

**AZALEA LEISURE AND RESIDENCES CORPORATION  
ALTERNATIVE DISPUTE RESOLUTION MECHANISMS  
FOR INTRA-CORPORATE DISPUTES**

## **1. Purpose**

This policy establishes the framework for resolving intra-corporate disputes in an efficient, confidential, and non-adversarial manner through Alternative Dispute Resolution (ADR) mechanisms, in accordance with Philippine laws and corporate best practices.

## **2. Scope**

This ADR policy applies to intra-corporate disputes, which include, but are not limited to, the following conflicts:

- Between or among shareholders/members;
- Between the vacation club and its directors, trustees, officers, or members;
- Between directors, officers, or trustees concerning the club's affairs;
- Issues relating to the election or appointment of directors, officers, or trustees; and,
- Interpretation or enforcement of club by-laws or internal governance matters.

This policy does not cover:

- Criminal complaints;
- Labor disputes (covered by DOLE/NLRC); and,
- Consumer/member complaints unrelated to corporate governance.

## **3. Guiding Principles**

- Voluntariness: Parties are encouraged, but not compelled, to participate.
- Confidentiality: All proceedings are private and confidential unless parties agree otherwise.
- Neutrality: ADR is conducted by an impartial third party.
- Speed and Efficiency: ADR aims to resolve disputes faster than litigation.
- Finality: Awards or agreements may be binding, depending on the process used.

## **4. ADR Mechanisms Offered**

### **4.1. Mediation**

- Definition: A facilitated negotiation where a neutral mediator helps the parties reach a voluntary settlement.
- Procedure:
  1. Either party may submit a Request for Mediation to the Corporate Secretary.

2. A mutually agreed mediator is appointed from an accredited list (e.g., PDRCI, IBP, or MCLE-compliant neutral).
3. Mediation is conducted within 30 days from appointment.
4. If successful, the settlement is documented and may be submitted to the SEC or court for enforcement.

#### **4.2. Arbitration**

- Definition: A binding dispute resolution process where a neutral arbitrator renders a decision (award).
- Procedure:
  1. Parties must have an Arbitration Clause in the Articles of Incorporation or By-laws or must enter into a written Arbitration Agreement.
  2. Arbitration follows the Special Rules of Court on Alternative Dispute Resolution (SADRR) and RA 9285 (Alternative Dispute Resolution Act).
  3. Venue: May be seated in the Philippines or as agreed by parties.
  4. Award is final and binding, subject to limited judicial review.

#### **4.3. Internal Conciliation Committee (optional)**

- The Board may establish a **Conciliation Committee** composed of neutral officers or members to hear preliminary complaints and propose settlements informally before proceeding to external ADR.

#### **5. Initiation Process**

1. A party submits a Notice of Dispute to the Corporate Secretary.
2. The Corporate Secretary refers the matter to:
  - The Internal Conciliation Committee (if applicable); or
  - A certified ADR institution or individual mediator/arbitrator.
3. Within 15 days, parties are informed of next steps, timeline, and requirements.

#### **6. Costs and Fees**

- Mediation costs are shared equally by the parties unless otherwise agreed.
- Arbitration costs (arbitrator's fees, admin costs) are borne by the losing party or as determined in the award.

#### **7. Enforcement**

- Mediated settlements may be enforced as a compromise agreement under the Civil Code.
- Arbitral awards are enforceable by Regional Trial Courts under the ADR Act.
- Non-compliance may result in administrative sanctions within the club or lead to legal escalation.

## **8. Amendments and Review**

This policy shall be reviewed annually by the Board of Directors and updated as necessary to comply with evolving legal requirements and industry best practices.

### **Approved by:**

Chairman, Board of Directors: Lony R. Capellan  
Date: 30 July 2024

President: Lony R. Capellan  
Date: 30 July 2024

Corporate Secretary: Atty. Hazel L. Helmuth  
Date: 30 July 2024