

# Corporate Governance

## COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

Rockwell Land adopted its Manual on Corporate Governance (the “Manual”) on May 2, 2012. An amended report was published last July 31, 2014 and May 31, 2017, respectively. The Company, its directors, officers and employees complied with the leading practices and principles on good governance as embodied in the Manual of Corporate Governance.

The Corporate Governance Manual provides for, among others, the following:

- A.** Appointment of a compliance officer, who shall directly report to the Chairman of the Board of Directors and monitor compliance with the provisions and requirements of the Corporate Governance Manual. Subject to the further review and approval of the Board of Directors, the compliance officer shall also determine the violations of the Corporate Governance Manual and recommend to the Chairman of the Board of Directors the appropriate actions for such violations;
- B.** Identification of the general duties and responsibilities of the Board of Directors who shall be responsible for the Company’s compliance with all relevant laws, regulations and codes of best business practices in order to sustain the Company’s competitiveness and profitability in a manner consistent with its corporate objectives and the best interest of its stockholders and other stakeholders. The Corporate Governance Manual also directs the Board of Directors to adopt a system of internal checks and balances. Identify and monitor key risk areas and key performance indicators with due diligence, and also monitor the effectiveness of management policies and decisions;
- C.** Creation of Board Committees, such as the Audit Committee, the Corporate Governance Committee, Risk Oversight Committee, and Related Party Transactions Committee;
- D.** Appointment of an External and Internal Auditor. The External Auditor shall ensure the independence of the audit of the Company in order to provide an objective assurance on the manner by which the financial statements of the Company will be prepared and presented to the stockholders. The Internal Auditor, on the other hand, shall have in place an independent audit system which shall provide the reasonable assurance that key organizational and procedural controls are effective, appropriate and complied with, taking into account the nature and complexity of the Company’s business and business culture, the volume, size and complexity of the transactions, the degree of centralization and delegation of authority, the extent and effectiveness of information technology and the extent of regulatory compliance;
- E.** Conduct of a training process for the purpose of conducting an orientation program to operationalize the Corporate Governance Manual;
- F.** Procedures for monitoring and assessing compliance with the Corporate Governance Manual;
- G.** Penalties for non-compliance with the Corporate Governance Manual.

Rockwell Land is taking further steps to enhance adherence to principles and practices of good governance.

Rockwell continues to abide by all the governance regulatory requirements. It has filed the Certificate required by the SEC certifying it, as well as its directors, officers and employees, compliance with the manual last April 19, 2017 when we filed our definitive information statement. Rockwell submitted to the Philippine Stock Exchange its responses to the Disclosure Template on Corporate Governance for Listed Companies last March 31, 2017. In December 2017, the SEC mandated all companies to submit an Integrated Annual Corporate Governance Report (I-ACGR) by 31 May of each year in lieu of several reports required in the past years. The Company has submitted its I-ACGR annually starting 30 May 2018.

Apart from the mandated Manual, Rockwell has also adopted a Corporate Code of Discipline. The Code embodies the principles and guidelines for the conduct of the business of the company and in dealing with its stakeholders.

Pursuant to the Manual of Corporate Governance, the Board has formed committees: Audit, Corporate Governance, Risk Oversight and Related Party Transactions Committees.

Rockwell also has an Internal Audit Group (“IAG”) that assists the Board through the Audit Committee in the discharge of its duties and responsibilities as provided for in the Manual on Code of Corporate Governance. The IAG reports to the Audit Committee and provides assurance, process innovation and consulting functions for Rockwell in the areas of internal control, corporate governance and risk management. It conducts its internal audit activities following a risk-based methodology in accordance with the Institute of Internal Auditors’ (IIA) International Standards for Professional Practice of Internal Auditing (ISPPA) under the Internal Professional Practices Framework. It bears mention that an independent director chairs the Audit Committee.

The Risk Oversight and Related Party Transactions Committees are composed of 5 and 4 members of the Board respectively. An independent director heads each of the committees. The Corporate Governance Committee is composed of 5 members of the Board, three of which are independent directors including the Chairman.

The appointment of Rockwell’s Chief Compliance, Chief Risk, Chief Audit, and Data Privacy Officers in June and August 2017 further increases governance for the protection of the rights of all the company’s stakeholders.

Rockwell has sought to keep communications open with its stockholders and encourages them to participate in the meeting of shareholders either in person or by proxy. Shareholders are free to write to the Corporate Governance Committee should they have recommendations and/or nominations for the board of directorship.