.	
<b>Recommendation 2.2</b>			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	<b>COMPLIANT</b>	In compliance with Section 2.2.a.i [ <i>General Responsibility</i> ] of the Manual,	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	<b>COMPLIANT</b>	<a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf  and Section 2.2 [ <i>General Responsibilities of the Board</i> ] of the Board Charter,	

[http://www.topfrontier.com.ph/smc\\_files/corporate\\_files/TF Board Charter 10July2018 FINAL.pdf](http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf)

the Corporate Secretary attests that:

- (a) The Board of Directors approves the year-end significant transactions, financial position and financial condition in a comparative year-to-date basis ;
- (b) The Chief Finance Officer and the Treasurer, upon the direction of the Chairman reports to the Board of Directors on a quarterly basis the implementation of the Company's business objectives and strategies; and
- (c) The Board of Directors approves the significant transactions, financial report, and financial position of the Company on a quarterly basis and every year-end as embodied in the Company's SEC Form 17-Q and SEC Form 17-A which are filed with the SEC.

**Supplement to Recommendation 2.2**

1. Board has a clearly defined and updated vision, mission and core values.	<b>COMPLIANT</b>	<p>The Mission, Vision and Core Values of the Company is published on its website at:</p> <p><a href="http://www.topfrontier.com.ph/index.php/sp/about/43.html">http://www.topfrontier.com.ph/index.php/sp/about/43.html</a></p> <p>The Board shall periodically review and approve the Mission, Vision and Core Values of the Company as the need arises as recommended by Management.</p>	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	<b>COMPLIANT</b>	<p>In line with the Board's responsibility on the overall management and supervision of the Company, Section 2.2.a.i of the Manual provides that the Board oversees the development of and approves the Company's business objectives and strategies, monitors their implementation, in order to sustain the Company's long-term viability and strength.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p>To discharge such function, the Board regularly meets to approve plans and programs, monitor significant transactions, and approve financial reports.</p>	

**Recommendation 2.3**

<p>1. Board is headed by a competent and qualified Chairperson.</p>	<b>COMPLIANT</b>	<p>The duties and functions of the Chairman of the Board are set out in Section 2.2.c [<i>The Chairman, the President/Chief Executive Officer and the Lead Independent Director</i>] of the Manual and in Section 2.7(a) [<i>The Chairman of the Board</i>] of the Board Charter.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf</a></p> <p>Mr. Ínigo U. Zobel is the Chairman of the Board as reported in page 3 of the GIS, page 8 of the Definitive Information Statement, and page 35 of the SEC Form 17-A. His qualifications and professional experience are set out on page 9 of the Definitive Information Statement and page 35 of the SEC Form 17-A.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf</a></p>	
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<b>Recommendation 2.4</b>			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	<b>COMPLIANT</b>	Under Section 2.2.a.ii [ <i>Specific Duties and Functions</i> ] of the Manual and Section 2.3 (b) [ <i>Specific Duties and Functions of the Board</i> ] of the Board Charter, the Board shall “appoint competent, professional, honest and highly-motivated Management officers and adopt an effective succession planning program for Management and key Officers to ensure growth and a continued increase in the shareholders' value, including a policy on the retirement age for Directors and key Officers, and to promote dynamism in the Corporation.”	Directors are elected by the stockholders and have a definite term. The Company does not have a succession planning program for prospective directors who may replace current directors. The objective of ensuring the availability of suitable nominees for directors is performed by the Corporate Governance Committee who ensures a mix of competent directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.
2. Board adopts a policy on the retirement for directors and key officers.	<b>COMPLIANT</b>	<a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf</a>  <a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF_Board_Charter_10July2018_FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF_Board_Charter_10July2018_FINAL.pdf</a>	

		<p>Also under Section 4 (d) of the Corporate Governance Committee Charter, the Corporate Governance Committee shall recommend a succession plan for the Board members and senior officers.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFCorporateGovernanceCommitteeCharterFINAL12July2017_6.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFCorporateGovernanceCommitteeCharterFINAL12July2017_6.pdf</a></p> <p>As set out in the Excerpts from the Employee Manual, the Company has a Management and Development Program (MDP) aimed at ensuring timely availability of the required number of employees at middle manager level and up, to fulfill the short and long term needs of the Company.</p> <p><a href="http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Health,%20Safety%20&amp;%20Welfare,%20and%20Training%20(excerpts%20from%20Employee%20Manual)%20(10%20Nov%202014).pdf">http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Health,%20Safety%20&amp;%20Welfare,%20and%20Training%20(excerpts%20from%20Employee%20Manual)%20(10%20Nov%202014).pdf</a></p>	
<b>Recommendation 2.5</b>			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	<b>COMPLIANT</b>	Under Section 2.2.a.ii [ <i>Specific Duties and Functions</i> ] of the Manual and Section 2.3 [ <i>Specific Duties and Functions</i> ] of the Board Charter, the	

2. Board adopts a policy specifying the relationship between remuneration and performance.	<b>COMPLIANT</b>	Board shall “[a]lign the remuneration of key Officers and Board members with the long-term interests of the Corporation and, in doing so, formulate and adopt a policy specifying the relationship between remuneration and performance.”	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	<b>COMPLIANT</b>	<p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf</a></p> <p>Under Section 2.2.b.i.2 (i), (j) and (l) of the Manual and Section 4 of the Corporate Governance Committee Charter, the Corporate Governance Committee shall:</p> <ul style="list-style-type: none"> <li>o Establish a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers, and provide oversight over remuneration of senior management and other key personnel, ensuring that compensation is consistent with the culture, strategy and business environment of the Company;</li> <li>o Designate amount of remuneration, which shall be in a</li> </ul>	

		<p>sufficient level to attract and retain directors and officers who are needed to run the Company successfully; and</p> <ul style="list-style-type: none"> <li>o Disallow any director to decide his or her own remuneration.</li> </ul> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFCorporateGovernanceCommitteeCharterFINAL12July2017_6.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFCorporateGovernanceCommitteeCharterFINAL12July2017_6.pdf</a></p>	
<b>Optional: Recommendation 2.5</b>			
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.			
<b>Recommendation 2.6</b>			
1. Board has a formal and transparent board nomination and election policy.	<b>COMPLIANT</b>	<p>The qualifications and composition of the Board, as well as their nomination and election process are set out in Article III, Section 2 of the By-laws,</p> <p><a href="http://www.topfrontier.com.ph/index.php/sp/about/45.html">http://www.topfrontier.com.ph/index.php/sp/about/45.html</a></p> <p>Section 3.4 [Nominations for Election of Directors] of the Board Charter,</p>	The procedure is already provided in the By-laws of the Company.
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	<b>COMPLIANT</b>		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	<b>COMPLIANT</b>		



4. Board nomination and election policy includes how the board shortlists candidates.	<b>COMPLIANT</b>	<a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf</a>	
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.	<b>COMPLIANT</b>	and pages 8-12 of the Definitive Information Statement.  <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20 IS/TFHI DefinitiveIS2019asfiledwiththeSECdated30May2019 2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20 IS/TFHI DefinitiveIS2019asfiledwiththeSECdated30May2019 2.pdf</a>	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	<b>COMPLIANT</b>	Under Section 2.2.b.i.2 (g) and (h) of the Manual,  <a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHI Amended Manual on Corporate Governance as filed with SEC 31 May 2017.pdf 4.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHI Amended Manual on Corporate Governance as filed with SEC 31 May 2017.pdf 4.pdf</a>  and Section 4 (g) and (h) of the Corporate Governance Committee Charter,  <a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF Corporate Governance Committee Charter FINAL 12 July 2017 6.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF Corporate Governance Committee Charter FINAL 12 July 2017 6.pdf</a>  the Corporate Governance Committee shall:  o Determine the nomination and election process for the directors of the Company and define the general profile of Board members	

		<p>that the Company may need and ensure appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and</p> <ul style="list-style-type: none"> <li>o Pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualifications as provided in the Amended Manual.</li> </ul> <p>Section 5.1.b [Voting Right] of the Manual sets out the right of shareholders to nominate, elect, remove and replace directors and states that a director shall not be removed without cause if it will deny minority shareholders representation in the Board.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p>Section 6.1 of the Corporate Governance Committee Charter [Periodic Assessment] states that the Committee shall “assess its effectiveness periodically, with the end in view of ensuring that its performance accords with best practice. Such assessment must</p>	
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		<p>compare its performance with the requirements of this Charter and the Amended Manual."</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFCorporateGovernanceCommitteeCharterFINAL12July2017_6.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFCorporateGovernanceCommitteeCharterFINAL12July2017_6.pdf</a></p> <p>Assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director is a function performed by the Corporate Governance Committee.</p> <p>In compliance with this duty provided under the Manual, the performance of the Board Committees and the Board of Directors for 2019 have been assessed through Self-Rating Forms as approved by the Board Committees and the Board of Directors on 12 March 2020. The results of the performance assessments were validated by Compliance Officer and Corporate Governance Committee Members, and reported to the Board of Directors on 28 May 2020. Said validated results may be accessed from the website of the Company at:</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/PerformanceAssessments/TFHIResultsofthe2019PerformanceAssessments_1.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/PerformanceAssessments/TFHIResultsofthe2019PerformanceAssessments_1.pdf</a></p>	
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Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.			
Recommendation 2.7			
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.	<b>COMPLIANT</b>	Under Section 2.2.a.ii.13 [ <i>Specific Duties and Functions</i> ] of the Manual and Section 2.3 (m) [ <i>Specific Duties and Functions of the Board</i> ] of the Board Charter, the Board shall formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. Such policies shall include the appropriate review and approval of material or significant related party transactions, which guarantee fairness and transparency of the transactions, and encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	<b>COMPLIANT</b>		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	<b>COMPLIANT</b>		
		<a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf	

		<p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF_Board_Charter_10July2018_FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf</a></p> <p>In compliance with SEC Memorandum Circular No. 10, series of 2019, the Company adopted a Policy on Material Related Party Transactions which was unanimously approved by the Board of Directors on 08 August 2019 (the "Material RPT Policy").</p> <p>Under the Material RPT Policy, related party transactions amounting to at least ten percent (10%) of the Company's total consolidated assets as of its latest audited financial statements (including transactions with non-related parties that subsequently become a related party) shall be considered as material related party transactions and will be covered by the Material RPT Policy.</p> <p>The Material RPT Policy may be accessed on its website at:</p> <p><a href="https://www.topfrontier.com.ph/smc_files/corporate_files/Related_Party_Transactions/TFHI_PolicyonMaterialRelatedPartyTransactionsasfiledwithSECon03Oct2019.pdf">https://www.topfrontier.com.ph/smc_files/corporate_files/Related Party Transactions/TFHI_PolicyonMaterialRelatedPartyTransactionsasfiledwithSECon03Oct2019.pdf</a></p> <p>The duties and responsibilities of the Related Party Transaction Committee (the "RPT Committee") are set forth in Section 2.2.b.iii (2) of the Manual and</p>	
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		<p>Section 4 of the RPT Committee Charter.</p> <p>The RPT Committee Charter may be downloaded from the website of the Company at:</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFRelatedPartyTransactionCommitteeCharterFINAL12July2017_7.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFRelatedPartyTransactionCommitteeCharterFINAL12July2017_7.pdf</a></p> <p>Note 33 of the Notes [<i>Related Party Disclosures</i>] to the Consolidated Financial Statements of the Company as of the year 31 December 2019 sets out the related party transactions of the Company and outstanding balances as of the said date. The Corporate Secretary hereby attests that said related party transactions were reported to and approved by the RPT Committee during its meeting held on 12 March 2020.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p> <p>There were no material related party transactions in 2019.</p>	
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## Supplement to Recommendations 2.7

<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	<p><b>COMPLIANT</b></p>	<p>In compliance with SEC Memorandum Circular No. 10, series of 2019, the Company adopted its Material RPT Policy which was unanimously approved by the Board of Directors on 08 August 2019.</p> <p>Part B of the Material RPT Policy defines related party transactions that are considered material and covered by the Material RPT Policy. Part F and G of the Material RPT Policy sets out the review process for Material RPTs, including, where relevant, obtaining shareholder approval as may be appropriate. Part J of the Material RPT Policy sets out the necessary disclosures for Material RPT Transactions. The full text of the Material RPT Policy may be accessed at the Company's website at:</p> <p><a href="https://www.topfrontier.com.ph/smc_files/corporate_files/Related_Party_Transactions/TFHI_PolicyonMaterialRelatedPartyTransactionsasfiledwithSECon03Oct2019.pdf">https://www.topfrontier.com.ph/smc_files/corporate_files/Related_Party_Transactions/TFHI_PolicyonMaterialRelatedPartyTransactionsasfiledwithSECon03Oct2019.pdf</a></p>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p><b>NON-COMPLIANT</b></p>		<p>Pursuant to the Company's Policy on Related Party Transactions, " [i]n case of contracts between the Company and one or more of its directors, officers or their affiliates, such contracts should be approved by vote of at least a majority of the members of the Board of Directors of the Company present in a Board meeting</p>

		<p>duly called for the purpose, provided that the following rules shall apply:</p> <p>(a) if the counter-party to the contract is a director of the Company, the presence of such director in the Board meeting in which the said contract will be approved shall not be considered for determining quorum for such meeting;</p> <p>(b) if the counter-party to the contract is a director of the Company, such director shall not vote for the approval of the contract;</p> <p>(c) the contract is fair and reasonable under the circumstances; and</p> <p>(d) full disclosure of the interest of the director, officer and/or affiliate must be made at such meeting or if the interest is acquired subsequently, at the first Board meeting thereafter."</p> <p><a href="http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Related%20Party%20Transactions%20(10%20Nov%202014).pdf">http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Related%20Party%20Transactions%20(10%20Nov%202014).pdf</a></p> <p>Under Part G of the Material RPT Policy, provides in part that:</p> <p>"The Company, through the Board of Directors, shall ensure that the rights of minority shareholders are protected at all times, especially from abusive actions by,</p>
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			<p>or in the interest of controlling shareholders. Accordingly, the policies and processes of the Company cater to the best interest of all its shareholders, including minority shareholders, and other stakeholders.</p> <p>As such, in case that majority of the independent directors' vote is <u>not</u> secured as provided in Part F, Item 9 of this Policy, the Material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.</p> <p>All other RPTs determined by the RPT Committee that require shareholders' approval in accordance with law and rules and regulations, will also be submitted to the shareholders, including minority shareholders, for approval. The Company encourages disinterested shareholders to decide on the matter."</p> <p><a href="https://www.topfrontier.com.ph/smc_files/corporate_files/Related_Party_Transactions/TFHI_PolicyonMaterialRelatedPartyTransactionsasfiledwithSECon03Oct2019.pdf">https://www.topfrontier.com.ph/smc_files/corporate_files/Related_Party_Transactions/TFHI_PolicyonMaterialRelatedPartyTransactionsasfiledwithSECon03Oct2019.pdf</a></p>
<b>Recommendation 2.8</b>			
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).	<b>COMPLIANT</b>	Article IV, Section 1 of the By-laws provides that the Board shall, immediately after election, formally organize by electing its Corporate Officers. The Corporate Officers of the Company shall include the President	

		<p>(who shall be the Chief Executive Officer as stated in Section 2), the Chief Finance Officer, Treasurer, Secretary, Assistant Secretary, and such other officers as may be appointed by the Board from time to time.</p> <p><a href="http://www.topfrontier.com.ph/index.php/sp/about/45.html">http://www.topfrontier.com.ph/index.php/sp/about/45.html</a></p> <p>Under Section 2.2.a.ii (2) of the Manual and Section 2.3 of the Board Charter [<i>Specific Duties and Functions of the Board</i>], the Board shall "appoint competent, professional, honest and highly-motivated Management Officers and adopt an effective succession planning program for Management and key Officers to ensure growth and a continued increase in the shareholders' value, including a policy on the retirement age for Directors and key Officers, and to promote dynamism in the Corporation."</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF_Board_Charter_10July2018_FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF_Board_Charter_10July2018_FINAL.pdf</a></p>	
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During the Organizational Meeting of the Board held on 09 July 2019, the Board elected the officers of the Company which was disclosed to the SEC and Philippine Stock Exchange ("PSE"). The report to the PSE may be accessed at:

[https://www.topfrontier.com.ph/smc\\_files/disclosure/2019/AnnualStockholdersMeeting/TFHI\\_ResultsofOrganizationalMeetingofBOD09July2019\\_1.pdf](https://www.topfrontier.com.ph/smc_files/disclosure/2019/AnnualStockholdersMeeting/TFHI_ResultsofOrganizationalMeetingofBOD09July2019_1.pdf)

As disclosed in page 3 of the GIS, page 8 of the Definitive Information Statement, and page 35 of the SEC Form 17-A, the following are the incumbent Officers of the Company:

- (a) the President and Chief Executive Officer, Mr. Ramon S. Ang;
- (b) the Treasurer, Ms. Aurora T. Calderon;
- (c) the Chief Finance Officer, Ms. Bella O. Navarra;
- (d) the Corporate Secretary and Compliance Officer, Atty. Virgilio S. Jacinto;
- (e) the Assistant Corporate Secretary, Atty. Irene M. Cipriano;
- (f) the Investment Relations Officer and Data Protection

		<p>Officer, Ms. Maria Rosario B. Balanza; and (g) the Internal Audit Group Head, Mr. Ramon R. Bantigue.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf</a></p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf</a></p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p>	
<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<b>COMPLIANT</b>	<p>Under Section 2.2.a.i of the Manual and Section 2.6 (a)(ix) of the Board Charter, the Board is responsible for formulating means to effectively monitor Management's performance.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF_Board_Charter_10July2018_FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF_Board_Charter_10July2018_FINAL.pdf</a></p> <p>Consistent with the annual review and assessment by the Board and the Board Committees, the Board's</p>	

		<p>assessment of Management's performance shall then be on an annual basis.</p> <p>The performance of the Management for 2019 was assessed through rating forms approved on 12 March 2020. The results were validated by Compliance Officer and Corporate Governance Committee Members and reported to the Board of Directors on 28 May 2020. Said validated results may be accessed from the website of the Company at:</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/PerformanceAssessments/TFHIResultsofthe2019PerformanceAssessments_1.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/PerformanceAssessments/TFHIResultsofthe2019PerformanceAssessments_1.pdf</a></p>	
<b>Recommendation 2.9</b>			
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.	<b>COMPLIANT</b>	Under Section 2.2.a.iii.1(i) [ <i>Internal Control System</i> ] of the Manual and Section 2.6(a) [ <i>Internal Controls System</i> ] of the Board Charter, the Board shall have oversight responsibilities for ensuring the establishment of an effective performance management framework that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	<b>COMPLIANT</b>		

		<a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf  <a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf</a>	
<b>Recommendation 2.10</b>			
1. Board oversees that an appropriate internal control system is in place.	<b>COMPLIANT</b>	The oversight responsibilities of the Board for ensuring the presence of appropriate, adequate, strong and effective internal control mechanisms are set out in Section 2.2.a.iii.1 of the Manual and Section 2.6 (a) of the Board Charter.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	<b>COMPLIANT</b>	<a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf  <a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf</a>	
3. Board approves the Internal Audit Charter.	<b>COMPLIANT</b>	<p>The Internal Audit Charter of the Company was approved by the Board on 10 August 2017. The said Charter may be downloaded from the website of the Company at:</p> <a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHI InternalAuditCharter10Aug2017FINAL_8.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHI InternalAuditCharter10Aug2017FINAL_8.pdf</a>	

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.	<b>NON-COMPLIANT</b>		Pursuant to Section 2.2.a.iii.2 [ <i>Enterprise Risk Management</i> ] of the Manual and Section 2.6 (b) [ <i>Enterprise Risk Management</i> ] of the Board Charter, the Board shall oversee that a sound enterprise risk management ("ERM") framework is in place to effectively identify, monitor, assess and manage key business risks, which will guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.
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.	<b>NON-COMPLIANT</b>		<p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018_FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018_FINAL.pdf</a></p> <p>The Major Business Risks for the Company have been identified in its SEC Form 17-A, specifically pages 30-32 thereof, together with the risk management strategies adopted by the Management to address the same.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p>

			The Board shall adopt an ERM framework to achieve the purpose for which it is established.
<b>Recommendation 2.12</b>			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	<b>COMPLIANT</b>	The Board Charter was adopted by the Board of Directors on 10 July 2018, and may be accessed from the website of the Company at:  <a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018_FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018_FINAL.pdf</a>	
2. Board Charter serves as a guide to the directors in the performance of their functions.	<b>COMPLIANT</b>		
3. Board Charter is publicly available and posted on the company's website.	<b>COMPLIANT</b>		
<b>Additional Recommendation to Principle 2</b>			
1. Board has a clear insider trading policy.	<b>COMPLIANT</b>	The Company's Policy on Dealing with Securities is published on its website at:  <a href="http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Dealings%20in%20Securities%20(10%20Nov%202014).pdf">http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Dealings%20in%20Securities%20(10%20Nov%202014).pdf</a>	
<b>Optional: Principle 2</b>			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.			
2. Company discloses the types of decision requiring board of directors' approval.			



**Principle 3:** Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

**Recommendation 3.1**

<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p><b>COMPLIANT</b></p>	<p>Section 2.2.b [Board Committees] of the Manual and Section 2.5 [Board Committees] of the Board Charter, which specify the Committees established by the Board and the composition and duties and responsibilities of each of the Committees.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf</a></p> <p>The Board Committees and their respective members are likewise published on the website of the Company at:</p> <p><a href="http://www.topfrontier.com.ph/index.php/sp/page/33.html">http://www.topfrontier.com.ph/index.php/sp/page/33.html</a></p> <p>Page 3 of the GIS indicated the membership of the directors in the Board Committees.</p>	
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<b>Recommendation 3.2</b>			
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.	<b>COMPLIANT</b>	<p>Section 2.2.b.ii of the Manual [<i>Audit and Risk Oversight Committee</i>]</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAMendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAMendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf</a></p> <p>and Sections 2 and 4 of the Audit and Risk Oversight Committee Charter</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFAuditandRiskOversightCommitteeCharterFINAL12July2017_5.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFAuditandRiskOversightCommitteeCharterFINAL12July2017_5.pdf</a></p> <p>set out the composition and duties and responsibilities of the Audit and Risk Oversight Committee.</p> <p>Pursuant to Section 2.2.b.ii.(3)d of the Manual and Section 4(d) of the Audit and Risk Oversight Committee Charter, the appointment, reappointment, and removal of the external auditor shall be recommended by the Committee and approved by the Board and ratified by the shareholders.</p>	

<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p><b>COMPLIANT</b></p>	<p>Section 2.2.b.ii.2 of the Manual and Section 2.5 (a) of the Board Charter, provide that the Audit and Risk Oversight Committee may be composed of at least three (3) appropriately qualified non-executive directors, the majority of whom should be Independent Directors. The Chairman shall be an independent Director and should not be the Chairman of the Board or of any other Committee.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018_FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018_FINAL.pdf</a></p> <p>The members of the Audit and Risk Oversight Committee, including their position and type of directorship, are published on the website of the Company at:</p> <p><a href="http://www.topfrontier.com.ph/index.php/sp/page/33.html">http://www.topfrontier.com.ph/index.php/sp/page/33.html</a></p> <p>and page 3 of the GIS,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf</a></p>	
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<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<b>COMPLIANT</b>	<p>Section 2.2.b.ii(2) of the Manual [<i>Audit and Risk Oversight Committee</i>] and Section 2.5 (a) [<i>Audit and Risk Oversight Committee</i>] of the Board Charter provide that "[t]he members of the Committee shall have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance and at least one member of the Committee must have relevant thorough knowledge and experience on risk and risk management."</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf</a></p>	

		<a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF_Board_Charter_10July2018_FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF_Board_Charter_10July2018_FINAL.pdf</a>  The respective qualifications of the members are set out in pages 36-37 of the SEC Form 17-A,  <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a>  and in pages 9-11 of the Definitive Information Statement,  <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf</a>	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	<b>COMPLIANT</b>	The Chairperson of the Audit and Risk Oversight Committee is Justice Minita V. Chico-Nazario. J. Chico-Nazario is not the Chairperson of the Board or of any other Committee as set out in page 3 of the GIS,  <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf</a>  Her qualifications are set out in page 37 of the SEC Form 17-A,	

		<a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a>  and page 13 of the Definitive Information Statement,  <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveS2019asfiledwiththeSECdated30May2019_2.pdf</a>	
<b>Supplement to Recommendation 3.2</b>			
1. Audit Committee approves all non-audit services conducted by the external auditor.	<b>COMPLIANT</b>	Section 2.2 (b)(ii)(3)(g) of the Manual provides for the duty of the Audit and Risk Oversight Committee to evaluate and determine any non-audit work performed by the external auditor.  <a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf</a>  Based on page 34 of SEC Form 17-A and page 28 of the Definitive Information Statement, the Audit Committee evaluates and determines any non-audit work performed by external auditors, including the fees therefor, and ensures that such work will not conflict with External Auditors' duties as such or threaten its independence.	

		<a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a>  <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf</a>	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	<b>NON-COMPLIANT</b>		<p>Pursuant to Section 2.2.b.ii.4 of the Manual, the Audit and Risk Oversight Committee shall meet with the Board at least every quarter without the presence of the Chief Executive Officer or other Management team members, and periodically meet with the Internal Audit Group Head.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf</a></p> <p>However, the Audit and Risk Oversight Committee, in its reasonable discretion, determined that there was no need for such meeting in 2019.</p> <p>The presence of certain management team members in meetings of the Audit and Risk Oversight Committee held in 2019 did not undermine nor affect the independence of the Audit and Risk Oversight Committee in performing its functions.</p>

Optional: Recommendation 3.2			
1. Audit Committee meet 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.	<b>COMPLIANT</b>	<p>Section 2.2.b.i of the Manual [Corporate Governance Committee]</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p>and Sections 2 and 4 of the Corporate Governance Committee Charter</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFCorporateGovernanceCommitteeCharterFINAL12July2017_6.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFCorporateGovernanceCommitteeCharterFINAL12July2017_6.pdf</a></p> <p>set out the composition and duties and responsibilities of the Corporate Governance Committee.</p> <p>Pursuant to Section 2.2.b.i.2.g of the Manual and Section 4(g) of the Corporate Governance Committee Charter, the Committee shall "[d]etermine the nomination and election process for the Corporation's Directors and define the general profile of Board members that the Corporation may need and ensure</p>	



		appropriate knowledge, competencies and expertise that complement the existing skills of the Board."	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	<b>COMPLIANT</b>	<p>The members of the Corporate Governance Committee, including their position and type of directorship, are published on the website of the Company at:</p> <p><a href="https://www.topfrontier.com.ph/index.php/sp/page/33.html">https://www.topfrontier.com.ph/index.php/sp/page/33.html</a></p> <p>and in page 3 of the GIS,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf</a></p> <p>The respective qualifications of the members are set out in pages 36-38 of the SEC Form 17-A,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p> <p>and pages 9-11 of the Definitive Information Statement,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf</a></p>	

3. Chairman of the Corporate Governance Committee is an independent director.	<b>COMPLIANT</b>	<p>The Chairperson of the Corporate Governance Committee is Justice Consuelo M. Ynares-Santiago, an independent director as set out in page 3 of the GIS,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf</a></p> <p>Her qualifications are set out in page 37 of the SEC Form 17-A,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p> <p>and pages 10 of the Definitive Information Statement,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf</a></p>	
<b>Optional: Recommendation 3.3.</b>			
1. Corporate Governance Committee meet at least twice during the year.			
<b>Recommendation 3.4</b>			
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.	<b>COMPLIANT</b>	Section 2.2.b.ii of the Manual [ <i>Audit and Risk Oversight Committee</i> ]	

		<a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf  and Sections 2 and 4 of the Audit and Risk Oversight Committee Charter  <a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFAuditandRiskOversightCommitteeCharterFINAL12July2017_5.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFAuditandRiskOversightCommitteeCharterFINAL12July2017_5.pdf</a>  set out the composition and duties and responsibilities of the Audit and Risk Oversight Committee.	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	<b>COMPLIANT</b>	The members of the Audit and Risk Oversight Committee, including their position and type of directorship, are published on the website of the Company at:  <a href="http://www.topfrontier.com.ph/index.php/sp/page/33.html">http://www.topfrontier.com.ph/index.php/sp/page/33.html</a>  and page 3 of the GIS,  <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf</a>  The respective qualifications of the members are set out in page 36-37 of the SEC Form 17-A,	

		<a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a>  and page 9-11 of the Definitive Information Statement,  <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf</a>	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	<b>COMPLIANT</b>	The Chairperson of the Audit and Risk Oversight Committee is Justice Minita V. Chico-Nazario as set out in page 3 of the GIS,  <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf</a>  Her qualifications are set out in page 37 of the SEC Form 17-A,  <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a>  and page 10 of the Definitive Information Statement,  <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf</a>	

<p>4. At least one member of the BROCC has relevant thorough knowledge and experience on risk and risk management.</p>	<p><b>COMPLIANT</b></p>	<p>Section 2.2.b.ii.2 of the Manual [<i>Audit and Risk Oversight Committee</i>] provides that "[t]he members of the Committee shall have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance and at least one member of the Committee must have relevant thorough knowledge and experience on risk and risk management."</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p>The respective qualifications of the members are set out in pages 36-37 of the SEC Form 17-A,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p> <p>and page 9-11 of the Definitive Information Statement,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf</a></p>	
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**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.	<b>COMPLIANT</b>	<p>Section 2.2.b.iii of the Manual [<i>Related Party Transaction Committee</i>]</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p>and Sections 2 and 4 of the RPT Committee Charter</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFRelatedPartyTransactionCommitteeCharterFINAL12July2017_7.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFRelatedPartyTransactionCommitteeCharterFINAL12July2017_7.pdf</a></p> <p>set out the composition and duties and responsibilities of the RPT Committee.</p>	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	<b>COMPLIANT</b>	<p>The members of the RPT Committee, including their position and type of directorship, are published on the website of the Company at:</p> <p><a href="http://www.topfrontier.com.ph/index.php/sp/page/33.html">http://www.topfrontier.com.ph/index.php/sp/page/33.html</a></p> <p>and page 3 of the GIS,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf</a></p>	

		<p>The respective qualifications of the members are set out in pages 36-37 of the SEC Form 17-A,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p> <p>and pages 9-11 of the Definitive Information Statement,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveS2019asfiledwiththeSECdated30May2019_2.pdf</a></p>	
<b>Recommendation 3.6</b>			
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.	<b>COMPLIANT</b>	Each of the Audit and Risk Oversight Committee Charter, Corporate Governance Committee Charter, and RPT Committee Charter (collectively, the "Committee Charters") was adopted by the Board on 12 July 2017.	
2. Committee Charters provide standards for evaluating the performance of the Committees.	<b>COMPLIANT</b>	<p>Each of the Committee Charters set forth, in Section 6 [Performance Evaluation] thereof, the standards for the performance evaluation of the Committees.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFAuditandRiskOversightCommitteeCharterFINAL12July2017_5.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFAuditandRiskOversightCommitteeCharterFINAL12July2017_5.pdf</a></p>	

		<a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFRelatedPartyTransactionCommitteeCharterFINAL12July2017_7.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFRelatedPartyTransactionCommitteeCharterFINAL12July2017_7.pdf</a>  <a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFCorporateGovernanceCommitteeCharterFINAL12July2017_6.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFCorporateGovernanceCommitteeCharterFINAL12July2017_6.pdf</a>	
3. Committee Charters were fully disclosed on the company's website.	<b>COMPLIANT</b>	<p>The Committee Charters may be downloaded from the website of the Company at:</p> <p>1) Audit and Risk Oversight Committee Charter</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFAuditandRiskOversightCommitteeCharterFINAL12July2017_5.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFAuditandRiskOversightCommitteeCharterFINAL12July2017_5.pdf</a></p> <p>2) RPT Committee Charter</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFRelatedPartyTransactionCommitteeCharterFINAL12July2017_7.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFRelatedPartyTransactionCommitteeCharterFINAL12July2017_7.pdf</a></p> <p>3) Corporate Governance Committee Charter</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFCorporateGovernanceCommitteeCharterFINAL12July2017_6.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFCorporateGovernanceCommitteeCharterFINAL12July2017_6.pdf</a></p>	



**Principle 4:** To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

**Recommendation 4.1**

<p>1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>	<p><b>COMPLIANT</b></p>	<p>Section 2.2.a.vii [<i>Board Meetings and Quorum Requirements</i>] of the Manual and Section 4.2 [<i>Attendance and Participation in Meetings</i>] of the Board Charter provide that "Directors should attend and actively participate in all meetings of the Board, Committees, and shareholders in person or through tele-/video-conferencing conducted in accordance with the rules and regulations of the SEC, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent them from doing so."</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF_Board_Charter_10July2018_FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF_Board_Charter_10July2018_FINAL.pdf</a></p> <p>The manner of conduct of the Board meetings is set out in Section 7, Article III of the By-laws. The mechanics for Board meetings via teleconference, video conference or other similar modes are set forth in Section 8, Article III of the By-laws.</p>	
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		<p><a href="http://www.topfrontier.com.ph/index.php/sp/about/45.html">http://www.topfrontier.com.ph/index.php/sp/about/45.html</a></p> <p>The attendance and participation of directors to Board Meetings in 2019 may be accessed via the Company's website at:</p> <p><a href="https://www.topfrontier.com.ph/smc_files/corporate_files/ComplianceReports/TFHI_AdvisementLetteronAttendanceofDirectorsforthe2019meetingsasfiledwithSECon03January2020_25.pdf">https://www.topfrontier.com.ph/smc_files/corporate_files/ComplianceReports/TFHI_AdvisementLetteronAttendanceofDirectorsforthe2019meetingsasfiledwithSECon03January2020_25.pdf</a></p> <p>Their attendance to the 2019 Annual Shareholders' Meeting are set out in the Company's website via:</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/MinutesStockholdersMeeting/TFHI_2019MinutesofAnnualStockholdersMeetingJuly92019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/MinutesStockholdersMeeting/TFHI_2019MinutesofAnnualStockholdersMeetingJuly92019_2.pdf</a></p> <p>The Corporate Secretary certifies that in all Board Committee meetings held in 2019, the respective Board Committee members thereof attended and actively participated therein.</p>	
2. The directors review meeting materials for all Board and Committee meetings.	<b>COMPLIANT</b>	The Corporate Secretary certifies that the materials for the Board and Committee meetings are promptly prepared and provided to the	

		directors to give them ample time and opportunity to review the same.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	<b>COMPLIANT</b>	<p>Section 2.2.a.vii [<i>Board Meetings and Quorum Requirements</i>] of the Manual and Section 4.2 (a) [<i>Attendance and Participation in Meetings</i>] of the Board Charter provide that in Board and Committee meetings, the director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf</a></p> <p>The Corporate Secretary hereby attests that the directors of the Company asked questions and sought clarifications and explanations in the course of the discussions during the Board and Committee meetings held in 2019.</p>	
<b>Recommendation 4.2</b>			
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	<b>COMPLIANT</b>	<p>Section 2.2.a.ix [<i>Policy on Multiple Board Seats</i>] of the Manual and Section 4.3 [<i>Policy on Multiple Board Seats</i>] of the Board Charter provide that "[t]he non-executive directors of</p>	

<p>proposals/views, and oversee the long-term strategy of the company.</p>		<p>the Board should concurrently serve as directors to a maximum of five (5) publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the Corporation."</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf</a></p> <p>The directorships of the Company's directors in other reporting companies are set out in pages 9-11 of the Definitive Information Statement</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20 IS/TFHI DefinitiveS2019asfiledwiththeSECdated30May2019 2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20 IS/TFHI DefinitiveS2019asfiledwiththeSECdated30May2019 2.pdf</a></p> <p>and page 35-37 of SEC Form 17-A,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17 A/TFHI SECForm17AAmendedAnnualReportasfiled30June2020 2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17 A/TFHI SECForm17AAmendedAnnualReportasfiled30June2020 2.pdf</a></p>	
<b>Recommendation 4.3</b>			

1. The directors notify the company's board before accepting a directorship in another company.	<b>COMPLIANT</b>	<p>Under Section 2.2.a.ix [Policy on Multiple Board Seats] of the Manual and Section 4.3 [Policy on Multiple Board Seats] of the Board Charter a director should notify the Board where he is an incumbent director before accepting a directorship in another company.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf</a></p> <p>The Corporate Secretary hereby attests that the directors have, where applicable, notified the Board before accepting a directorship in other companies.</p>	
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#### 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**

<p>1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.</p>	<p><b>COMPLIANT</b></p>	<p>Three (3) out of the seven (7) directors of the Company are independent directors, as set out in page 3 of the GIS, page 12 of the Definitive Information Statement, and page 35 of the SEC Form 17-A.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf</a></p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf</a></p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p>	
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**Recommendation 5.2**

<p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p>	<p><b>COMPLIANT</b></p>	<p>The qualifications of an independent director are set out in Section 2, Article III of the Company's By-laws, and Section 2.2.a.vi of the Manual, and Section 3.3. (c) of the Board Charter.</p> <p><a href="http://www.topfrontier.com.ph/index.php/sp/about/45.html">http://www.topfrontier.com.ph/index.php/sp/about/45.html</a></p>	
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<b>Supplement to Recommendation 5.2</b>			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	<b>COMPLIANT</b>	Pages 3-4 of the Definitive Information Statement provide that:  “No director, officer, or nominee for election as director of the Company, or any of their associates, at any time since the beginning of the last fiscal year, has any substantial interest,	

		<p>direct or indirect, by security holdings or otherwise in any matter to be acted upon in the meeting, other than their election to office.</p> <p>None of the incumbent directors has informed the Company in writing of an intention to oppose any action to be taken to be taken by the Company at the meeting."</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_Definitive/S2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_Definitive/S2019asfiledwiththeSECdated30May2019_2.pdf</a></p> <p>Under Section 2.2.a.iv [<i>Duties and Responsibilities of a Director</i>] of the Manual and Section 4.1 (a) and (d) [<i>General Duties and Responsibilities</i>] of the Board Charter, directors shall "conduct fair business transactions with the Corporation and to ensure that personal interest does not conflict with the interests of the Corporation. A Director with a material interest in any transaction affecting the corporation should abstain from taking part in the deliberations for the same". A director shall likewise "exercise objective and independent judgment on all corporate affairs."</p>	
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<b>Recommendation 5.3</b>			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	<b>COMPLIANT</b>	<p>Section 2.2.a.vi.2 of the Manual provides that the independent directors shall serve for a maximum cumulative term of nine (9) years.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p>The dates when the Company's independent directors were first elected as such are specified on page 8 of the Definitive Information Statement,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf</a></p> <p>and pages 35 of the SEC Form 17-A,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p>	

<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p><b>COMPLIANT</b></p>	<p>Section 2.2.a.vi.2 of the Manual and Section 3.3 (d) of the Board Charter provide that “[u]pon reaching this limit, an Independent Director should be perpetually barred from re-election as such in the Corporation, but may continue to qualify for nomination and election as a non-independent director. In the instance that the Corporation needs to retain an Independent Director who has served for nine (9) years, the Board shall provide meritorious justifications and seek shareholders’ approval during the annual shareholders’ meeting.”</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf</a></p>	
<p>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.</p>	<p><b>COMPLIANT</b></p>	<p>None of the Company’s independent directors have served in such capacity for more than nine (9) years.</p>	
<p><b>Recommendation 5.4</b></p>			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p><b>COMPLIANT</b></p>	<p>The Chairman of the Company is Mr. Iñigo U. Zobel, while the President and Chief Executive Officer of the</p>	<p>.</p>

		<p>Company is Mr. Ramon S. Ang, as disclosed in page 3 of the GIS, pages 8 and 9 of the Definitive Information Statement, and page 35 of the SEC Form 17-A.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf</a></p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf</a></p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p>	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	<b>COMPLIANT</b>	<p>Article IV, Section 2 of the By-laws,</p> <p><a href="http://www.topfrontier.com.ph/index.php/sp/about/45.html">http://www.topfrontier.com.ph/index.php/sp/about/45.html</a></p> <p>Section 2.2.c [The Chairman, the President/Chief Executive Officer and the Lead Independent Director] of the Manual,</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf</a></p>	

		<p>and Section 2.7 [The Chairman, the President/Chief Executive Officer, and the Lead Independent Director] of the Board Charter,</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018 FINAL.pdf</a></p> <p>enumerate the powers and duties of the Chairman of the Board, and the President and Chief Executive Officer.</p> <p>While both are directors of San Miguel Corporation, there is no relationship between Mr. Iñigo U. Zobel and Mr. Ramon S. Ang.</p>	
<b>Recommendation 5.5</b>			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	<b>COMPLIANT</b>	<p>The Board elected Justice Minita V. Chico-Nazario as its lead independent director during its 09 July 2019 Organizational Meeting, as duly reported to the SEC and the PSE.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/AnnualStockholdersMeeting/TFHI ResultsofOrganizationalMeetingofBOD09July2019_1.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/AnnualStockholdersMeeting/TFHI ResultsofOrganizationalMeetingofBOD09July2019_1.pdf</a></p>	
<b>Recommendation 5.6</b>			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	<b>COMPLIANT</b>	<p>There have been no transactions of the Company whereby any of its directors had a material interest therein.</p>	

		Should there be any in the future, the Corporate Secretary shall ensure that directors with a material interest in transactions affecting the Company will abstain from taking part in the deliberations for the same during the Board meetings.	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	NON-COMPLIANT		The Corporate Secretary hereby attests that the non-executive directors, being members of the Audit and Risk Oversight Committee, held meetings with the external auditor and head of the internal audit, compliance and risk functions, with the presence, however, of an executive director, the latter being a member of the Audit and Risk Oversight Committee.  The presence of the aforesaid executive director did not undermine nor affect the independence of the non-executive directors in performing their functions.  For 2020, the Board shall endeavor that such meeting with non-executive directors are held, which will be chaired by the lead independent director.
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.	<b>COMPLIANT</b>	In compliance with the provisions of the Manual, the Corporate Secretary certifies that the performance of the Board Committees, the Board, the Chairman, the President & CEO, and the Management were assessed through self-rating forms as approved by the Board Committees and the Board of Directors on 12 March 2020. The results of the assessments were validated by Compliance Officer and Corporate Governance Committee Members, and reported to the Board of Directors on 28 May 2020. Said validated results may be accessed from the website of the Company at:	
2. The Chairman conducts a self-assessment of his performance.	<b>COMPLIANT</b>		
3. The individual members conduct a self-assessment of their performance.	<b>COMPLIANT</b>		
4. Each committee conducts a self-assessment of its performance.	<b>COMPLIANT</b>	<a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/PerformanceAssessments/TFHResultsofthe2019PerformanceAssessments_1.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/PerformanceAssessments/TFHResultsofthe2019PerformanceAssessments_1.pdf</a>	
5. Every three years, the assessments are supported by an external facilitator.	<b>NON-COMPLIANT</b>		Considering that the Manual was adopted less than three (3) years ago, the Company has not yet engaged an external facilitator to support the assessment.

**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.	<b>COMPLIANT</b>	The Corporate Secretary certifies that the Board of Directors and the Board Committees, during their meetings held on 12 March 2020, approved the	
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		2019 Self-Rating Forms to assess their performance in accordance with the prevailing Board-approved internal self-rating system.	
2. The system allows for a feedback mechanism from the shareholders.	<b>COMPLIANT</b>	Shareholders may send their feedback to the Company via its Investment Relations Officer at <a href="mailto:mrbalanza@topfrontier.com.ph">mrbalanza@topfrontier.com.ph</a>	

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

**Recommendation 7.1**

1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	<b>COMPLIANT</b>	<p>The Company's Mission, Vision and Core Values provide that:</p> <p><b>"MISSION AND VISION STATEMENT</b></p> <p><b>Top Frontier Investment Holdings, Inc.</b> (the "Company") aims is to invest in and build a portfolio of sustainable investments, driven by established goals to build shareholder value, mindful of its social, economic and environmental responsibilities, as it remains to be committed to integrity, honesty and fairness in all dealings with its stakeholders.</p> <p><b>CORE VALUES</b></p> <p><b><i>Integrity</i></b></p> <p>The Company believes in profit with honor and upholds</p>	
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good governance and the highest moral standards.

***Passion for Success***

As the Company strives for excellence, it will remain proactive and entrepreneurial, as it pursues its projects with a sense of urgency and total dedication to results.

***Opportunity***

The cornerstone of the Company's investment framework is its ability to see and seize opportunity and introduce future initiatives for its portfolio companies with the end in view of improving overall value of these companies.

***Partnership***

The Company is keen in promoting collaborative partnership with its subsidiaries and views itself as an integral extension of their respective businesses.

***Respect for People***

The Company instills unity in purpose in its entire organization,



focusing on trust and respect for its people, promoting camaraderie and open communication, upholding professional growth, and uplifting dignity of labor, as it works toward shared goals along its organizational structure.

***Innovativeness and Consumer Focus***

The Company encourages creativity and ingenuity in its processes, systems, products and services, striving to be first to anticipate consumer needs, with the ultimate goal of providing its consumers products and services beyond industry standards and exceeding expectations.

***Social Responsibility***

Key to the Company's social responsibility is its commitment to improve the lives of people in the communities where its facilities, stations and projects are present, with focus on environmental stewardship and activities to benefit the society in general."

and that the Company believes in profit with honor and upholds good governance and the highest moral standard.

		<a href="http://www.topfrontier.com.ph/index.php/sp/about/43.html">http://www.topfrontier.com.ph/index.php/sp/about/43.html</a>  On 10 November 2014, the Board adopted among other Company policies, the Company's Code of Conduct and Ethics.  The Company's Code of Conduct and Ethics may be downloaded at:  <a href="http://www.topfrontier.com.ph/index.php/sp/page/34.html">http://www.topfrontier.com.ph/index.php/sp/page/34.html</a>	
2. The Code is properly disseminated to the Board, senior management and employees.	<b>COMPLIANT</b>	In compliance with Section 2.2.a.ii.9 of the Manual [ <i>Specific Duties and Functions</i> ], copies of the Code of Conduct and Ethics were furnished to the members of the Company's Board and its senior management during the 10 November 2014 Board Meeting when the same was approved and adopted by the Board. Any incoming director and officer was likewise furnished a copy of the same. Copies of the Code of Conduct and Ethics were likewise furnished to the Company officers and employees.  <a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf	

3. The Code is disclosed and made available to the public through the company website.	<b>COMPLIANT</b>	The Company's Code of Conduct and Ethics may be downloaded at:  <a href="http://www.topfrontier.com.ph/index.php/sp/page/34.html">http://www.topfrontier.com.ph/index.php/sp/page/34.html</a>	
<b>Supplement to Recommendation 7.1</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	<b>COMPLIANT</b>	The Code of Conduct and Ethics of the Company establishes the fundamental standard of conduct and values consistent with the principle of good governance and business ethics. It provides that it shall foster and maintain the core values of fairness, transparency, accountability and integrity in the conduct of its business and expects each of its directors, officers and employees (the "Employees") to observe with zeal such core values in the performance of their duties, in their relationships with fellow Employees and in all their dealings with shareholders, customers, suppliers, government and the general public. The same also provides that each Employee shall comply with and respect all applicable laws, rules and regulations governing the Company's business in all jurisdictions where such is conducted; commit to good governance and the highest moral standards in the performance of his duties and responsibilities; and exercise utmost discretion in accepting personal favors or gifts from persons seeking or doing business with	

		<p>the Company, and refuse to grant personal favors, or decline any gifts or benefit, that may compromise the independence of the Company; and any Employee who fails to comply with the standards and abide by the Code shall be subject to disciplinary action, including termination.</p> <p><a href="http://www.topfrontier.com.ph/index.php/sp/page/34.html">http://www.topfrontier.com.ph/index.php/sp/page/34.html</a></p>	
<b>Recommendation 7.2</b>			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	<b>COMPLIANT</b>	In compliance with Section 2.2a.ii.10 [ <i>Specific Duties and Functions</i> ] of the Manual, the Board approved the Company's Internal Audit Charter on 10 August 2017 (the "Internal Audit Charter"), which sets out in page 2 the role of the internal auditor (the "TF Group Audit") to evaluate and improve the adequacy and effectiveness of the Company's risk management, control and governance processes, and in pages 2-4, their specific responsibilities which include review of the effectiveness of the governance and control processes in promoting the right values and ethics; review, audit and assess the efficiency and effectiveness of the internal control system; and report significant risk exposures and control issues, including fraud and governance risks.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	<b>COMPLIANT</b>		

		<p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHI%20InternalAuditCharter10Aug2017FINAL%208.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHI InternalAuditCharter10Aug2017FINAL 8.pdf</a></p> <p>The 2019 Internal Audit Plan was approved by the Board on 14 March 2019 and disclosed to the SEC and PSE. The report to the PSE may be accessed at:</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/17_C/TFHI_PSEForm430SECForm17CMarch142019BODMeeting%203%206.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/17_C/TFHI PSEForm430SECForm17CMarch142019BODMeeting 3 6.pdf</a></p> <p>In compliance with its reporting and monitoring functions, the Corporate Secretary attests that the TF Group Audit, on 12 March 2020, presented to the Audit and Risk Oversight Committee its report on its conduct of internal audit of the Company for 2019.</p> <p>The Code of Conduct and Ethics provides that the Company, firmly committed to the promotion of a culture that fosters and maintains the core values of fairness, transparency, accountability and integrity in the conduct of its business, "expects each of its directors, officers and employees to observe with zeal such core values in the performance of their duties, in their relationships with fellow</p>	
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		employees and in all their dealings with shareholders, customers, suppliers, government and the general public."	
		<a href="http://www.topfrontier.com.ph/index.php/sp/page/34.html">http://www.topfrontier.com.ph/index.php/sp/page/34.html</a>	

### 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.	<b>COMPLIANT</b>	<p>Section 4 of the Manual provides for the <i>Disclosure and Transparency of Corporation's Corporate Governance Policies</i>.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf</a></p> <p>All reports and material information disclosures of the Company made to the regulators and the public are available on the PSE website and on the website of the Company at:</p> <p><a href="http://www.topfrontier.com.ph/index.php/disclosure.html">http://www.topfrontier.com.ph/index.php/disclosure.html</a></p>	
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#### 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	<b>COMPLIANT AS TO THE QUARTERLY REPORT</b>	The quarterly unaudited consolidated financial statements of the Company and its subsidiaries (SEC Form 17-Q) were	The Company filed its 2019 consolidated financial statements under SEC Form 17-A in accordance with the periods required by the Securities Regulation Code.
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<p>statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	<p><b>NON-COMPLIANT AS TO THE ANNUAL REPORT</b></p>	<p>filed and disclosed by the Company as follows:</p> <p>(a) 1<sup>st</sup> quarter SEC Form17-Q: 15 May 2019 (45 days from 31 March 2019)</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/17_Q/TFHI_SECForm17Q1stQuarterof2019asfiledwithSEC15May2019_1.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/17_Q/TFHI_SECForm17Q1stQuarterof2019asfiledwithSEC15May2019_1.pdf</a></p> <p>(b) 2<sup>nd</sup> quarter SEC Form17-Q: 14 August 2019 (45 days from 30 June 2019)</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/17_C/TFHI_SECForm17Q2ndQuarterof2019asfiledwithSEC14August2019_4.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/17_C/TFHI_SECForm17Q2ndQuarterof2019asfiledwithSEC14August2019_4.pdf</a></p> <p>(c) 3<sup>rd</sup> quarter SEC Form17-Q: 14 November 2019 (45 days from 30 Sept. 2019)</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/17_Q/TFHI_SECForm17Qfor3rdQuarterof2019asfiledwithSEC14November2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/17_Q/TFHI_SECForm17Qfor3rdQuarterof2019asfiledwithSEC14November2019_2.pdf</a></p>	<p>The annual report of the Company (SEC Form 17-A, including its Consolidated Financial Statements for 31 December 2019, 2018 and 2017, was filed with the SEC and disclosed to the public through the PSE and the Company's website, on 15 May 2020, in compliance with Memorandum Circular No. 3, Series of 2018 and Memorandum Circular No. 5, Series of 2020 which provided for the extension of the filing of SEC Form 17-A until 30 June 2020 in view of the COVID-19 pandemic.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAnnualReportfor2019asfiled15May2020_1.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAnnualReportfor2019asfiled15May2020_1.pdf</a></p> <p>Further, on 30 June 2020, the Company submitted its Amended Annual Report (SEC 17-A) for fiscal year ended 31 December 2019 with the 2019 Sustainability Report of the Company attached thereto as Annex "I", in compliance with SEC Memorandum Circular Nos. 4 (series of 2019) and 13 (series of 2020).</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p>
<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the</p>	<p><b>COMPLIANT</b></p>	<p>Article Seventh of the Company's Amended Articles of Incorporation ("Articles of Incorporation") provides for the denial of pre-emptive rights of shareholders to any issuance of common shares and preferred shares.</p>	

controlling shareholders' voting power and overall equity position in the company.		<a href="http://www.topfrontier.com.ph/index.php/sp/about/45.html">http://www.topfrontier.com.ph/index.php/sp/about/45.html</a>  Owners of more than 5% of the Company's voting securities as of 31 December 2019, and their respective shareholdings, are disclosed on page 40 of SEC Form 17-A.  The cross-holdings or ownership or the Company in both listed and non-listed subsidiaries are likewise disclosed in SEC Form 17-A, specifically in Note 2 of the Notes to the Consolidated Financial Statements (Annex "B" of SEC Form 17-A) and the conglomerate map (Annex "C" of SEC Form 17-A).  The controlling shareholders' voting power are proportionate to their overall equity position in the Company.  <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a>	
<b>Recommendation 8.2</b>			
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.	<b>COMPLIANT</b>	Section 4.4 of the Manual and Section 2.4 (e) of the Board Charter provide that all directors and officers shall disclose to the Company any dealings in the Company's shares within three (3) business days.	
2. Company has a policy requiring all officers to disclose/report to the company any	<b>COMPLIANT</b>		



dealings in the company's shares within three business days.		<a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf</a>  <a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF_Board_Charter_10July2018_FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF_Board_Charter_10July2018_FINAL.pdf</a>	
<b>Supplement to Recommendation 8.2</b>			
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).	<b>COMPLIANT</b>	<p>The ownership of the Company's management over voting securities as of 10 May 2019 is set out in page 7 of the Definitive Information Statement,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf</a></p> <p>and as of 31 December 2019, in page 41 of the SEC Form 17-A,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p> <p>The Corporate Secretary hereby certifies that there were no dealings made by directors and officers involving the Company shares in 2019, other than for the following transactions reported to the SEC and PSE:</p>	

		<p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/23_AB/TFHI_SECF orm23BofMr.I%C3%B1igoU.Zobelasfile d05Aug2019_3.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/23_AB/TFHI_SECF orm23BofMr.I%C3%B1igoU.Zobelasfile d05Aug2019_3.pdf</a></p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/23_AB/TFHI_SECF orm23AofJusticeTeresitaJ.LeonardoD eCastroJuly92019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/23_AB/TFHI_SECF orm23AofJusticeTeresitaJ.LeonardoD eCastroJuly92019_2.pdf</a></p> <p>The Company's disclosure on its Top 100 Shareholders as of 31 December 2019 may be accessed on the website of the Company at:</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/Top100_Stockholders/TFHI_ListofTop100SHasof31December2019_3.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/Top100_Stockholders/TFHI_ListofTop100SHasof31December2019_3.pdf</a></p> <p>The conglomerate map of the Company and its subsidiaries is set out in page 3 of Annex "C" of SEC Form 17-A.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECF orm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECF orm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p>	
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**Recommendation 8.3**

<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<b>COMPLIANT</b>	<p>The directors' qualifications, share ownership in the Company, membership in other boards, other executive positions, professional experiences, and expertise are set out on pages 35-37 of SEC Form 17-A,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p> <p>and pages 9-11 of the Definitive Information Statement, as well as in Annexes "A-1", "A-2", and "A-3" thereof.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf</a></p> <p>The details of the Corporate Governance Seminars attended by the directors may be accessed in the Company's website via:</p> <p><a href="https://www.topfrontier.com.ph/smc_files/corporate_files/ComplianceReports/TFHI_Compliance-with-the-Corporate-Governance-Training-Requirement_CYSantiago_02April2019.pdf">https://www.topfrontier.com.ph/smc_files/corporate_files/ComplianceReports/TFHI_Compliance-with-the-Corporate-Governance-Training-Requirement_CYSantiago_02April2019.pdf</a></p>	
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		<a href="https://www.topfrontier.com.ph/smc_files/corporate_files/ComplianceReports/TFHI_Compliance_with_CorporateGovernanceSeminar_as_filed_withSEC20Nov2019.pdf">https://www.topfrontier.com.ph/smc_files/corporate_files/ComplianceReports/TFHI_Compliance_with_CorporateGovernanceSeminar_as_filed_withSEC20Nov2019.pdf</a>  <a href="https://www.topfrontier.com.ph/smc_files/corporate_files/ComplianceReports/TFHI_Compliancewiththe_CorporateGovernanceSeminar_asfiledwiththe_SEC10December2019.pdf">https://www.topfrontier.com.ph/smc_files/corporate_files/ComplianceReports/TFHI_Compliancewiththe_CorporateGovernanceSeminar_asfiledwiththe_SEC10December2019.pdf</a>	
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.	<b>COMPLIANT</b>	<p>The officers' qualifications, share ownership in the Company, membership in other boards, other executive positions, professional experiences, and expertise are set out on pages 35-37 and 40 of SEC Form 17-A,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p> <p>and in pages 9-11 of the Definitive Information Statement,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveS2019asfiledwiththeSECdated30May2019_2.pdf</a></p> <p>The details of the Corporate Governance Seminars attended by the officers may be accessed in the same link provided above.</p>	

**Recommendation 8.4**

1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.

**COMPLIANT**

Article III, Section 9 of the By-laws provides that: "[b]y 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%) if the net income before income tax of 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."

<http://www.topfrontier.com.ph/index.php/sp/about/45.html>

The Company's policies and procedure for setting Board remuneration are set forth in page 39 under Part III, Item 10 [Executive Compensation] of SEC Form 17-A,

[https://www.topfrontier.com.ph/smc\\_files/disclosure/2020/17\\_A/TFHI\\_SECForm17AAmendedAnnualReportasfiled30June2020\\_2.pdf](https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf)

and page 14 of the Definitive Information Statement,

[https://www.topfrontier.com.ph/smc\\_files/disclosure/2019/2019%20IS/TFHI%20Definitive%20S2019asfiledwiththeSECdated30May2019\\_2.pdf](https://www.topfrontier.com.ph/smc_files/disclosure/2019/2019%20IS/TFHI%20Definitive%20S2019asfiledwiththeSECdated30May2019_2.pdf)

Moreover, under Section 2.2.a.ii (5) [*Specific Duties and Functions*] of the Manual and Section 2.3 (e) [*Specific Duties and Functions of the Board*] of the Board Charter, the Board shall "[a]lign the remuneration of key Officers and Board members with the long-term interests of the Corporation and, in doing so, formulate and adopt a policy specifying the relationship between remuneration and performance."

[http://www.topfrontier.com.ph/smc\\_files/corporate\\_files/TFHI%20AmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf](http://www.topfrontier.com.ph/smc_files/corporate_files/TFHI%20AmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf) 4.pdf

[http://www.topfrontier.com.ph/smc\\_files/corporate\\_files/TF%20Board%20Charter%2010July2018%20FINAL.pdf](http://www.topfrontier.com.ph/smc_files/corporate_files/TF%20Board%20Charter%2010July2018%20FINAL.pdf)

Under Section 2.2.b.i.2 (i), (j) and (l) of the Manual and Section 4 (i), (j) and (l) of the Corporate Governance Committee Charter, the Corporate Governance Committee shall:

		<ul style="list-style-type: none"> <li>o Establish a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers, and provide oversight over remuneration of senior management and other key personnel, ensuring that compensation is consistent with the culture, strategy and business environment of the Company;</li> <li>o Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Company successfully; and</li> <li>o Disallow any director to decide his or her own remuneration.</li> </ul> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFCorporateGovernanceCommitteeCharterFINAL12July2017_6.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFCorporateGovernanceCommitteeCharterFINAL12July2017_6.pdf</a></p>	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	<b>COMPLIANT</b>	Kindly refer to the response above.	

<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p><b>COMPLIANT</b></p>	<p>As set forth in page 39 [Executive Compensation] of the SEC Form 17-A, and page 14 of the Definitive Information Statement, the compensation to executive officers currently comprising of the Chairman, the President and Chief Executive Officer, the Treasurer, the Chief Finance Officer, the Corporate Secretary and Compliance Officer, the Assistant Corporate Secretary, the Investment Relations Officer &amp; Data Protection Officer, and the Internal Audit Group Head amounted to nil for the years ended 2019, 2018, and 2017.</p> <p>Other than the reasonable per diem to each director (who are not officers of San Miguel Corporation) provided for his/her participation in a Board or Committee meeting, there were no other forms of compensation paid to the directors for the said periods as set forth in page 39 of the SEC Form 17-A,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf</a></p>	
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**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>	<b>COMPLIANT</b>	<p>Under Section 2.2.a.ii (13) [<i>Specific Duties and Functions</i>] of the Manual and Section 2.3 (m) [<i>Specific Duties and Functions of the Board</i>] of the Board Charter, the Board shall formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. Such policies shall include the appropriate review and approval of material or significant related party transactions, which guarantee fairness and transparency of the transactions, and encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018_FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF Board Charter 10July2018_FINAL.pdf</a></p> <p>The Policy on Related Party Transactions of the Company was approved and adopted by the Board on 10 November 2014, which may be</p>	
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		<p>accessed on the website of the Company at:</p> <p><a href="http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Related%20Party%20Transactions%20(10%20Nov%202014).pdf">http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Related%20Party%20Transactions%20(10%20Nov%202014).pdf</a></p> <p>The Material RPT Policy of the Company was approved and adopted by the Board on 08 August 2019, which may be accessed at the website of the Company through this link:</p> <p><a href="https://www.topfrontier.com.ph/smc_files/corporate_files/Related_Party_Transactions/TFHI_PolicyonMaterialRelatedPartyTransactionsasfiledwithSECon03Oct2019.pdf">https://www.topfrontier.com.ph/smc_files/corporate_files/Related_Party_Transactions/TFHI_PolicyonMaterialRelatedPartyTransactionsasfiledwithSECon03Oct2019.pdf</a></p> <p>The RPT Committee is tasked with reviewing all material related party transactions of the Company. The duties and responsibilities thereof are set forth in Section 2.2.b.iii.2 of the Manual and Section 4 of the RPT Committee Charter.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHI/AmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHI/AmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf</a></p>	
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		<a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFRelatedPartyTransactionCommitteeCharterFINAL12July20177.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFRelatedPartyTransactionCommitteeCharterFINAL12July20177.pdf</a>  The Corporate Secretary hereby attests that directors with conflict of interest in transactions affecting the Company have abstained from taking part in the deliberations for the same during the Board meetings.	
2. Company discloses material or significant RPTs reviewed and approved during the year.	<b>COMPLIANT</b>	Note 33 of the Notes to the Consolidated Financial Statements of the Company as of the year 31 December 2019 sets out the related party transactions of the Company and outstanding balances as of the said date.  <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a>  The Corporate Secretary hereby certifies that: (i) the aforesaid related party transactions were approved by the RPT Committee during its meeting held on 12 March 2020, and (ii) there were no material related party transactions in 2019.	

**Supplement to Recommendation 8.5**

<p>1. Company requires directors to disclose their interests in transactions or any other conflict of interests.</p>	<b>COMPLIANT</b>	<p>Pursuant to the Company's Policy on Conflict of Interest and Policy on Dealings with Securities, directors are required to disclose their interests in transactions or any other conflict of interests. The Company's Policy on Conflict of Interest and Policy on Dealings with Securities may be accessed via the following links:</p> <p><a href="http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Conflict%20of%20Interest%20(10%20Nov%202014).pdf">http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Conflict%20of%20Interest%20(10%20Nov%202014).pdf</a></p> <p><a href="http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Dealings%20in%20Securities%20(10%20Nov%202014).pdf">http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Dealings%20in%20Securities%20(10%20Nov%202014).pdf</a></p> <p>Part E of the Material RPT Policy of the Company provides:</p> <p>"In this regard, in order to identify, prevent or manage potential or actual conflicts of interest, every director and employee, including, officers and managers, shall declare in writing his business interests to the Company and their relatives within the fourth civil degree of consanguinity or affinity, and in such frequency as the Company may prescribe."</p>	
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		<a href="https://www.topfrontier.com.ph/smc_files/corporate_files/Related_Party_Transactions/TFHI_PolicyonMaterialRelatedPartyTransactionsasfiledwithSECon03Oct2019.pdf">https://www.topfrontier.com.ph/smc_files/corporate_files/Related_Party_Transactions/TFHI_PolicyonMaterialRelatedPartyTransactionsasfiledwithSECon03Oct2019.pdf</a>	
<b>Optional : Recommendation 8.5</b>			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.			
<b>Recommendation 8.6</b>			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	<b>COMPLIANT</b>	The Company's disclosures regarding material facts or events that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders may be accessed via:  <a href="http://www.topfrontier.com.ph/index.php/disclosure/inner/5.html">http://www.topfrontier.com.ph/index.php/disclosure/inner/5.html</a>	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	<b>COMPLIANT</b>	Transactions between or among the Company, its subsidiaries and their shareholders, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents should be made at normal market prices and terms. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates. All related party	

		transactions must be done on an arms-length basis to safeguard the interest of the Company as well as the minority shareholders and other stakeholders.	
<b>Supplement to Recommendation 8.6</b>			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	<b>COMPLIANT</b>	<p>The Corporate Secretary hereby certifies that there are no shareholder 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>The Company has disclosed the same in page 8 of the Definitive Information Statement and in page 42 of SEC Form 17-A.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveS2019asfiledwiththeSECdated30May2019_2.pdf</a></p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p>	
<b>Recommendation 8.7</b>			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	<b>COMPLIANT</b>	The Manual on Corporate Governance, which contains the corporate governance policies, programs and procedures of the Company, as filed with the SEC and	

2. Company's MCG is submitted to the SEC and PSE.	COMPLIANT	the PSE on 31 May 2017, is posted in the Company's website and may be accessed at:  <a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf	
3. Company's MCG is posted on its company website.	COMPLIANT		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	COMPLIANT	There have been no changes in the Corporate Governance practices of the Company since its adoption of its Manual.	
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**

<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p><b>COMPLIANT</b></p>	<p>In compliance with Section 4 (d) of the Audit and Risk Oversight Committee Charter, which provides that the Committee shall "have a robust process for approving and recommending the appointment, reappointment, removal, and fees of the External Auditor duly accredited by the SEC, who undertakes an independent audit of the Company, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders."</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFAuditandRiskOversightCommitteeCharterFINAL12July2017_5.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFAuditandRiskOversightCommitteeCharterFINAL12July2017_5.pdf</a></p> <p>The Audit and Risk Oversight Committee, during its 09 May 2019 meeting, approved its resolution recommending the approval and formal endorsement to the stockholders the appointment of R.G. Manabat &amp; Co. as external auditors of the Company for fiscal year 2019, after the Audit and Risk Oversight Committee's careful evaluation</p>	
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		thereof in accordance with the criteria set under the Manual and its Charter.	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	<b>COMPLIANT</b>	<p>Section 4 (d) of the Charter of the Audit and Risk Oversight Committee provides that "the appointment, reappointment, and removal of the External Auditor shall be recommended by the Committee and approved by Board and ratified by the shareholders."</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFAuditandRiskOversightCommitteeCharterFINAL12July2017_5.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFAuditandRiskOversightCommitteeCharterFINAL12July2017_5.pdf</a></p> <p>The Audit and Audit Related Fees of the Company's external auditor for 2018 and 2017, as well as the extent of the services rendered, were disclosed on page 28 of the Definitive Information Statement, as part of the Financial and Other Information submitted for shareholder approval under Approval of the Annual Report.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20IS/TFHI_DefinitiveS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20IS/TFHI_DefinitiveS2019asfiledwiththeSECdated30May2019_2.pdf</a></p> <p>During the 09 July 2019 Annual Stockholders' Meeting of the Company, 100% of the shareholders present and/or represented by proxy</p>	

		in the meeting, ratified the reappointment of the external auditor.  <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/MinutesStockholdersMeeting/TFHI_2019MinutesofAnnualStockholdersMeetingJuly92019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/MinutesStockholdersMeeting/TFHI_2019MinutesofAnnualStockholdersMeetingJuly92019_2.pdf</a>	
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.		No such removal occurred in 2019.	
<b>Supplement to Recommendation 9.1</b>			
1. Company has a policy of rotating the lead audit partner every five years.	<b>COMPLIANT</b>	As provided in page 14 of the Definitive Information Statement, R.G. Manabat & Co. has been the Company's external auditor since 2009. In 2014, R.G. Manabat & Co. changed the signing partner assigned to the Company in compliance with Securities Regulation Code Rule 68.  <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/2019IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/2019IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf</a>	
<b>Recommendation 9.2</b>			
1. Audit Committee Charter includes the Audit Committee's responsibility on:  i. assessing the integrity and independence of external auditors;	<b>COMPLIANT</b>	Section 4.3(e) the Audit and Risk Oversight Committee Charter provides that the Committee will "be responsible for assessing the integrity and independence of the External	

<p>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</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>Auditor and exercising effective oversight to review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements, as well as be responsible for reviewing and monitoring the External Auditor's suitability and effectiveness on an annual basis."</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFAuditandRiskOversightCommitteeCharterFINAL12July2017_5.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFAuditandRiskOversightCommitteeCharterFINAL12July2017_5.pdf</a></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><b>COMPLIANT</b></p>	<p>Please refer to the response above.</p>	
<p><b>Supplement to Recommendations 9.2</b></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><b>COMPLIANT</b></p>	<p>Based on Section 4 (d) Audit and Risk Oversight Committee Charter, the Audit and Risk Oversight Committee shall appoint an External Auditor that will undertake an independent audit of the Corporation and "will provide an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders."</p>	

		<p>Further Section 4.e of the said Charter provides that the Committee will assess the "integrity and independence of the External Auditor and exercising effective oversight to review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process."</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFAuditandRiskOversightCommitteeCharterFINAL12July2017_5.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFAuditandRiskOversightCommitteeCharterFINAL12July2017_5.pdf</a></p>	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	<b>COMPLIANT</b>	Please see responses in Recommendation 9.2 and Supplement to Recommendation 9.2.	
<b>Recommendation 9.3</b>			
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.	<b>COMPLIANT</b>	<p>Page 34 of the SEC Form 17-A provides for the disclosures on information on the Company's External Auditor,</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p> <p>There was no non-audit work performed by the External Auditor for the Company in 2019.</p>	

<p>2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.</p>	<p><b>COMPLIANT</b></p>	<p>Section 2.2 (b)(ii)(3)(g) of the Manual and Section 4 (g) of the Audit and Risk Oversight Committee Charter provide that the Audit and Risk Oversight Committee shall evaluate and determine any non-audit work performed by the External Auditor, and periodically review the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Company'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, shall be disclosed in the Company's Annual Report and Annual Corporate Governance Report.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFAuditandRiskOversightCommitteeCharterFINAL12July2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFAuditandRiskOversightCommitteeCharterFINAL12July2017</a> 5.pdf</p>	
<p><b>Supplement to Recommendation 9.3</b></p>			
<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	<p><b>COMPLIANT</b></p>	<p>The Company paid Php1.8 million to its External Auditor in 2019 for audit work performed as set out in page 34 of the SEC Form 17-A.</p>	

		<a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a>	
		<p>There was no non-audit work performed by the External Auditor for the Company in 2019; hence no non-audit fees were paid to them.</p>	
<b>Additional Recommendation to Principle 9</b>			
<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<b>COMPLIANT</b>	<p>Please find below the requested information:</p> <ol style="list-style-type: none"> <li>1. Name of the audit engagement partner: Wilfredo Z. Palad</li> <li>2. Accreditation number: SEC Accreditation No. 0027-AR-5, Group A</li> <li>3. Expiry date of accreditation: 17 September 2021</li> <li>4. Name, address, contact number of the audit firm:  R.G. Manabat &amp; Co. The KPMG Center, 9/F 6787 Ayala Avenue, Makati City Philippines 1226 +63 (2) 8857000</li> </ol>	

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).	<b>COMPLIANT</b>	As a Group A audit firm accredited by the SEC, R.G. Manabat & Co. is required to, and shall comply with, the requirements of the SEC in relation to the SOAR Inspection Program. The Company is not aware if the inspection has not yet been conducted by the SEC.	
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**Principle 10:** The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

**Recommendation 10.1**

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.	<b>COMPLIANT</b>	<p>The Company's Vision Mission provides that it "aims to invest in and build a portfolio of sustainable investments, driven by established goals to build shareholder value, mindful of its social, economic and environmental responsibilities, as it remains to be committed to integrity, honesty and fairness in all dealings with its stakeholders."</p> <p>Further, social responsibility remains to be a Core Value of the Company, and "[k]ey to the [its] social responsibility is its commitment to improve the lives of people in the communities where its facilities, stations and projects are present, with focus on environmental stewardship and activities to benefit the society in general."</p> <p><a href="http://www.topfrontier.com.ph/index.php/sp/about/43.html">http://www.topfrontier.com.ph/index.php/sp/about/43.html</a></p>	
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		<p>Consistent with its mission of responsible stewardship of the environment, the Company adopts a holistic approach by exercising leadership in providing environmentally acceptable manufacturing processes, products and packaging, actively developing and implementing processes which involve the sustainable use of resources, pollution prevention and waste management, consistently meeting environmental standards, and influencing key stakeholders through the sharing of the Company's environmental policy.</p> <p>The Company also recognizes that it has a responsibility not just to employees but also to the communities where its businesses operate. As a socially responsible corporate citizen, the Company believes that it must provide the employees' family and surrounding communities opportunities to develop values of self-reliance.</p> <p>The Company's Corporate Social Responsibility Projects are undertaken through its subsidiaries, San Miguel Corporation, through San Miguel</p>	
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		<p>Foundation, Inc., and Clariden Holdings, Inc.</p> <p>The Company has disclosed relevant EESG risks in its SEC Form 17-A, specifically pages 30-32 [<i>Major Business Risks</i>] thereof.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p>	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	<b>COMPLIANT</b>	<p>In compliance with SEC Memorandum Circular No. 4, Series of 2019, the Company submitted a Sustainability Report to the SEC disclosing therein the Company's non-financial performance across economic, environmental, and social aspects involving the Company. The Sustainability Report was submitted together with the Company's Amended Annual Report (SEC Form 17-A) on 30 June 2020. The full text of the Sustainability Report may be accessed at the Company's website at:</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p>	

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

**Recommendation 11.1**

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.	<b>COMPLIANT</b>	<p>The Company's website <a href="http://www.topfrontier.com.ph/">http://www.topfrontier.com.ph/</a> is consistently updated in a manner that assures prompt and accurate reporting and communication to shareholders and other investors.</p> <p>Also, the Company has an Investment Relations Officer who handles regular communications with institutional investors. All information/disclosures for release are cleared and approved by the Corporate Secretary and Compliance Officer, the Treasurer, the Chief Finance Officer and/or the President, depending on the kind and extent of the disclosure.</p>	
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**Supplemental to Principle 11**

1. Company has a website disclosing up-to-date information on the following:	<b>COMPLIANT</b>	The Company's website may be accessed via:	
a. Financial statements/reports (latest quarterly)	<b>COMPLIANT</b>	<a href="http://www.topfrontier.com.ph/">http://www.topfrontier.com.ph/</a>  Specifically, the following information may be viewed/downloaded through these links:	
b. Materials provided in briefings to analysts and media	<b>NON-COMPLIANT</b>		While the Company did not conduct briefings to analysts and media in 2019, its major subsidiary, San Miguel Corporation, conducted quarterly investors' briefings in 2019.

c. Downloadable annual report	COMPLIANT	a. Quarterly financial reports	
d. Notice of ASM and/or SSM	COMPLIANT	<a href="https://www.topfrontier.com.ph/index.php/disclosure/inner/4.html">https://www.topfrontier.com.ph/index.php/disclosure/inner/4.html</a>	
e. Minutes of ASM and/or SSM	COMPLIANT	b. Annual reports	
f. Company's Articles of Incorporation and By-Laws	COMPLIANT	<a href="https://www.topfrontier.com.ph/index.php/disclosure/inner/5.html">https://www.topfrontier.com.ph/index.php/disclosure/inner/5.html</a> c. Notices of ASMs <a href="https://www.topfrontier.com.ph/index.php/disclosure/inner/3.html">https://www.topfrontier.com.ph/index.php/disclosure/inner/3.html</a> d. Minutes of ASMs/SSMs <a href="https://www.topfrontier.com.ph/index.php/disclosure/inner/2.html">https://www.topfrontier.com.ph/index.php/disclosure/inner/2.html</a> e. Articles of Incorporation and By-Laws <a href="http://www.topfrontier.com.ph/index.php/sp/about/45.html">http://www.topfrontier.com.ph/index.php/sp/about/45.html</a>	
<b>Additional Recommendation to Principle 11</b>			
1. Company complies with SEC-prescribed website template.	COMPLIANT	The Company complies with SEC-prescribed website template.	
<b>Internal Control System and Risk Management Framework</b>			
<b>Principle 12:</b> To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			

**Recommendation 12.1**

<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<b>COMPLIANT</b>	<p>In compliance with Section 2.2.a.iii [<i>Internal Controls and Enterprise Risk Management</i>] of the Manual,</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf</a></p> <p>the Board adopted the Company's Internal Audit Charter on 10 August 2017.</p> <p>Section I of the Internal Audit Charter provides that the Company has in place an Internal Auditing activity ("TF Group Audit"), that aims to "provide independent and objective assurance and consulting services designed to add value and improve the operations of the Company and its subsidiaries."</p> <p>Section II of the Internal Audit Charter provides that TF Group Audit shall "assist the Company in accomplishing its goals and objectives by bringing a systematic and disciplined approach to evaluate and improve the adequacy and effectiveness of the Company's risk management, control, and governance processes."</p>	
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		<p>Section V of the Internal Audit Charter enumerates the responsibilities of the TF Group Audit, which includes, among others, the review audit and assessment of the efficiency and effective of internal control system of all areas of the Company.</p> <p>Section V, Item (vii) of the Internal Audit Charter provides that the Internal Audit Group Head shall submit an annual report on the Internal Audit Group's activities, responsibilities and performance.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHI_InternalAuditCharter10Aug2017FINAL_8.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHI_InternalAuditCharter10Aug2017FINAL_8.pdf</a></p>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	<b>COMPLIANT</b>	<p>Section V of the Internal Audit Charter provides that the "scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives." The specific responsibilities and functions of the TF Group Audit and the Internal Group Head are also set forth in the same Section V of the Internal Audit Charter.</p>	

		<p>Section VII of the Internal Audit Charter provides that "at least annually, the Internal Audit Group Head will submit to Senior Management and the Audit and Risk Oversight Committee, which Committee shall endorse to the Board an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next year."</p> <p>Further Section VI of the Internal Audit Charter mandates that the "TF Group Audit will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (the "Standards"). The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, TF Group Audit will adhere to the Company's relevant policies and procedures and the internal audit activity's standard operating procedures manual."</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHI_InternalAuditCharter10Aug2017FINAL_8.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHI_InternalAuditCharter10Aug2017FINAL_8.pdf</a></p>	
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		<p>The Company's existing risk management policies are established to identify and analyze the risks faced by the Company and its subsidiaries, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. The Major Business Risks for the Company have been identified in its SEC Form 17-A, specifically pages 30-32 thereof, together with the risk management strategies adopted by the Management to address the same.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p> <p>Risk management system is reviewed annually. The directors' criteria for assessing its effectiveness of the risk management system are whether such risk management policies reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.</p>	
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**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.	<b>NON-COMPLIANT</b>		<p>The Company's Code of Ethics states that an employee should exercise corporate citizenship and protect the corporate interest by conducting business affairs in fairness, honesty and in compliance with the law.</p> <p><a href="http://www.topfrontier.com.ph/index.php/sp/page/34.html">http://www.topfrontier.com.ph/index.php/sp/page/34.html</a></p> <p>The Company believes that the objective of achieving superior business results is consistent with the commitment to conduct business in a lawful and responsible manner. All employees are expected and directed to comply with all laws and applicable regulations, and to conduct business in accordance with the highest standards of business ethics. It is every employee's responsibility to know and to understand legal and policy requirement as they apply the same to their task, and to notify management when they believe a violation of law or a Company policy has been committed.</p>
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**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.			
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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.	<b>COMPLIANT</b>	<p>The TF Group Audit is an in-house function providing independent and objective assurance and consulting services.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHI_InternalAuditCharter10Aug2017FINAL_8.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHI_InternalAuditCharter10Aug2017FINAL_8.pdf</a></p>	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	<b>COMPLIANT</b>	<p>Mr. Ramon R. Bantigue is the Internal Audit Group Head, as reported in page 3 of the GIS, page 8 of the Definitive Information Statement, and page 35 of the SEC Form 17-A.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/GIS/TFHI_GIS2019asfiledwithSEC24July2019_3.pdf</a></p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf</a></p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a></p> <p>His responsibilities are set forth in Section V of the Internal Audit Charter.</p>	

		<a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHI_InternalAuditCharter10Aug2017FINAL_8.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHI_InternalAuditCharter10Aug2017FINAL_8.pdf</a>	
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.	<b>COMPLIANT</b>	<p>Page 3 of the Internal Audit Charter states that the Internal Audit Group Head shall oversee and be responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHI_InternalAuditCharter10Aug2017FINAL_8.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHI_InternalAuditCharter10Aug2017FINAL_8.pdf</a></p>	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	<b>COMPLIANT</b>	Not applicable because the TF Group Audit is an in-house function.	
<b>Recommendation 12.4</b>			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	<b>NON-COMPLIANT</b>		<p>The risk management function of the Company is performed by the Audit and Risk Oversight Committee.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFAuditandRiskOversightCommitteeCharterFINAL12July2017_5.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFAuditandRiskOversightCommitteeCharterFINAL12July2017_5.pdf</a></p>
<b>Supplement to Recommendation 12.4</b>			
1. Company seeks external technical support in risk management when such competence is not available internally.	<b>NON-COMPLIANT</b>		The Compliance Officer hereby attests that the Company has available internal technical support in risk management. As

			such, there was no need to outsource the same to an external provider.
<b>Recommendation 12.5</b>			
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).	<b>NON-COMPLIANT</b>		<p>Page 7 of the Manual states that "[i]n managing the Corporation's ERM system, the Corporation shall consider having a Chief Risk Officer (CRO)..."</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p>As the Company is still in the process of establishing a formal ERM framework, a Chief Risk Officer has not yet been appointed.</p>
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	<b>NON-COMPLIANT</b>		Please see response above.
<b>Additional Recommendation to Principle 12</b>			
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.	<b>COMPLIANT</b>	The Corporate Secretary attests that during the 12 March 2020 Regular Meeting of the Board of Directors, after a report was rendered that the 2019 Internal Audit of the Company was satisfactorily completed and that internal control are substantially in place and working as needed, the Chief Executive Officer and Chief Audit Executive attested in writing, and the Board of Directors confirmed and certified, that a sound internal audit,	

		control and compliance system is in place and working effectively.	
<b>Cultivating a Synergic Relationship with Shareholders</b>			
<b>Principle 13:</b> The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
<b>Recommendation 13.1</b>			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	<b>COMPLIANT</b>	Section 5.1 [ <i>Investors' Rights and Protection</i> ] of the Manual sets forth the shareholders' rights.  <a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf</a>	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	<b>COMPLIANT</b>	Please see response above.	
<b>Supplement to Recommendation 13.1</b>			
1. Company's common share has one vote for one share.	<b>COMPLIANT</b>	As set out in pages 4 and 32 of the Definitive Information Statement, the Company's common shares carry one vote per share. In case of election of directors, cumulative voting shall be adopted in the manner set out in page 4 of the Definitive Information Statement.  <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf</a>	

<p>2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.</p>	<p><b>COMPLIANT</b></p>	<p>1) Article Seventh of the Company's Articles of Incorporation states that the authorized capital stock of the Company is Php1Billion, divided into 7,400,000 common shares (with par value of Php1.00 per share) and 2,600,00 preferred shares (with par value of Php100.00 per share).</p> <p>2) The features of the preferred shares, on the other hand, are set forth in Article Seventh of the Company's Articles of Incorporation.</p> <p><a href="http://www.topfrontier.com.ph/index.php/sp/about/45.html">http://www.topfrontier.com.ph/index.php/sp/about/45.html</a></p> <p>3) Page 4 of the Definitive Information Statement provides the holders of common shares have the right to vote on all matters requiring stockholders' approval; while holders of preferred shares shall not be entitled to vote except in matters provided for in the Corporation Code.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20%20IS/TFHI_Definitive%2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20 IS/TFHI Definitive S2019asfiledwiththeSECdated30May2019_2.pdf</a></p>	
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		<p>4) The rights of all the shareholders of the Company are set forth in Section 5.1 of the Manual.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p>	
3. Board has an effective, secure, and efficient voting system.	<b>COMPLIANT</b>	<p>The Corporate Secretary of the Company certifies that, in Board meetings, the Board votes by motion and by show of hands.</p> <p>For stockholders' meetings, page 32 of the Definitive Information Statement provides that shareholders via viva voce, unless a motion to cast votes by ballot is made and duly seconded, and approved by the majority of the shareholder present or represented at the meeting, as the method of voting for any or all of the proposals or matters submitted to a vote at the meeting.</p> <p>Counting of the votes will be done by the Corporate Secretary or Assistant Corporate Secretary with the assistance of the independent directors and the Company's stock transfer agent.</p>	

		<a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveS2019asfiledwiththeSECdated30May2019_2.pdf</a>	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	<b>NON-COMPLIANT</b>		<p>The existing shareholder voting mechanism of the Company respects the rights of shareholders and minority interests. Section 5.1.b [Voting Right] of the Manual sets out the right of shareholders to nominate, elect, remove and replace directors and states that a director shall not be removed without cause if it will deny minority shareholders representation in the Board.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf</a></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.	<b>COMPLIANT</b>	<p>Article II, Section 2 of the By-Laws of the Company provides that special meetings of stockholders, for any purpose or purposes, may at any time be called by any of the following: a) Board of Directors, at its own instance, b) at the written request of stockholders representing a majority of outstanding capital stock, or c) the President of the Company.</p> <p><a href="http://www.topfrontier.com.ph/index.php/sp/about/45.html">http://www.topfrontier.com.ph/index.php/sp/about/45.html</a></p>	



		<p>Section 5.1 (e)(vi) of the Manual grants minority shareholders the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided that the items are for legitimate business purposes, and in accordance with law, jurisprudence, and best practices.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p>	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	<b>COMPLIANT</b>	<p>The Board is committed to respect the rights of the shareholders and minority interests. The rights of minority shareholders are set forth in Section 5.1 (e)(v) and (vi) of the Manual.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p>	
7. Company has a transparent and specific dividend policy.	<b>COMPLIANT</b>	<p>Article VI, Section 3 of the Company's By-laws and Section 5.1 (f) of the Manual set out when dividends are declared and paid by the Company.</p> <p><a href="http://www.topfrontier.com.ph/index.php/sp/about/45.html">http://www.topfrontier.com.ph/index.php/sp/about/45.html</a></p>	

[http://www.topfrontier.com.ph/smc\\_files/corporate\\_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf](http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf) 4.pdf

The Corporate Secretary hereby attests that dividends may be declared at the discretion of the Board and will depend upon the future results of operations and general financial condition, capital requirements, its ability to receive dividends and other distributions and payments from its subsidiaries, foreign exchange rates, legal, regulatory and contractual restrictions, loan obligations and other factors the Board may deem relevant.

On pages 33 and 34 of the SEC Form 17-A, the Company disclosed that: (i) in 2019, the Company approved the declaration and payment of the following cash dividends for preferred shares as follows:

Date of Declaration	Date of Record	Date of Payment	Dividend per Share
14 Mar 2019	14 Mar 2019	15 Mar 2019	P279.00
09 May 2019	09 May 2019	10 May 2019	P279.00
08 Aug 2019	08 Aug 2019	09 Aug 2019	P139.50
13 Nov 2019	13 Nov 2019	4 Nov 2019	P279.00

		<a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/17_A/TFHI_SECForm17AAmendedAnnualReportasfiled30June2020_2.pdf</a>  and (ii) there were no cash dividends declared and paid by the Company for common shares in 2019.	
<b>Optional: Recommendation 13.1</b>			
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.	<b>COMPLIANT</b>	<p>For the 2019 Annual Stockholders Meeting (09 July 2019), page 2 of the Definitive Information Statement provide that the Information Statement and Proxy are first to be sent to the stockholder approximately on 31 May 2019.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf</a></p> <p>The Notice for the Company's 2019 Annual Stockholders' Meeting, which includes the agenda therefor, may be accessed via:</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/NoticeofStockholdersMeeting/TFHI_NoticeofStockholdersMeetingon9July2019_1.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/NoticeofStockholdersMeeting/TFHI_NoticeofStockholdersMeetingon9July2019_1.pdf</a></p>	
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**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)	<b>COMPLIANT</b>	<p>The profiles of the Company's directors are set forth on pages 9-11 of the Definitive Information Statement.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveIS2019asfiledwiththeSECdated30May2019_2.pdf</a></p>	

b. Auditors seeking appointment/re-appointment	<b>COMPLIANT</b>	See page 14 of the Definitive Information Statement.  <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveS2019asfiledwiththeSECdated30May2019_2.pdf</a>	
c. Proxy documents	<b>COMPLIANT</b>	The Proxy Form has been included right after the signature page (page 32) of the Definitive Information Statement.  <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveS2019asfiledwiththeSECdated30May2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/20_IS/TFHI_DefinitiveS2019asfiledwiththeSECdated30May2019_2.pdf</a>	
<b>Optional: Recommendation 13.2</b>			
1. Company provides rationale for the agenda items for the annual stockholders meeting			
<b>Recommendation 13.3</b>			
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.	<b>NON-COMPLIANT</b>		The Company complies with the SEC requirement on the posting of the draft minutes of the Annual Stockholders Meeting (which includes the results of the votes taken therein) within 5 business days from the date of the meeting.  <a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/MinutesStockholdersMeeting/TFHI_DraftAnnualStockholdersMinutes09July2019withAnnexes_5.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/MinutesStockholdersMeeting/TFHI_DraftAnnualStockholdersMinutes09July2019withAnnexes_5.pdf</a>

			<p>The reports on the results of the 2019 Annual Stockholders Meeting and Organizational Board Meeting may be accessed at:</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/AnnualStockholdersMeeting/TFHI_ResultsofAnnualStockholdersMeeting09July2019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/AnnualStockholdersMeeting/TFHI_ResultsofAnnualStockholdersMeeting09July2019_2.pdf</a></p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2019/AnnualStockholdersMeeting/TFHI_ResultsofOrganizationalMeetingofBOD09July2019_1.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2019/AnnualStockholdersMeeting/TFHI_ResultsofOrganizationalMeetingofBOD09July2019_1.pdf</a></p> <p>The Minutes of the 2019 Annual Stockholders' Meeting of the Company (which includes the results of the votes taken therein), as approved by the stockholders during the 2020 Annual Stockholders' Meeting, may be accessed via:</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/MinutesStockholdersMeeting/TFHI_2019MinutesofAnnualStockholdersMeetingJuly92019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/MinutesStockholdersMeeting/TFHI_2019MinutesofAnnualStockholdersMeetingJuly92019_2.pdf</a></p>
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	<b>COMPLIANT</b>	Please see previous response.	

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.	<b>COMPLIANT</b>	The Corporate Secretary hereby attests that the partners and associates of the external auditor, R.G. Manabat & Co., CPAs, in-charge of the audit of the Company, the Company officers, and representatives of the SMC Stock Transfer Service Corporation were present during the 2019 Annual Stockholders' Meeting of the Company.	
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.	<b>COMPLIANT</b>	To resolve intra-corporate disputes in an amicable and effective manner, the Office of the Corporate Secretary addresses concerns of stockholders and potential disputes between the Company and stockholders.	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	<b>COMPLIANT</b>	<p>Section 5.1 (h) of the Manual provides that the Office of the Corporate Secretary addresses concerns of stockholders and potential disputes between the Company and stockholders.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p>	

Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	<b>COMPLIANT</b>	<p>The Investment Relations Officer of the Company is Ms. Maria Rosario B. Balanza. Her contact details are as follows:</p> <p>Telephone: (632) 86323431  E-mail address:  <a href="mailto:mrbalanza@topfrontier.com.ph">mrbalanza@topfrontier.com.ph</a></p>	
2. IRO is present at every shareholder's meeting.	<b>COMPLIANT</b>	<p>The IRO was present during the 2019 Annual Stockholders' Meeting of the Company as reflected in the minutes of the said meeting.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/MinutesStockholdersMeeting/TFHI_2019MinutesofAnnualStockholdersMeetingJuly92019_2.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/MinutesStockholdersMeeting/TFHI_2019MinutesofAnnualStockholdersMeetingJuly92019_2.pdf</a></p>	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	<b>COMPLIANT</b>	<p>The Corporate Secretary hereby attests that there are no anti-takeover measures employed by the Company and no shareholder agreements, voting trust agreements or other agreements that may impact the control, ownership, and strategic direction of the Company are in place.</p> <p>Moreover, the existing shareholder voting mechanism of the Company respects the rights of shareholders and minority interests. Section 5.1 (b) [Voting Right] of the Manual sets out</p>	



		<p>the right of shareholders to nominate, elect, remove and replace directors and states that a director shall not be removed without cause if it will deny minority shareholders representation in the Board.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p>	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	<b>NON-COMPLIANT</b>		<p>The Company's public float as of 31 December 2019 is 11.98%.</p> <p><a href="https://www.topfrontier.com.ph/smc_files/disclosure/2020/PublicOwnershipReport/TFHLPublicOwnershipReportasof31December2019_1.pdf">https://www.topfrontier.com.ph/smc_files/disclosure/2020/PublicOwnershipReport/TFHLPublicOwnershipReportasof31December2019_1.pdf</a></p> <p>The Company complies with the current Minimum Public Ownership requirement of the SEC and the PSE.</p>
<b>Optional: Principle 13</b>			
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

<p>1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.</p>	<p><b>COMPLIANT</b></p>	<p>Section 5.2 (a) of the Manual states that "Stakeholders in corporate governance include, but are not limited to, customers, employees, suppliers, shareholders, investors, creditors, the community the Corporation operates in, society, the government, regulators, competitors, external auditors, among others."</p> <p>Section 5.2 of the Manual further provides the Company's duties to its stakeholders.</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf</p> <p>The Company has existing policies on:</p> <ul style="list-style-type: none"> <li>- Code of Conduct and Ethics</li> </ul> <p><a href="http://www.topfrontier.com.ph/index.php/sp/page/34.html">http://www.topfrontier.com.ph/index.php/sp/page/34.html</a></p> <ul style="list-style-type: none"> <li>- Conflict of Interest</li> </ul> <p><a href="http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Conflict%20of%20Interest%20(10%20Nov%202014).pdf">http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Conflict%20of%20Interest%20(10%20Nov%202014).pdf</a></p>	
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		<ul style="list-style-type: none"> <li>- Policy on Whistle-Blowing <a href="http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Whistle%20Blowing%20(10%20Nov%202014).pdf">http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Whistle%20Blowing%20(10%20Nov%202014).pdf</a></li> <li>- Policy on Health, Safety and Welfare, and Training of Employees <a href="http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Health,%20Safety%20&amp;%20Welfare,%20and%20Training%20(excerpts%20from%20Employee%20Manual)%20(10%20Nov%202014).pdf">http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Health,%20Safety%20&amp;%20Welfare,%20and%20Training%20(excerpts%20from%20Employee%20Manual)%20(10%20Nov%202014).pdf</a></li> <li>- Policy on Related Party Transactions <a href="http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Related%20Party%20Transactions%20(10%20Nov%202014).pdf">http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Related%20Party%20Transactions%20(10%20Nov%202014).pdf</a></li> <li>- Material RPT Policy <a href="https://www.topfrontier.com.ph/smc_files/corporate_files/Related_Party_Transactions/TFHI_PolicyonMaterialRelatedPartyTransactionsasfiledwithSECon03Oct2019.pdf">https://www.topfrontier.com.ph/smc_files/corporate_files/Related_Party_Transactions/TFHI_PolicyonMaterialRelatedPartyTransactionsasfiledwithSECon03Oct2019.pdf</a></li> <li>- Policy on Dealing in Securities <a href="http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Dealings%20in%20Securities%20(10%20Nov%202014).pdf">http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Dealings%20in%20Securities%20(10%20Nov%202014).pdf</a></li> </ul>	
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		<p>- Personal Data Privacy Policy</p> <p><a href="http://www.topfrontier.com.ph/smc_files/disclosure/2017/OtherDisclosures/TFHI%20PersonalDataPrivacyPolicy10May2017_5.pdf">http://www.topfrontier.com.ph/smc_files/disclosure/2017/OtherDisclosures/TFHI PersonalDataPrivacyPolicy10May2017_5.pdf</a></p>	
<b>Recommendation 14.2</b>			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	<b>COMPLIANT</b>	Please see response above.	
<b>Recommendation 14.3</b>			
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.	<b>COMPLIANT</b>	<p>Stakeholders may bring their concerns and/or complaints to the Company's Investment Relations Officer, Ms. Maria Rosario B. Balanza. Her contact details are as follows:</p> <p>Telephone: (632) 8632-3431 E-mail address: <a href="mailto:mrbalanza@topfrontier.com.ph">mrbalanza@topfrontier.com.ph</a></p> <p>The Company's Policy on Whistle-Blowing may be viewed at its website at:</p> <p><a href="http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Whistle%20Blowing%20(10%20Nov%202014).pdf">http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Whistle%20Blowing%20(10%20Nov%202014).pdf</a></p>	

**Supplement to Recommendation 14.3**

<p>1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.</p>	<b>COMPLIANT</b>	<p>Section 5.1 (h) [<i>Alternative Dispute Resolution for Intra-Corporate Disputes</i>] of the Manual states that: "The Office of the Corporate Secretary addresses concerns of stockholders and potential disputes between the Corporation and stockholders."</p> <p><a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf_4.pdf</a></p> <p>With respect to disputes between the Company and third parties, the Company, through the Office of the General Counsel of San Miguel Corporation, has adopted standard contracts some of which incorporate dispute resolution methods outside the courts, primarily through arbitration, either local or international. The Board designated corporate officers to amicably settle disputes with third parties, who may or may not be counterparties to a contract.</p> <p>With respect to disputes between the Company and regulatory authorities and/or other stakeholders, the Compliance Officer and representatives duly authorized by the Board, are tasked to appear before said regulatory authorities, and/or represent the Company in any forum</p>	
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		or venue in connection with any dispute with stakeholders. The Company, as a matter of policy, exhausts all possible means to amicably settle potential disputes with regulatory authorities and/or other stakeholders by responding to official queries and complying with directives as may be necessary and appropriate.	
<b>Additional Recommendations to Principle 14</b>			
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.	<b>COMPLIANT</b>	The Corporate Secretary hereby attests that the Company did not seek any exemption from the application of a law, rule or regulation relating to a corporate governance issue in 2019.	
2. Company respects intellectual property rights.	<b>COMPLIANT</b>	The Corporate Secretary hereby attests that the Company complies with the provisions of applicable laws, rules and regulations on intellectual property rights. The Company has not been the subject of suit or controversy where it has been alleged to infringe on the intellectual property rights of third parties.	

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.	<b>COMPLIANT</b>	<p>The Company has existing policies and programs for employees covering, among others, the following: (a) health, safety and welfare; (b) training and development; and (c) reward/compensation for employees, to encourage employees to perform better and motivate them to take a more dynamic role in the Company.</p> <p><a href="http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Health,%20Safety%20&amp;%20Welfare,%20and%20Training%20(excerpts%20from%20Employee%20Manual)%20(10%20Nov%202014).pdf">http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Health,%20Safety%20&amp;%20Welfare,%20and%20Training%20(excerpts%20from%20Employee%20Manual)%20(10%20Nov%202014).pdf</a></p>	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	<b>COMPLIANT</b>	<p>The Company is guided by the following principles in the design of the salaries and wages of its employees:</p> <p><i>Internal Equity</i></p> <p>The principle creates a hierarchy where positions are valued or equated based on comparable work, responsibility and output. Jobs with</p>	

		<p>more complex content and greater accountability receive commensurably higher pay. The Company utilizes a job evaluation system to ensure the foregoing.</p> <p><i>External Competitiveness</i></p> <p>The Company's pay scale is competitive with those of comparable companies in the business community. The objective of this principle is to attract external candidates and promote employee retention.</p> <p><i>Business Affordability</i></p> <p>Salary structures while affected by the need to be externally competitive are still anchored on the Company's financial capability to pay in order to achieve business performance and continued operations. This principle reinforced the thinking that the Company's ability to improve salaries and wages is largely dependent on its bottom-line to which every employee has a personal contribution to make. The principle promotes a personal stake from each employee to improve the Company's business performance.</p> <p><i>Performance-based</i></p> <p>The Company believes that good performance must be appropriately rewarded. There is a tight link between</p>	
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		<p>the Company's Performance Management System and its rewards systems. This principle supports the value of teamwork since employees are measured not only in their individual performance but also in the performance of their team, encouraging them to have an active concern for those in the team.</p> <p><i>Non-financial Rewards</i></p> <p>The Company uses alternative forms of recognition to reward performance. The different business units are encouraged to develop programs such as citations, awards, performance feedback and mentoring to guide good performers.</p>	
2. Company has policies and practices on health, safety and welfare of its employees.	<b>COMPLIANT</b>	<p>Excerpts from the Employee Manual regarding the Company Policy and Data Relating to Health, Safety and Welfare, and Training of Employees are disclosed on its website at:</p> <p><a href="http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Health,%20Safety%20&amp;%20Welfare,%20and%20Training%20(excerpts%20from%20Employee%20Manual)%20(10%20Nov%202014).pdf">http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Health,%20Safety%20&amp;%20Welfare,%20and%20Training%20(excerpts%20from%20Employee%20Manual)%20(10%20Nov%202014).pdf</a></p>	
3. Company has policies and practices on training and development of its employees.	<b>COMPLIANT</b>	Please see previous response.	

**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.	<b>COMPLIANT</b>	<p>The Company's Code of Conduct and Ethics establishes the fundamental standards of conduct and values consistent with the principles of good governance and business ethics.</p> <p><a href="http://www.topfrontier.com.ph/index.php/sp/page/34.html">http://www.topfrontier.com.ph/index.php/sp/page/34.html</a></p> <p>The Company believes that the objective of achieving superior business results is consistent with the commitment to conduct business in a lawful and responsible manner. All employees are expected and directed to comply with all laws and applicable regulations, and to conduct business in accordance with the highest standards of business ethics. This includes compliance with applicable laws, rules and regulations on bribery and corruption. It is every employee's responsibility to know and to understand legal and policy requirement as they apply the same to their task, and to notify management when they believe a violation of law or a Company policy has been committed.</p>	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	<b>COMPLIANT</b>	<p>The undersigned Compliance Officer hereby attests that the Code of Ethics was properly disseminated to all directors, senior management and employees. All employees of the</p>	

		Company are provided a copy of the Code of Conduct and Ethics and are required to acknowledge receipt of the same.	
<b>Supplement to Recommendation 15.2</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	<b>COMPLIANT</b>	<p>The Company believes that the objective of achieving superior business results is consistent with the commitment to conduct business in a lawful and responsible manner. All employees are expected and directed to comply with all laws and applicable regulations, and to conduct business in accordance with the highest standards of business ethics. It is every employee's responsibility to know and to understand legal and policy requirement as they apply the same to their task, and to notify management when they believe a violation of law or a Company policy has been committed.</p> <p>Employees must refuse to grant personal favors, or decline any gift or benefit, that may compromise the independence of the Company, create a sense of obligation on its part or potentially influence its business judgment. Employees who fail to comply with the standards and abide by the value set forth in the Code of Conduct and Ethics shall be subject to disciplinary action, including</p>	

		<p>termination, as the Company may deem appropriate to the nature of the violation, without prejudice to the Company's right to avail of criminal and/or civil remedies available to it under the law.</p> <p><a href="http://www.topfrontier.com.ph/index.php/sp/page/34.html">http://www.topfrontier.com.ph/index.php/sp/page/34.html</a></p>	
<b>Recommendation 15.3</b>			
<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>	<b>COMPLIANT</b>	<p>The Company's Policy on Whistle-Blowing may be viewed at its website at:</p> <p><a href="http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Whistle%20Blowing%20(10%20Nov%202014).pdf">http://www.topfrontier.com.ph/images/TF%20Policy%20on%20Whistle%20Blowing%20(10%20Nov%202014).pdf</a></p> <p>The said policy aims to protect the whistle-blower from retribution or retaliation.</p> <p>All concerns relating to accounting, internal accounting controls or auditing matters may be communicated and addressed to:</p> <p>Compliance Officer Top Frontier Investment Holdings, Inc. 5<sup>TH</sup> Floor, ENZO Building, No. 399 Sen. Gil Puyat Ave., Makati City 1200</p>	

		<p>Should the concerns relating to accounting, internal accounting or auditing matters involve the Compliance Officer, such may be communicated and addressed to:</p> <p>President Top Frontier Investment Holdings, Inc. 5<sup>TH</sup> Floor, ENZO Building, No. 399 Sen. Gil Puyat Ave., Makati City 1200</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.	<b>COMPLIANT</b>	Please see previous response.	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	<b>COMPLIANT</b>	Under Section 5.2 (g) of the Manual [ <i>Duties to Stakeholders</i> ] and in Section 2.4 (j) [ <i>Whistle-blowing Policy</i> ] of the Board Charter, "The Corporation shall establish and maintain a whistleblowing policy that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to a unit tasked to handle whistleblowing concerns. The Board shall be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement."	

		<a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf  <a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TF_Board_Charter_10July2018_FINAL.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TF_Board_Charter_10July2018_FINAL.pdf</a>	
<b>Principle 16:</b> 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.			
<b>Recommendation 16.1</b>			
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.	<b>COMPLIANT</b>	Pursuant to Sections 5.2 (h) and 5.2 (i) of the Manual,  <a href="http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf">http://www.topfrontier.com.ph/smc_files/corporate_files/TFHIAmendedManualonCorporateGovernanceasfiledwithSEC31May2017.pdf</a> 4.pdf  the Company recognizes that it has a responsibility not just to employees but also to the communities where its businesses operate. As a socially responsible corporate citizen, the Company believes that it must provide the employees' family and surrounding communities opportunities to develop values of self-reliance.  The corporate social responsibility initiatives of the Company are disclosed on its website at:	

		<a href="http://www.topfrontier.com.ph/index.php/sp/page/36.html">http://www.topfrontier.com.ph/index.php/sp/page/36.html</a>	
<b>Optional: Principle 16</b>			
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			

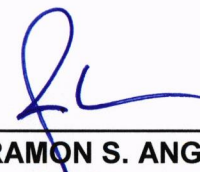
*[Signature page follows]*

Pursuant to the requirements of SEC Memorandum Circular No. 15, Series of 2017, this Integrated Annual Corporate Governance Report (I-ACGR) for 2019 is signed on behalf of **TOP FRONTIER INVESTMENT HOLDINGS, INC.** by the undersigned, thereunto duly authorized, this AUG 6 2020 in Mandaluyong City, Metro Manila, Philippines.

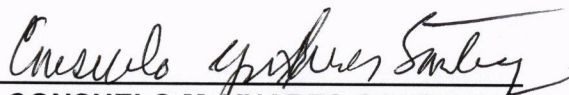
#### SIGNATURES



**IÑIGO U. ZOBEL**  
Chairman of the Board



**RAMON S. ANG**  
President and Chief Executive Officer



**CONSUELO M. YNARES-SANTIAGO**  
Independent Director



**MINITA V. CHICO-NAZARIO**  
Independent Director



**TERESITA J. LEONARDO-DE CASTRO**  
Independent Director



**VIRGILIO S. JACINTO**  
Corporate Secretary and  
Compliance Officer




**SUBSCRIBED AND SWORN** to before me this AUG 6 2020, in Mandaluyong City, Metro Manila, Philippines, affiants exhibiting to me their Competent IDs, as follows:

<u>Name</u>	<u>Philippine Passport No.</u>	<u>Date / Place of Issue</u>
Iñigo U. Zobel	P2624337A	07-Apr-2017 / DFA Manila
Ramon S. Ang	P4589066A	02-Oct-2017 / DFA Manila
Consuelo M. Ynares-Santiago	P9683307A	23-Nov-2018 / DFA Manila
Minita V. Chico-Nazario	P0931027B	06-Mar-2019 / DFA Manila
Teresita J. Leonardo-De Castro	P3540390B	16-Oct-2019 / DFA Manila
Virgilio S. Jacinto	P3157226B	12-Sep-2019 / DFA NCR-East

Doc No.: 17;  
Page No.: 1;  
Book No.: ✓;  
Series of 2020.



  
PAULA KATHERINA A. GAN  
Commission No. 0308-19  
Notary Public for Mandaluyong City  
Until December 31, 2020  
SMC, 40 San Miguel Ave., Mandaluyong City  
Roll No. 55988  
PTR No. 4324707; 01/07/20; Mandaluyong City  
IBP Lifetime Number No. 013353; 02/05/15, QC  
MCLE Compliance No. VI-0019930; 04/14/22; Pasig City