



SEC FORM-ACGR (FOR PC/RI)

ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC COMPANIES AND REGISTERED ISSUERS

1. For the fiscal year ended2022.....
2. SEC Registration NumberAS0954616.....
3. BIR Tax Identification Number004-624-281-000.....
4. Exact Name of the Issuer as specified in its charterPHILTOWN PROPERTIES, INC....
5. Province, Country or other jurisdiction of incorporation or organizationPHILIPPINES.....
6. Address of Principal Office 3F BJS BUILDING, BJS COMPOUND, 1869 P. DOMINGO ST., BRGY.
KASILAWAN, MAKATI CITY.....
7. Postal Code1206.....
8. Issuer's telephone number, including area code(632)8-8006694.....
9. Former name, former address, and former fiscal year, if changed since last report
.....N/A.....
10. Industry Classification Code (For SEC's use only)

ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC COMPANIES AND REGISTERED ISSUERS

RECOMMENDATION	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
THE BOARD'S GOVERNANCE RESPONSIBILITIES			
Principle 1. ESTABLISHING A COMPETENT BOARD https://www.philtownpropertiesinc.com/sec-filings			
The company should be headed by a competent, working Board to foster the long-term success of the corporation, and to sustain its competitiveness and growth in a manner consistent with its corporate objectives and the long-term best interests of its shareholders/members and other stakeholders.			
Recommendation 1.1			
1 The Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	Refer to Part IV, Item 9 of Annual Report (SEC Form 17-A) for FY 2022 with link at https://www.philtownpropertiesinc.com/sec-filings	
2 The Board has an appropriate mix of competence and expertise.	Compliant	Refer to Page 6, Qualifications of Directors of the Corporation's Manual on Corporate Governance of 2022 with link at	
3 Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant	https://www.philtownpropertiesinc.com/manual-on-corporate-governance <i>Provide information or link/reference to a document containing information on the following:</i> 1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors. 2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance.	
Recommendation 1.2			
1 The Board is headed by a competent and qualified Chairperson.	Compliant	Refer to Part IV, Item 9 of Annual Report (SEC Form 17-A) for FY 2022, List of Directors with link at https://www.philtownpropertiesinc.com/sec-filings <i>Provide information or reference to a document containing information of the Chairperson, including his/her name, qualifications, and expertise.</i>	

Recommendation 1.3				
1	The company provides a policy on training of directors.	Compliant	Refer to Page 15, Item No. 4, Training Process of the Corporation's Manual of Corporate Governance for 2022 with link at https://www.philtownpropertiesinc.com/manual-on-corporate-governance <i>Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.</i>	
2	The company has an orientation program for first-time directors.	Compliant	Refer to Page 15, Item No. 4.2, Training Process of the Corporation's Manual on Corporate Governance with link at https://www.philtownpropertiesinc.com/manual-on-corporate-governance	
3	The company has relevant annual continuing training for all directors.	Not Compliant	<i>Provide information or link/reference to a document containing information of the orientation program and trainings of directors for the covered year, including the number of hours attended and topics covered.</i>	Will provide this recommendation in a New MCG
Recommendation 1.4				
1	The Board has a policy on board diversity.	Not Compliant	<i>Provide information or link/reference to a document containing the company's board diversity policy.</i> <i>Indicate gender, age and competence composition of the board.</i>	Will provide this recommendation in a New MCG
Recommendation 1.5				
1	The Board is assisted by a Corporate Secretary.	Compliant	Refer to Part IV, Item 9 of Annual Report (SEC Form 17-A) for FY 2022 with link at https://www.philtownpropertiesinc.com/sec-filings	
2	The Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	<i>Provide information or link/reference to a document containing information of the Corporate Secretary, including his/her name, qualifications, duties and functions.</i>	
3	The Corporate Secretary is not a member of the Board of Directors.	Compliant		
4	The Corporate Secretary attends annual training/s on corporate governance.	Not Compliant	<i>Provide information or link/reference to a document containing information of the corporate governance training/s attended, including the date of training, number of hours and topics covered.</i>	Will require the Corporate Secretary to attend annual training on corporate governance

Recommendation 1.6				
1	The Board is assisted by a Compliance Officer.	Compliant	Refer to Part IV, Item 9 of Annual Report (SEC Form 17-A) for FY 2022 with link at https://www.philtownpropertiesinc.com/sec-filings <i>Provide information or link/reference to a document containing information of the Compliance Officer, including his/her name, position, qualifications, duties and functions.</i>	Appointed a compliance officer on November 24, 2022
2	The Compliance Officer has a rank of Senior Vice-President or an equivalent position with adequate stature and authority in the corporation.	Not Compliant		
3	The Compliance Officer is not a member of the board.	Compliant		
4	The Compliance Officer attends annual training/s on corporate governance.	Not Compliant		Will require the Compliance Officer to attend annual training on corporate governance

Principle 2. ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD

The fiduciary roles, responsibilities, and accountabilities of the Board, as provided under the law, the company's articles of incorporation and bylaws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to shareholders/members and other stakeholders.

Recommendation 2.1

1	The Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company, shareholders and stakeholders.	Compliant	Refer to Item 2.2.1.2 Specific Duties and functions of the Board of the Corporation's Manual on Corporate Governance for FY 2022 with link at https://www.philtownpropertiesinc.com/manual-on-corporate-governance <i>Provide information or reference to a document containing information on how the directors performed their duties (this can include board resolutions and minutes of meetings).</i>	
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Recommendation 2.2

1	The Board oversees the development and approval of the company's business objectives and strategy.	Compliant	Refer to Item 2.2.1.2 Specific Duties and functions of the Board of the Corporation's Manual on Corporate Governance for FY 2022 with link at https://www.philtownpropertiesinc.com/manual-on-corporate-governance <i>Provide information or link/reference to a document containing information on how the directors performed this function (this can include board resolutions and minutes of meetings).</i> <i>Indicate frequency of development of business objectives and strategy.</i>	The Board meetings discuss the financial performance of the Company vs the target
2	The Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant		

Recommendation 2.3				
1	The Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	Refer to Item 2, Compliance System of the Corporation's Manual on Corporate Governance with link at https://www.philtownpropertiesinc.com/manual-on-corporate-governance	
2	The Board adopts a policy for the retirement of directors and key officers.	Not Compliant	<i>Disclose and provide information or link/reference to a document containing the company's succession planning policies and programs and its implementation.</i>	Will provide this recommendation in a New MCG.
Recommendation 2.4				
1	The Board aligns the remuneration of key officers and board members with the long-term interests of the company.	Compliant	Refer to Item 2.2.2.1.5, Duties and Responsibilities Related to Compensation and Remuneration of the Corporation's Manual on Corporate Governance with link at https://www.philtownpropertiesinc.com/manual-on-corporate-governance	
2	The Board adopts a policy specifying the relationship between remuneration and performance.	Compliant		
3	The Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	<i>Provide information or link/reference to a document containing the company's remuneration policy and its implementation, including the relationship between remuneration and performance.</i>	
Recommendation 2.5				
1	The Board has a formal and transparent board nomination and election policy.	Not Compliant	<i>Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the candidates are shortlisted and how it encourages nominations from shareholders.</i>	Will provide this recommendation in a New MCG
2	The Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Not compliant	<i>Provide proof if minority shareholders have a right to nominate candidates to the board.</i>	Will provide this recommendation in a New MCG
3	The Board nomination and election policy includes how the company accepted nominations from shareholders/members.	Not compliant	<i>Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</i>	Will provide this recommendation in a New MCG
4	The Board nomination and election policy includes how the board reviews the qualifications of nominated candidates.	Not compliant		Will provide this recommendation in a New MCG
5	The Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or	Not compliant		Will provide this recommendation in a New MCG

	replacement/removal of a director.			
6	The Board has a process for identifying the quality of directors/trustees that is aligned with the strategic direction of the company.	Not compliant		Will provide this recommendation in a New MCG
Recommendation 2.6				
1	The Board has overall responsibility in ensuring that there is a policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	Refer to Sec. 2.2.1.2 of 2022 MCG - Formulate and implement policies and procedures that would ensure the integrity and transparency of Related Party transactions between and among the Corporation, its joint ventures, subsidiaries, associates, major stockholders, officers, and Directors, including their spouses, children and dependent siblings, parents and interlocking Director relationships by members of the Board.	
2	The RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	<p><i>Provide information or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs.</i></p> <p><i>Identify transactions that were approved pursuant to the policy.</i></p>	
Recommendation 2.7				
1	The Board is primarily responsible for approving the selection of Management, led by the Chief Executive Officer (CEO) or his/her equivalent, and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive, as may be applicable).	Compliant	<p>Refer to Item 2, Compliance System of the Corporation's Manual on Corporate Governance with link at https://www.philtownpropertiesinc.com/manual-on-corporate-governance</p> <p><i>Provide information or reference to a document containing the Board's policy on approving the selection of management.</i></p> <p><i>Identify the Management team appointed.</i></p>	
2	The Board is primarily responsible for assessing the performance of Management, led by the CEO or his/her equivalent and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive, as may be applicable).	Compliant	<p>Refer to Item 2, Compliance System of the Corporation's Manual on Corporate Governance with link at https://www.philtownpropertiesinc.com/manual-on-corporate-governance</p> <p><i>Provide information or reference to a document containing the Board's policy on assessing the performance of management.</i></p> <p><i>Provide information on the assessment process and indicate frequency of assessment of performance.</i></p>	

Recommendation 2.8

1	The Board establishes an effective performance evaluation framework that includes a standard or criteria for assessment and ensures that Management's performance is on par with the standards set by the Board and Senior Management.	Compliant	The Board requires the assessment of performance of each department, department head and personnel 3 times a year. These assessments are conducted in April, August and December of each fiscal year. <i>Provide information or link/reference to a document containing the Board's performance evaluation framework for management and personnel.</i>	
2	The Board establishes an effective performance evaluation framework that includes a standard or criteria for assessment and ensures that personnel's performance is on par with the standards set by the Board and Senior Management.	Compliant		

Recommendation 2.9

1	The Board ensures that an appropriate internal control system is in place.	Compliant	Refer to Sec. 2.2.1.2 and 2.2.2.3.2 of 2022 MCG with link at https://www.philtownpropertiesinc.com/manual-on-corporate-governance <i>Provide information or link/reference to a document showing the Board's responsibility in ensuring that an appropriate internal control system is in place, and what comprises the internal control system.</i>	
2	The internal control system includes a mechanism for monitoring and managing potential/actual conflicts of interest of the board members/trustees, management and shareholders/members.	Compliant		
3	The Board adopts an Internal Audit Charter.	Not Compliant	<i>Provide reference or link to the company's Internal Audit Charter.</i>	Will provide this recommendation I a New MCG.

Recommendation 2.10

1	The Board ensures that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Not Compliant	<i>Provide information or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.</i> <i>Provide proof of effectiveness of risk management strategies, if any.</i>	Will provide this recommendation in a New MCG.
2	The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Not Compliant		Will provide this recommendation in a New MCG.

Recommendation 2.11			
1	The Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	Compliant	Refer to Item 2.2.1, Compliance System, Board of Directors of the Corporation's Manual on Corporate Governance with link at https://www.philtownpropertiesinc.com/manual-on-corporate-governance
2	The Board Charter serves as a guide to the directors/trustees in the performance of their functions.	Compliant	<i>Provide link to the company's website where the Board Charter is disclosed and/or other proof that it is publicly available.</i>
3	The Board Charter is publicly available.	Compliant	

Principle 3. ESTABLISHING BOARD COMMITTEES

The board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, compliance and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all the board committees should be contained in their respective board committee charters.

Recommendation 3.1			
1	The Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	Refer to Board Committees with link at https://www.philtownpropertiesinc.com/board-committees <i>Provide information or link/reference to a document containing information of all board committees established by the company.</i>

Recommendation 3.2			
1	The Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	Refer to Board Committees with link at https://www.philtownpropertiesinc.com/board-committees <i>Provide information or link/reference to a document containing information of the Audit Committee, including its functions. Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.</i>
2	The Audit Committee is composed of at least three (3) qualified non-executive directors, the majority of whom, including the Chairperson, are independent directors.	Compliant	Refer to Board Committees with link at https://www.philtownpropertiesinc.com/board-committees <i>Provide information or link/reference to a document containing information of the members of the Audit Committee, including their qualifications and type of directorship.</i>
3	All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	Refer to Board Committees with link at https://www.philtownpropertiesinc.com/board-committees <i>Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.</i>

4	The Chairperson of the Audit Committee is not the Chairperson of the Board or of any other committee.	Compliant	Refer to Board Committees with link at https://www.philtownpropertiesinc.com/board-committees <i>Provide information or link/reference to a document containing information of the Chairperson of the Audit Committee.</i>	
Recommendation 3.3				
1	The Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	Refer to Board Committees with link at https://www.philtownpropertiesinc.com/board-committees <i>Provide information or reference to a document containing information of the Corporate Governance Committee, including its functions.</i> <i>Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.</i>	
2	The Corporate Governance Committee is composed of at least three (3) members, majority of whom, including the Chairperson, should be independent directors.	Compliant	Refer to Board Committees with link at https://www.philtownpropertiesinc.com/board-committees <i>Provide information or link/reference to a document containing information of the members of the Corporate Governance Committee, including their qualifications and type of directorship.</i>	
Recommendation 3.4				
1	The Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Not Compliant	<i>Provide information or link/reference to a document containing information of the Board Risk Oversight Committee (BROC), including its functions</i>	Will provide this recommendation in a New MCG
2	The BROC is composed of at least three (3) members, the majority of whom should be independent directors, including the Chairperson.	Not Compliant	<i>Provide information or link/reference to a document containing information of the members of the BROC, including their qualifications and type of directorship.</i>	Will provide this recommendation in a New MCG
3	At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Not Compliant	<i>Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.</i>	Will provide this recommendation in a New MCG

Recommendation 3.5			
1	All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	<p>Refer to Board Committees with link at https://www.philtownpropertiesinc.com/board-committees</p> <p><i>Provide information or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.</i></p>
2	The Committee Charters provide standards for evaluating the performance of a committee and its members.	Compliant	

Principle 4. FOSTERING COMMITMENT

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

Recommendation 4.1			
1	The Directors attend and actively participate in all meetings of the Board, Committees and shareholders/members in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	<p>Refer to Board Committees with link at https://www.philtownpropertiesinc.com/board-committees</p> <p><i>Provide information or link/reference to a document containing the process and procedure for tele/videoconferencing board and/or committee meetings.</i></p>
2	The Directors review meeting materials for all Board and Committee meetings.	Compliant	
3	The Directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	<p>Refer to Minutes of Board Meetings for 2022</p> <p><i>Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors</i></p>

Recommendation 4.2			
1	Non-executive directors concurrently serve in not more than ten (10) public companies and/or registered issuers. If concurrently sitting in at least three (3) publicly listed companies, the maximum concurrent directorships shall be five (5) public companies and/or registered issuers.	Compliant	<p>Refer to Part IV, Item 9 of Annual Report (SEC Form 17-A) for FY 2022 that shows the resumes of each Director with link at https://www.philtownpropertiesinc.com/sec-filings</p> <p><i>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</i></p> <p><i>Provide information or reference to a document containing information on the directorships of the company's directors in listed companies, registered issuers and public companies.</i></p>
Recommendation 4.3			
1	The Directors notify the company's board before accepting a directorship in another company.	Compliant	<p>No discussion of a Director being offered or accepting a directorship position in another company happened in 2022.</p> <p><i>Provide copy of/reference to the written notification to the board or minutes of board meeting wherein the matter was discussed.</i></p>
Principle 5. REINFORCING BOARD INDEPENDENCE			
The Board should endeavor to exercise an objective and independent judgment on all corporate affairs.			
Recommendation 5.1			
1	The Board is composed of a majority of non-executive directors who possess the necessary qualifications.	Compliant	<p>Refer to Part IV, Item 9 of Annual Report (SEC Form 17-A) for FY 2022 that shows the resumes of each director with link at https://www.philtownpropertiesinc.com/sec-filings</p> <p><i>Identify or provide link/reference to a document identifying the directors, the type of their directorships and their qualifications.</i></p>
Recommendation 5.2			
1	The Board has at least two (2) independent directors or such number as to constitute one-third (1/3) of the board, whichever is higher.	Compliant	<p>Refer to Part IV, Item 9 of Annual Report (SEC Form 17-A) for FY 2022 with link at https://www.philtownpropertiesinc.com/sec-filings</p> <p><i>Provide information or link/reference to a document containing the number of independent directors in the board.</i></p>

Recommendation 5.3			
1	The independent directors possess all the qualifications and none of the disqualifications to hold the position.	Compliant	<p>Refer to Part IV, Item 9 of Annual Report (SEC Form 17-A) for FY 2022 that shows the resumes of each director with link at https://www.philtownpropertiesinc.com/sec-filings</p> <p><i>Provide information or link/reference to a document containing the qualifications of independent directors.</i></p>
Recommendation 5.4			
1	The company perpetually bars an independent director from serving in such capacity after the term limit of nine (9) years.	Not Compliant	<p><i>Provide information or link/reference to a document containing the company's policy on term limits for its independent director.</i></p> <p>Will provide this recommendation in a New MCG.</p>
2	In the instance that the company retains an independent director in the same capacity after nine (9) years, the Board provides meritorious justification and seeks shareholders'/members' approval during the annual regular meeting.	Not Compliant	<p><i>Provide reference to the meritorious justification and proof of shareholders'/members' approval during the annual regular meeting.</i></p> <p>Will provide this recommendation in a New MCG.</p>
Recommendation 5.5			
1	The positions of Chairperson of the Board and Chief Executive Officer (or its equivalent) are held by separate individuals.	Compliant	<p>Alfredo B. Parungao – Chairman Ernest Fritz Server – President</p> <p><i>Identify the company's Chairperson of the Board and Chief Executive Officer (or its equivalent).</i></p>
2	The Chairperson of the Board and Chief Executive Officer (or its equivalent) have clearly defined responsibilities.	Compliant	<p>The duties and responsibilities of the Chairman are stated in the MCG 2014 with link at https://www.philtownpropertiesinc.com/manual-on-corporate-governance</p> <p><i>Provide information or link/reference to a document containing the roles and responsibilities of the Chairperson of the Board and Chief Executive Officer (or its equivalent). Identify the relationship of the Chairperson and CEO.</i></p>
Recommendation 5.6			
1	The Board designates a lead director among the independent directors if the Chairperson of the Board is not an independent director.	Compliant	<p>Chairman is an Independent Director</p> <p><i>Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any. Indicate if Chairperson is an independent director.</i></p>

Recommendation 5.7			
1	The Directors/Trustees with material interest in a transaction affecting the corporation fully disclose his/her adverse interest, abstain from taking part in the deliberations for the same, and recuse from voting on the approval of transaction.	Compliant	There was no incidence in 2022 where a director or a director's company/ies had a transaction with the Company. <i>Provide proof of full disclosure and abstention, if any, of the interested director/trustee.</i>

Recommendation 5.8				
1	The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance, and risk functions, without any executive directors present.	Not Compliant	<i>Provide proof and details of said meeting, if any. Provide information on the frequency and attendees of meetings.</i>	Will provide this recommendation in a new MCG.
2	The meetings are chaired by the lead independent director, if applicable.	Not Compliant		Will provide this recommendation in a new MCG.

Principle 6. ASSESSING BOARD PERFORMANCE

The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

Recommendation 6.1				
1	The Board conducts an annual self-assessment of its performance as a whole.	Not Compliant	<i>Provide proof of self-assessments conducted by the whole board, the individual members, the Chairperson and the Committees.</i>	Will provide this recommendation in a new MCG.
2	The Chairperson conducts an annual self-assessment of his performance.	Not Compliant		Will provide this recommendation in a new MCG.
3	The individual members conduct a self-assessment of their performance.	Not Compliant		Will provide this recommendation in a new MCG.
4	Each committee conducts a self-assessment of its performance.	Not Compliant		Will provide this recommendation in a new MCG.

Recommendation 6.2				
1	The Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors/trustees and committees.	Not Compliant	<i>Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders/members.</i>	Will provide this recommendation in a new MCG.
2	The system allows for a feedback mechanism from the shareholders/members.	Not Compliant		

Principle 7. STRENGTHENING BOARD ETHICS

The Board directors are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

Recommendation 7.1				
1	The Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of board members.	Compliant	Refer to Code of Business Conduct and Ethics with link at https://www.philtownpropertiesinc.com/code-of-business-conducts-ethics <i>Provide information or link/reference to the company's Code of Business Conduct and Ethics.</i>	
2	The Code is properly disseminated to the members of Board.	Compliant	The code is properly disseminated to the members of the board <i>Provide information or discuss how the company disseminated the Code to the members of the Board.</i>	
3	The Code is disclosed and made available to the public through the company website.	Compliant	Refer to Code of Business Conduct and Ethics with link at https://www.philtownpropertiesinc.com/code-of-business-conducts-ethics <i>Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.</i>	

Recommendation 7.2				
1	The Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Not Compliant	<i>Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics.</i> <i>Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.</i>	Will provide this recommendation in a New MCG

DISCLOSURE AND TRANSPARENCY

Principle 8. ENHANCING COMPANY DISCLOSURE POLICIES AND PROCEDURES

The Board should establish corporate disclosure policies and procedures that are practical and in accordance with generally accepted best practices and regulatory expectations.

Recommendation 8.1

1	The Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders/members and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Not Compliant	<i>Provide information or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders/members and other stockholders.</i>	Company failed to hold an ASM in 2022.
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Recommendation 8.2

1	The company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within five (5) business days.	Not Compliant	<i>Provide information or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's shares.</i>	Will provide this recommendation in a New MCG.
2	The company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within five (5) business days.	Not Compliant	<i>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.</i>	

Recommendation 8.3

1	The company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Refer to Corporate Governance Committee Charter with link at https://www.philtownpropertiesinc.com/board-committees	Will provide the required policies , programs and procedures in a New MCG.
2	The company's MCG is submitted to the SEC.	Compliant		Submitted the MCG on July 13,2022
3	The company's MCG is posted on the company website.	Compliant		Posted the MCG in Company's website.

Recommendation 8.4			
1	The company's corporate governance policies and practices and all relevant information are disclosed in its Annual Corporate Governance Report (ACGR).	Compliant	Refer to the Corporation's Manual on Corporate Governance with link at https://www.philtownpropertiesinc.com/manual-on-corporate-governance
2	The company's ACGR is submitted to the SEC.	Compliant	<i>Provide link to the company's website where the Annual Corporate Governance Report is posted.</i>
3	The company's ACGR is posted on the company website.	Compliant	

Principle 9. STRENGTHENING EXTERNAL AUDITOR'S INDEPENDENCE AND IMPROVING AUDIT QUALITY

The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1			
1	The Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of external auditors.	Compliant	Refer to Item 2.2.2.3, Audit Committee of the Corporation's Manual on Corporate Governance with link at https://www.philtownpropertiesinc.com/manual-on-corporate-governance <i>Provide information or link/reference to a document containing the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.</i>
2	The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and the shareholders/members.	Compliant	Refer to Item 2.2.2.3, Audit Committee of the Corporation's Manual on Corporate Governance with link at https://www.philtownpropertiesinc.com/manual-on-corporate-governance <i>Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.</i>
3	For the removal of external auditor, the reasons for such removal or change are disclosed to the SEC, the shareholders/members, and the public through the company website and required disclosures.	Not Compliant	<i>Provide information or link/reference to a document containing the company's reason for removal or change of external auditor.</i> Will provide this recommendation in a New MCG.

Recommendation 9.2			
1	The Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	Compliant	Refer to Audit Committee Charter with link at https://www.philtownpropertiesinc.com/board-committees <i>Provide link/reference to the company's Audit Committee Charter.</i>
2	The Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant	
Recommendation 9.3			
1	The company discloses the nature of non-audit services performed by its external auditor in the Annual Report to manage potential conflict of interest cases.	Compliant	Refer to Part III ,Item 8 of Annual Report (SEC 17-A) for FY 2022 with link at https://www.philtownpropertiesinc.com/sec-filings <i>Disclose the nature of non-audit services performed by the external auditor, if any.</i>
2	The Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	Refer to Part III ,Item 8 of Annual Report (SEC 17-A) for FY 2022 with link at https://www.philtownpropertiesinc.com/sec-filings <i>Provide link or reference to guidelines or policies on non-audit services.</i>

Principle 10. INCREASING FOCUS ON NON-FINANCIAL AND SUSTAINABILITY REPORTING

The Board should ensure that the company discloses material and reportable non-financial and sustainability issues.

Recommendation 10.1

1	The Board has a clear and focused strategy on the disclosure of non-financial information.	Compliant	Refer to Item 5, Reportorial or Disclosure System of Company's Corporate Governance Policies and Item 6.1.5, Right to Information of the Corporation's Manual on Corporate Governance with link at https://www.philtownpropertiesinc.com/manual-on-corporate-governance <i>Disclose or provide link to the company's policies and practices on the disclosure of non-financial information, including EESG issues.</i>	
2	The company discloses to all shareholders/members and other stakeholders the company's strategic and operational objectives with emphasis on the management of environmental, economic, social and governance (EESG) issues of its business which underpin sustainability.	Compliant	Refer to Item 5, Reportorial or Disclosure System of Company's Corporate Governance Policies and Item 6.1.5, Right to Information of the Corporation's Manual on Corporate Governance with link at https://www.philtownpropertiesinc.com/manual-on-corporate-governance <i>Provide link or reference to the company's disclosure of strategic and operational objectives, with emphasis on EESG matters.</i>	

Principle 11. PROMOTING A COMPREHENSIVE AND COST-EFFICIENT ACCESS TO RELEVANT INFORMATION

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

Recommendation 11.1

1	The company has a website to ensure a comprehensive, cost-efficient, transparent and timely manner of disseminating relevant information to the public.	Compliant	Please refer to the website with link at https://www.philtownpropertiesinc.com https://www.philtownpropertiesinc.com <i>Provide link to the company's website.</i>	
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INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORKS

Principle 12. STRENGTHENING INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management system.

Recommendation 12.1			
1	The company has an adequate and effective internal control system in the conduct of its business.	Compliant	<p>Refer to Item 2.3.5, Internal Auditor of the Corporation's Manual on Corporate Governance with link at https://www.philtownpropertiesinc.com/manual-on-corporate-governance</p> <p><i>List quality service programs for the internal audit functions.</i></p> <p><i>Indicate frequency of review of the internal control system.</i></p>
2	The company has an adequate and effective enterprise risk management framework in the conduct of its business.	Not Compliant	<p><i>Identify international framework used for Enterprise Risk Management.</i></p> <p><i>Provide information or reference to a document containing information on:</i></p> <ol style="list-style-type: none"> <i>1. Company's risk management procedures and processes.</i> <i>2. Key risks the company is currently facing.</i> <i>3. How the company manages the key risks.</i> <p><i>Indicate frequency of review of the enterprise risk management framework.</i></p>
Will provide this recommendation in a New MCG.			
Recommendation 12.2			
1	The company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	<p>Refer to Item 2.3.5.1 Internal Audit Function of the Corporation's Manual on Corporate Governance with link at https://www.philtownpropertiesinc.com/manual-on-corporate-governance</p> <p><i>Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm hired.</i></p>
CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS/MEMBERS			
Principle 13. PROMOTING SHAREHOLDER/MEMBER RIGHTS			
The company should treat all shareholders/members fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1	The Board ensures that basic shareholder/member rights are disclosed in the Manual on Corporate Governance.	Compliant	<p>Refer to Item 6.1, Investors' Rights and Protection of the Corporation's Manual on Corporate Governance with link at https://www.philtownpropertiesinc.com/manual-on-corporate-governance</p> <p><i>Provide link or reference to the company's Manual on Corporate Governance where shareholders'/members' rights are disclosed.</i></p>

Recommendation 13.2				
1	The Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders'/Members' Meeting with sufficient and relevant information at least twenty-one (21) days before the meeting.	Not Compliant	<p>Indicate the number of days before the annual or special stockholders'/members' meeting when the notice and agenda were sent out.</p> <p>Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS).</p>	<p>Company By-Laws required that notices for a regular or special meeting of stockholders be sent or published at least 2 weeks prior to the date of meeting.</p> <p>Will provide this recommendation I a New MCG.</p>
Recommendation 13.3				
1	The Board encourages active shareholder/member participation by making the result of the votes taken during the most recent Annual or Special Shareholders'/Members' Meeting publicly available the next working day.	Not Compliant	<p>Provide information or reference to a document containing all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.</p>	<p>Will provide this recommendation in a New MCG.</p>
2	The minutes of the Annual and Special Shareholders'/Members' Meetings were made available on the company website within five (5) business days from the date of the meeting.	Not Compliant	<p>Provide link to minutes of meeting in the company website.</p> <p>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</p> <p>Indicate also if the voting on resolutions was by poll.</p> <p>Include whether there was opportunity to ask question and the answers given, if any.</p>	<p>Will make this information available in the Company's Website</p>
Recommendation 13.4				
1	The Board makes available, at the option of a shareholder/member, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Not Compliant	<p>Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes.</p> <p>Provide link/reference to where it is found in the Manual on Corporate Governance.</p>	<p>Will provide this recommendation in a New MCG.</p>
Recommendation 13.5				
1	The Board establishes an Investor Relations Office (IRO) or Customer Relations Office (CRO) or its equivalent to ensure constant engagement with its shareholders/members.	Not Compliant	<p>Disclose the contact details of the officer/office responsible for investor relations, such as:</p> <ol style="list-style-type: none"> 1. Name of the person 2. Telephone number 3. Fax number 4. E-mail address 	<p>Will provide this recommendation in a New MCG.</p>
2	The IRO or CRO or its equivalent is present at every shareholders'/members' meeting.	Not Compliant	<p>Indicate if the IRO or CRO or its equivalent was present during the ASM.</p>	<p>Will provide this recommendation in a New MCG.</p>

DUTIES TO STAKEHOLDERS

Principle 14. RESPECTING RIGHTS OF STAKEHOLDERS AND EFFECTIVE REDRESS FOR VIOLATION OF STAKEHOLDER'S RIGHTS

The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

1	The Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	Refer to Item 11, Security Ownership of Certain Record and Beneficial Owners and Management of Annual Report, SEC Form 17-A for FY 2022 with link at https://www.philtownpropertiesinc.com/sec-filings <i>Identify the company's stakeholders and provide information or reference to a document containing the company's policies and programs for its stakeholders.</i>	
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Recommendation 14.2

1	The Board establishes clear policies and programs to provide a mechanism on the fair treatment, protection and enforcement of the rights of stakeholders.	Compliant	Refer to Item 6.Shareholders' Benefit of the Corporation's Manual on Corporate Governance with link at https://www.philtownpropertiesinc.com/manual-on-corporate-governance <i>Identify policies and programs for the protection, fair treatment and enforcement of the rights of the company's stakeholders.</i>	
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Principle 15. ENCOURAGING EMPLOYEES' PARTICIPATION

A mechanism for employee participation should be developed to create a symbiotic working environment consistent with the realization of the company's objectives and good corporate governance goals.

Recommendation 15.1

1	The Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	The Company has an Annual Planning Session to set the targets for the following fiscal year. This session includes all departments. These targets are then presented to the Board by Management. <i>Provide information or link/reference to company policies, programs and procedures that encourage employee participation.</i>	
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Recommendation 15.2				
1	The Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Business Conduct and Ethics.	Not Compliant	<p><i>Identify or provide link/reference to the company's policies, programs and practices against corruption.</i></p>	Will provide this recommendation in a New MCG.
2	The Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Not Compliant	<p><i>Identify how the board disseminated the policy and program to the employees across the organization.</i></p>	Will provide this recommendation in a New MCG.
Recommendation 15.3				
1	The Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	Not Compliant	<p><i>Disclose or provide link/reference to the company whistleblowing policy and procedure for employees.</i></p> <p><i>Indicate if the framework includes procedures to protect the employees from retaliation.</i></p> <p><i>Provide contact details to report any illegal or unethical behavior.</i></p>	Will provide this recommendation in a New MCG.
2	The Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Not Compliant		Will provide this recommendation in a New MCG.
3	The Board supervises and ensures the enforcement of the whistleblowing framework.	Not compliant	<p><i>Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.</i></p>	Will provide this recommendation in a New MCG.

Principle 16. ENCOURAGING SUSTAINABILITY AND SOCIAL RESPONSIBILITY

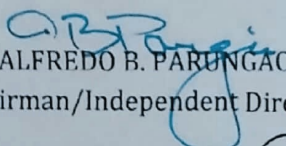
The company should be socially responsible in all its dealings with the communities in which it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.


Recommendation 16.1

1	The company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Not Compliant	<i>Provide information or reference to a document containing the company's community involvement and environment-related programs.</i>	Will provide this recommendation in a New MCG.
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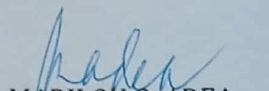
Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati City on the JUN 26 2023.

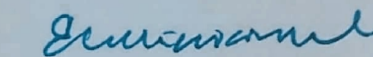
SIGNATURES

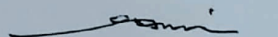

ALFREDO B. PARUNGAO
Chairman/Independent Director


ERNEST FRITZ D. SERVER
President


ATTY. ROBINSON C. VINAS
Corporate Secretary


MARILOU O. ADEA
Independent Director


ELEUTERIO D. CORONEL
Independent Director


ESMEGARDO S. REYES
Compliance Officer

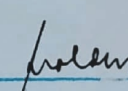
Makati City

JUN 26 2023

SUBSCRIBED AND SWORN before me this _____ day of _____, affiants exhibiting their competent evidence of identity, as follows:

NAME	COMPETENT EVIDENCE OF IDENTITY
Alfredo B.Parungao	BIR TIN 132-197-846
Ernest Fritz D. Server	BIR TIN 115-593-099
Atty. Robinson C. Vinas	BIR TIN 915-781-309
Marilou O. Adea	BIR TIN 110-232-487
Eleuterio D. Coronel	BIR TIN 101-513-032
Esmegardo S. Reyes	BIR TIN 135-954-520

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Series of 2023


DAISY R. ROLDAN
Notary Public
Until December 31, 2024
PTR No. 18456032 - Makati
IBP No. 248855-Roll No. 25068