

COVER SHEET

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S T E N I E L M A N U F A C T U R I N G

C O R P O R A T I O N

(Company's Full Name)

G A T E W A Y B U S I N E S S P A R K

B R G Y . J A V A L E R A G E N .

T R I A S C A V I T E

(Business Address : No. Street/City/Province)

MIA M. ORMITA

Contact Person

687 1195

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

Annual Corporate Governance Report

FORM TYPE

Last Tuesday of April

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

Document I.D.

LCU

Cashier

STAMPS

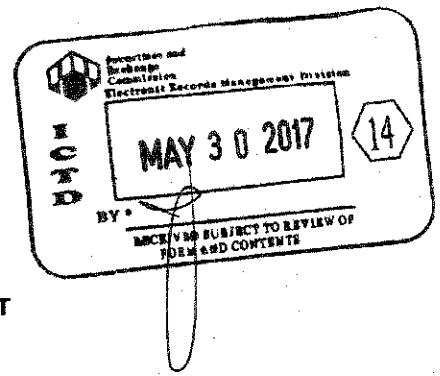
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS



**(A) Use of Form ACGR**

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

**(B) Preparation of Report**

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as-filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

**(C) Signature and Filing of the Report**

- A. Three (3) complete sets of the report shall be filed with the Main Office of the Commission.
- B. At least one complete copy of the report filed with the Commission shall be **manually** signed.
- C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.
- D. This report is required to be filed annually together with the company's annual report.


**(D) Filing an Amendment**

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM – ACGR**

**ANNUAL CORPORATE GOVERNANCE REPORT**

1. Report is Filed for the Year **2016**
2. Exact Name of Registrant as Specified in its Charter **Steniel Manufacturing Corporation**
3. **Gateway Business Park, Brgy. Javalera, Gen. Trias, Cavite** .....  
Address of Principal Office Postal Code
4. SEC Identification Number **23736**
5.  (SEC Use Only)  
Industry Classification Code
6. BIR Tax Identification Number **000-099-128**
7. **(046) 433-0066**  
Issuer's Telephone number, including area code
8. **N.A.**  
Former name or former address, if changed from the last report

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**A. BOARD MATTERS**

1) Board of Directors

Number of Directors per Articles of Incorporation	7
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Actual number of Directors for the year	7
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(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) <sup>1</sup>	Elected when (Annual /Special Meeting)	No. of years served as director
Nixon Y. Lim	NED	Roxburgh Investments Limited	Roxburgh Investments Limited	October 14, 2011	July 8, 2016	Annual Meeting	4.5
Delma P. Bermundo	ED	N/A	Nomination Committee	June 29, 2012	July 8, 2016	Annual Meeting	3
Esteban C. Ku	NED	N/A	Nomination Committee	October 14, 2011	July 8, 2016	Annual Meeting	4.5
Kenneth George D. Wood	ID	N/A	Nomination Committee	June 29, 2012	July 8, 2016	Annual Meeting	3
Mark O. Vergara	NED	N/A	Nomination Committee	July 10, 2015	July 8, 2016	Annual Meeting	1
Eliza C. Macuray	NED	N/A	Nomination Committee	December 26, 2013	July 8, 2016	Annual Meeting	2
Roberto Roman V. Andes	ID	N/A	Nomination Committee	December 26, 2013	July 8, 2016	Annual Meeting	2

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Board of Directors of Steniel Manufacturing Corporation (the "Corporation") has adopted a Revised Manual on Corporate Governance (the "Manual"), which provides for the following corporate governance policies: transparency, accountability, recognition, promotion and protection of shareholder rights. Specifically:

- Delineation of functions between the Chairman and the CEO to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board
- Creation of a monitoring and evaluation system of the various Board committees
- Clear enumeration of the duties and responsibilities of the Board, corporate officers, Compliance Officer
- Emphasis on compliance with reportorial or disclosure requirements
- Recognition that the Board is primarily accountable to the shareholders
- Instruction to Management to formulate, under the supervision of the Audit Committee, the rules and

<sup>1</sup> Reckoned from the election immediately following January 2, 2012.

- procedures on financial reporting and internal control
- Recognition of investors' right and protection, namely: voting right, pre-emptive right, power of inspection, right of information, right to dividends, appraisal right and participation at Shareholders' Meeting
- Timely and public disclosure of all material information about the Corporation which could adversely affect its viability or the interests of the stockholders

(c) How often does the Board review and approve the vision and mission?

After every annual meeting, the newly-elected Board is provided the opportunity to review the vision and mission of the Corporation and each member is allowed to give his/her views on the matter.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group<sup>2</sup>

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Nixon Y. Lim	Steniel Cavite Packaging Corporation ("SCPC") Treasure Packaging Corporation ("TPC")	ED in SMPC  NED and Chairman in SCPC and TPC
Delma P. Bermundo	SCPC, TPC, SLC	ED
Kenneth George D. Wood	SCPC, TPC, SLC	I
<u>Esteban Ku</u>	<u>TPC, SLC, SCPC</u>	<u>NED</u>
<u>Eliza C. Macuray</u>	<u>SCPC, TPC, SLC</u>	<u>NED</u>
<u>Roberto Roman V. Andes</u>	<u>SCPC, TPC, SLC</u>	<u>NED</u>

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
<u>Nixon Y. Lim</u>	<u>Crown Equities, Inc.</u>	<u>NED</u>
<u>Mark O. Vergara</u>	<u>Synergy Grid &amp; Development Phils., Inc.</u>	I

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the Relationship
Nixon Y. Lim	Roxburgh Investments Limited	Sole Owner

<sup>2</sup> The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

Mark O. Vergara	Right Total Investments Limited	Ultimate Beneficial Owner
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- (iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

The Corporation has set a maximum of five Board seats in other publicly listed companies that an individual director or CEO may hold simultaneously. Each of the individual members of the Board and the CEO observes this limit.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities. A lower limit may be imposed on EDs.	Other than as stated above, no limit has been imposed. The Board shall consider imposing such limits in accordance with the guidelines at the next organizational meeting.
Non-Executive Director		
CEO		

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Nixon Y. Lim	1	123,817,953	12.38%
Delma P. Bermundo	1	N/A	nil
Esteban C. Ku	1	N/A	nil
Kenneth George D. Wood	1	N/A	nil
Mark O. Vergara	1	720,848,912*	72.08%*
Eliza C. Macuray	1	N/A	nil
Roberto Roman V. Andes	1	N/A	nil
TOTAL	7	123,817,953	12.38%

\* Mr. Vergara owns 100% of Right Total Investments Limited (Right Total). Right Total owns 100% of Steniel (Netherlands) Holdings BV, which in turn owns 72.08% of Steniel Manufacturing Corporation.

2) Chairman and CEO

- (a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes  No

Identify the Chair and CEO:

Chairman of the Board	Nixon Y. Lim
CEO/President	Delma P. Bermundo



(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
<b>Role</b>	<ul style="list-style-type: none"> <li>▪ Ensure that the meetings of the Board are held in accordance with the By-laws or as the Chairman may deem necessary.</li> <li>▪ Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors, and make certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations.</li> <li>▪ Maintain qualitative and timely lines of communication and information between the Board and Management.</li> <li>▪ Make certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations.</li> <li>▪ Guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions.</li> <li>▪ Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Determine the Corporation's strategic direction and formulates and implements its strategic plan on the direction of the business.</li> <li>▪ Communicate and implement the Corporation's vision, mission, values and overall strategy and promote any organization or stakeholder change in relation to the same.</li> <li>▪ Oversee the operations of the Corporation and manage human and financial resources in accordance with the strategic plan.</li> <li>▪ Direct, evaluate and guide the work of the key officers of the Corporation.</li> <li>▪ Manage the Corporation's resources prudently and ensure a proper balance of the same.</li> <li>▪ Provide the Board with timely information and interfaces between the Board and the employees.</li> <li>▪ Build the corporate culture and motivates the employees of the Corporation.</li> <li>▪ Serve as the link between internal operations and external stakeholders.</li> </ul>

	<b>Chairman</b>	<b>Chief Executive Officer</b>
	<ul style="list-style-type: none"> <li>▪ Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management.</li> <li>▪ Assure the availability of proper orientation for first-time directors and continuing training opportunities for all directors.</li> <li>▪ Make sure that performance of the Board is evaluated at least once a year and discussed/followed up on.</li> </ul>	
<b>Accountabilities</b>	The Chairman is accountable to the Board and stockholders for ensuring that the meetings of the Board are held in accordance with the By-laws, and proper supervision of the preparation of the meeting agenda in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors.	The CEO is accountable to the Board and stockholders. At stockholder meetings, the CEO renders a report on the results of operations of the Corporation for the past fiscal year.
<b>Deliverables</b>	<ul style="list-style-type: none"> <li>▪ Preside at Board and stockholders' meetings</li> <li>▪ Ensure that Board and stockholders' meetings are held in accordance with the By-laws.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Subject to guidelines prescribed by law, appoint, remove, suspend or discipline employees, prescribe their duties and determine their salaries.</li> <li>▪ Represent the Corporation at all functions and proceedings.</li> <li>▪ Execute on behalf of the Corporation all contracts, agreements and other instruments which require the approval of the Board, except as otherwise directed by the Board.</li> <li>▪ Report to the Board and stockholders.</li> <li>▪ Sign stock certificates.</li> <li>▪ Oversee the preparation of the budgets and statements of accounts.</li> <li>▪ Prepare such statements and reports of the Corporation as may be required by law.</li> </ul>

3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

The President/CEO and Treasurer/CFO are appointed annually by the Board. Succession in these key management positions entails review by the Board of the new appointee's curriculum vitae, experience and qualifications with emphasis on experience in similar industries, previous positions held and achievements, and the proper turnover of corporate documents and duties and responsibilities between outgoing and incoming management and management team. Should a key management position be suddenly left vacant, the Board will exert efforts to invite and promptly fill-up the vacancy with suitable candidates.

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

**YES. The Nomination Committee shall pre-screen nominees for directors taking into account, among other factors, their practical understanding of the business of the Corporation, memberships in good standing in relevant industry, business or professional organizations, and previous business experience.**

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

**Yes. The non-executive directors must have relevant experience and practical understanding of the business of the Corporation.**

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	The Board is primarily responsible for the governance of the Corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management. The Board shall formulate the Corporation's vision, mission, strategic objective, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.		
Accountabilities	Meet at such times or frequency as may be needed. The minutes of such meetings shall be duly recorded wherein independent views during Board meetings should be encouraged and given due consideration	Meet at such times or frequency as may be needed. The minutes of such meetings shall be duly recorded wherein independent views during Board meetings should be encouraged and given due consideration	Meet at such times or frequency as may be needed. The minutes of such meetings shall be duly recorded wherein independent views during Board meetings should be encouraged and given due consideration; A member of the Nomination Committee, Executive Compensation Committee and Audit Committee shall be an independent director.
Deliverables	Attendance at board and committee meetings	Attendance at board and committee meetings	Attendance at board committee meetings

Provide the company's definition of "independence" and describe the company's compliance to the definition.

**The Company has adopted its definition of "independence" from the Securities Regulation Code and its Implementing Rules. Independence means being independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.**

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Company follows the recommendations of the SEC in SEC Memo Circular No. 19, Series of 2016 (November 22, 2016) or prescribing a new Code of Corporate Governance for Public Listed Companies. Based on the recommendations therein, the Board's independent directors should serve for a maximum cumulative term of **nine years**, after which, the independent director shall be perpetually barred from re-election as such in the Corporation, but may continue to qualify for nomination and election as a non-independent director; in the instance that the Corporation wants to retain an independent director who has served for nine years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
N/A			

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors	Directors are elected annually by the stockholders for a term of one year and shall serve until the election and acceptance of their duly qualified successors.  The Nomination Committee reviews and evaluates the qualifications of all persons nominated to the Board and shortlists all qualified nominees.	The Nomination Committee shall consider the following guidelines in pre-screening nominees: the nature of the business of the corporations of which he is a director; age of the director; number of directorships/active memberships and officerships in other corporations and organizations; possible conflict of interest; experience from other boards; experience as chief executive officer or chief operating officer; knowledge of finance and accounting; knowledge of the industry of the Corporation, local and international market; and contacts of value to the Corporation.
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	In addition to the guidelines for the election of directors, the Nomination Committee also considers the following in pre-screening nominees for independent directors:  The nominee is independent of

Procedure	Process Adopted	Criteria
		<p>management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Corporation, including, among others, any person who:</p> <ul style="list-style-type: none"> <li>(i) Is not a director or officer or substantial stockholders of the Corporation or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);</li> <li>(ii) Is not relative of any director, officer or substantial shareholder of the Corporation, any of its related companies or any of its substantial shareholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and spouse of such child, brother or sister;</li> <li>(iii) Is not acting as a nominee or representative of a substantial shareholder of the Corporation, any of its related companies or any of its substantial shareholders;</li> <li>(iv) Has not been employed in any executive capacity by the Corporation, any of its related companies or by any of its substantial shareholders within the last five (5) years;</li> <li>(v) Is not retained as professional adviser by the Corporation, any of its related companies or any of its substantial shareholders within the last five (5) year, either personally or through his firm; and</li> <li>(vi) Has not engaged and does not engage in any transaction with the Corporation or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a</li> </ul>

Procedure	Process Adopted	Criteria
		company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial or insignificant.
<b>b. Re-appointment</b>		
(i) Executive Directors	Same as above	Same as above
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above
<b>c. Permanent Disqualification</b>		
(i) Executive Directors	All nominees for election to the Board of Directors are pre-screened by the Nomination Committee which shall ensure that such nominees have all the qualifications and none of the disqualifications for such election.	<p>As provided in the By-laws and the Manual:</p> <p>(1) Conviction by final judgment or order of any crime that (a) involves the purchase or sale of securities, as defined in the SRC; (b) arises out of a person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker (hereinafter "Underwriter"); 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;</p> <p>(2) Permanently enjoined by a final judgment or order of the SEC, or any court or administrative body from: (a) acting as Underwriter; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities;</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, SRC or any other law administered by the SEC or Bangko Sentral ng Pilipinas (BSP) or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or</p>

Procedure	Process Adopted	Criteria
		<p>association with a member or participant of the organization.</p> <p>(3) Conviction by final judgment or order an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>(4) Adjudged by final judgment or order of the SEC, 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, SRC or any other law administered by the Commission or the BSP or any of its rules, regulations or orders;</p> <p>(5) Any person earlier elected as independent director who becomes an officer, employee or consultant of the Corporation;</p> <p>(6) Any person judicially declared as insolvent;</p> <p>(7) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in clauses (1) to (5) above; and</p> <p>(8) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.</p>
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above
<b>d. Temporary Disqualification</b>		
(i) Executive Directors	All nominees for election to the Board of Directors are pre-screened by the Nomination Committee which shall ensure that such nominees have all the qualifications and none of the disqualifications for such election.	<p>Temporary Disqualification</p> <p>(1) Refusal to comply with the disclosure requirements of the SRC and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;</p> <p>(2) Absence or non-participation without justifiable causes for more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency, or any twelve (12) month period during the said</p>

Procedure	Process Adopted	Criteria
		<p>incumbency. This disqualification applies for purposes of the succeeding election. For this purpose, absence for justifiable causes may only include absence due to illness or death of immediate family and serious accidents or any other analogous or similar events;</p> <p>(3) Dismissal/termination from directorship of any company covered by the Code for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination;</p> <p>(4) If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;</p> <p>(5) If the independent director becomes an officer or employee of the Corporation, he shall be automatically disqualified from being an independent director;</p> <p>(6) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final;</p> <p>A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above
<b>e. Removal</b>		
(i) Executive Directors	Removal procedure is in accordance with the Corporation Code.	Grounds for removal are in accordance with the Corporation Code.
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above
<b>f. Re-Instatement</b>		
(i) Executive Directors	Removed directors shall pass through the screening, nomination and election process. Directors are elected annually by the stockholders for a term of one year and	The Nomination Committee reviews and evaluates the qualifications of all persons nominated to the Board and shortlists all qualified nominees. Hence, directors may be elected anew provided he has all the qualifications



Procedure	Process Adopted	Criteria
	shall serve until the election and acceptance of their duly qualified successors.	and none of the disqualifications of a director.
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above
<b>g. Suspension</b>		
(i) Executive Directors	Suspension procedure is in accordance with the Corporation Code.	Grounds for suspension are in accordance with the Corporation Code.
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above

#### Voting Results of the last Annual General Meeting

Name of Director	Votes Received
Nixon Y. Lim	100% of shareholders present and represented
Delma P. Bermundo	100% of shareholders present and represented
Esteban C. Ku	100% of shareholders present and represented
Kenneth George D. Wood	100% of shareholders present and represented
Mark O. Vergara	100% of shareholders present and represented
<u>Eliza C. Macuray</u>	<u>100% of shareholders present and represented</u>
<u>Roberto Roman V. Andes</u>	<u>100% of shareholders present and represented</u>

#### 6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any.

The newly-elected Directors are provided with copies of the Articles of Incorporation, By-laws, Manual on Corporate Government, latest Annual Report and latest audited financial statements, for his/her reference.

- (b) State any in-house training and external courses attended by Directors and Senior Management<sup>3</sup> for the past three (3) years:

None for the past three (3) years.

- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

In compliance with Memorandum Circular No. 20 series of 2013, the following directors and key officers of the Company attended the Corporate Governance Seminar conducted by Philippine Securities Consultancy Corporation ("PSCC"):

Name of Director/Officer	Date of Training	Program	Name of Training Institution
<u>Nixon Y. Lim</u>	November 29, 2016	Corporate Governance & AMLA Seminar	PCEGI
<u>Delma P. Bermundo</u>	September 27, 2016	Corporate Governance & AMLA Seminar	PCEGI

<sup>3</sup> Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

<u>Kenneth George D. Wood</u>	September 27, 2016	Corporate Governance & AMLA Seminar	PCEGI
<u>Eliza C. Macuray</u>	September 27, 2016	Corporate Governance & AMLA Seminar	PCEGI
<u>Esteban C. Ku</u>	November 29, 2016	Corporate Governance & AMLA Seminar	PCEGI
<u>Roberto Roman V. Andes</u>	November 29, 2016	Corporate Governance & AMLA Seminar	PCEGI
<u>Mia M. Ormita</u>	December 20, 2016	Corporate Governance & AMLA Seminar	PCEGI
<u>Joanness S. Batimana</u>	November 29, 2016	Corporate Governance & AMLA Seminar	PCEGI

## B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p>A director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.</p> <p>A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation</p>	Ensures implementation of Corporation's policy	Ensures implementation of Corporation's policy
(b) Conduct of Business and Fair Dealings	Conduct fair business transactions with the Corporation and ensure that personal interest does not conflict with the interests of the Corporation	Ensures implementation of Corporation's policy	Ensures implementation of Corporation's policy
(c) Receipt of gifts from third parties	Highly discouraged as this may compromise their ability to make objective business decisions in the best interest of the Company.	Highly discouraged as this may compromise their ability to make objective business decisions in the best interest of the	Highly discouraged as this may compromise their ability to make objective business decisions in the best

Business Conduct & Ethics	Directors	Senior Management	Employees
		Company.	interest of the Company.
(d) Compliance with Laws & Regulations	The Board acts as an independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including compliance with laws, rules, regulations.	Ensures implementation of Corporation's policy on compliance.	Ensures implementation of Corporation's policy on compliance.
(e) Respect for Trade Secrets/Use of Non-public Information	A director is bound to keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board	Ensures implementation of Corporation's policy on confidentiality	Ensures implementation of Corporation's policy on confidentiality
(f) Use of Company Funds, Assets and Information	The Board acts as an independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including safeguarding of assets.	Ensures implementation of Corporation's policy on safeguarding of assets.	Ensures implementation of Corporation's policy on safeguarding of assets.
(g) Employment & Labor Laws & Policies	The Board acts as an independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including compliance with labor laws, rules, regulations.	Ensures implementation of Corporation's policy on compliance with labor laws, rules and regulations	Ensures implementation of Corporation's policy on compliance with labor laws, rules and regulations
(h) Disciplinary action	<p>The Board may impose other penalties in addition to those provided in the applicable regulations of the SEC after notice and hearing, on the individual directors, officers, and employees, such as censure, suspension and removal from office depending on the gravity of the offense as well as the frequency of the violation.</p> <p>The commission of a grave violation of the Manual by any member of the Board of the Corporation shall be sufficient cause for removal from directorship.</p>	Reviews evaluation reports and implements appropriate sanctions in relation to violations of the Corporation's policies and rules, subject to due process and hearing in favor of the subject employee	Duly notified of the current policies and rules of the Corporation with respect to employee's rights, duties and responsibilities as well as grounds and procedure for disciplinary action

Business Conduct & Ethics	Directors	Senior Management	Employees
(i) Whistle Blower	N/A	Entertains anonymous reports of violations, but action thereon always subject to due process and hearing in favor of the subject employee	Encouraged to report violations to superiors and/or senior Management
(j) Conflict Resolution	Enjoined to establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including the regulatory authorities	Supervises the internal grievance policies of the Corporation	Encouraged to raise concerns and recommendations to improve corporate policies and processes

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

The code of ethics are currently generally embodied in the new Manual. The Board will consider the formulation of a separate but complementary code of ethics. The new Manual will be disseminated to all Directors and senior management.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

The Compliance Officer monitors compliance by the Corporation with the Manual.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	The Board is tasked to formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.  Further, all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, Board changes, related party transactions, shareholdings of directors and changes of ownership.
(2) Joint Ventures	Same as above
(3) Subsidiaries	Same as above

(4) Entities Under Common Control	Same as above
(5) Substantial Stockholders	Same as above
(6) Officers including spouse/children/siblings/parents	Same as above
(7) Directors including spouse/children/siblings/parents	Same as above
(8) Interlocking director relationship of Board of Directors	Same as above

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

**There is no actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.**

Details of Conflict of Interest (Actual or Probable)	
Name of Director/s	
Name of Officer/s	
Name of Significant Shareholders	

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

Directors/Officers/Significant Shareholders	
Company	A director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation.
Group	Same as above

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,<sup>4</sup> commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
N/A		

<sup>4</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity.


(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
N/A		

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
N/A		

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

The alternative dispute resolution system of the Corporation is currently embodied in the new Manual. This has been recently adopted by the Corporation.

	Alternative Dispute Resolution System
Corporation & Stockholders	Consultation, negotiation, third party assistance (mediation, conciliation), arbitration
Corporation & Third Parties	Same as above
Corporation & Regulatory Authorities	Consultation

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

YES. The regular Board meetings are set forth in the By-laws. The Board of Directors set the dates of the regular (quarterly) meetings of the Board at the beginning of the year, subject to the finalization of the actual dates of meetings in accordance with the common schedule of the Directors.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	<u>Nixon Y. Lim</u>	<u>July 8, 2016</u>	<u>4</u>	<u>4</u>	<u>100</u>
Member	<u>Delma P. Bermundo</u>	<u>July 8, 2016</u>	<u>4</u>	<u>4</u>	<u>100</u>
Member	<u>Esteban C. Ku</u>	<u>July 8,</u>	<u>4</u>	<u>4</u>	<u>100</u>

		<u>2016</u>			
Member	<u>Mark O. Vergara</u>	<u>July 8, 2016</u>	<u>4</u>	<u>4</u>	<u>100</u>
Independent	<u>Kenneth George D. Wood</u>	<u>July 8, 2016</u>	<u>4</u>	<u>4</u>	<u>100</u>
Independent	<u>Roberto Roman V. Andes</u>	<u>July 8, 2016</u>	<u>4</u>	<u>4</u>	<u>100</u>
Member	<u>Eliza C. Macuray</u>	<u>July 8, 2016</u>	<u>4</u>	<u>4</u>	<u>100</u>

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

**NO.** The Board will consider the mechanics for holdings of meetings by NEDs, in particular, to discuss with the external auditor heads of internal audit, compliance and risk functions for ensuring checks and balances are in place.

- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

**NO.** The quorum requirement for Board meetings is a majority of the number of directors.

- 5) Access to Information

- (a) How many days in advance are board papers<sup>5</sup> for board of directors meetings provided to the board?

**Board Meeting materials are provided to the Directors at least five (5) days prior to the meetings, unless certain documents are noted to be presented on-site due to finalization issues or sheer volume of the document pages. In any case, the agenda for the meeting is provided during the meeting.**

- (b) Do board members have independent access to Management and the Corporate Secretary?

**YES.** Directors are granted independent access to the key management personnel and the Corporate Secretary.

- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

**The Corporate Secretary is an officer of the Corporation and must faithfully perform the duties of the office to the best of his ability. Likewise, his/her loyalty to the mission, vision and specific business objectives of the Corporation comes with his duties.**

**The Corporate Secretary has the following duties and responsibilities:**

- (a) Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation;
- (b) As to agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting;
- (c) Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations;
- (d) Attend all Board meetings and maintain record of the same;

<sup>5</sup> Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

- (e) Submit to the Commission, at the end of every fiscal year, an annual certification as to the attendance of the directors during Board meetings;
- (f) Safe keep and preserve the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the corporation;
- (g) Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advise the Board and the Chairman on all relevant issues as they arise;
- (h) Work fairly and objectively with the Board, Management and stockholders and contribute to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
- (i) Advise on the establishment of board committees and their terms of reference;
- (j) Perform required administrative functions;
- (k) Oversee the drafting of the by-laws and ensures that they conform with regulatory requirements; and
- (l) Perform such other duties and responsibilities as may be provided by the Commission.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

While it has been the policy of the Board and of Management to engage a lawyer to act as its Corporate Secretary, neither the By-laws nor the Revised Manual require the Corporate Secretary to be a lawyer. We note, however, that the incumbent Corporate Secretary is a lawyer.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes

No

Committee	Details of the procedures
Executive	The Executive Committee has access to all information and/or documents required for its meetings.
Audit	The Audit Committee receives and reviews the reports submitted by the internal and external auditors, the quarterly and annual financial statements before the submission to the Board and the internal audit plan to ensure conformity with the objectives of the Corporation, all prior to the meeting called to present, discuss and approve and/or endorse the same.
Nomination	The Nomination Committee receives all nominations, including supporting documents, for review and evaluation. Any further inquiry is directed to the nominee himself/herself.
Remuneration	The Executive Compensation Committee is provided the proposed remuneration packages for corporate officers and directors prior to any meeting called to approve the same.
Others (specify)	N/A

At the next organizational Board meeting of the Corporation, the Board will constitute (i) the Corporate Governance Committee which shall also act as the Nomination and Remuneration Committees, and the (ii) Audit Committee, which shall also act as the Board Risk Oversight and Related Party Transactions Committees.



and Vice President/CFO, according to industry standards to ensure that its remuneration package is competitive. Increases in such remuneration are determined based on actual performance and length of tenure.

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration		
(2) Variable remuneration		
(3) Per diem allowance		
(4) Bonus		
(5) Stock Options and other financial instruments		
(6) Others (specify)		

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

Each director of the Corporation may receive a per diem allowance for his attendance at each meeting of the Board, in such amount as may be fixed by the Board or by resolution of the stockholders.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	The levels of remuneration of the Corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.	The Corporation, through its Board of Directors, may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers. No director should participate in deciding on his remuneration.	There is no exact computation; rather, the Corporation fixes the compensation in accordance with industry standards.
Non-Executive Directors			

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Pursuant to the Manual, the Board Remuneration Committee shall establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and to designate the amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully, subject to approval of the Board.

The Company's Annual Reports and Information Statements distributed and accessible to stockholders before the annual meetings disclose the compensation of its executive officers and directors for the previous fiscal year and the ensuing year. At annual meetings, stockholders are asked to ratify all acts and resolutions of its Board and its Committees, hence, they have the opportunity to approve decisions on total remuneration.

Remuneration Scheme	Date of Stockholders' Approval

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

For the last two (2) years, there have been no fees paid to Directors. However, the Corporation is currently planning to rationalize the remuneration scheme of the Directors, subject to Board and shareholders' approvals.

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration			
(b) Variable Remuneration			
(c) Per diem Allowance			
(d) Bonuses			
(e) Stock Options and/or other financial instruments			
(f) Others (Specify)			
<b>Total</b>			

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances			
2) Credit granted			
3) Pension Plan/s Contributions			
(d) Pension Plans, Obligations incurred			
(e) Life Insurance Premium			
(f) Hospitalization Plan			
(g) Car Plan			
(h) Others (Specify)			
<b>Total</b>			

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

There are no such entitlements to stock rights, options or warrants over the Corporation's shares.

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

There are no such amendments or discontinuations of incentive programs during the last three (3) years.

Incentive Program	Amendments	Date of Stockholders' Approval

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
N/A	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the

power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	N/A	N/A	N/A	N/A			
Audit	1	1	1	Based on the SRC, By-laws and Manual	Supervise the internal and external audit policies and procedures of the Corporation	Review all financial, findings and reports of the Corporation	Oversight over Management's activities specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation
Nomination	1	1	1	Based on the SRC, By-laws and Manual	Pre-screen and recommend the nominees to the Board of Directors	Review all qualifications of nominees and produce the Final List of Candidates for election to the Board of Directors	
Remuneration	N/A	N/A	N/A	Based on the SRC, By-laws and Manual	Supervise the remuneration of directors and key officers	Designate the amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully, subject to approval of the Board	
Others (specify)	N/A						

At the next organizational Board meeting of the Corporation, the Board will constitute (i) the Corporate Governance Committee which shall also act as the Nomination and Remuneration Committees, and the (ii) Audit Committee, which shall also act as the Board Risk Oversight and Related Party Transactions Committees.

2) Committee Members

(a) Executive Committee

The Board currently has no Executive Committee.

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman						
Member (ED)						

Member (NED)						
Member (ID)						
Member						

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	<u>Kenneth George D. Wood</u>	<u>July 8, 2016</u>	1	1	100	<u>4 years</u>
Member (ED)	<u>Eliza C. Macuray</u>	<u>July 8, 2016</u>	1	1	100	<u>3 year</u>
Member (ED)	<u>Delma P. Bermundo</u>	<u>July 8, 2016</u>	1	1	100	<u>4 years</u>

Disclose the profile or qualifications of the Audit Committee members.

The Audit Committee is be composed of at least three (3) directors preferably with accounting and finance backgrounds, one (1) of whom shall be an independent director who shall be the Chairman and another one (1) with audit experience. Each member shall have at least adequate understanding of the Corporation's financial management systems and environment.

Currently, Mr. Kenneth George D. Wood, an Independent Director, acts as Chairman of the Audit Committee. Ms. Delma P. Bermundo, a Director who is also a certified public accountant, is a member. Ms. Eliza C. Macuray, a Director, Vice President and CFO, is also a member.

Describe the Audit Committee's responsibility relative to the external auditor.

The Audit Committee performs oversight functions over the Corporation's internal and external auditors. It should ensure the independence of both internal and external auditors from each other. Furthermore, the Audit Committee makes certain that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.

It also reviews the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources and budget necessary to implement it. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit scope, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.

It likewise evaluates and determines 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 Corporation's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will 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 Corporation's annual report. Further, it pre-approves all audit plans, scope and frequency one (1) month before the conduct of external audit.

Finally, the Audit Committee reviews the reports submitted by the internal and external auditors.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	<u>Eliza C. Macuray</u>	<u>July 8, 2016</u>	0	0		<u>3 years</u>
Member (ED)	<u>Delma P. Bermundo</u>	<u>July 8, 2016</u>	0	0		<u>4 years</u>
Member (ID)	<u>Kenneth George P. Wood</u>	<u>July 8, 2016</u>	0	0		<u>4 years</u>

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Eliza C. Macuray	July 8, 2016	0	0		3 years
Member (ED)	Delma P. Bermundo	July 8, 2016	0	0		4 years
Member (ID)	Kenneth George P. Wood	July 8, 2016	0	0		4 years

At the next organizational Board meeting of the Corporation, the Board will constitute (i) the Corporate Governance Committee which shall also act as the Nomination and Remuneration Committees, and the (ii) Audit Committee, which shall also act as the Board Risk Oversight and Related Party Transactions Committees.

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

There are no other committees constituted by the Board of Directors.

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman						
Member (ED)						
Member (NED)						
Member (ID)						
Member						

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	N/A	
Audit	N/A	
Nomination	N/A	
Remuneration	N/A	
Others (specify)	N/A	

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	N/A	
Audit	Continuing review of the audited financial statement and annual report as of December 31, 2016 of the Corporation.	
Nomination	Screening of nominees to the Board	
Remuneration	N/A	
Others (specify)	N/A	

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	N/A	
Audit	N/A	
Nomination	The nomination period for the election of the incoming directors for the year 2017 to 2018 shall soon commence, subject to the finalization of the date of the annual stockholders' meeting.	N/A
Remuneration	The nominees to the Executive Compensation Committee are being finalized and the appointment of the members thereto is forthcoming.	N/A
Others (specify)	N/A	

**F. RISK MANAGEMENT SYSTEM**

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The control environment of the Corporation consists of (a) the Board which ensures that the Corporation is properly and effectively managed and supervised, (b) a Management that actively manages and operates the Corporation in a sound and prudent manner, (c) the organizational and procedural controls supported by effective management information and risk management systems, and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

**The Directors have reviewed the effectiveness of the risk management system and found the same adequate.**

(c) Period covered by the review;

**The risk management system was last reviewed by the Directors in connection with the finalization of the Annual Report as of December 31, 2016.**

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

**The risk management system is reviewed annually.**

(e) Where no review was conducted during the year, an explanation why not.

**N/A.**

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind

of risk:

Risk Exposure	Risk Management Policy	Objective
Credit Risk	The Company verifies credit worthiness of third party customers of the Corporation's operating subsidiaries.	Reduction of exposure to bad debts.
Liquidity Risk	Monitoring of assets to ensure sufficiency in meeting operational requirements.	Management of Liquidity Risk

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Same as above.

Risk Exposure	Risk Management Policy	Objective

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
The small number of shareholdings of minority shareholders naturally limits the control of the latter in the approval of major corporate acts. However, the relevant regulations on rights of minority shareholders, including appraisal rights are recognized and respected by the Corporation.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit and liquidity risks	Management monitors, assesses and measures credit and liquidity risks, and subsequently discussed with the Board.	The Company verifies credit worthiness of third party customers of the Corporation's operating subsidiaries to manage credit risks. The Company monitors its assets to ensure sufficiency in meeting operational requirements.
Legal risks	Assessment and monitoring are conducted initially by the Company's officers. These are then discussed with external counsels and other advisors, and	Company officers regularly consult with external counsels and other advisors to manage and control perceived legal risks. Directors also have direct access to external



	with Management and the Board if necessary.	counsel, so they can prepare and get appropriate advice before corporate actions are taken.
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(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Same as above.

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

The Board of Directors in coordination with the Audit Committee defines the internal control mechanisms of the Corporation.

Committee/Unit	Control Mechanism	Details of its Functions

**G. INTERNAL AUDIT AND CONTROL**

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

The control environment of the Corporation consists of (a) the Board which ensures that the Corporation is properly and effectively managed and supervised, (b) a Management that actively manages and operates the Corporation in a sound and prudent manner, (c) the organizational and procedural controls supported by effective management information and risk management systems, and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Directors have reviewed the effectiveness of the internal control system and found the same adequate.

(c) Period covered by the review;

The risk management system was last reviewed by the Directors in connection with the finalization of the

**Annual Report as of December 31, 2016.**

- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

**The risk management system is reviewed annually.**

- (e) Where no review was conducted during the year, an explanation why not.

**A review was conducted this year.**

**2) Internal Audit**

- (a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Provides reasonable assurance that the Corporation's key organizational and procedural controls are effective, appropriate and complied with	The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance	In-house	Eliza Macuray	Functionally reports directly to the Audit Committee

- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

**No. However, the terms and conditions of the engagement and subsequent removal is subject to the evaluation and recommendation of the Audit Committee.**

- (c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The internal auditor functionally reports directly to the Audit Committee, and ensures that, in the performance of the work of the internal auditor, he shall be free from interference by outside parties. Further, the Audit Committee performs oversight functions over the Corporation's internal and external auditors. It ensures the independence of both internal and external auditors from each other. Furthermore, the Audit Committee makes certain that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
N/A	

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	N/A
Issues <sup>6</sup>	N/A
Findings <sup>7</sup>	N/A
Examination Trends	N/A

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
The Internal auditor must be free from interference by outside parties.	Done
The Audit Committee shall review and approve the annual internal audit plan.	Done

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

<sup>6</sup> "Issues" are compliance matters that arise from adopting different interpretations.

<sup>7</sup> "Findings" are those with concrete basis under the company's policies and rules.

<b>Auditors (Internal and External)</b>	<b>Financial Analysts</b>	<b>Investment Banks</b>	<b>Rating Agencies</b>
The Audit Committee performs oversight functions over the Corporation's internal and external auditors. It ensures the independence of both internal and external auditors from each other. Furthermore, it makes certain that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions	In the event that independent appraisers and/or analysts are engaged, the Corporation provides access to all its available data and documents and respects the independence of such entities in the performance of their respective scope of work	Same as policy with Financial Analysts	Same as policy with Financial Analysts

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The Chairman.

#### H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	<b>Policy</b>	<b>Activities</b>
Customers' welfare	N/A	N/A
Supplier/contractor selection practice	The Corporation's operating subsidiaries select suppliers that are in good financial standing and repute.	Verification of creditworthiness and good industry repute.
Environmentally friendly value-chain	The Corporation has obtained approval from the SEC in relation to its last two (2) shareholders' meeting to distribute its Definitive Information Sheet via CD format, in part to minimize the usage of paper products.	The Corporation plans to continue this process for the foreseeable future.
Community interaction	N/A	N/A
Anti-corruption programmes and procedures?	Control policies	The Corporation strictly implements the control policies recommended by Management and the Audit Committee
Safeguarding creditors' rights	Election of creditor representative in the Board of Directors	Participation of the lender representative in ensuring sound financial policies and conduct are implemented.

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

**No.**

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?

Employees are granted sick leave benefits of fourteen (14) days per year and unused balances are convertible to cash. The Corporation also grants vacation leave benefits of twelve (12) days per year, with carry-over of unused to the next year while unused balances are convertible to cash up to a maximum of seven (7) days annually.

(b) Show data relating to health, safety and welfare of its employees.

**No available data.**

(c) State the company's training and development programmes for its employees. Show the data.

**No available data.**

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

**The Corporation has only two employees.**

## I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Steniel (Netherlands) Holdings B.V.	720,848,912	72.08%	Mark O. Vergara
Roxburgh Investments Limited	123,817,953	12.38%	Nixon Y. Lim

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Delma P. Bermundo	1	-	nil
Eliza C. Macuray	1	-	nil
<b>TOTAL</b>	<b>2</b>	<b>-</b>	<b>nil</b>

2) Does the Annual Report disclose the following:

Key risks	<b>Yes</b>
Corporate objectives	<b>Yes</b>
Financial performance indicators	<b>Yes</b>
Non-financial performance indicators	<b>Yes</b>

Dividend policy	Yes
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	No
Attendance details of each director/commissioner in respect of meetings held	No
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

**The Board will consider establishing new whistle-blowing policies.**

**The number of board meeting held during the year, and the attendance of directors therein, is reported to the SEC on or before five days after the end of each year.**

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
KPMG R.G. Manabat & Co.	Php500,000.00	N/A

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

**The Corporation submits the regulatory reports to the SEC and Bureau of Internal Revenue as well as disclosures to the Philippine Stock Exchange.**

**Prior to any stockholders' meeting, copies of the Definitive Information Sheet, and its attachments ("DIS"), are transmitted to its stockholders of record. For the past two (2) years, the DIS for the annual stockholders' meeting has been sent to the stockholders of record via CD format, in accordance with the applicable regulations.**

5) Date of release of audited financial report:

**The audited financial statements as of December 31, 2016 shall be submitted to the SEC and the PSE by April 17, 2017.**

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

**The Corporation does not have a website.**

Business operations	Yes/No
Financial statements/reports (current and prior years)	Yes/No
Materials provided in briefings to analysts and media	Yes/No
Shareholding structure	Yes/No
Group corporate structure	Yes/No

Downloadable annual report	Yes/No
Notice of AGM and/or EGM	Yes/No
Company's constitution (company's by-laws, memorandum and articles of association)	Yes/No

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) **Disclosure of RPT**

Please refer to Item 12 of the Annual Report.

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

All related party transactions are conducted at arms-length.

Further, all material information, including related party transactions are disclosed in the financial statements of the Corporation filed with the SEC and the PSE.

1. **RIGHTS OF STOCKHOLDERS**

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

<b>Quorum Required</b>	Unless otherwise provided by law, in all regular or special meetings of stockholders, stockholders who own or hold a majority of the outstanding capital stock must be present or represented in order to constitute quorum.
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

<b>System Used</b>	Voting, personal or by proxy
<b>Description</b>	At all meetings of stockholders, a stockholder may vote in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact, on forms prescribed and provided by the Board of Directors. All proxies must be acknowledged before the Corporate Secretary or a Notary Public and must be filed and received by the Corporate Secretary not later than ten (10) days before the date set for the meeting.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
Notice of Meeting complying with the period for giving out notices, the contents of the notice and authorization requirements for the person issuing the notice	Special laws and the By-laws provide for other rights not in the Corporation Code, such as: <ul style="list-style-type: none"> <li>▪ Longer notice period (15 business days)</li> <li>▪ Transmittal to stockholders of a written information statement and management</li> </ul>

	report which has been reviewed by the SEC
Appraisal right	
Voting - voting by proxy, cumulative voting, creation of voting trusts	
Higher voting requirement for approval of certain corporate acts	

**Dividends**

**There have been no dividends declared during the past three (3) years.**

Declaration Date	Record Date	Payment Date

**(d) Stockholders' Participation**

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
Respecting Right to Information	<p>(i) The shareholders shall be provided, upon request, periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Corporation's shares, dealings with the other corporations, relationships among directors and key officers, and the aggregate compensation of directors and officers.</p> <p>(ii) The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda, provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and the best practice.</p> <p>(iii) The minority shareholders shall have access to any and all information relating to matters for which Management is accountable for and to those relating to matters for which Management shall include such information and, if not included, then the minority shareholders shall be allowed to propose such matters in the agenda of the shareholders' meeting, being within the definition of "legitimate purposes", and in accordance with law, jurisprudence and best practice.</p>

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

- Amendments to the company's constitution

**All proposed amendments to the Articles of Incorporation and/or By-laws are detailed in the DIS transmitted to the stockholders of record prior to any stockholders' meeting called for such purpose,**



during which the proposed amendments are voted upon by the stockholders present or represented. During such stockholders' meeting, comments and/or objections from the stockholders present or represented are invited and entertained by the presiding officer.

Further, appraisal right, if applicable, is observed and respected by the Corporation in all instances.

b. Authorization of additional shares

Any and all proposed increases to the authorized capital stock of the Corporation are detailed in the DIS transmitted to the stockholders of record prior to any stockholders' meeting called for such purpose, during which the proposed increases are voted upon by the stockholders present or represented presented for approval. During such stockholders' meeting, comments and/or objections from the stockholders present or represented are invited and entertained by the presiding officer.

c. Transfer of all or substantially all assets, which in effect results in the sale of the company

All proposed amendments to the Articles of Incorporation and/or By-laws are detailed in the DIS transmitted to the stockholders of record prior to any stockholders' meeting called for such purpose, during which the proposed amendments are voted upon by the stockholders present or represented. During such stockholders' meeting, comments and/or objections from the stockholders present or represented are invited and entertained by the presiding officer.

Further, appraisal right is observed and respected by the Corporation in all instances.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

a. Date of sending out notices:

The Corporation complies with the minimum notice requirement of 15 business days prior to an annual stockholders' meeting. The DIS for the last annual stockholders' meeting was transmitted to the stockholders beginning on June 15, 2016.

b. Date of the Annual/Special Stockholders' Meeting:

The last annual stockholders' meeting was held on July 8, 2016.

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

There were no questions raised during the last annual stockholders' meeting.

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Election of Directors for the year <u>2016</u> to <u>2017</u>	All	None	None
Approval of the Audited Financial Statements as of <u>December 31, 2015</u>	All	None	None
Appointment of <u>KPMG R. G. Manabat &amp; Co.</u> as the External Auditor	All	None	None

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

July 11, 2016, through a disclosure of the results of the annual stockholders' meeting with the SEC/PSE.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

There were no such modifications.

Modifications	Reason for Modification

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	All	July 8, 2016	Poll	.01	84.47	84.48
Special	N/A					

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

**YES. The Corporation's stock transfer agent, Stock Transfer Service Inc. counts and/or validates the votes at the stockholders' meetings.**

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

**YES. The Corporation's common shares carry one (1) vote per share.**

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	At all meetings of stockholders, a stockholder may vote in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact, on forms prescribed and provided by the Board of Directors.
Notary	All proxies must be acknowledged before the Corporate Secretary or a Notary Public.
Submission of Proxy	All proxies must be filed and received by the Corporate Secretary not later than ten (10) days before the date set for the meeting.
Several Proxies	Each stockholder must appoint a proxy, although an individual may be appointed as a common proxy of several stockholders.

Validity of Proxy	All proxies filed with the Corporate Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary at least six (6) days prior to a scheduled meeting or by their personal presence at the meeting.
Proxies executed abroad	As the proxies must be notarized, such notarization must be consularized with the Philippine Consulate at such foreign jurisdiction.
Invalidated Proxy	The decision of the Corporate Secretary on the validity of the proxies shall be final and binding until and unless set aside by a court of competent jurisdiction.
Validation of Proxy	It shall be valid only for the meeting at which it has been presented to the Corporate Secretary.
Violation of Proxy	The decision of the Corporate Secretary on the validity of the proxies shall be final and binding until and unless set aside by a court of competent jurisdiction.

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
Compliance with the Securities Regulation Code	Notice of meeting and the DIS for the annual shareholders' meeting are transmitted to the stockholders of record at least 15 business days prior to the meeting

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	3,577 (Record Date of May 31, 2016)
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	June 15, 2016
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	June 15, 2016
State whether CD format or hard copies were distributed	CD format
If yes, indicate whether requesting stockholders were provided hard copies	Hard copies, provided upon request.

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes

The amount payable for final dividends.	Yes
Documents required for proxy vote.	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
Respect for the rights of minority stockholders, including the right to information	The minority shareholders are granted access to any and all information relating to matters for which Management is accountable for and to those relating to matters for which Management shall include such information and, if not included, then the minority shareholders shall be allowed to propose such matters in the agenda of the shareholders' meeting, being within the definition of "legitimate purposes", and in accordance with law, jurisprudence and best practice.
Encouraged participation in calling meetings.	Although all stockholders should be treated equally or without discrimination, the Board gives the minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.  The minority shareholders are granted the right to propose the holding of a meeting, and the right to propose items in the agenda, provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and the best practice.

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes, the Nomination Committee receives nominations of candidates for the Board of Directors from any and all stockholders. The status or shareholdings of the nominating stockholder is not relevant.

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

All material information about the Corporation which could adversely affect its viability or the interests of the stockholders are publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information is disclosed through the appropriate exchange mechanisms and submissions to the SEC and the PSE.

The Board of Directors reviews and approves all major announcements of the Corporation.

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

The Corporation shall establish its Investor Relations Program.

	Details
(1) Objectives	
(2) Principles	
(3) Modes of Communications	
(4) Investors Relations Officer	

3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

Any and all proposed corporate actions which, by law or regulations, trigger appraisal right of stockholders are so noted in the DIS transmitted to all stockholders prior to the stockholders' meeting called to approve such actions.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

There has been no such evaluation conducted recently.

**L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

Discuss any initiative undertaken or proposed to be undertaken by the company.

The Corporation shall review and consider the establishment of a Corporate Social Responsibility Program.

Initiative	Beneficiary

**M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL**

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	The Board polices itself through annual review.	The Board reviews, among others, attendance of each director during Board meetings, quality of presentations, if any, disruptions caused, if any.
Board Committees	Each committee reports regularly to the Board of Directors.	The Board reviews performance based on the duties and responsibilities imposed on the relevant committee and its members.
Individual Directors	The Board polices itself through annual review.	The Board reviews, among others, attendance of each director during Board meetings, quality of presentations, if any, disruptions caused, if any.
CEO/President	The Board of Directors reviews the performance of the President/CEO.	The Board evaluates the milestones achieved by the President/CEO based on the

		projections/plans presented at the beginning of the fiscal year.
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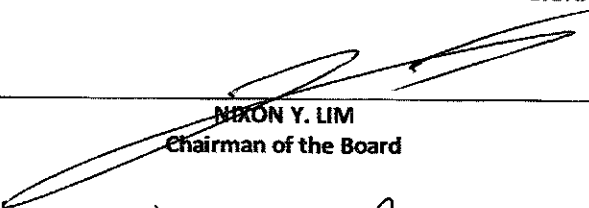
**N. INTERNAL BREACHES AND SANCTIONS**

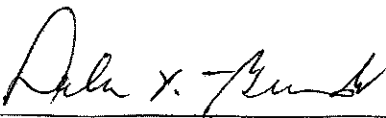
Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees


Violations	Sanctions
Simple violation	Board may impose other penalties in addition to those provided in the applicable regulations of the Commission, after notice and hearing, on the individual directors, officers, and employees, such as censure, suspension and removal from office depending on the gravity of the offense as well as the frequency of the violation
Grave violation	The commission of a grave violation of this Manual by any member of the Board of the Corporation shall be sufficient cause for removal from directorship.

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 PASIG CITY on MAY 30 2017, 2017.

SIGNATURES

  
\_\_\_\_\_  
NIXON Y. LIM  
Chairman of the Board

  
\_\_\_\_\_  
DELMA P. BERMUNDO  
President

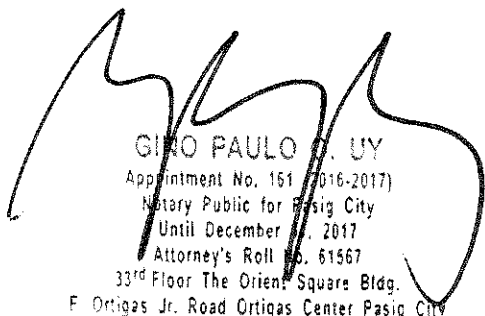
  
\_\_\_\_\_  
KENNETH GEORGE D. WOOD  
Independent Director

  
\_\_\_\_\_  
MIA M. ORMITA  
Corporate Secretary

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GIL PAULO M. UY  
Appointment No. 151 (2016-2017)  
Notary Public for Pasig City  
Until December 31, 2017  
Attorney's Roll No. 61567  
33<sup>rd</sup> Floor The Orient Square Bldg.  
F. Ortigas Jr. Road Ortigas Center Pasig City  
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