



CORPORATE GOVERNANCE 2019

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OUR COMPANY

DMCI Holdings, Inc. (the “Company”) was incorporated on March 8, 1995 as a holding company to consolidate all construction business, construction component companies and related interests of the Consunji Family. It was listed on the Philippine Stock Exchange on December 18, 1995.

In only a few years after incorporation, the Company has expanded its business organization to include four major subsidiaries, namely: D.M. Consunji, Inc. (DMCI), DMCI Project Developers, Inc. (PDI), Semirara Mining and Power Corporation (SMPC), DMCI Power Corporation (DMCI Power), and DMCI Mining Corporation (DMCI Mining).

Vision

We are the leading integrated engineering and management conglomerate in the Philippines. Through our investments, we are able to do the following:

- Deliver exceptional shareholder value
- Motivate and provide employees with opportunities and just rewards to achieve their full potential
- Cultivate progress in remote areas, unserved markets and growth industries
- Integrate sustainable development with superior business results through principled contracting and innovative engineering

Mission

To invest in engineering and construction-related businesses that bring real benefits to people and the country.

Values

- Integrity
- Fairness
- Customer Focus
- Teamwork
- Accountability
- Innovation
- Sustainability (safety, environment, citizenship, governance)

Corporate Strategy

- We choose industries that allow us to leverage our engineering and management expertise and construction resources, while promoting development.
- We engage and retain our employees by investing in skills development and career opportunities.
- We pursue businesses with unrealized value that could be unlocked through innovative engineering and management.
- We manage our businesses in accordance with relevant government standards on environment, safety, quality and corporate governance practices.

OUR BOARD OF DIRECTORS

Our Board of Directors (Board) and Management commit to promoting transparency and fairness within financial markets, while supporting the efficient allocation of resources.

They ensure that our corporate governance framework is in accordance with legislation, regulation, self-regulatory arrangements, voluntary commitments and ethical business practices.

| BOARD OF DIRECTORS FY 2019 – 2020 | |
|--|--|
| ISIDRO A. CONSUNJI | Chairman and President |
| CESAR A. BUENAVENTURA | Vice Chairman |
| HERBERT M. CONSUNJI | Director / Executive Vice President /Chief Finance Officer / Chief Compliance Officer / Chief Risk Officer |
| JORGE A. CONSUNJI | Director |
| MA. EDWINA C. LAPERAL | Director / Treasurer |
| MARIA CRISTINA C. GOTIANUN | Director / Assistant Treasurer |
| LUZ CONSUELO A. CONSUNJI | Director |
| ANTONIO JOSE U. PERIQUET | Lead Independent Director |
| HONORIO O. REYES-LAO | Independent Director |

GOOD GOVERNANCE

We believe that good corporate governance helps ensure financial stability and sustainable growth. Having a well-established system of rules, practices and processes allows us to balance the varying interests of our stakeholders with the long-term goals of our organization.

We strive to build a strong compliance mindset among our Officers, employees, subsidiaries and affiliate by promptly apprising them of compliance requirements and procedures.

Regular consultations are also done across the DMCI group to facilitate alignment and understanding of our Company's corporate governance practices.

We comply with the regulatory and reportorial requirements of the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE).

Effective 22 May 2017, the Company adopted the Code of Corporate Governance for Publicly Listed Companies ("CG Code for PLCs") of SEC. The CG Code for PLCs adopts a "comply or explain" approach that combines voluntary compliance with mandatory disclosures. This is to raise the corporate governance standards of the PLCs to a level at par with regional and global counterparts.

The SEC Memorandum Circular No. 15, Series of 2017 mandates all listed companies to submit the Integrated Annual Corporate Governance Report (IACGR) every 30th of May of the following year for every year that the company remains listed. This is to facilitate the disclosures of PLCs compliance/non-compliance with the recommendations provided under the CG Code for PLCs, which follows the "comply or explain" approach, and to harmonize the corporate governance requirements of the SEC and PSE.

The Company was recognized for its corporate governance policies and practices by the Institute of Corporate Directors. In June 11, 2019, DMCI Holdings, Inc. was conferred a 2-Golden Arrow award for achieving a score of 91.67 points based on the 2018 ASEAN Corporate Governance Scorecard assessment of publicly-listed companies (PLCs) in the Philippines by the ICD.

Statement of Compliance with Corporate Governance

For the calendar year 2019, the Chief Compliance Officer attested to and certified that the Company has substantially complied with the provisions of its Manual on Corporate Governance for Publicly-listed Companies, as prescribed by SEC Memorandum Circular No. 19 Series of 2016. Non-compliances are due to the organization's business size, strategies and board structure that are being identified and explained and disclosed in the Company's Integrated Annual Corporate Governance Report (IACGR).

Disclosures

To protect our shareholders and contribute to the development of the Philippine capital market, we promptly disclose structured and non-structured reports and material information about our Company.

Nature of Company Disclosures

- Board Attendance and Changes
- Annual and Quarterly Financial Reports
- Change in Shareholdings of Directors, Principal Officers and Beneficial Owners
- Information Statement
- Dividend Notice
- General Information Sheet
- Notice of Annual/Special Stockholders' Meeting
- List of Top 100 Stockholders
- Compliance Reports on Corporate Governance
- Public Ownership Report
- Other material information/transactions

Transactions involving the trading of our shares by our Directors and Officers are disclosed and reported to the PSE and SEC within three (3) trading days, which is stricter than the prescribed reporting period of five (5) trading days.

Compliance Officer

The Board has designated Executive Vice President and Chief Finance Officer Herbert M. Consunji as Chief Compliance Officer to ensure adherence to corporate governance principles, best practices, the SEC CG Code for PLCs and our Company's Manual on Corporate Governance.

RIGHTS OF SHAREHOLDERS

We recognize that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore, the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the Company and all its investors.

Right to Dividends

Shareholders have the primary financial right to participate in our profits, and we are fully committed to upholding this right by providing them reasonable economic returns on their stock investments.

Our policy aims for a dividend payout ratio of at least 25 percent of the preceding year's Consolidated Core Net Income.

Consolidated Core Net Income is currently defined as reported net income excluding all foreign exchange, mark-to-market gains and losses and non-recurring items.

Since 2006, our total dividend payout has amounted to 62 billion, which makes us one of the best dividend-paying companies in the Philippines.

From time to time, we may declare special dividends as a return of excess funds to our shareholders, as determined by the Board of Directors.

Cash Dividend

On 10 April 2019, the Board declared regular and special cash dividends of P0.28 and P0.20 respectively, for a combined dividend of P0.48 per common share.

The payout totaled P6.4 billion out of the unrestricted retained earnings of the Company as of 5 March 2019 in favor of the common stockholders of record as of 29 April 2019.

All shareholders were treated equitably in the payout of dividends, and were fully paid the declared cash dividends within thirty (30) days from the declaration date.

CASH DIVIDEND HISTORY

| Dividend Type | Amount/share | Declaration Date | Payment Date | Record Date | Total Amount |
|---------------|--------------|-------------------|-------------------|-------------------|--------------------------|
| Regular | P 0.10/share | June 15, 2006 | July 20, 2006 | 30-Jun-06 | 245,549,400.00 |
| Regular | P 0.10/share | April 03, 2007 | May 28, 2007 | 30-Apr-07 | 245,549,400.00 |
| Regular | P 0.10/share | April 24, 2008 | May 30, 2008 | 12-May-08 | 265,549,400.00 |
| Regular | P 0.20/share | May 21, 2009 | June 30, 2009 | 5-Jun-09 | 531,098,800.00 |
| Regular | P 0.50/share | June 04, 2010 | July 15, 2010 | 18-Jun-10 | 1,327,747,000.00 |
| Regular | P 1.00/share | May 31, 2011 | July 7, 2011 | June 15, 2011 | 2,655,494,000.00 |
| Regular | P 1.20/share | May 15, 2012 | July 5, 2012 | June 15, 2012 | 3,186,592,800.00 |
| Regular | P 1.20/share | April 11, 2013 | May 10, 2013 | April 26, 2013 | 3,186,592,800.00 |
| Special | P 1.00/share | April 11, 2013 | May 10, 2013 | April 26, 2013 | 2,655,494,000.00 |
| Special | P 1.20/share | November 14, 2013 | December 13, 2013 | November 29, 2013 | 3,186,592,800.00 |
| Regular | P 1.20/share | May 15, 2014 | June 13, 2014 | May 30, 2014 | 3,186,592,800.00 |
| Special | P 1.20/share | May 15, 2014 | June 13, 2014 | May 30, 2014 | 3,186,592,800.00 |
| Regular | P0.24/share | May 14, 2015 | June 10, 2015 | May 29, 2015 | 3,186,592,800.00 |
| Special | P0.24/share | May 14, 2015 | June 10, 2015 | May 29, 2015 | 3,186,592,800.00 |
| Regular | P0.24/share | May 11, 2016 | June 10, 2016 | May 27, 2016 | 3,186,592,800.00 |
| Special | P0.24/share | May 11, 2016 | June 10, 2016 | May 27, 2016 | 3,186,592,800.00 |
| Regular | P0.24/share | April 5, 2017 | May 5, 2017 | April 21, 2017 | 3,186,592,800.00 |
| Special | P0.24/share | April 5, 2017 | May 5, 2017 | April 21, 2017 | 3,186,592,800.00 |
| Regular | P0.28/share | March 08, 2018 | April 06, 2018 | March 23, 2018 | 3,717,619,600.00 |
| Special | P0.20/share | March 08, 2018 | April 06, 2018 | March 23, 2018 | 2,655,494,000.00 |
| Special | P0.48/share | Nov. 19, 2018 | Dec. 18, 2018 | Dec. 5, 2018 | 6,373,185,600.00 |
| Regular | P0.28/share | April 10, 2019 | May 10, 2019 | April 29, 2019 | 3,717,619,600.00 |
| Special | P0.20/share | April 10, 2019 | May 10, 2019 | April 29, 2019 | 2,655,494,000.00 |
| | | | TOTAL | | 62,098,415,600.00 |

Right to Participate in Fundamental Corporate Changes

We respect and uphold our shareholders' right to participate, be informed and vote on fundamentally important matters during our annual stockholders meeting (ASM). Fundamental corporate changes and governance matters requiring approval during shareholder meetings include, among others:

- Amendments to the Company's Articles of Incorporation and By-laws and similar governing documents
- Appointment, re-appointment of external auditor
- Authorization of additional shares
- Extraordinary transactions, including transfer or sale of all or substantially all of the Company's assets, sale of a business unit or subsidiary that accounts for a majority portion of the Company's assets
- Nomination by non-controlling shareholders of candidates for Board Directors

Right to Participate in Annual Shareholders' Meeting

Our shareholders are encouraged to exercise their rights to participate in the ASM. It is the responsibility of the Board to adopt policies informing shareholders of all their rights.

At least 21 days before our ASM, we send our stockholders a formal notice (Notice of Annual Stockholders' Meeting) to advise them on the ASM date, location, agenda, rules and voting procedures. The rationale and explanation of each item in the agenda which requires stockholder approval were provided in the notice of meeting.

The Information Statement (IS) and other related materials were distributed to our stockholders of record on April 17, 2019 or **35 days** prior to the 21 May 2019 ASM.

With such information, we hoped to facilitate their attendance and encourage their participation in our annual meeting.

Approval of remuneration of Directors

The Company has a policy that requires our stockholders to approve any changes in the per diem remuneration of our Directors. In 2019, there were no changes in their per diem.

Right to nominate

In accordance with existing laws, all shareholders—including those that have non-controlling stakes, have the right to nominate candidates for the Board of Directors as part of the nomination

process and procedures. In 2019, such nomination for Independent Directors by a minority shareholder was appropriately disclosed in our Company's SEC 20-IS.

Voting Procedures and Shareholders' Participation

During the 2019 ASM, the voting procedures were duly explained by the Corporate Secretary before the start of the meeting. The voting procedures were also explicitly explained in the Information Statement distributed to the stockholders.

The Company follows cumulative voting for the election of Directors. For other resolutions, the Company adheres to the **"one-share, one-vote" policy**.

Stockholders were given the opportunity to ask questions during the meeting. Their questions and the corresponding answers were duly recorded in the minutes of the ASM.

Present during the 2019 ASM to address queries from the shareholders were the Chairman of the Board and President, other Directors, Corporate Secretary, Officers and external auditor (SGV). The Presidents and CFOs of the subsidiary and affiliate companies were also in attendance.

Disclosure of Voting Results

The Company disclosed the results of the ASM on the same day, including the poll voting results which include approving, dissenting, and abstaining votes for all resolutions in the Agenda. The disclosure was filed with the SEC and uploaded to the PSE EDGE portal (online disclosure). The same was posted in the Company's website.

http://www.dmciholdings.com/corporate_governance/page/2019-annual-stockholders-meeting

Directors' attendance in annual meetings

The disclosure on the results of the ASM also include the attendance of the Board of Directors, as well as the Chairman and President, and Chairmen of the Board Committees. In 2019, all Directors attended the ASM. The Chairmen of the Board Committees were also present.

Voting in person or in absentia

We respect the rights of our shareholders to participate and vote in our ASM. Shareholders who are unable to attend our ASM are given the right to participate and vote in absentia via proxy. Whether made in person or in absentia, shareholder votes carry equal effect.

Poll Voting

Poll voting was conducted, as opposed to by show of hands, for all resolutions. SGV & Co. was appointed as the independent body to count and validate the votes by the shareholders for items stated in the agenda requiring approval and/or ratification. Votes were counted for each agenda item. Voting results were presented for each agenda item during the meeting to inform the participants of the outcome.

Board Canvassers

In its meeting held on 05 March 2019, the Board appointed SGV as Board Canvassers to facilitate the voting proper, validating of ballots and counting of votes.

Institutional Investors

Being a listed company, we recognize our contributory role in the development of the Philippine capital market and the advantages of having well-resourced, professional shareholders (institutional investors).

| | |
|-----------------------|--|
| Entry | We encourage the entry of institutional investors holding more than 5 percent of Company shares (as per PSE Disclosure 17-12 Top 100 Stockholders List) by providing them with sufficient rights and access to information |
| Participation | To facilitate the attendance and participation of institutional investors in our ASM, we furnish them with timely and sufficient information regarding such meetings. We also hold the ASM at a venue that is easily accessible to retail and institutional investors. |
| Fair Treatment | We uphold the principle of fair treatment of all stockholders on all matters of importance to all investors, particularly institutional investors, such as decisions related to mergers and acquisitions. |

Other Shareholder Rights

We respect other shareholder rights, as provided for in the Corporation Code of the Philippines and in the New Manual on Corporate Governance.

| | |
|---|---|
| Right to Inspection | Shareholders are entitled to inspect the corporate books and records to determine the financial condition of the Company, and understand how the corporate affairs are being managed. In so doing, they can take the appropriate measures to protect their investment. |
| Right to Propose Holding of Meetings | Minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting within sixty (60) calendar days prior to the filing of the preliminary information statement, provided the items are for legitimate business purposes. |
| Right to Participate in Decisions Concerning Fundamental Corporate Changes | The Company encourages all stockholders to attend the ASM and actively participate in the major and fundamental changes in the Company, such as, but not limited to: (a) any amendment of the Articles of Incorporation and By-laws, (b) any change in the authorized capital of the Company, and (c) the transfer of all, or substantially all, of the corporate assets as provided in the Corporation Code. |
| Right to Information | Shareholders have the right to receive periodic reports which disclose personal and professional information about the Directors, Officers and certain other matters such as their shareholdings in the Company, material transactions with the Company, relationship with other Directors and Officers and the aggregate compensation of Directors and Officers. |
| Appraisal Right | Shareholders have the right to dissent and demand payment of the fair value of their stocks, subject to the instances provided for in the Corporation Code. |

EQUITABLE TREATMENT OF SHAREHOLDERS

Our corporate governance framework is designed to protect and facilitate the exercise of shareholders' rights, while ensuring the equitable treatment of our retail and institutional investors.

To ensure that the rights and interests of our retail and institutional investors are protected, we uphold policies and practices that accord equal voting rights, reasonable economic returns, unrestricted access to material information and appropriate safeguards against discriminatory and abusive conduct.

It is also our policy to keep our openly traded shares above the 10% minimum public float requirement of the PSE.

Proportionate Voting

We maintain a share structure of **“one vote per one common share”**, and have no current practice that have led us to award disproportionate voting rights to select shareholders.

In the event that extraordinary circumstances necessitate further special arrangements where we issue special cases of shares, thus, resulting in disproportionate claim on voting rights, we shall issue a full disclosure and detailed justification of such action.

Before taking such an extraordinary action, we shall seek the requisite approval from our shareholders.

Notice of Annual Stockholders' Meeting

Our 2019 ASM Notice, with corresponding details and rationale for each agenda item, was disclosed to the PSE and uploaded on our company website on 25 March 2018. The Notice was issued fifty-eight (58) days before the regular ASM on 21 May 2019, exceeding the prescribed period of twenty-eight (28) days under the ACGS.

Pursuant to SEC rules, we likewise filed our SEC 20-IS (Definitive Information Statement) on 04 April 2019. The filing included the detailed agenda, relevant stockholder information, proxy form, management report and financial statements.

The SEC 20-IS was filed forty-seven (47) days before the regular ASM, exceeding the prescribed period of twenty-one (21) days under the ACGS.

The following key items, which required shareholder disposition, were included in the 2019 Notice of ASM:

- Management Report for the year ending 31 December 2018
- Ratification of all Acts of the Board of Directors and Officers during the preceding year
- Appointment of Independent Auditor
- Election of Directors, including two Independent Directors

The following are also included in the Notice of ASM and Information Statement

- Profiles of Directors seeking election/re-election include age, academic qualifications, date of appointment, experience, directorships in other listed companies and civic affiliations
- The name of External auditor and Partner seeking re-appointment
- Proxy Form and voting procedures
- Management Report (Pursuant to SEC Rule 20 (4))
- Audited Finance Statements of the preceding year

Each resolution in the ASM agenda deals only with one item. There was no bundling of several items in one resolution. All materials distributed to shareholders were written in English.

Insider Trading

Our Insider Trading policy explicitly prohibits insider trading to prevent conflict of interest and benefiting from insider information or knowledge not available to the general public.

Directors, Officers and all Covered Persons are strictly prohibited from trading during the following periods:

Structured Disclosures Within five (5) trading days before and within three (3) trading days after the disclosure of quarterly (SEC17Q) and annual (SEC 17A) financial results.

Non-Structured Disclosure Within three (3) trading days after the disclosure of any material information other than the abovementioned structured disclosure. Directors and Officers as defined in the By-laws and Board Charter are required to report their trades of the Company's shares within three (3) business days to the Office of the Compliance Officer for eventual compliance reporting to PSE and SEC.

All other Covered Persons are required to report their trades to the Office of the Compliance Officer on a quarterly basis.

In 2019, there were no complaints received regarding misuse of insider information committed by any Director, Officer or Covered Person.

| DEFINITION OF COVERED PERSONS | |
|-------------------------------|--|
| 1 | Members of the Board of Directors and the Corporate Secretary of the Company and its subsidiaries |
| 2 | Officers as defined in the By-laws of the Company and its subsidiaries whether owned directly or indirectly, who are or may be in possession of material non-public information about the Company because of their responsibilities |
| 3 | Consultants and Advisers of the Company |
| 4 | Any person who possesses material non-public information regarding the Company is an Insider for so long as the information is not publicly known. Any employee can be an Insider from time to time, and would at those times be subject to this Policy |
| 5 | Members of the immediate families of Directors, Officers and all other Covered Persons who are living in the same household as the abovementioned Covered Persons |

The following table summarizes the trading of Company shares by our Directors and Officers in 2019.

2019 Summary of Trading of DMC Shares by the Board of Directors

| | BEGINNING SHARE BALANCE | ACQUIRED | DISPOSED | NATURE OF OWNERSHIP | ENDING SHARE BALANCE |
|-----------------------|-------------------------|-----------|----------|---------------------|---------------------------|
| | (As of Jan. 1, 2019) | | | | (As of December 31, 2019) |
| ISIDRO A. CONSUNJI | 65,000 | - | - | DIRECT | 65,000 |
| | 21,046,690 | 1,057,000 | - | INDIRECT | 22,103,690 |
| CESAR A. BUENAVENTURA | 900,000 | - | - | DIRECT | 900,000 |
| | 5,700,000 | - | - | INDIRECT | 5,700,000 |
| JORGE A. CONSUNJI | 5,000 | - | - | DIRECT | 5,000 |
| | 1,898,565 | 2,845,960 | - | INDIRECT | 4,744,525 |

| | | | | | |
|------------------------------------|-------------|-----------|---|----------|-------------|
| HERBERT M. CONSUNJI | 23,000 | - | - | DIRECT | 23,000 |
| | - | - | - | INDIRECT | - |
| MARIA CRISTINA C. GOTIANUJN | 5,500 | - | - | DIRECT | 5,500 |
| | 105,205,450 | 4,176,960 | - | INDIRECT | 109,382,410 |
| MA. EDWINA C. LAPERAL | 3,315,000 | - | - | DIRECT | 3,315,000 |
| | 83,455,076 | 2,445,960 | - | INDIRECT | 85,901,036 |
| LUZ CONSUELO A. CONSUNJI | 1,000 | 60,000 | - | DIRECT | 61,000 |
| | - | 40,000 | - | INDIRECT | 40,000 |
| ANTONIO JOSE U. PERIQUET | 125,000 | - | - | DIRECT | 125,000 |
| | 3,251,850 | - | - | INDIRECT | 3,251,850 |
| HONORIO O. REYES-LAO | 175,000 | - | - | DIRECT | 175,000 |
| | - | - | - | INDIRECT | - |

2019 Summary of Trading of DMC Shares by Key Officers

| | BEGINNING SHARE BALANCE | ACQUIRED | DISPOSED | NATURE OF OWNERSHIP | ENDING SHARE BALANCE |
|-------------------------------|-------------------------|-----------|----------|---------------------|---------------------------|
| | (As of Jan. 1, 2019) | | | | (As of December 31, 2019) |
| VICTOR S. LIMLINGAN | 5,000 | 1,534,100 | - | DIRECT | 1,539,100 |
| | - | - | - | INDIRECT | - |
| NOEL A. LAMAN | 100,000 | - | - | DIRECT | 100,000 |
| | - | - | - | INDIRECT | - |
| MA. PILAR P. GUTIERREZ | - | - | - | DIRECT | - |
| | - | - | - | INDIRECT | - |
| BRIAN T. LIM | - | - | - | DIRECT | - |
| | - | - | - | INDIRECT | - |
| CHERUBIM O. MOJICA | - | - | - | DIRECT | - |
| | - | - | - | INDIRECT | - |
| TARA ANN C. REYES | - | - | - | DIRECT | - |
| | - | - | - | INDIRECT | - |

Related Party Transactions

Our Related Party Transaction (RPT) Policy requires any transaction with related parties to be made on terms equivalent to those that prevail in an arm's length transaction.

The policy also sets the thresholds and categories for disclosure and approval of RPTs, the amount of which shall be considered for purposes of applying these thresholds.

As defined under its Board-approved Charter, the Audit Committee shall oversee and review the propriety of RPTs and their required reporting disclosures.

In August 2019, the Board approved the amended RPT Policy to comply with the SEC Memorandum Circular No. 10 Series of 2019 on Rules on Material Related Party Transactions for Publicly-listed Companies. Under the new RPT policy, the materiality threshold is ten percent (10%) of the company's consolidated total assets based on its latest audited consolidated financial statement.

Related party transactions that are less than ten percent (10%) of Consolidated Total Assets of the latest Audited Consolidated Financial Statements requires approval of the President.

Company Loan

Pursuant to our amended Related Party Transactions Policy, the Company prohibits the grant of personal loans, advances, guarantees and securities in any manner to its Directors, including their spouses and other dependents.

Share repurchases

There were no share repurchases made in 2019.

ROLE OF STAKEHOLDERS

Our stakeholders may not have equity stakes in our Company but we are committed to protecting their rights and interests, as defined by the law or through mutual agreements.

We encourage their active cooperation and recognize their contributory role in creating wealth, generating jobs and ensuring the sustainability of the Company.

Employees

Our people are our biggest competitive advantage. Their expertise, professionalism and loyalty enable us to create and deliver value to our shareholders. To attract and retain the right talent, we strive to provide the following:

| | |
|----------------------------------|---|
| Remuneration and Benefits | <p>Our compensation structure is set at levels that are appropriately competitive in attracting, motivating and retaining competent individuals.</p> <p>We also provide variable cash incentives based on individual and company performance, to support a high-performance culture that actively strives to grow the business and increase shareholder value.</p> |
| Culture | <p>We invest in talent development to empower our employees and prepare them for progressively challenging work. Our goal is to create a culture of excellence where our employees can prosper and achieve their full potential.</p> |
| Equality | <p>Our Code of Business Conduct and Ethics provides a clear system of policies, processes and controls, while our whistleblowing mechanism provides a confidential venue for employees to raise valid, fact-based ethical concerns.</p> <p>Whistleblowers may report such concerns through our dedicated email address at whistleblower@dmcinet.com.</p> |

Safety and Health

We are committed to providing our employees with a workplace that protects their safety, health and welfare.

To continually improve the health and safety of our people and those working in our subsidiaries, our Board periodically reviews the policies requiring each subsidiary Board to formulate its own employee health, safety and welfare policy.

All managers are also expected to actively support the Board in the development and proper implementation of their particular Safety and Health Policy. The Management must likewise ensure that the necessary resources of staff, facilities and finance are provided to implement this policy.

Annual team building and socialization events form part of our employee engagement program. This is to promote camaraderie and positive interaction among our employees and subsidiaries.

General Welfare

Employees are likewise provided internal and external trainings to further develop their skills.

To strengthen their industry knowledge, they are encouraged to join and participate in professional clubs and organizations outside the Company.

Customers

We are committed to meeting customer requirements in a mutually fair and satisfactory manner. Through our subsidiaries, we aim to provide construction, real estate, power, mining and water clients/consumers with superior quality products and services at a reasonable price, as provided for in our Code of Business Conduct and Ethics.

To protect customer safety and welfare, we abide by the relevant laws, rules and regulations set by the Philippine government, which include, but are not limited to, the Condominium Act (RA 4726), Electric Power Industry Reform Act (RA 9136), Mining Act (RA 7942) and National Water Crisis Act (RA 8041).

We also strive to innovate and adopt global standards wherever applicable and possible. Our construction, integrated energy, nickel mining and water businesses have been awarded ISO certifications for Quality and Management, Health and Safety and Environmental Management, among others.

Through our subsidiaries and affiliate, we implement mechanisms, programs and activities that further promote customer welfare and engagement. These efforts include, but are not limited to, customer hotlines, site and home visits, appreciation events, client consultations and customer surveys.

Our Directors, Officers and employees are mandated to:

- Treat customers and other stakeholders with respect, integrity, and professionalism at all times;
- Deal with customers, suppliers, business partners, creditors and government representatives in a fair and reasonable manner; and
- Refer complaints of unfair, deceptive and fraudulent business practice of subsidiaries and affiliate to the Chief Compliance Officer.

Suppliers and Contractors

Our Code of Business Conduct and Ethics outlines our Supplier/Contractor Relations procedures, which guide and govern the business relationships of our Company, Directors, Officers and employees, including their decisions and actions when dealing with our suppliers and contractors.

| On Supplier/Contractor Selection | On Supplier/Contractor Treatment |
|---|--|
| <p style="text-align: center;">Our Company, Directors, Officers and employees shall:</p> <ul style="list-style-type: none"> • seek and maintain mutually beneficial relationships with suppliers and contractors that uphold the principles of fairness, accountability, integrity and transparency; • give qualified suppliers and contractors adequate, fair and equal opportunity to bid on goods and services for the Company’s projects or requirements; • select suppliers and contractors based on organizational needs, quality requirements, cost, track record and ability to deliver according to set deadlines; • as a general rule, choose suppliers and contractors on the basis of Competitive Bidding. | <p style="text-align: center;">Our Company, Directors, Officers and employees shall:</p> <ul style="list-style-type: none"> • hold in confidence all dealings with bidders and suppliers; • ensure that suppliers abide by the policies, practices and standards of the Company; • facilitate payment disbursements committed to suppliers and contractors in a prompt manner and in accordance with the applicable contract provision; • promote and observe ethical conduct in their relationships, actions and communications with suppliers and contractors at all times. Actions, speech or behavior that in any way diminishes open, honest and fair treatment of suppliers shall be avoided; |

| | |
|---|--|
| <p>Negotiated contracts may be applied, provided that it is in the best interest of the Company to enter into such a strategic engagement;</p> <ul style="list-style-type: none">• avoid adopting and/or requiring specifications of products and services that either favors a particular supplier or contractor, or limits competitive sourcing; and• seek the best value for money from the suppliers and contractors, and avoid compromising the quality standards of the Company. | <ul style="list-style-type: none">• not solicit, accept or attempt to accept any bribe in exchange for being awarded a contract• declare their personal relationships and/or previous business and official dealings and relationships with any of the owners, officers, and representatives of the supplier or contractor they are dealing with when dealing or transacting directly or indirectly with such parties; and• be vigilant against any irregular, illegal, or unethical conduct of suppliers, contractors and/or fellow Directors, Officers and employees. The Company encourages everyone to report any such violations based on the existing Whistleblowing Policy. |
|---|--|

Creditors

We value the contributions of our creditors to our growth, development and sustainability. As we work towards improving our stakeholder value, so does our focus on strengthening our relationships with our creditors.

To service our maturing debts and finance our capital requirements, we seek to manage our liquidity profile in a prudent and proactive manner, as provided for in our Safeguarding Creditors' Rights Policy. We also maintain a level of cash and cash equivalents deemed sufficient to finance our operations.

It is our policy to disclose information on whether we have complied with our loan covenants with our lenders and all collaterals and guarantees of the loans. Such information is part of our audited financial statements, which is attested to by an independent external auditor.

We also regularly examine and monitor our debt servicing ability and financial position using relevant financial ratios. These ratios are disclosed in our annual and quarterly reports to the SEC and PSE.

Among the ratios we closely monitor are current ratio, debt to equity ratio and interest coverage ratio.

Government

In support of the government's Philippine Development Plan, we invest in businesses that contribute to the sustainable economic growth and development of the country, while improving the quality of life of Filipinos

We comply with relevant laws, rules and regulations set by the Philippine government, and deal with their representatives in a fair, reasonable and ethical manner.

Equally important, our income tax, royalty and license payments provide the government with significant and stable revenues to support its socio-economic programs.

In 2019, our income tax, royalties and licenses due to the government amounted to 7.4 billion.

Community and Environment

Sustainability is embedded in the way we conduct our business. In generating positive social and economic value for our stakeholders, we make sure that our procedures and practices are environmentally friendly.

To contribute to the overall sustainability of the physical environment where we operate, we comply with all applicable environmental laws and regulations. We also reduce our environmental footprint through energy conservation, responsible water use and recycling, among others.

We consider our host community as our growth partner, and contribute to its social development programs by paying appropriate taxes and complying with relevant laws, regulations, resolutions and ordinances.

Through our subsidiaries, we also empower the local communities where they operate by providing employment, livelihood opportunities and basic services that will help improve their quality of life.

Climate Change

We recognize the significance of climate change and believe that steps must be taken to mitigate its impact on ecosystems, economies and communities.

While the nature of our businesses precludes us from significantly reducing our carbon footprint, we believe that we can make meaningful contributions towards addressing the reality of climate change by:

Enhancing the knowledge, capacities and readiness of our employees and other relevant stakeholders on climate change adaptation and mitigation

Encouraging our subsidiary companies to develop and implement environmental stewardship programs in their host communities

Adopting energy-efficient technologies and energy conservation practices across the DMCI group

Partnering with stakeholders and supporting programs/projects on climate change research, mitigation, adaptation, preparedness and resilience

Stakeholder Commitment

We uphold all laws concerning the proper and fair treatment of our internal and external stakeholders.

While we put a premium on profit maximization and shareholder value optimization, we also recognize our duty to strike a proper balance between purely short-term financial performance and long-term overall corporate performance.

To achieve long-term sustainability and strength, we will secure the loyalty, commitment and support of our internal and external stakeholders through our policies.

Anti-Corruption and Bribery

We believe that bribery and corruption are unethical, unacceptable and inconsistent with our founding principles.

In our operations, we seek to avoid even the appearance of impropriety with respect to the actions of our Directors, Officers and employees.

We are committed to maintaining the highest possible ethical standards and complying with all applicable laws.

Our policy prohibits corrupt payments in all circumstances when dealing with government officials or private sector individuals, and provides the following guidelines for strict observance by our Directors, Officers and employees:

- act lawfully, ethically and in the public interest;
- prohibit bribery and corruption in our corporate dealings;
- deter illegal or unethical behavior by clients, suppliers or government officials; and
- report any such violations based on the existing Whistleblowing Policy of the Company

Conflict of Interest

Our Code of Business Conduct and Ethics explicitly provides guidelines on conflict of interest and fair dealings, among others.

These guidelines apply to all Directors, Officers and employees.

Conflict of interest situations refer to ownership of a part of another company or business having interests adverse to our Company, and accepting commissions or share in profits from any supplier, customer or creditor.

We do not seek competitive advantages through illegal, unethical or unfair dealing practices.

Directors, Officers and employees are expected to deal with our customers, service providers, suppliers, and competitors in a fair manner.

They are likewise barred from taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.

Whistleblowing

We are committed to providing our stakeholders with a safe reporting channel, where they can raise serious concerns about a perceived wrongdoing or malpractice involving our Company.

Our Whistleblower Policy outlines the mechanism, safeguards, reporting channel and investigation process for serious concerns that stakeholders might have, while providing them with protection from victimization, harassment, retaliation or disciplinary proceedings.

Whistleblowers may raise their concerns through regular mail, email, telephone, fax or in-person with the Chief Compliance Officer of the Company or his designated alternate officer.

Mail:

Office of the Chief Compliance Officer
3F Dacon Building, 2281 Chino Roces Avenue, Makati City

Email:
whistleblower@dmcinet.com

Telephone number:
(632) 8888 3462

Employee Participation

Environment, Health and Safety

Sustainability is embedded in the way we conduct our business. In generating positive social and economic value for our stakeholders, we make sure that our procedures and practices are environmentally friendly.

To contribute to the overall sustainability of the physical environment where we operate, we comply with all applicable environmental laws and regulations. Most of our subsidiary and affiliate companies also have ISO certifications for environmental management (ISO 14001).

We recognize the importance of health and safety in the workplace, and commit to continually improving the health and safety performance of our Company, subsidiaries and affiliate.

Towards this end, the Board periodically reviews the policies requiring each subsidiary Board to formulate policies relating to the health, safety and welfare of its respective employees.

Each subsidiary is expected to adopt high safety standards in their individual work environments, as well as a system for measuring the performance and results of their health and safety programs.

We have also adopted a number of programs for the health and safety of our employees, in addition to facilitating their participation in emergency preparedness drills. Through these initiatives, we hope to provide our people with an environment that fosters good health, safety and well-being.

Employee Health and Safety Initiatives

- Health care maintenance coverage
- Group term life and accident insurance coverage
- Annual physical examinations
- Free medical consultations
- Access to health facilities
- Access to wellness facilities, i.e. gym, basketball and badminton courts
- Sports and recreation programs

Training and Development

We are committed to improving the performance of our organization, including the employees of our subsidiaries. Through our training and development programs, we hope to enhance their skills and talents.

General Welfare and Development

- Leadership, Supervisory Development, Problem Solving, Decision Making, Foremanship Training, and other forms of training at the D.M. Consunji Technical Training Center (DMCTTC)
- Participation in organizations and professional clubs
- Fellowship activities
- Team building activities

Reward and Compensation Program

We have a comprehensive program for rewarding and compensating employees who contribute to the achievement of our long-term goals.

While the program precludes employee stock ownership plans, the Company does offer incentives that address the critical needs of its employees, such as merit increases, performance bonuses, continuing education, housing loan, as well as retirement benefits and emergency assistance in the event of disability and/or death.

The mechanism for issuing rewards is based on the attainment of company and employee goals, as measured against key performance metrics. These financial and non-financial metrics are determined during the planning or goal setting sessions of the different companies.

To retain and further reward its workforce, the Company also provides retirement benefits to eligible employees. These benefits are over and above the minimum requirement set by law.

Administered and supervised by the Retirement Board of Trustees (BOT), the retirement fund is managed by a reputable trust and investment company.

To strengthen corporate governance and employee participation within the organization, qualified senior executive officers may be asked to join the Board of Directors. The presidents of the subsidiary companies also serve on the Executive Committee, and provide regular counsel to the Board.

DISCLOSURE AND TRANSPARENCY

We uphold the principle of transparency and commit to a system of timely disclosure of material information, including our financial situation, performance, ownership and corporate governance.

Our Annual Report, Annual Corporate Governance Report, disclosures, regulatory filings and website provide full details regarding our governance structure, objectives, key risks, financial and non-financial performance indicators, systems and policies.

Ownership Transparency

We promptly report the significant ownership, including direct and indirect beneficial ownership of our shares, relationships of related companies, and structure of crossholdings, as well as the extent of our ownership and interests in our subsidiaries.

As of 31 December 2019, the members of the Board directly and indirectly owned 4,614,000 and 231,144,511 shares, respectively. Further details are provided in the tables below.

Shareholdings of Board of Directors

(as of 31 December 2019)

| Name of Beneficial Owner | Amount and Nature of Beneficial Ownership | | Total Shareholdings | Percent of Capital Stock |
|----------------------------|---|--------------------|---------------------|--------------------------|
| | Direct | Indirect | | |
| Isidro A. Consunji | 65,000 | 22,103,690 | 22,168,690 | 0.1670% |
| Cesar A. Buenaventura | 900,000 | 5,700,000 | 6,600,000 | 0.0497% |
| Ma. Edwina C. Laperal | 3,315,000 | 85,901,036 | 89,216,036 | 0.6719% |
| Jorge A. Consunji | 5,000 | 4,744,525 | 4,749,525 | 0.0358% |
| Herbert M. Consunji | 23,000 | - | 23,000 | 0.0002% |
| Luz Consuelo A. Consunji | 61,000 | 40,000 | 101,000 | 0.0009% |
| Maria Cristina C. Gotianun | 5,500 | 109,382,410 | 109,387,910 | 0.8239% |
| Antonio Jose U. Periquet | 125,000 | 3,251,850 | 3,376,850 | 0.0254% |
| Honorio O. Reyes-Lao | 175,000 | - | 175,000 | 0.0013% |
| TOTAL | 4,614,000 | 231,144,511 | 235,758,511 | 1.7756% |

Shareholdings of Key Officers
(as of 31 December 2019)

| Name of Beneficial Owner | Amount and Nature of Beneficial Ownership | | Total Shareholdings | Percent of Capital Stock |
|------------------------------|---|----------|---------------------|--------------------------|
| | Direct | Indirect | | |
| Victor S. Limlingan | 1,539,100 | - | 1,539,100 | 0.0116% |
| Atty. Noel A. Laman | 100,000 | - | 100,000 | 0.0008% |
| Atty. Ma. Pilar P. Gutierrez | - | - | | |
| Brian T. Lim | - | - | | |
| Cherubim O, Mojica | - | - | | |
| Tara Ann. C. Reyes | - | - | | |
| TOTAL | 1,639,100 | - | 1,639,100 | 0.0124% |

Ownership Structure

(owning 5% of the voting stocks of the Corporation as of 31 December 2019)

| Title of Class | Name | Citizenship | Number of Shares Held | Percent of Class |
|----------------|---|-------------|-----------------------|------------------|
| Common | DACON Corporation | Filipino | 6,838,807,440 | 51.51% |
| Common | Philippine Central Depository, Inc. (PCD) | Filipino | 2,437,412,305 | 18.36% |
| Common | DFC Holdings, Inc. | Filipino | 2,379,799,910 | 17.92% |
| Common | Philippine Central Depository, Inc. (PCD) | Foreigner | 1,226,119,146 | 9.23% |

Effective Percentages of Ownership

(as of December 31, 2019)

| SUBSIDIARIES | DIRECT | INDIRECT | EFFECTIVE INTEREST |
|--------------------------------------|---------------|----------|--------------------|
| D.M. Consunji, Inc. | 100.00 | - | 100.00 |
| Beta Electric Corporation | | 53.95 | 53.95 |
| Raco Haven Automotion Phils. Inc. | | 50.14 | 50.14 |
| Oriken Dynamics Company, Inc. | | 89.00 | 89.00 |
| DMCI Technical Training Center | | 100.00 | 100.00 |
| Bulacan North Gateway Holdings, Inc. | | 100.00 | 100.00 |
| DMCI Project Developers, Inc. | 100.00 | | 100.00 |
| Hampstead Gardens Corp. | | 100.00 | 100.00 |
| Riviera Land Corp. | | 100.00 | 100.00 |
| DMCI-PDI Hotels Inc. | | 100.00 | 100.00 |

DMCI HOLDINGS, INC. CORPORATE GOVERNANCE

| | | | |
|--|---------------|--------|--------|
| DMCI Homes Property Management Corp. | | 100.00 | 100.00 |
| Zenith Mobililty Solutions Services Inc. | | 51.00 | 51.00 |
| DMCI Homes Inc. | | 100.00 | 100.00 |
| | | | |
| Semirara Mining and Power Corp. | 56.65 | | 56.65 |
| Sem-Calaca Power Corporation | | 56.65 | 56.65 |
| Southwest Luzon Power Generation Corp. | | 56.65 | 56.65 |
| Sem-Calaca Res Corporation | | 56.65 | 56.65 |
| SemCal Industrial Park Developers Inc. | | 56.65 | 56.65 |
| Semirara Energy Utilities Inc. | | 56.65 | 56.65 |
| Southeast Luzon Power Generation Corp. | | 56.65 | 56.65 |
| Semirara Claystone Inc. | | 56.65 | 56.65 |
| | | | |
| DMCI Power Corporation | 100.00 | | 100.00 |
| DMCI Masbate Power Corporation | | 100.00 | 100.00 |
| | | | |
| DMCI Mining Corporation | 100.00 | | 100.00 |
| Berong Nickel Corporation | | 74.80 | 74.80 |
| Ulugan Resources Holdings, Inc. | | 30.00 | 30.00 |
| Ulugan Nickel Corporation | | 58.00 | 58.00 |
| Nickeline Resources Holdings Inc. | | 58.00 | 58.00 |
| TMM Management Inc. | | 40.00 | 40.00 |
| Zambales Diversified Metals Corp. | | 100.00 | 100.00 |
| Zambales Chromite Mining Company Inc. | | 100.00 | 100.00 |
| Fil-Asian Strategic Resources & Properties Corp. | | 100.00 | 100.00 |
| Montague Resources Phils. Corp. | | 100.00 | 100.00 |
| Montemina Resources Corp. | | 100.00 | 100.00 |
| Mt. Lanat Metals Corp. | | 100.00 | 100.00 |
| Fil-Euro Asia Nickel Corp. | | 100.00 | 100.00 |
| Heraan Holdings, Inc. | | 100.00 | 100.00 |
| Zambales Nickel Processing Corp. | | 100.00 | 100.00 |
| Zamnorth Holdings Corp. | | 100.00 | 100.00 |
| ZDMC Holdings Corp. | | 100.00 | 100.00 |
| | | | |
| Semirara Cement Corporation | 100.00 | | 100.00 |
| Wirerope Corporation of the Philippines | 45.68 | 16.02 | 61.70 |

| ASSOCIATES | | PERCENTAGE OF OWNERSHIP |
|--|--|--------------------------------|
| Maynilad Water Holding Company, Inc. | | 27.19% |
| Subic Water and Sewerage Company, Inc. | | 30.00% |
| Bachy Soletanche Philippines Corporation | | 49.00% |
| Celebrity Sports Plaza | | 04.62% |
| JOINT VENTURES | | PERCENTAGE OF OWNERSHIP |
| DMCI-First Balfour Joint Venture | | 51.00% |
| RLC DMCI Property Ventures, Inc. | | 50.00% |
| St. Raphael Power Generation Corp. | | 50.00% |

Information Policy

Corporate information is disclosed in a timely and transparent manner to the investing public and other key stakeholders using a number of communication channels.

Announcements and Updates

We issue press releases, announcements and disclosures on material business developments, as needed. On quarterly basis, we also conduct media briefings to provide our media stakeholders with updates about the Company and its subsidiaries.

Investor Relations

We organize and participate in investor relations activities such as analyst briefings and investor conferences, among others.

Periodic Reporting

We practice the timely issuance of quarterly and annual structured reports, including financial statements that are prepared in accordance with financial reporting and accounting standards.

Company Website

Our website (www.dmciholdings.com) provides up-to-date financial and business information about our investments, organization structure, corporate governance documents and policies, disclosures, among others.

Modes of Communication

We use the following modes to communicate with investors, analysts, media contacts and other stakeholders:

- Audited Annual Financial Report. The Company filed its SEC Form 17-A or the Audited Annual Financial Statements for the period ended 31 December 2018 on 11 April 2019 or 101 days from the end of its fiscal year
- Quarterly Report
- Company website (www.dmciholdings.com)
- Analysts Briefings
- Media Briefings
- Annual Stockholders' Meeting

Investor Relations

We recognize our duty to advance the interests of our investors. Our goal is to provide the investment community with timely, relevant and accurate information about our financial performance, operating highlights, strategic direction, growth prospects and potential risks.

We demonstrate our commitment to the investing public by adopting a policy of open and constant communication, subject to insider information guidelines and other pertinent company policies.

Institutional and prospective investors, investment analysts, fund managers and the financial community are provided material information about the Company during conference calls, investor conferences, analyst briefings and non-deal roadshows, among others.

Highlights and Activities

Investor/Analyst briefings were conducted on a regular basis to discuss the 2018 full-year and 2019 quarterly results of the Company. The Company also participated in a number of investor relations activities.

Analysts' Briefings

| Subject of the Briefing | Date and Time | Venue |
|--------------------------------------|-------------------------------|--|
| 2018 Full Year Financial Results | 7 March 2019 3:00 p.m. | East Board Room 3F Dacon Building 2281 Chino Roces Avenue, Makati City |
| 2019 First Quarter Financial Results | No briefing | |
| 2019 First Half Financial Results | 13 August 2019 3:30 p.m. | East Board Room 3F Dacon Building 2281 Chino Roces Avenue, Makati City |
| 2019 Third Quarter Financial Results | 12 November 2019 3:30 p.m. | East Board Room 3F Dacon Building 2281 Chino Roces Avenue, Makati City |

Contact Information

Investor Relations concerns may be directed to:

Dr. Victor S. Limlingan
Managing Director

Tara Ann C. Reyes
Investor Relations Officer

Tel: (632) 8888 3000 local 1023

Email: investors@dmcinet.com

Mail: 3F Dacon Building
2281 Chino Roces Avenue
Makati City, Philippines 1231

Media Engagement

The media plays an important role in promoting broader awareness and better understanding of the Company’s objectives, financial targets, business prospects and other material developments.

Our media engagement program is designed to provide media professionals with the information they need to accurately and effectively report on business and investment stories that directly or indirectly concern the Company.



Media Briefings

| Subject of the Briefing | Date and Time | Venue |
|--------------------------------------|-----------------------------|---|
| 2018 Full Year Financial Results | 7 March 2019 6:30 p.m. | Benjarong Thai Restaurant, Dusit Thani Manila, Edsa corner Pasay Road Ayala Center, Makati City |
| 2019 First Quarter Financial Results | 16 May 2019 6:30 p.m. | La Grotta Cucina Italiana G/F Angelus Plaza Bldg., 104 V.A. Rufino Street, Legaspi Village, Makati City |
| 2019 First Half Financial Results | 13 August 2019 6:30 p.m. | Ichiba Japanese Market 2/F Newport Mall Resorts World Manila, Pasay City |
| 2019 Third Quarter Financial Results | No briefing | |

RESPONSIBILITIES OF THE BOARD

Our corporate governance framework helps ensure the strategic guidance of our Company, the effective managerial performance monitoring by the Board, and the accountability of the Board to our Company and its stockholders.

In our Board Charter, the roles, duties and responsibilities of the Board are defined in accordance with relevant Philippine laws, rules and regulations, and in full compliance with the principles of corporate governance.

Board Charter

The Board Charter (“Charter”) governs the relationship between the Board Committees and the Board, as contained in the charters of the committees which have been approved and adopted by the Board.

The Charter is intended to complement or supplement the Corporation Code of the Philippines, the Corporation’s Articles of Incorporation and By-laws, SEC and PSE issuances and other applicable laws, rules and regulations.

All Directors are expected to fully adhere to the principles and provisions set forth in the Charter.

During the year, the Board approved the amendments to Related Party Transactions Policy in compliance with SEC Memorandum No. 10 Series of 2019.

Strategy and Oversight

The Board establishes and approves the vision, mission, strategic objectives and key policies of the Company.

As provided in the Board Charter, it reviews the vision and mission of the Company at least once a year, or as deemed necessary.

On 07 March 2019, the Board reviewed the Corporation’s Vision and Mission Statement and the Corporate Strategy and Values.

The Board also exercises oversight through quarterly review of business performance and results through Audit and Executive Committee meetings.

Board Duties and Responsibilities

The Board establishes decision-making authority policies, levels, limits and guidelines for Management, according to its risk appetite level and required Board approvals for governance matters.

| BOARD ROLES AND RESPONSIBILITIES |
|--|
| Formulate the Corporation’s vision, mission, strategic objectives, policies and procedures |
| Oversee the development of, and approve, the Company’s business objectives and strategy |
| Ensure and adopt an effective succession planning program for Directors, Key Officers and Management |
| Align the remuneration of Key Officers and Directors with the long-term interests of the Company |
| Establish a formal and transparent board nomination and election policy |
| Ensure that there is a group-wide policy and system governing RPTs |
| Approve the selection and performance assessment of Management, led by the Chief Executive Officer (CEO), Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive |
| Establish an effective performance management framework that will ensure that the performance of the CEO and other key personnel is at par with the standards set by the Board and Senior Management |
| Establish an appropriate internal control system, including a mechanism for monitoring and managing potential conflicts of interest; and |
| Institute a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks. |

Likewise, the Board should observe the following norms of conduct:

- Act judiciously
- Observe confidentiality
- Exercise independent judgment
- Conduct fair business transactions for the Company
- Ensure that personal interests do not conflict with the interests of the Company
- Devote the necessary time and attention to properly and effectively perform its duties and responsibilities

Have a working knowledge of the statutory and regulatory requirements that affect the Corporation, including its Articles of Incorporation and By-Laws, the rules and regulations of the SEC, and where applicable, the requirements of relevant regulatory agencies

Ensure the continuing soundness, effectiveness and adequacy of the Corporation's internal control system

Code of Business Conduct and Ethics

We are committed to doing business in accordance with the highest professional standards, business conduct and ethics and all applicable laws, rules, and regulations in the Philippines.

The Company, its Directors, Officers and employees are committed to promote and adhere to the principles of good corporate governance by observing and maintaining its core business principles of accountability, integrity, fairness and transparency.

All Directors, Officers and employees of the Company are required to strictly comply with the Code. The Company will take disciplinary or preventive action as it deems appropriate to address any existing or potential violation of this Code brought to its attention. The Company will not tolerate retaliation for reports of violations of this Code made in good faith.

The details of the Code of Business Conduct and Ethics (the Code) are disclosed to the SEC and PSE. The same is uploaded on our website.

Monitoring and Compliance with the Code

At the end of each year, all Directors, Officers and employees are required to fill out and sign a compliance checklist of the Code and all Company Policies, for submission to the Chief Compliance Officer. The Chief Compliance Officer then issues a certificate of compliance with the Code and Company Policies.

The Company has established the Compliance Helpdesk Hotline below to answer queries of Directors, Officers and employees on the application of the Code:

Chief Compliance Officer
Tel (632) 8888 3000

An Internal Audit team is tasked to evaluate the systems established to ensure compliance with the Code and governance processes. Any violation of the code and policies by Directors, Officers

and employees can also be reported through any of the Company's Whistleblower reporting channels.

Board Structure and Composition

The full Board consists of nine (9) Directors, four (4) of whom are Executive Directors, three (3) are Non-Executive Directors and two (2) are Independent Directors.

Nomination. In consultation with the Nomination Committee, the Board reviews its profile, size and composition, taking into account the nature of its business, subsidiaries, desired expertise and Board member backgrounds.

The Committee reviews and pre-screens the qualifications of each Board candidate in accordance with the qualifications and disqualifications set in the Corporation's By-Laws and Manual on Corporate Governance.

This is to ensure that the qualifications of the candidates are aligned with the strategic direction of the Company. The shortlist of candidates is disclosed in the Definitive Information Statement to be distributed to the stockholders.

In identifying and recommending candidates for election or appointment as Directors, the Committee also reviews the effectiveness and implementation of the Diversity Policy of the Board. The committee likewise recommends any revisions that may be required.

Directorships. Our Executive Directors do not serve on more than two (2) Boards of listed companies outside of our Company. The Company does not set a limit on the number of Board seats that an individual director may hold simultaneously in other companies.

However, it ensures that the members of the Board are committed to exercising their roles and responsibilities as Directors, regardless of the number of Board seats they may have in other companies.

Based on the 2019 Board Attendance filed with the SEC and PSE, none of the incumbent Directors were absent for more than 50 percent of the board meetings, both regular and special, in any 12-month period during their incumbency.

The attendance of the directors of the Company in board meetings held during the calendar year 2019 is summarized below:

| | Name | Date of Election ¹ | Number of Meetings Held During the Year | Number of Meetings Attended | % |
|-----------------------------|----------------------------|-------------------------------|---|-----------------------------|--------|
| Chairman | Isidro A. Consunji | May 21, 2019 | 11 | 11 | 100% |
| Vice-Chairman | Cesar A. Buenaventura | May 21, 2019 | 11 | 11 | 100% |
| Director | Jorge A. Consunji | May 21, 2019 | 11 | 11 | 100% |
| Director | Herbert M. Consunji | May 21, 2019 | 11 | 11 | 100% |
| Director | Ma Edwina C. Laperal | May 21, 2019 | 11 | 9 | 81.82% |
| Director | Luz Consuelo A. Consunji | May 21, 2019 | 11 | 11 | 100% |
| Director | Maria Cristina C. Gotianun | May 21, 2019 | 5 | 4 | 80% |
| Independent Director | Antonio Jose U. Periquet | May 21, 2019 | 11 | 11 | 100% |
| Independent Director | Honorio O. Reyes-Lao | May 21, 2019 | 11 | 11 | 100% |

Our Board profile, with concurrent directorships held, are likewise disclosed in the SEC 20-IS (Definitive Information Statement), Annual Corporate Governance Report and Integrated Annual Report.

Board Competency and Diversity

We recognize the value of a diverse Board, and commit to creating and maintaining an inclusive and collaborative governance culture that will help sustain the growth of our organization.

The Company has a Board Diversity Policy that fosters differences in skills, regional and industry experience, professional background, race and gender, among others. These differences are considered in determining the optimum composition of the Board, and are balanced appropriately when possible.

The policy also reiterates that all Board appointments be made based on merit, in the context of the skills, experience, independence and knowledge, which the Board as a whole requires to be effective.

¹ The directors were re-elected during the annual stockholders' meeting held on May 21, 2019. All of the directors were incumbent directors as of January 1, 2019, except for Maria Cristina C. Gotianun who was first elected as director during the annual meeting held on May 21, 2019.

Board Diversity Progress Report

The Nomination and Election (Nomelec) Committee under the Corporate Governance Committee is responsible for reviewing the Board composition and profile of the candidates to the Board, leveraging the diverse background of Directors to include professional skills, regional and industry experience, race, gender and other distinctions.

Under the Policy, the Nomelec reviews and assesses Board composition on behalf of the Board and recommends the appointment of new Directors.

In reviewing Board composition, the Committee will consider the benefits of all aspects of diversity including, but not limited to, those described above, to enable it to discharge its duties and responsibilities effectively.

In identifying suitable candidates for Board appointment, the Committee will consider candidates based on merit, against objective criteria, and with due regard for the benefits of Board diversity.

Criteria

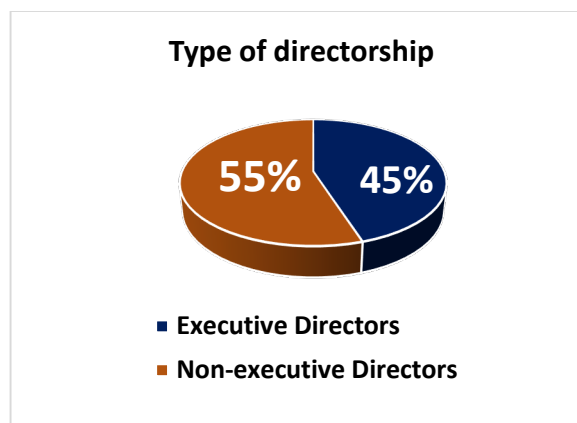
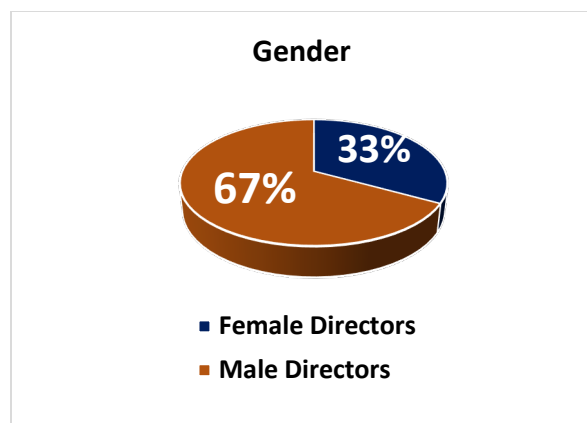
The company has set the following criteria in selecting candidates to the board:

1. Directors with extensive industry experience primarily in construction related businesses
2. Directors with differing background and professional skills/expertise such as, but not limited to business management, finance and accounting, governance, operations and risk management, among others.
3. Participation of women in the Board

In 2019, the elected board of directors met the above criteria as presented in the board composition matrix table.

Methodology

In furtherance of Board Diversity, the Company attained by its annual meeting on May 21, 2019, and thereafter maintained, a Board composition of nine (9) directors in which 33% of them are women, or 3 female directors out of nine directors. Fifty-five percent or 5 directors are non-executives, two of whom are independent directors.



In the 2019 Annual Stockholders' Meeting, the NOMELEC received nine (9) candidates to the election of the board of directors, whom were incumbent directors. The NOMELEC reviewed the profile of the candidates and made recommendations to the Board. No other directors were nominated.

The nine candidates possessed all qualifications and none of the disqualifications for nomination as regular and independent director under SRC Rule 38 and the Code of Corporate Governance, the Corporation's By-Laws and Manual on Corporate Governance.

The final list of nominees for election for regular and independent directors of the Corporation, was included in the definitive information statement filed with the Securities and Exchange Commission and the Philippine Stock Exchange, and distributed to stockholders of the Corporation, regards the Corporation's annual stockholders' meeting held on May 21, 2019.

Any search firm engaged to assist the Board or a committee of the Board in identifying candidates for appointment to the Board will be specifically directed to include diverse candidates. In December 2018, Director Victor Almeda Consunji passed away, resulting to a vacancy on the Board. The incumbent director of the Company's subsidiary Semirara, Maria Cristina C. Gotianun, was nominated and elected to the Board during the ASM on May 21, 2019. No other candidates were nominated from any search or professional firms.

Board Composition

The NOMELEC will periodically assess the expertise, experience, skills and backgrounds of its directors in light of the needs of the Board, including the extent to which the current composition of the Board reflects a diverse mix of knowledge, experience, skills and backgrounds, including an appropriate number of women directors.

Board Composition Matrix

Below is the board composition matrix, based on the profile of directors submitted to the NOMELEC Committee.

| SKILLS / COMPETENCIES | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|------|------|------|------|------|
| Financial management | 33% | 33% | 33% | 33% | 33% |
| Industry-related experience | 55% | 44% | 44% | 44% | 44% |
| Strategy, resource/business development | 100% | 100% | 100% | 100% | 100% |
| Governance | 44% | 33% | 33% | 33% | 33% |
| Operational | 55% | 44% | 44% | 44% | 44% |
| Risk Management | 88% | 78% | 78% | 78% | 78% |
| Business Management | 100% | 100% | 100% | 100% | 100% |

For 2019, the following are the professional and demographical matrix of the nine (9) directors elected to the Board on May 21, 2019.

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|------|------|------|------|------|
| Professional / Educational | | | | | |
| Bachelor Degree | 100% | 100% | 100% | 100% | 100% |
| Master Degree | 78% | 78% | 78% | 78% | 78% |
| Engineers | 33% | 33% | 33% | 33% | 33% |
| Architects | 11% | 11% | 11% | 11% | 11% |
| Certified Public Accountants (CPA) | 11% | 11% | 11% | 11% | 11% |
| Other degrees | 44% | 44% | 44% | 44% | 44% |
| Other Directorship outside DMCI Group | | | | | |
| Corporate sector | 44% | 44% | 44% | 44% | 44% |
| Government sector | 11% | 11% | 11% | 11% | 11% |
| Personal Demographics | | | | | |
| Male | 67% | 78% | 78% | 78% | 78% |
| Female | 33% | 22% | 22% | 22% | 22% |
| Citizenship (Filipino) | 100% | 100% | 100% | 100% | 100% |
| Citizenship Others) | - | - | - | - | - |
| Age 30-49 | - | - | - | - | - |
| Age 50-64 | 33% | 22% | 33% | 56% | 56% |
| Age 65+ | 67% | 78% | 67% | 44% | 44% |

Term of Office

The elected members of the Board of Directors shall hold office for one (1) year, until their successors are elected and qualified.

Term Limits of Independent Directors

The Independent Director shall serve for a maximum cumulative term of nine (9) years. The cumulative period shall start from the year 2012, in accordance with the rules and circulars of the SEC. After which, the Independent Director shall be perpetually barred from re-election as such in the same company, but he/she may continue to qualify for nomination and election as a non-independent Director.

In the instance that a company wants to retain an Independent Director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders' approval during the ASM.

Board Committees

To support the performance of its fiduciary functions, the Board has four (4) good governance committees:



The members of the Audit and RPT, Board Risk Oversight and Corporate Governance committees were appointed by the Board during its regular meeting on 05 March 2019. All committees are chaired by an Independent Director.

The Board likewise appointed the following individuals to key positions in compliance with the New Manual on Corporate Governance:

| APPOINTEE | POSITION |
|--|---------------------------------|
| Antonio Jose U. Periquet | Lead Independent Director |
| Herbert M. Consunji | Chief Risk Officer |
| Brian T. Lim | Internal Audit Lead Coordinator |
| Punongbayan & Araullo Partner In-Charge (fully outsourced internal auditor) | Chief Audit Executive |

| COMMITTEE | MEMBERS |
|--|--|
| AUDIT and RELATED PARTY TRANSACTION | HONORIO O. REYES-LAO, <i>Chairman</i> ANTONIO JOSE U. PERIQUET CESAR A. BUENAVENTURA |
| BOARD RISK OVERSIGHT | ANTONIO JOSE U. PERIQUET, <i>Chairman</i> HONORIO O. REYES-LAO HERBERT M. CONSUNJI |
| CORPORATE GOVERNANCE <i>(with functions of Nomination & Election and Compensation)</i> | ANTONIO JOSE U. PERIQUET, <i>Chairman</i> HONORIO O. REYES-LAO CESAR A. BUENAVENTURA |
| EXECUTIVE COMMITTEE | ISIDRO A. CONSUNJI, <i>Chairman</i> HERBERT M. CONSUNJI JORGE A. CONSUNJI CESAR A. BUENAVENTURA ANTONIO JOSE U. PERIQUET <i>Ex-Officio</i> ALFREDO R. AUSTRIA NESTOR D. DADIVAS CESAR F. SIMBULAN, JR. |

Audit and Related Party Transaction (RPT) Committee

The Audit and RPT Committee shall consist of at least three (3) members, who shall preferably have accounting and finance backgrounds, the majority of whom shall be Independent Directors.

The Chairman of the Audit and RPT Committee shall be an Independent Director, and the members will be appointed annually by the Board.

The Committee assists the Board in the discharge of its oversight responsibilities over the financial reporting, external audit performance, internal audit function, internal control and risk management processes of the Company. It also helps the Board ensure compliance with reporting, legal and regulatory requirements.

The Audit and RPT Committee has reviewed the effectiveness and adequacy of the internal control and risk management systems from the reports provided by internal and external auditors, Management's assessment of internal controls and its own evaluation.

The appointment, re-appointment and removal of the external auditor is a primary responsibility of the Committee.

In 2019, the Committee convened four (4) times, with the following attendance record:

| Position | Name | Appointment Date | No. of Meetings Held* | Attendance |
|-----------------|--------------------------|------------------|-----------------------|------------|
| Chairman | Honorio O. Reyes-Lao** | 05 March 2019 | 4 | 4 |
| Member | Antonio Jose U. Periquet | 05 March 2019 | 4 | 4 |
| Member | Cesar A. Buenaventura | 05 March 2019 | 4 | 4 |

*January - December 2019 period

**Mr. Reyes-Lao has a Bachelor of Science degree in Commerce, Major in Accounting

Board Risk Oversight Committee

The Board Risk Oversight Committee is composed of at least three (3) members, majority of whom are Independent Directors. It is chaired by an Independent Director.

Among the duties and responsibilities of the Committee is to promote an open discussion and awareness on the risks faced by the Company and its subsidiaries, which may have a potential impact on the Company's performance.

It is also tasked with reviewing the Company's risk management function to ensure that senior management has the proper position, staff and resources to manage such risks.

| Position | Name | Appointment Date | No. of Meetings Held* | Attendance |
|-----------------|--------------------------|------------------|-----------------------|------------|
| Chairman | Antonio Jose U. Periquet | 05 March 2019 | 2 | 2 |
| Member | Honorio O. Reyes-Lao | 05 March 2019 | 2 | 2 |
| Member | Cesar A. Buenaventura | 05 March 2019 | 2 | 2 |

*January - December 2019 period

Corporate Governance Committee

(with functions of Nomination & Election and Compensation & Remuneration committees)

The Corporate Governance (CG) Committee is tasked with ensuring compliance with, and proper observance of, corporate governance principles and practices. In addition, it shall perform the functions of the Nomination and Election Committee and the Compensation and Remuneration Committee.

It is composed of at least three (3) members, majority of whom should be Independent Directors, including the Chairman.

In 2019, the CG Committee convened twice, with the following attendance record:

| Position | Name | Appointment Date | No. of Meetings Held* | Attendance |
|-----------------|--------------------------|------------------|-----------------------|------------|
| Chairman | Antonio Jose U. Periquet | 05 March 2019 | 2 | 2 |
| Member | Honorio O. Reyes-Lao | 05 March 2019 | 2 | 2 |
| Member | Cesar A. Buenaventura | 05 March 2019 | 2 | 2 |

*January - December 2019 period

Other Functions of CG Committee

Nomination and Election

- Reviewed and evaluated the profile of the candidates for the nomination and election of Board of Directors
- Ensured that the qualifications of candidates for Directors are aligned with the corporate strategic direction of the Company
- Prepared the final list of candidates to the Board of Directors, which was

Compensation and Remuneration

- Developed the compensation and remuneration policy of Directors
- Reviewed the compensation and remuneration policy and recommended the amount of remuneration for non-executive directors
- Developed the rewards and compensation program for employees

appended in the Definitive Information Statement disclosed to the PSE and SEC and sent to the stockholders

- Reviewed the effectiveness and implementation of the Diversity Policy
 - Conducted Board Diversity methodology and progress report
-

Board Meetings and Attendance

In 2019, the Board had eleven (11) meetings. The SEC minimum board meeting attendance requirement is 50 percent.

To strengthen Board participation, the Company set the quorum for board meetings and decisions to at least 2/3 of the Board members. All Directors fully complied with the SEC and Company attendance requirement in 2019.

The CG Manual requires the disclosure of the board meeting attendance record of Directors on or before January 15 of the following year. On 07 January 2020, the Company filed with the SEC and PSE a sworn certification of the Board's attendance record for calendar year 2019. The same disclosure was also uploaded in the company website.

(see page 39 on Attendance of Board of Directors)

For the calendar year 2019, the Board approved the schedules of board and audit committee meetings during its board meeting held on 12 November 2018.

For 2020, the Board scheduled the board and audit committee meetings on 12 November 2019. Meetings of other board committees are scheduled within the year accordingly.

Corporate Secretary

The Corporate Secretary provides a schedule of regular board meetings and board committee meetings, in line with our regulatory reporting dates. Special board meetings may be called as the need arises.

The Corporate Secretary assists the Chairman in setting the Board agenda and provides Directors with meeting agenda and related materials in advance of the board meeting date.

This is to provide Directors with accurate and sufficient information to make educated decisions during the board meeting.

The Corporate Secretary likewise provides guidance on the correct legal procedures to ensure that the Board complies with its obligations under the law and the Company's Articles of Incorporation.

In addition, the Corporate Secretary maintains the integrity of the minutes of board meetings, and provides updates to the Directors and Management regarding statutory and regulatory changes.

Our Corporate Secretary is Atty. Noel A. Laman, a founder and Senior Partner at Castillo Laman Tan Pantaleon & San Jose. Serving as Assistant Corporate Secretary is Atty. Ma. Pilar P. Gutierrez, a partner at the same law firm.

Both possess the legal qualifications and competencies to effectively perform the corporate secretarial and related duties of the position.

Board Appointment and Re-election

Candidates for the Board of Directors shall be nominated by a stockholder of the Corporation. Pursuant to the Corporation Code, any stockholder who holds at least one (1) share of stock shall be entitled to nominate and elect a candidate for Board position.

The elected members of the Board of Directors shall hold office for one (1) year, until their successors are elected and qualified.

Any vacancy in the Board other than removal by the stockholders or expiration of term, may be filled by the vote of the majority of the remaining Directors, if still constituting a quorum; otherwise the vacancy must be filled by the stockholders in a regular or special meeting called for the purpose. A Director so elected to fill the vacancy shall be elected only for the unexpired term of his predecessor in office.

The qualifications and disqualifications of Directors are identified in the Company's CG Manual.

Remuneration of Directors

Each Director shall receive a reasonable per diem for his attendance at every board meeting.

Directors receive a per diem of P80,000 for each board meeting attended and a per diem of P40,000 for each committee meeting attended.

Subject to the approval of the stockholders owning at least a majority of the outstanding capital stock, Directors may also be granted compensation other than per diems, provided, that the total yearly compensation of Directors shall not exceed ten percent (10%) of the net income before income tax of the Corporation during the preceding year.

The form and amount of Directors’ compensation will be determined and approved by the Compensation and Remuneration Committee in accordance with the policies and principles under its Charter.

In 2019, the aggregate amount of cash bonus variable pays related to the preceding year’s financial performance and total compensation package received by executive and non-executive Directors, including Independent Directors and the CEO, did not exceed the abovementioned limits set by the Company’s Amended By-laws.

AGGREGATE REMUNERATION ACCRUED IN 2019

| Remuneration Item | Executive Directors | Non-Executive Directors (other than independent directors) | Independent Directors |
|--|----------------------------|---|------------------------------|
| (a) Fixed Remuneration | Php7,632,190.12 | - | - |
| (b) Variable Remuneration | - | - | - |
| (c) Per diem Allowance | Php1,360,000.00 | Php1,360,000.00 | Php1,120,000.00 |
| (d) Bonuses | - | - | - |
| (e) Stock Options and/or other financial instruments | - | - | - |
| (f) Others (Specify) | - | - | - |
| Total | Php8,892,190.12 | Php1,360,000.00 | Php1,120,000.00 |

Internal Controls and Risk Oversight

Our internal control process is designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance.

Everyone within the Company is responsible for the effective implementation of internal controls.

The Board is responsible for the Company’s governance and oversight function, and holds Management accountable for the internal control system.

Management owns the internal control system and is responsible for instituting robust internal control policies and procedures.

The internal audit function independently evaluates the soundness of the Company's key risks and organizational and procedural controls. This assists the Board—through the Audit Committee, and Management in assessing whether the internal control system is effectively designed and implemented.

Punongbayan & Araullo, a member firm of Grant Thornton International, Ltd., is the internal auditor of the Company.

The Board, through the Audit and RPT Committee, and Management's criteria for evaluating the soundness of internal control include a review of its control environment, risk assessment, control activities, information and communication, and monitoring activities.

In 2019, the Audit and RPT Committee reviewed the effectiveness of the internal control system based on its assessment, from the reports provided by internal and external auditors, and from Management's assessment of internal controls.

The Audit Committee approves the appointment, re-appointment and removal of the internal auditor.

Enterprise Risk Management Policy

Our Enterprise Risk Management (ERM) Policy provides the framework for managing risks across our Company, while striving to create more value for our stakeholders.

The risk management process starts from the Board, through the Risk Oversight Committee, which oversees and monitors the adoption of our risk management policies and procedures.

The Committee oversees and works with our Chief Risk Officer, General Counsel, Chief Compliance Officer and other senior management in ensuring that risk management responsibilities are effectively carried out.

The Chief Executive Officer meets regularly with the Executive and Management Committees of the operating subsidiaries to discuss strategies, key result areas and critical enterprise-level risks to ensure a decisive response to their respective opportunities and challenges.

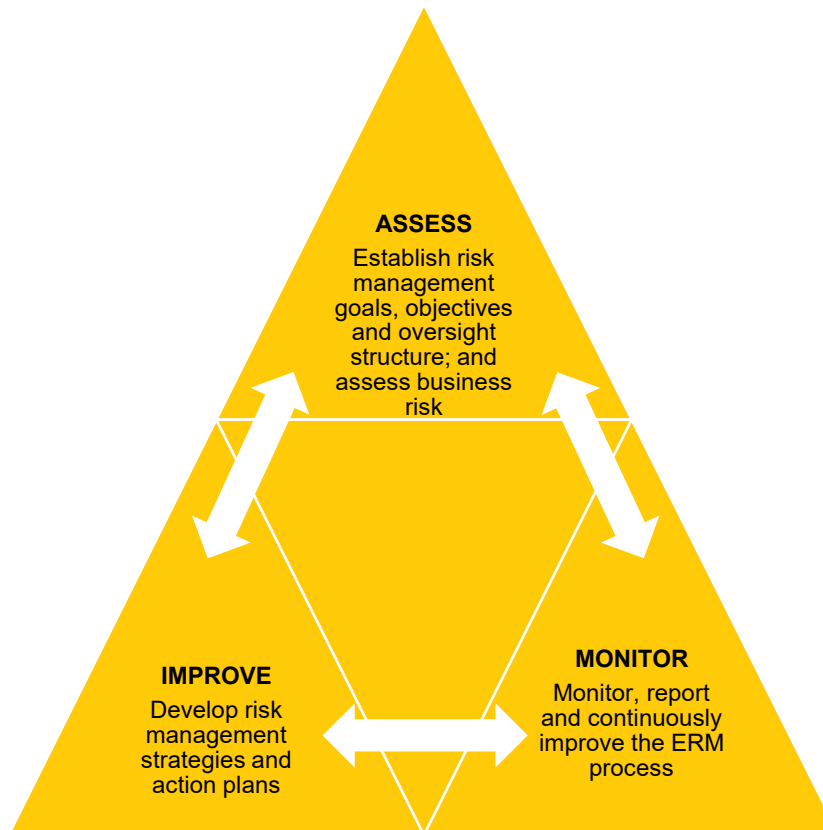
Our Chief Risk Officer leads the entire risk management function and spearheads the implementation, maintenance and continuous improvement of our ERM. He also advocates the adoption of the same by our subsidiaries.

Our subsidiaries, through their business units and divisions, employ a pragmatic approach to risk management, seeking to deliver our trademark operating efficiency while ensuring adherence to

regulatory, contractual, health, safety and quality standards, and managing risks from planning to day-to-day operations.

Our Risk Management Framework

Risk management is entrenched in the decision-making process of the Company and its subsidiaries. We continually monitor and assess our risk areas and develop strategies and action plans to better manage them.



In 2019, the Company identified three key risk management areas.

1. Key people management

With a number of senior executives set to retire from key positions in the next few years, developing a clear succession plan and roadmap is key to sustaining the operations and growth of the organization.

The Company is developing a pool of potential successors, from which future leaders and senior managers will be drawn.

Mentoring and talent development are also being intensified to prepare the next batch of professionals to assume greater responsibilities in the organization.

2. Portfolio management

Financial stability of the holding company. Our primary responsibility is to deliver value to our shareholders by ensuring the financial stability of the Company. We continue to maintain a strong balance sheet that will provide support for growth and cushion for economic uncertainties.

Our cash flows are dependent on the ability of our subsidiaries and affiliate to pay dividends. These are used to pay dividends to our shareholders and to fund new investments.

The senior management of the holding company participates in the strategic planning process of the subsidiaries and affiliates to align their strategic goals and actions with the holding company, to unlock synergies within the Group and to ensure that their capital allocation decisions will allow the holding company to deliver on its dividend commitment.

Entering into new or allied investments. We recognize that identifying and pursuing strategic business opportunities as they arise is critical for the creation of long-term value for the holding company.

A gating process is established wherein all new business opportunities are evaluated based on highly selective criteria identified by the Board and senior management. This is conducted to minimize the time and resources of evaluating potential investments that may not be pursued eventually.

In making investment decisions, Management considers investments in industries that will leverage the Company's engineering and management expertise and construction resources, along with the risk adjusted returns of the potential investments and specific measures to manage these identified risks.

Upon the Board's decision to pursue the investment, a technical working group is established to perform due diligence covering the financial, operational, regulatory and risk management of the investment. Once the holding company has invested, a post implementation review is performed to evaluate if project objectives are met and to identify improvements for mitigating future risks.

3. Regulatory and Compliance Risks

The Group operates in highly regulated, contract-based industries. Compliance with applicable laws, regulations, contractual obligations and stakeholder covenants is key to sustaining its businesses.

To manage our compliance risks, we have dedicated compliance and regulatory teams in our operating subsidiaries that coordinate with the different business units to ensure conformity to applicable laws and regulations and ISO standards. They also monitor emerging laws and regulations affecting the industries.

Chairman and President

The Chairman and President roles are unified to ensure strong, central leadership and to enhance efficiency.

To foster an appropriate balance of power, the functions of the two positions are clearly delineated in the Board Charter, Manual on Corporate Governance and By-Laws of the Company.

To ensure that the Board gets the benefit of independent views and perspectives, the Chairman and CEO does not sit on any of the board committees. Board resolutions are also decided upon by at least two-thirds (2/3) of the Board members.

Board committees are mainly composed of independent and non-executive Directors and are tasked to recommend and report to the Board any major business decisions.

Lead Independent Director

The Board designated a Lead Independent Director among the Independent Directors since the incumbent Chairman of the Board is not independent and assumes the role of the CEO/President at the same time.

Mr. Antonio Jose U. Periquet was appointed by the Board as the Lead Independent Director. The functions of the position include, among others, the following:

- Serve as an intermediary between the Chairman and the other Directors when necessary;
- Convene and chair meetings of the non-executive directors; and
- Contribute to the performance evaluation of the Chairman, as required.

Regular Directors

A Director's office is one of trust and confidence. Directors are expected to act in the best interest of the Corporation in a manner characterized by transparency, accountability and fairness. They should also exercise leadership, prudence and integrity in directing the Corporation towards sustained progress.

Directors must conduct fair business transactions for the Company and ensure that his/her personal interest does not conflict with the interests of the Company. They should also act judiciously, exercise independent judgment, and follow the norms of conduct outlined in the New Manual of Corporate Governance.

Independent Directors

An Independent Director (ID) is defined as one who apart from his fees and shareholdings, is independent of Management and substantial shareholders, and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a Director of the Corporation.

Our IDs possess the qualifications and none of the disqualifications under existing Philippine regulatory rules and requirements for IDs.

They have been nominated by a non-controlling shareholder during the nomination process, and are independent of Management and major shareholders of the Company. More importantly, they bring objectivity to Board deliberations and discussions.

The number of IDs is in compliance with the Philippine regulatory requirement for Boards of publicly listed companies.

Executive Succession Planning

Our commitment to leadership continuity is embodied in our Executive Succession Plan Policy, which ensures the stability and accountability of our Company to its stakeholders.

Under the policy, the Board will assess the permanent leadership needs of the Company to help ensure the selection of a qualified and capable leader.

While the Board assesses the leadership needs and recruits a permanent executive officer, the Board will appoint interim executive leadership to ensure that our Company's operations are not interrupted.

The interim CEO shall ensure that our Company continues to operate without disruption and that all Company commitments previously made are adequately executed, including but not limited to, loans approved, reports due, contracts, licenses, certifications, obligations to lenders or investors of the Company and others.

It is also the policy of our Company to develop a pool of candidates and consider at least three finalist candidates for its permanent CEO position.

The Company shall consider an external recruitment and selection process, while at the same time encouraging the professional development and advancement of current employees.

The interim CEO and any other interested internal candidates are encouraged to submit their qualifications for review and consideration by the Transition Committee for recommendation to the Nomelec according to the guidelines established for the search and recruitment process.

Board and Director Development

To raise the quality of our Board operations, we provide our Directors with orientation, training, continuing education, committee assignments and evaluations, among others.

Newly elected members of the Corporation's Board of Directors shall undergo a comprehensive orientation or training on the Corporation's business operations, policies and other related matters for such number of hours and in accordance with the requirements of the SEC.

He/she shall participate in an induction program that covers the Corporation's strategy, general financial and legal affairs, financial reporting, compliance programs, the Code of Business Conduct and Ethics, operational and business aspects unique to the Corporation and its business activities, and the responsibilities of the Board of Directors.

The CG Committee has developed an Onboarding Program for first-time Directors to include:

- Eight-hour orientation on Corporate Governance and Company's governance policies, procedures and best practices
- Company business orientation sessions
- Meeting with key officers of the Company and subsidiaries
- Guided site visits to Company operations
- Board committee familiarization sessions

In order to facilitate the fulfillment of their responsibilities, Directors are given access to, or notice of, continuing educational programs regarding corporate governance and critical issues relating to the operation of public company Boards.

Directors are also encouraged to periodically visit our construction projects, mine sites, power plants, real estate developments and water facilities, to update their knowledge and understanding of our businesses.

Chief Executive Officer Performance Evaluation

The Board conducts annual performance reviews of the CEO based on key result areas, which consist of Board-approved financial and nonfinancial performance metrics.

The Chief Compliance Officer oversees the performance evaluation process while the Corporate Secretary tabulates the rating results and summarizes the evaluation comments. Evaluation results are then submitted to and/or discussed with the CEO for proper disposition or action.

Board Performance Evaluation

The Board conducts an annual performance evaluation to ensure that members effectively fulfill their obligations. The annual performance assessment is divided into four sets:

| | |
|-----------------------------------|---|
| Full Board Review | The Full Board Review covers Board activities, mission and purpose, governance, board organization, meetings and membership, and management support. |
| CEO Appraisal | The Board will assess separately the performance of the CEO to rate his financial, strategic, governance, internal processes and business development capacities. |
| Peer Board Review | The Peer Board Review allows each Director to assess their Co-directors in terms of leadership, interpersonal skills, strategic thinking and their contribution to the Board. |
| Audit Committee Assessment | In compliance with SEC Memorandum Circular No. 4 Series of 2012 Guidelines for the Assessment of the Performance of the Audit Committee of listed companies, the Company adapted the Audit Committee Assessment which contains the oversight responsibilities under the Code of Corporate Governance, i.e. financial reporting, risk management, internal control, management, and internal and external audit. |

Performance Evaluation Criteria and Process

The CG Committee develops the performance evaluation criteria and process to assess the performance of the CEO, Board of Directors, board committees, and individual Directors. The table below summarizes the criteria for each position.

| CRITERIA | |
|--------------------------------|--|
| Chief Executive Officer | <ol style="list-style-type: none"> 1. Reviewing financial and management performance 2. Strategic planning process of management 3. Promoting good governance and ethical conduct across the organization 4. Risk and crisis management 5. Monitoring internal control and compliance systems in general 6. Upholding and supporting corporate sustainability advocacies of the Company |
| Board of Directors | <ol style="list-style-type: none"> 1. Composition: 2. Frequency of meetings 3. Discharge of roles and responsibilities 4. Reviewing management performance 5. Setting strategic directions and goals 6. Overseeing financial performance and fiduciary accountability of the Company 7. Exercising governance roles in establishing and upholding Company's core values, strategic objectives, key policies, governance framework and systems to optimize shareholder value |
| Board Committees | <ol style="list-style-type: none"> 1. Attendance and participation 2. Ensuring the integrity of the Company's accounting and financial reporting systems, independent audit, internal audit and risk management systems 3. Overseeing management's responsibilities in internal controls 4. Monitoring compliance with corporate governance policies and practices 5. Committee contribution |
| Directors | <ol style="list-style-type: none"> 1. Attendance and participation in meetings 2. Exercising duties with due diligence and reasonable care 3. Maintaining confidentiality 4. Acting in good faith and in the interests of the Company as a whole 5. Promoting and upholding corporate governance best practices 6. Leadership, roles and responsibilities 7. Board independence and stewardship 8. Strategic thinking 9. Interpersonal skills 10. Board contribution |

PROCESS

1. The Chief Compliance Officer prepares and administers the distribution of the assessment forms to the members of the Board and committees
2. The Directors and members of the Board committees are given fifteen (15) calendar days to accomplish the said assessment forms.
3. Accomplished assessment forms shall be submitted to the Chief Compliance Officer on the deadline set.
4. The assessment forms will be forwarded to the Corporate Secretary to tabulate the ratings and results, after which he will summarize the evaluation comments.
5. The Corporate Secretary will report the results of the evaluation to the Board during a regular or special meeting.

External Audit

An external auditor examines our accounting records to make sure that our financial statements meet government and regulatory requirements.

The Audit and RPT Committee oversees the external audit function on behalf of the Board. Its oversight covers the review and approval of the appointment, reappointment or removal of the external auditor, audit work engagement, scope and related fees, among others.

No Company Director or Officer is a former employee or partner of the current external auditor in the past three years.

The external auditors of the Company and its subsidiaries is the accounting firm Sycip, Gorres, Velayo and Co. (SGV & Co.). Pursuant to the General Requirements of SRC Rule 68, paragraph 3 (Qualifications and Reports of Independent Auditors), the Board of Directors of the Company, upon recommendation of its Audit Committee, approved the engagement of the services of SGV & Co. as external auditor and Ms. Dhonabee B. Seneres as the Partner-in-Charge starting 2018 audit period given the required audit partner rotation every five years.

The re-appointment of the external auditor SGV & Co. is presented to the stockholders for their approval at the annual stockholders' meeting.

Representatives of SGV & Co. are expected to be present at the stockholders' meeting. They will have the opportunity to make a statement if they desire to do so and they are expected to be available to respond to appropriate questions.

External audit fees and services

Below are the External Audit Fees of the Company and its subsidiaries for two fiscal years:

| | 2019 | 2018 |
|-------------------------------------|-------------|-------------|
| Audit and audit related fees | P18,104,870 | P19,033,074 |
| Non-audit | 120,000 | 100,000 |

Corporate Information

| | |
|--|---|
| <p>DMCI Holdings, Inc. 3rd Floor, Dacon Building 2281 Chino Roces Avenue Makati City, Metro Manila, Philippines 1231 Tel (632) 8888 3000 Website http://www.dmciholdings.com</p> | <p>Investor Relations 3rd Floor, Dacon Building 2281 Chino Roces Avenue Makati City, Metro Manila, Philippines 1231 Tel (632) 8888 3000 local 1023 Email: investors@dmcinet.com</p> |
| <p>Legal Counsel Castillo Laman Tan Pantaleon & San Jose Law Offices 4th Floor, The Valero Tower 122 Valero Street, Salcedo Village Makati City, Metro Manila, Philippines Tel (632) 8810 4371 and 8817 2724 Fax (632) 8819 2724, 8819 2725 and 8817 5938</p> | <p>Stock Transfer Agent Stock Transfer Service, Inc. 34th Floor, Rufino Plaza Ayala Avenue, Makati City Metro Manila, Philippines Tel (632) 8403 2410 and 8403 2412 Fax (632) 8403 2414</p> |