

MANUAL OF CORPORATE GOVERNANCE OF ADVENTURE BAY RESORT AND THEME PARK, INC.

The Board of Directors ("Board") and Management of Adventure Bay Resort & Theme Park, Inc. operating under the name and style of El Puerto marina Beach Resort and Vacation Club ("Company") commit themselves to the principles and best practices stated in this Manual on Corporate Governance ("Manual") and the Code of Corporate Governance for Public Companies and Registered Issuers issued by the Securities and Exchange Commission ("Commission"), also known as SEC Memorandum Circular No. 24, series of 2019 and acknowledge that the same shall guide the attainment of the Company's objectives.

ARTICLE 1. OBJECTIVE

This Manual shall institutionalize the principles of good corporate governance. The Board of Directors and Management, stockholders, personnel and employees of the Company believe that corporate governance is a necessary component of what constitutes sound management and will undertake every effort necessary to create awareness within the organization.

ARTICLE 2. DEFINITION OF TERMS

The purpose is to maximize the corporation's long-term success, thereby creating sustainable value for its shareholders, other stakeholders and the nation.

Board of Directors - the governing body elected by the stockholders that exercises the corporate powers of the Company, conducts all its business and controls on its properties.

Corporate Governance - The framework of rules, systems and processes in the corporation that govern the performance by the Board of Directors and Management of their respective duties and responsibilities to stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and the community in which it operates.

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Enterprise Risk Management - a process, effected by an entity's Board of Directors, Management and other personnel, applied in strategy setting and across the Company that is designed to identify and manage potential events and risks that may affect the company.

Independent Directors - a person who is independent of management and free from any business or any other relationship which could or could reasonably be perceived to materially interfere with the exercise of independent judgment in carrying out the responsibilities of a director of the Company.

Internal audit- an independent and objective assurance activity designed to add value and improve the Company's operation and help it accomplish its objectives by providing a systematic and disciplined approach in evaluation and improvement of the effectiveness of risk management, control and governance processes.

Internal Audit Department - a department of the Company that provides an independent and objective assessment and assurance to the Board, Management and stockholders of the Company about the latter's faithful compliance with laws, rules and regulations of the national and local government as well as its own internal rules and regulations.

Internal control - the system established by the Board of Directors and Management for the accomplishment of the Company's objectives, the efficient operation of its business, the reliability of its financial reporting and its faithful compliance with laws, rules and regulations of the national and local government as well as its own internal rules and regulations.

Internal control system – the framework under which internal controls are developed and implemented (whether alone or in connection with other rules and regulations) for the purpose of managing and controlling a particular risk or activity or a combination of risks or activities to which the Company may be exposed.

Management – The group of individuals given the authority by the Board to implement its policies regarding the administration and operation of the Company.

Non-Executive Director – a director who is not the head of a committee or administrative department of the Company nor perform any work related thereto.

Non-audit work – Any service offered by an external auditor to the Company not directly related or relevant to audit functions such as accounting, payroll, bookkeeping, reconciliation, computer project management, data processing or information technology, outsourcing services or any other service that may compromise the independence and objectivity of the external auditor.

Registered Issuer – The Company is a register issuer as it issued non-proprietary certificates.

Related Parties – covers the covered entity's directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common law, and other persons if these persons have control, joint control or significant influence over the covered entity. It also covers the covered entity's parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture of an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.

Related Party Transactions – a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.

Stakeholders – any individual, organization or society at large who can either affect and /or be affected by the company's strategies, policies, business decisions and operations, in general. This includes, among others, non-proprietary members, customers, creditors, employees, suppliers, investors, as well as the government and the community in which the company operates.

ARTICLE 3. RULES OF INTERPRETATION

- A. All references to the masculine gender shall cover the feminine and other genders.
- B. All doubts or questions that may arise in the interpretation or application of the Manual shall be resolved in favor of promoting transparency, accountability and fairness to the stockholders.

ARTICLE 4. BOARD OF DIRECTORS

The composition of the Board shall be in accordance with the Articles of Incorporation and By-Laws of the Company approved by the Commission.

A. Composition of the Board

Unless otherwise provided by law, the corporate powers of the corporation shall be exercised, all business conducted and all property of the corporation controlled and held by the Board of Directors to be elected by and among the stockholders. The Board shall be composed of five (5) members elected by the stockholders during annual meeting of stockholders and shall hold office in accordance with the Articles of Incorporation and By-Laws of the Company. The Board shall be elected during

each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.

The Board shall have two (2) independent directors

The Company shall attempt, as much as possible, to have board diversity in terms of gender, age, experience, knowledge and skill sets to ensure that optimal decision making is achieved.

B. Multiple Board Seats

The Board shall consider adoption of guidelines on the number of directorship positions that a director may hold in other corporations. The optimum number of directorship that a director may hold shall be considered in determining the capacity of a director to diligently and effectively perform his duties and responsibilities. However, the President and executive director maybe covered by a lower (or stricter) limit for membership in other boards in other corporations. The lower limit may also be made applicable to non-executive directors and independent directors who, at the same time, serve as full-time directors or full time officers in other corporations. The capacity of directors to diligently and effectively perform their duties and responsibilities in any corporation that they may be serving shall never be compromised.

C. The Chairman of the Board and President

The position of the Chairperson of the Board and President shall be separate to foster a balance of power, increased accountability and better capacity for independent decision-making. A clear delineation of functions shall be made between the Chairperson and the President.

The functions and duties of the Chairperson shall include the following: (i) ensure that meetings of the Board are held in accordance with the By-laws; (ii) ensure that the meeting's agenda focuses on strategic matters and facilitates discussion on key issues; (iii) supervise the preparation of the agenda of meeting in coordination with the Corporate Secretary taking into account suggestions of the President, Management and other directors; (iv) maintain qualitative and timely line of communication and information between the Board and Management; and (v) ensures that performance of the Board is evaluated at least once a year.

D. Qualifications of Directors

In addition to the qualifications provided by the Articles of Incorporation and By-Laws of the Company, the Board may provide additional qualifications for membership in the Board such as the following: (i) college education or equivalent academic degree; (ii) practical understanding of administration, operation and affairs of the Company; (iii) membership in good standing in relevant industry, business or professional organization; and (v) previous business or management experience.

The Board should have a policy on the training of directors, including an orientation program for first time directors and relevant annual continuing training for all directors.

E. Disqualifications of Directors

The following shall be grounds for permanent disqualification of a director:

- a. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that: (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant,

commodity trading advisor, or floor broker, or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them,

- b. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC, Bangko Sentral ng Pilipinas (BSP) or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company or as an affiliated person of any of them; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification should also apply if (a) such person is currently the subject of an order of the Commission, BSP or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Revised Corporation Code of the Philippines, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the Commission or BSP; (b) such person has otherwise been restrained to engage in any activity involving securities and banking; or (c) such person is the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization.

- c. Any person convicted by final judgment or order by a court, or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- d. Any person who has been adjudged by final judgment or order of the SEC, BSP, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law, rule, regulation or order administered by the SEC or BSP;
- e. Any person judicially declared as insolvent.
- f. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority for acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated above.
- g. Conviction by final judgment of an offense punishable by imprisonment for more than six years, or a violation of the Revised Corporation Code of the Philippines and Securities Regulation Code committed within five years prior to the date of his election or appointment.
- h. Other grounds as the SEC may provide pursuant to the provisions of the Revised Corporation Code of the Philippines, Securities Regulation Code and other related laws.

In addition, the following may be grounds for temporary disqualification of a director:

- a. Absences in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during his incumbency, unless the absence is due to illness, death in the family or serious accident. The disqualifications shall apply for purposes of the succeeding election.

- b. Dismissal, termination or removal for cause as director of any corporation. The disqualification shall be effective until he has cleared himself from involvement in the case that gave rise to his dismissal, termination or removal.
- c. If the beneficial equity of an independent director exceeds two percent (2%) of the subscribed capital stock of the Company. The disqualification shall be lifted if the limit is later complied with.
- d. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final and executory.

A temporarily disqualified director shall, within sixty (60) calendar days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses without justifiable reason, the disqualification shall become permanent upon the lapse of the sixty (60) day period.

F. Functions, Duties and Responsibilities of the Board

General Responsibility

It is the Board's responsibility to foster the long-term success of the Company, and to sustain its viability and sustainability in a manner consistent with its objectives and the best interest of its stockholders and other stakeholders. The Board shall formulate the vision, mission, objectives, plans, policies and procedures of the Company including the key result areas and performance indicators to be used in monitoring Management's performance.

Duties and Functions

There are two key elements of the fiduciary duty of board members, the duty of care and the duty of loyalty. To ensure the highest standards of best practice for the Company, its stockholders and other stakeholders, the Board shall conduct itself with diligence, honesty and integrity in the performance of its duties and functions which shall include the following:

- a. Implement a process of selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent professional, honest and highly motivated officers. Adopt an effective succession planning program.
- b. The Board should oversee the developments of and approve the company's business strategy, and monitor its implementation in order to sustain the company's long-term viability and strength.
- c. Keep the activities and decisions within the authority granted by the Articles of Incorporation and By-Laws and ensure faithful compliance with laws, rules and regulations of the national and local government and regulatory authorities.
- d. Establish and maintain a membership relations program that keep stockholders informed of development. Identify the Company's stakeholders and sectors in the community in which the Company operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them.
- e. The Board shall have a formal and transparent board nomination and election policy that should include how it accepts nominations from minority stockholders and reviews nominated candidates. The policy shall also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition,

its process of identifying the quality of directors shall be aligned with the strategic direction of the Company.

- f. The Board shall be primarily responsible for approving the selection and assessing the performance of the Management led by the President, and control functions led by their respective heads.
- g. The Board shall have the overall responsibility in ensuring that there is a Company-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy shall include the appropriate review and approval of material or significant RPTs which guarantee fairness and transparency of the transactions.
- h. The Board shall oversee the appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, the directors and stockholders.
- i. Constitute and Audit Committee and such other committees necessary to accomplish its duties and responsibilities.
- j. The Board shall adopt a Code of Business Conduct and Ethics, as may be necessary, which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings, and shall ensure the proper and efficient implementation and monitoring of compliance with the said Code.
- k. The Board shall oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.
- l. The Board shall establish a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business which underpin sustainability, and adopt a globally recognized standard framework in reporting sustainability and non-financial issues.

Moreover, it shall strive to be a good corporate citizen by being socially responsible and engaged in the community where it operates.

- m. Establish and maintain an alternative dispute resolution mechanism to amicably settle conflicts or differences between the Company and its stockholders and between the Company and third parties, including regulatory authorities.

G. SPECIFIC DUTIES AND RESPONSIBILITIES OF DIRECTORS

A director's office is one of trust and confidence. A director shall act in the best interest of the Company in a manner characterized by diligence, honesty, transparency, accountability and fairness. He shall exercise leadership, prudence and integrity. A director shall observe the following specific duties and responsibilities:

- a. Conduct fair business transactions and ensure that personal interest does not conflict with the interest of the Company. The basic principle is that a director shall not use his position to profit or

gain some benefit or advantage for himself and/or his related interests. He shall avoid situations that may compromise his impartiality.

Each director shall submit on an annual basis a Declaration of Interest disclosing therein his own or related parties' interest in any matter or in any office or property held by him which might create duties or interests in conflict with his duties or interest as a director of the Company. This shall be submitted by all directors not later than the second regular Board meeting after the Annual stockholders' Meeting using the Form to be furnished by the Audit Committee.

A director with a material or potential interest in any transaction (RPT) affecting the Company should fully and immediately disclose his adverse interest, abstain from taking part in the deliberations for the same and recuse from voting on the approval of the transactions. The Board's policy on related party transactions (RPT) should include the appropriate review and approval of material RPTs which guarantees fairness and transparency of the transactions.

A material or repeated violation/s of this rule shall be a ground for the imposition of disciplinary action including suspension or removal from office as director on the ground of ethical violation as a stockholder of the Company, without prejudice to any other action/s that may be available to the Company to protect its interest.

Devote time and attention necessary to properly and effectively perform his duties and responsibilities. A director shall attend all meetings of the Board and the Committees of which he is a member whether in person or through other means in accordance with the rules and regulations of the SEC, except when justifiable causes such as illness, death the immediate family or serious accidents should prevent him from doing so. A director shall devote sufficient time to familiarize himself with Company operations and shall be constantly aware of and knowledgeable of the same to enable him to meaningfully contribute to the Board's work.

- b. Act judiciously. Before deciding on any matter, a director, in all Board and Committee meetings shall carefully evaluate the issues and, if necessary, make inquiries and request clarifications or seek an explanation.
- c. Exercise independent judgment. A director shall view each problem or situation objectively. If there is disagreement, he shall evaluate and explain his position. He should not be afraid to take an unpopular position and shall support any plan or idea that he believes is in the best interest of the Company.
- d. Have a working knowledge of statutory and regulatory requirements, including the Articles of Incorporation and By-Laws of the Company, the rules and regulations of the Commission, and the requirements of regulatory agencies.
- e. A director shall keep abreast with trends and developments in other country Clubs, sports, athletic and recreational clubs.
- f. Observe confidentiality. A director shall keep secure and confidential all non-public information he may acquire or learn by reason of his position. He shall not reveal confidential information to unauthorized persons without prior authority of the Board.

H. Internal Control Responsibilities of the Board

The control environment consists of the following: (i) the Board which ensures that the Company is properly and efficiently managed and supervised; (ii) the Management that actively manages and operates the Company in a sound and prudent manner; (iii) the organizational and procedural controls supported by management information and risk management reporting systems; (iv) an independent audit mechanism to monitor the adequacy and effectiveness of governance, operations and information systems, including reliability and integrity of financial information, efficiency of operations, safeguarding of assets, and compliance with laws, rules and regulations and contracts.

- a. The minimum internal control mechanism for the performance of the Board's oversight function may be ultimately accountable for the Company's organizational and operational controls; (i) selection of the person who possesses ability, integrity and expertise essential for the position of President; (ii) evaluation of proposed senior management appointments; (iii) selection and appointment of qualified and competent management officers; and (iv) review of human resource policies, conflict of interest situations, compensation programs and management succession plans.
- b. The scope and particulars of the system of effective organizational and operational controls may depend on the following, among others: (i) nature and complexity of the organizational culture; (ii) volume, size and complexity of transactions; (iii) degree of risks involved; (iv) degree of centralization of authority and/or delegation thereof; (v) extent and effectiveness of information technology; and (v) extent of regulatory compliance.
- c. The Company shall establish an internal audit system that reasonably assures the Board, Management and stockholders that key organizational and operational controls are faithfully complied with. The Board shall appoint an Internal Auditor to perform the audit function, and shall require him to report to a level that allows the internal audit to fulfill its mandate. The Internal Auditor shall be guided by and comply with the International Standards on Professional Practice of Internal Auditing.

I. ATTENDANCE IN BOARD MEETINGS

The members of the Board shall attend its regular and special meetings in person or through teleconferencing conducted in accordance with the rules and regulations of the Commission.

To monitor compliance with attendance, the Company shall submit to the Commission, on or before January 30 of the following year, a sworn certification regarding attendance of directors at all meetings of the previous year. The certification may be submitted through SEC Form 17-C or in separate filing.

J. COMPENSATION

Pursuant to the By-Laws, each director shall receive a reasonable per diem allowance for attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before tax of the corporation during the preceding year.

K. SPECIAL COMMITTEES FOR CORPORATE GOVERNANCE

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

1. Audit Committee

The Audit Committee shall consist of at least three (3) regular members, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The Chair of Audit Committee shall be an independent director.

The committee shall have the following functions:

- a. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and compliance with laws, rules and regulations.
- b. Provide management oversight over credit, market, liquidity, operational, legal and other risks. This function shall include regular reports from Management regarding risk exposure and risk management activities.
- c. Perform oversight functions over internal and external auditors. It shall ensure that the internal and external auditors act independently from each other and both are given unrestricted access to all records, properties and personnel to enable them to effectively perform their audit functions.
- d. Review the annual internal audit plan to ensure conformity with the objectives of the Company. The plan shall include scope, resources and budget.
- e. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses and ensure proper coordination if more than one audit firm is involved to secure proper coverage and minimize duplication of efforts.
- f. Organize the Internal Audit department and consider appointment of an internal auditor and the terms and conditions of engagement and removal.
- g. Monitor and evaluate the adequacy and effectiveness of the internal control system, including financial reporting control and information technology security.
- h. Review the reports submitted by the Internal and external auditors.
- i. Review the quarterly, half-year and annual financial statements before submission to the Board with particular focus on the following: (i) any changes in accounting policies and processes; (ii) major judgmental areas; (iii) significant adjustments resulting from the audit; (iv) going concern assumptions; (v) compliance with accounting standards; and (vi) compliance with tax, legal and regulatory requirements.
- j. Evaluate all related party transactions (RPTs) to ensure that these are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied.
- k. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The committee shall disallow any non-audit work that may conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report.
- l. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

m. In coordination with the Compliance Officer and the General Manager of the Company, the Audit Committee shall prepare the company's Whistleblower Policy so as to encourage parties to raise legitimate wrongdoing concerns without fear of being blamed or suffering any disadvantage for doing so.

n. The Audit Committee shall also oversee the company's activities in managing Risks in finance, legal operations, personnel, reputational and emerging risks exposures.

For material risks exposures, it shall closely coordinate with the President and/or other directors and shall recommend to the Board the necessary action plan/s to minimize such identified risk.

2. LABOR COMMITTEE

The Labor Committee shall formulate and recommend to the Board programs and policies on personnel that will ensure compliance with the Labor Code, labor-related laws and regulations and determine what action to take on labor problems referred to it by the Board.

It shall establish formal and transparent procedures for the development of policies on compensation and determination of compensation levels for its officers and staff.

It shall review the human resources development or personnel handbook to strengthen policies and directives on conflict of interest, salaries and benefits, promotion and career advancement as well as faithful compliance of officers, employees and personnel with statutory requirements.

The annual reports/information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid directly or indirectly, to its officers during the preceding fiscal year.

3. NOMINATION COMMITTEE

Nomination of independent directors shall be conducted by the Nomination Committee prior to a stockholders' meeting. All recommendations shall be signed by the would-be-nominees.

The Committee shall pre-screen the qualification and prepare a final list of all candidates and put in place screening, policies and parameters to enable it to review the qualifications of the nominees for independent directors.

After the nomination, the Committee shall prepare a Final List of Candidates which shall contain the name of the nominees, the names of the nominating stockholder and the relationship of the nominee to the nominating stockholder, if any. Only nominees whose name appears in the Final List of Candidates shall be eligible for election as Independent Director/s. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual stockholders' meeting.

The Committee shall have three (3) members, one (1) of whom shall be an independent director. No person may serve in the Committee if he is related within the fifth (5th) degree of consanguinity of affinity, whether in the direct or collateral line, with or is a spouse of any nominee/candidate.

The casting and counting of ballots shall be conducted by the Committee. There shall be cumulative voting.

The Committee shall proclaim the winners immediately without delay.

L. Corporate Secretary

The Corporate Secretary shall be a Filipino citizen and a resident of the Philippines. He is an officer of the Company who is primarily responsible to the corporation and its stockholders and not to the Chairperson of the President and has, among others, the following qualifications, duties and responsibilities:

- a. He shall be responsible for the safekeeping and preservation of the integrity of the minutes as well as other official records of the Company.
- b. He shall be loyal to the vision, mission and objectives of the Company.
- c. He shall work fairly and objectively with the Board, Management, stockholders and other stakeholders.
- d. He must have administrative and interpersonal skills.
- e. If he is not at the same time the legal counsel, he must be aware of the laws, rules and regulations that affect the Company.
- f. He must have a working knowledge of the operations of the Company. He advises on the establishment of board committees and their terms of reference.
- g. He must inform the members of the Board, in accordance with the By-Laws, of the agenda of meetings and ensure that members have before them accurate information that will enable them to arrive at sound decisions.
- h. He shall attend all meetings of the Board except when justifiable causes such as, illness, death in the family or serious accidents, prevent him from doing so.
- i. He shall ensure that all laws, rules and regulations of the national and local governments, the articles of incorporation and by-laws of the Company, as well as this Manual of Corporate Governance, are strictly followed. He advises the Board and the Chairperson on all relevant issues as they arise.
- j. If he is the Compliance Officer, he shall perform the duties and responsibilities of the Compliance Officer.

M. The Compliance Officer

The Compliance Officer is in charge of the compliance functions. Similar to the Corporate Secretary, he is primarily liable to the Stockholders and not to the Chairperson or President.

He shall report directly to the Chairman and the President and shall have the following qualifications, duties and responsibilities:

- a. Monitor compliance with all laws, rules and regulations of the national and local governments, the Articles of Incorporation and By-Laws of the Company, as well as this Manual of Corporate Governance, and if any violations are found, report the matter to the Board and recommend imposition of disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation.
- b. Appear before the Commission when summoned in relation to compliance with the Code of Corporate Governance.
- c. Issue a certification every January 30th of the year on the extent of the Company's compliance with the Code of Corporate Governance for the completed year and, if there are deviations, explain the reason/s for such deviations.

ARTICLE 5. ADEQUATE AND TIMELY INFORMATION

To enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide them complete, adequate and timely information about the matters to be discussed during meetings.

Reliance on information volunteered by Management may not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the members of the Board shall have the right to independent and free access to information under the control or possession of Management and the Corporate Secretary.

The information requested may include the background explanation on matters brought before the Board such as disclosures, budgets, forecasts and financial documents. In order to fully understand the information and arrive at intelligent decisions for the best interest of the Company, the members of the Board, individually or collectively, in furtherance of their duties and responsibilities, shall have the right to secure independent professional counsel or advice at the Company's expense.

ARTICLE 4. ACCOUNTABILITY AND AUDIT

The Board is primarily accountable to the stockholders and shall provide them with a balanced, comprehensible and understandable assessment of the performance, position and prospects of the Company on an annual basis, including interim reports on matters that may adversely affect operations and future viability.

Therefore, it is essential that Management provides all members of the Board with accurate and timely information that will enable them to comply with their duties and responsibilities. For this purpose, Management shall formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

- a. The extent of responsibility in the preparation of the financial statements of the Company and delineation of responsibilities pertaining to the internal and external auditor shall be explained.
- b. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets shall be maintained for the benefit of all stockholders and other stakeholders.
- c. On the basis of the approved audit plans, internal audit examinations shall cover evaluation of adequacy and effectiveness of controls covering, at the minimum, the following: (i) governance, operations and information systems; (ii) reliability and integrity of financial and operational information; (iii) efficiency of management operations and protection of assets; and (v) compliance with contracts, laws, rules and regulations of the national and local governments.
- d. The Company shall consistently comply with the financial reporting requirements of the Commission.
- e. The Board, after due consultation with the Audit Committee, shall recommend to the stockholders an external auditor accredited by the Commission who shall undertake an independent audit of the Company and shall provide an objective assurance on the manner by which financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the Company. Non-audit work may be given to the external auditor provided it does not conflict with his duties as an independent auditor or does not pose threat to his independence.

- f. The external auditor and/or signing partner of the external auditing firm assigned to the Company shall be rotated or changed every five (5) years or earlier. If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for as well as date of effectivity of such action shall be reported in the annual and other reports. If the external auditor believes that any statement made in an annual report, information statement or any report filed with the Commission or any regulatory agency is incorrect or incomplete, he shall give his comments or view on the matter.
- g. The internal auditor shall submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies approved by the Audit Committee. The report shall include significant risk exposures, control issues and other matters needed or as requested by the Board and Management. The Internal Auditor shall certify under oath that he has conducted his activities in accordance with the International Standard on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why the standards have not been complied with. The audit report shall include a discussion of any disagreement between the external auditor and the Company on accounting principles, financial disclosures or audit procedures which the former auditor and the Company failed to resolve satisfactorily. A preliminary copy of the audit report shall be given to the external auditor before its submission to the stockholders.

ARTICLE 7. STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTEREST

The Board shall treat all shareholders/members fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

The Board shall respect the rights of the stockholders provided in the Corporation Code such as, but not limited to the following: (a) right to vote on all matters requiring their consent or approval; (b) right to inspect corporate books and records unless denied for valid reasons; (c) right to information about directors, officers, personnel and employees and their transactions or dealings with the Company; (d) right to information about personal and professional relationship among directors, officers, personnel and employees of the Company; (e) right to information on compensation and remuneration of directors, officers and employees of the Company; (f) right to information about administration, operations and management of the Company; and (g) right to enforce the appraisal right.

The Board shall be fair and transparent in the conduct of annual and special meeting/s of stockholders. The stockholders shall be encouraged to personally attend the meetings. If they cannot attend, they shall be informed ahead of time of their right to appoint a proxy. Subject to the requirements of law and the articles of incorporation and by-laws of the Company, the exercise of the right to appoint a proxy shall not be restricted and any doubt about the validity of a proxy shall be resolved in favor of the stockholder.

It shall be the duty of the Board to promote the rights of stockholders and remove impediments to the exercise thereof. The Board shall provide adequate avenues for stockholders to seek timely redress for breach of their rights and shall take steps to remove excessive or unnecessary costs and other administrative impediments to the right of stockholders to attend and participate at meetings in person or by proxy and/or exercise their right to vote in person or by proxy.

The Board shall provide accurate and timely information to stockholders to enable them to arrive at sound decisions on all matters submitted for approval and the Board may allow electronic distribution

of information to stockholders, to be sent out at least twenty-one (21) days before the Annual/Special Stockholders' meeting.

The Board shall try to encourage active shareholder participation by making the result of the votes on matters taken during the most recent Annual/Special Stockholders' meeting publicly available on the company website the next working day. Voting results include a breakdown of the approving and dissenting votes on the matters raised during the said meeting.

The Minutes of the Annual/Special Stockholders' Meeting shall as much as possible, be available on the company website within five (5) business days from the date of the meeting.

ARTICLE 8. GOVERNANCE SELF-RATING SYSTEM

The Board shall create or delegate to Management the task of creating an internal self-rating system that measures the performance of the Board and Management in accordance with the Code of Corporate Governance. The Creation and implementation thereof, including its salient features shall be disclosed in the annual report to stockholders

ARTICLE 9. DISCLOSURE AND TRANSPARENCY

The essence of corporate governance is transparency. The more transparent the internal workings of the Company are, the more difficult it will be for Management and dominant stockholders to mismanage the Company or misappropriate its assets.

Therefore, it is essential that all material information which could adversely affect viability or the interest of stockholders and other stakeholders should be publicly and immediately disclosed. Such information shall include, among others, revenues and expenses, acquisition or disposition of assets, off balance sheet transactions, related party transactions, changes in composition of the Board and direct or indirect compensation and remuneration of officers, employees and personnel.

The Company shall disclose all relevant information on its corporate governance policies and practices in the Annual Corporate Governance Report which should be submitted to the SEC and continuously updated and posted on the Company's website.

ARTICLE 10. COMMITMENT TO GOOD CORPORATE GOVERNANCE

The Board and the Company shall be committed to establishing and implementing its corporate governance rules in accordance with the Code of Corporate Governance.

The Manual on Corporate Governance shall be used as reference by members of the Board and Management.

The Manual shall be available for inspection by any stockholder, directors, officers and employees at reasonable hours on business days and copies of the same shall also be available upon request.

ARTICLE 11. PENALTIES

In the case of directors, officers, employees or personnel who are stockholders (i.e., members of the Company), the imposable penalty for violation of non-compliance with any provisions in the Manual shall be determined by the Rules and Ethics Committee and recommended to the Board, taking into account corporation law and jurisprudence as well as this Code, the Articles of Incorporation and By-Laws of the Company.

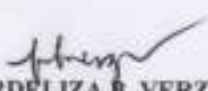
In case of officers, employees or personnel who are not stockholders (i.e., not members of the Company), the imposable penalty for violation of non-compliance with any provisions in the Manual shall be determined by Management taking into account labor law and jurisprudence.

ARTICLE 12.: EFFECTIVITY

This Manual may be amended or repealed by the Board at a regular or special meetings and the affirmative vote of at least a majority of the Board shall be necessary to amend or repeal this Manual.

IN WITNESS WHEREOF, we the Chairman and Compliance Officer along with the members of the Board of Directors of ADVENTURE BAY RESORT AND THEME PARK, INC., hereby adopt the foregoing Revised/New Manual of Corporate Governance, affixing our signatures this 3rd day of February, 2021 at Makati City, Philippines.


ROLANDO M. VERZOSA
Chairman/President


FLORDELIZA B. VERZOSA
Director/Compliance Officer


Atty. RAUL CERODIAS
Director


ROLAND CHARLES B. VERZOSA
Director


ROBERTO M. ASUNCION
Independent Director


EMELITA G. SATO
Independent Director


JOHN PATRICK B. RODENAS
Director

FEB 04 2021

SUBSCRIBED AND SWORN TO BEFORE THIS _____
MAKATI CITY AFFIANT / EXHIBITED TO ME HIS/HER
_____ ISSUED AT _____ ON _____

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PAGE NO. 61
BOOK NO. 130
SERIES OF 2021


RUBEN T. M. RANAHE
NOTARY PUBLIC
UNTIL DEC. 31, 2021
IBP NO. 142536/01-04-21 CY 2021
ROLL NO. 28947/MCLE-6/3-22-19
PTR NO. MKT.6533046/1-4-21 APPT NO. M-15