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## A. BOARD MATTERS

### 1) Board of Directors

Number of Directors per Articles of Incorporation	Eleven (11)
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Actual number of Directors for the year	Eleven (11)
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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)	Elected when (Annual / Special Meeting)	No. of years served as director
Esteban G. Peña Sy	ED		Araceli C. Molina	3/12/08	July 21, 2016	ASM *	8
Alexander G. Asuncion	ED		Araceli C. Molina	3/12/08	July 21, 2016	ASM*	8
Wong Peng Chong	NED		Araceli C. Molina	9/23/10	July 21, 2016	ASM*	6
Gil Miguel Puyat	NED		Araceli C. Molina	3/12/08	July 21, 2016	ASM*	8
Roberto V. San Jose	NED		Araceli C. Molina	3/12/08	July 21, 2016	ASM*	8
Georgina A. Monsod	ED		Araceli C. Molina	10/5/12	July 21, 2016	ASM*	4
Steven G. Virata	NED		Araceli C. Molina	3/12/08	July 21, 2016	ASM*	8
Rodrigo B. Supeña	ID		Esteban Pena Sy	9/23/10	July 21, 2016	ASM*	6
Antonio V. Syyap	ID		Esteban Pena Sy	3/12/08	July 21, 2016	ASM*	8
Yasuhiro Ishikawa	NED		Araceli C. Molina	9/10/15	July 21, 2016	ASM*	1
Shinsuke Amiya	NED		Araceli C. Molina	2/04/16	July 21, 2016	ASM*	-

\*Annual Stockholders Meeting held on July 21, 2016

- (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.

#### ***Treatment of all shareholders***

Each share entitles the holder to one vote that may be exercised in person or by proxy at shareholder meetings, including the Annual Stockholders' Meeting. The shareholders have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. Voting procedures on matters presented for approval to the stockholders in the Annual Stockholders' Meeting are set out in the Definitive Information Statement, which is sent out to all stockholders of record at least 15 business days before the date of meeting. It is the

duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

***Respect for the rights of minority shareholders and of other stakeholders***

The Board of Directors ensures that all rights of stockholders as mandated and set forth in the Corporation Code of the Philippines, Articles of Incorporation and By Laws of the Company shall be respected. Among these rights of stockholders as provided for in the Corporation Code are: right to vote on all matters that require their consent or approval; right to inspect corporate books and records; right to information; right to dividends; and appraisal right.

Although all stockholders should be treated equally or without discrimination, minority stockholders may request in writing the holding of meetings and the items for discussion in the agenda that relate directly to a legitimate purpose and the business of the Corporation, subject to the requirement under the By-laws that such requesting stockholder is the holder of record of not less than one-fourth of the outstanding voting capital stock of the Corporation.

***Disclosure Duties***

The essence of corporate governance is transparency. The Board believes that the transparency in the internal workings of the corporation shall diminish or discourage mismanagement of the corporation or misappropriation of assets. It is therefore essential that all material information about the corporation which could adversely affect its viability or the interest of the stockholders should be publicly and timely disclosed. Such information include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, minimum public ownership, direct/ indirect remuneration of members of the Board and Management and other corporate disclosures required for reporting by the regulators.

All required information are fully disclosed through the submissions and filings made to the SEC and the PSE.

***Board Responsibilities***

It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.

The Board recognizes that a good corporate governance system is integral to the mandate bestowed upon them by the Company's stockholders. They are fully conscious of their fiduciary duties, accountabilities and responsibilities to all stakeholders, and they subscribe to the belief that the pursuit of corporate goals must be bound by high ethical standards. Its duties and responsibilities as defined in the Company's amended By-laws include: (1) acting on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and its stockholders; (2) staying up-to date on developments in finance and corporate governance; (3) acting with confidentiality and discretion in the use of information proprietary to the Company; (4) avoiding any conflict of interest; (5) conducting fair business transactions with the Corporation (6)disclosing any relationship that can compromise a Director's independence;(7) fostering a non-discriminatory work and business environment; (8) exercising due prudence in the use of Company's resources; (9) keeping Board authority within powers of the institution; (10) respecting the rights of all stakeholders; (11) submitting to a vote of shareholders all matters requiring their approval under the Corporation Code; and (12) adhering to all laws and regulations defining the Board's obligations.

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

**The board reviews and approves the company's vision & mission every three (3) years.**

- (d) Directorship in Other Companies

- (i) Directorship in the Company's Group<sup>1</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:

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<sup>1</sup> The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Esteban G. Peña Sy	Mabuhay Holdings Corp.	Executive
Roberto V. San Jose	Mabuhay Holdings Corp.	Non-Executive/ Chairman
Wong Peng Chong	Mabuhay Holdings Corp.	Non-Executive
Rodrigo B. Supena	Mabuhay Holdings Corp.	Independent
Steven G. Virata	Mabuhay Holdings Corp.	Independent

(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.
Roberto V. San Jose	Anglo Phil. Holdings Corp. Vulcan Industrial & Mining Corp. ISM Communications Corporation	Non-Executive Non-Executive Non-Executive
Wong Peng Chong	COL Capital Limited*	Executive

\* the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "SEHK")

(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
Esteban G. Peña Sy	Mabuhay Holdings Corp.	ED/President

(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:

No, the company has not yet set a limit on the number of board seats in other companies or five(5) board seats in other publicly listed companies that an individual director or CEO may hold simultaneously.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	NA	

Non-Executive Director	NA	
CEO	NA	

(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
Esteban G. Peña Sy	250	592,000	0.0535%
Alexander G. Asuncion	90,014,000	26,692,000	11.67%
Gil Miguel T. Puyat	11,000		0.0010%
Roberto V. San Jose	1,000		0.0001%
Wong Peng Chong	10,000		0.0089%
Rodrigo B. Supeña	150		0.0000%
Antonio V. Syyap	1,000	41,000	0.0037%
Steven G. Virata	150		0.0000%
Georgina A. Monsod	1,000		0.0001%
Shinsuke Amiya	50		0.0000%
Yasuhiro Ishikawa	50	200,000	0.0177%
<b>TOTAL</b>	<b>90,038,650</b>	<b>27,525,000</b>	<b>11.755%</b>

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 & CEO	Esteban G. Peña Sy
President	Alexander G. Asuncion

Although the position of Chairman and CEO is vested in one person only, management decisions are made by management committee where major decisions are approved by the board.

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
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Role	He effectively manages the affairs of the Board. He exercises such powers which are given him by the company's By-Laws and such other duties customarily incident to the said office and those which may be prescribed by the Board of directors from time to time. Generally he ensures that the Board is effective in its tasks of setting and implementing the company's direction and strategy.	The Chief Executive Officer of the Corporation together with the President are responsible for the effective management of the Company. He supervises and manages the internal organization and business affairs of the Corporation and ensures that the administrative and operational policies of the Corporation are carried out under his supervision and control.
Accountabilities	<p>Presides at all meetings of the Stockholders and of the Board of Directors.</p> <p>Maintains qualitative and timely lines of communication and information between the Board and Management.</p> <p>Holds board meetings in accordance with the by-laws or as he may deem necessary.</p>	<p>Upon authority granted by the Board of Directors, the CEO;</p> <ul style="list-style-type: none"> <li>• signs deeds, bonds, contracts, or other instruments;</li> <li>• authorizes the purchase or acquisition of properties, furniture, fixtures, or other office equipments</li> <li>• approves all expenses or disbursements authorized in the budget of the Corporation</li> <li>• represents the Corporation in any negotiation which may be necessary to make in the usual course of business</li> <li>• represents the Corporation in any judicial or administrative proceedings</li> <li>• appoints and discharges employees occupying the positions authorized by the Board of Director</li> <li>• performs all other duties customarily incident to his office and as may be prescribed by the Board from time to time.</li> </ul>
Deliverables	<p>Considers suggestions of the President, Management and the Directors in making meeting agenda to be prepared by the Corporate Secretary.</p> <p>Recommendation regarding the business of the Corporation is submitted for consideration of the Board of Directors.</p>	<p>Submits and recommends for Board approval:</p> <ul style="list-style-type: none"> <li>• short and long range plans for the Corporation;</li> <li>• Balance Sheet, Profit and Loss Statement, Budget of administration expenses and</li> <li>• Annual Report on the operation and condition of the Corporation</li> </ul> <p>Executes all resolutions of the stockholders and the Board of directors.</p>

- 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 and the Board of Directors are made aware of all transactions, projects and developments through regular Board Meetings, so that each Director can assume or succeed the higher positions vacated. The same is done with the key management positions.**

- 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.

**The company has an implied policy of nominating and electing to the Board persons who are knowledgeable of the real estate industry practices, banking & finance and legal practice. All Directors sitting in the Board have the necessary skills, competence and experience, in terms of management capabilities. They also possess practical understanding of the business of the Company.**

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

**The company has four non-executive directors who possess the competence and experience in the real estate industry where the Company belongs to.**

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



Independent Directors:

	Executive	Non-Executive	Independent Director
Role	<p>The President is responsible for the effective management of the Company. He supervises and manages the internal organization and business affairs of the Corporation and ensures that the administrative and operational policies of the Corporation are carried out under his supervision and control.</p>	<p>A director's office is one of trust and confidence. Directors should act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress. In addition, an independent director identifies the most critical issues for the board to deal with and assist the board in achieving consensus on important issues.</p>	
Accountabilities	<p>Upon authority granted by the Board of Directors the President;</p> <ul style="list-style-type: none"> <li>• signs deeds, bonds, contracts, or other instruments;</li> <li>• authorizes the purchase or acquisition of properties, furniture, fixtures, or other office equipments</li> <li>• approves all expenses or disbursements authorized in the budget of the Corporation</li> <li>• represents the Corporation in any negotiation which may be necessary to make in the usual course of business</li> <li>• represents the Corporation in any judicial or administrative proceedings</li> <li>• appoints and discharge employees occupying the positions authorized by the Board of Directors.</li> <li>• performs all other duties customarily incident to his office and as may be prescribed by the Board from time to time.</li> </ul>	<p>He shall observe the following norms of conduct:</p> <ul style="list-style-type: none"> <li>• Conduct fair business transactions with the corporation and ensure that personal interest does not prejudice Board decisions;</li> <li>• Devotes time and attention necessary to properly discharge his duties and responsibilities;</li> <li>• Acts judiciously;</li> <li>• Exercises independent judgment;</li> <li>• Have working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation, By-laws, the requirements of the SEC, and where applicable the requirements of other regulatory agencies such as the IC;</li> <li>• Observes confidentiality;</li> <li>• Ensures the continuing soundness, effectiveness and adequacy of the Company's internal control system.</li> </ul> <p>Directors shall have the duty of preparing and actively participating in board meetings. Independent directors should always attend board meetings.</p>	

<p><b>Deliverables</b></p>	<p>Submits and recommends for Board approval:</p> <ul style="list-style-type: none"> <li>• short and long range plans for the Corporation;</li> <li>• Balance Sheet, Profit and Loss Statement, Budget of administration expenses and</li> <li>• Annual Report on the operation and condition of the Corporation</li> </ul> <p>Executes all resolutions of the stockholders and the Board of directors.</p>	<p>The Board establishes the general policies and guidelines which will enable Management to render an effective management of the Company and as part of which undertakes to:</p> <ul style="list-style-type: none"> <li>• Formulate company's vision and mission;</li> <li>• Approve and confirm management's corporate strategies, major plans of actions, risk policy, annual budget and business plan;</li> <li>• Adopts a succession plan</li> <li>• Review annually the Company's compliance with its Code of Corporate Governance;</li> <li>• Approve corporate policies on major areas of operations, including Underwriting, Investments, Reinsurance Claims management and risk management</li> <li>• Ensures the adequacy and effectiveness of the Company's internal control and management information systems</li> <li>• Approves annual budget and general expenses upon recommendation of the President</li> <li>• Submits annually at regular General Meeting of Stockholders the Balance Sheet, Profit and Loss Statement and Annual Report on the condition of the Corporation;</li> </ul>
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Provide the company's definition of "independence" and describe the company's compliance to the definition.

**Independent Director** refers to a person other than an officer or employee of the Corporation, its parent or subsidiaries, or any other individual having any relationship with the Corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. This means that apart from directors' fees and shareholdings, he should be independent of Management and free from any business or other relationships which could materially interfere with the exercise of his independent judgment. He must also possess all the qualifications and none of the disqualifications of an independent director provided under IC Circular Letter No. 31-2005, SRC Rule 38, the SEC Revised Code of Corporate Governance, and other relevant IC and SEC issuances and regulations.

Pursuant to the applicable rules and regulations of the SEC, independent directors are nominated and elected in the Annual Stockholders' Meeting and each director issues a certification confirming his independence within 30 days from his election. Messrs. Rodrigo B. Supeña and Antonio V. Syyp are currently the Company's Independent Directors.

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 SEC's guidelines on setting the term limit for an Independent Director. The Company will formalize its policy which will be consistent with the related SEC Memorandum Circular 9, Series of 2011 on the Term Limits for Independent Directors, which took effect on January 2, 2012.**

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
Cher Chen Lung	Director	Feb. 4, 2016	Resignation

(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:

a. Selection/Appointment		
(i) Executive Directors	<p>The Board thru its Nomination Committee pre-screens the qualifications of all nominees to the Board of Directors, taking into consideration the relevant issuances of the Securities and Exchange Commission.</p> <p>At the organizational meeting of the Board of Directors, the Board elects the officers of the Company and designates the members of the corporate governance committees.</p>	<p>Qualifications of Regular Directors:</p> <p>Directors sitting in the Board shall possess the necessary skills, competence and experience, in terms of management capabilities. Directors must possess all the qualifications and none of the disqualifications of regular directors under IRC Revised Manual of Corporate Governance. The Board of directors may provide for additional qualifications of a director, such as but not limited to the following: (a) educational attainment, (b) practical understanding of the business, (c) membership in good standing in relevant industry, business, or professional organizations and (d) previous business experience.</p>
(ii) Non-Executive Directors	(Process adopted is similar as stated above)	(Same criteria provided above)
(iii) Independent Directors	(Process adopted is similar as stated above)	<p>Additional Qualifications of Independent Directors- apart from the qualifications set forth above:</p> <p>(a) A candidate for independent director must be independent of the Corporation's 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.</p> <p>(b) He should satisfy the definition, possess the qualifications and none of the disqualifications as provided by the SRC Rule 38 on the requirements on nomination and election of Independent Directors.</p>
b. Re-appointment		
(i) Executive Directors	Same process as appointment/selection	
(ii) Non-Executive Directors		
(iii) Independent Directors		
c. Permanent Disqualification		

<p>(i) Executive Directors</p>	<p>For any case any Director is involved in permanent disqualifications. The board shall review the case however once a final judgment declares Director guilty, he shall be disqualified from being a member of the board thus terminated.</p> <p>All other reasons for disqualifications shall be reviewed before permanent disqualification or termination.</p>	<p><b>Permanent Disqualifications</b>  Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <p>Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (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 Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission, or under any rule or regulation issued by the Commission, or has otherwise been restrained to engage in any activity involving securities; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association</p>
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(ii) Non-Executive Directors		(Same criteria for permanent disqualifications, as stated above for Executive Directors)
(iii) Independent Directors		<p>(Same criteria for permanent disqualifications, as stated above for Executive Directors).</p> <p>The disqualifications of an independent director shall be as provided for under SEC Revised Code of Corporate Governance, the Securities Regulation Code and its Amended Implementing Rules and Regulations, and such other relevant issuances of the SEC.</p> <p>He shall likewise be disqualified during his tenure under the following instances or causes:</p> <ol style="list-style-type: none"> <li>1. He becomes an officer or employee of the corporation where he is such member of the board of directors/trustees, or becomes any of the persons enumerated under Section II (5) of the Code of Corporate Governance</li> <li>2. His beneficial security ownership exceeds two (2) percent of the outstanding capital stock of the company where he is such director;</li> <li>3. Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency;</li> <li>4. Such other disqualifications which the covered company's Manual of Corporate Governance provides.</li> <li>5. A securities broker-dealer is likewise disqualified from sitting as an independent director of listed companies and registered issuers of securities.</li> </ol>
<b>d. Temporary Disqualification</b>		

(i) Executive Directors	Nomination committee reviews and evaluates the qualifications of all persons nominated to the Board, thus, for Executive Directors who have violated or erred in his conduct while being a Director of the Company. The same nomination committee will review grounds for temporary disqualification and recommend to the board for final decision.	Any of the following shall be a ground for the temporary disqualifications of a director: 1. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its implementing Rules and Regulations, and the disqualification shall be in effect as long as the refusal persists. 2. Absence in more than fifty (50) percent of all regular and special meetings of the board during his incumbency or any twelve months during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. 3. Dismissal or termination for cause as director of any corporation covered by this Code. 4. Beneficial equity ownership of an independent director in the corporation or its subsidiary exceeds two (2) percent of its subscribed capital stock. 5. If any of the judgment or orders cited in the grounds for permanent disqualifications has not yet become final. 6. A temporarily disqualified director shall, within 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.
(ii) Non-Executive Directors	(Same process stated above for Executive Directors is adopted.)	(Same criteria for temporary disqualifications, as stated above for Executive Directors is adopted.)
(iii) Independent Directors	(Same process stated above for Executive Directors is adopted.)	(Same criteria for temporary disqualifications, as stated above for Executive Directors is adopted.)
<b>e. Removal</b>		

(i) Executive Directors	Vacancy in the Board. Any vacancy in the Board of Directors, other than those caused by removal by the stockholders or expiration of term, shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, said vacancies must be filled by the stockholders in a regular or special meeting called for that purpose. A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office.	He possesses any of the criteria enumerated for permanent disqualifications, as stated above
(ii) Non-Executive Directors	(same process as stated above is adopted)	He possesses any of the criteria enumerated for permanent disqualifications, as stated above
(iii) Independent Directors	Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board of Directors. The termination and cessation of an Independent director shall be governed by the provisions of SEC Memorandum Circular 2, otherwise known as the Code of Corporate Governance, the Securities Regulation Code and its Amended Implementing Rules and Regulations, and such other relevant issuances of the Securities and Exchange Commission.	He possesses any of the criteria enumerated for permanent disqualifications, as stated above
<b>f. Re-instatement</b>		
(i) Executive Directors	(Same process as stated above in the selection/appointment and re-election of both regular and independent directors is adopted.)	(Same criteria is used as stated above in the selection/appointment and re-election of both regular and independent directors is adopted.)
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>g. Suspension</b>		
(i) Executive Directors	(Same process as stated above in the removal of both regular and independent directors is adopted.)	(Same criteria is used as stated above in the removal of both regular and independent directors is adopted.)
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Esteban G. Peña Sy	

Alexander G. Asuncion	The number of nominees for directors was 11 and this equalled the number of board seats available so that upon the resolutions of the stockholders during the annual general meeting, each of the said 11 nominees for directors received equal number of votes.
Roberto V. San Jose	
Wong Peng Chong	
Gil Miguel T. Puyat	
Georgina A. Monsod	
Shinsuke Amiya	
Yasuhiro Ishikawa	
Steven G. Virata	
Rodrigo B. Supeña	
Antonio V. Syyap	

6) Orientation and Education Program

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

The Company does not have a formal orientation program however, new directors are provided with reference reading materials to assist them in understanding better the business and operations of the Company. Among the reading materials provided are: (1) Audited Financial Statements, (2) SEC Form 20-IS- Information Statement/ Annual Report, (3) Revised Manual of Corporate Governance, (4) Amended Articles of Incorporation, (5) Amended By-laws, (6) Company Policy Manual that includes the Company's Code of Ethics and Code of Conduct, (7) Definitive Information Statement, (8) Board Committee Charters, (9) Minutes of Annual Stockholders' Meeting, (10) Other relevant write-ups, references or real estate industry reports.

- (b) State any in-house training and external courses attended by Directors and Senior Management<sup>2</sup> for the past three (3) years:

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

Name of Director/ Officer	Date of Training	Program	Name of Training Institution

**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
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<sup>2</sup> Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.



<p>(a) Conflict of Interest</p>	<p>IRC expects its employees to refrain from any activity which will in anyway interfere with or run in conflict with their work or jeopardize the Company's interest. Everyone is expected to conduct himself properly so that his good faith and integrity shall not be open to question. The following are areas where conflict of interest may occur:</p> <p><b><u>Confidentiality</u></b> No employee shall, without authority, give or release to anyone any data or information of confidential nature concerning the Company, such as those relating to decisions, plans or competitive bids, or to use such information to his/her personal advantage and not to the best interest of the Company.</p> <p><b><u>Other employment / Outside interests</u></b> Employment with the Company is regarded as a full-time occupation during working hours. No employee may engage in other gainful employment with another employer or engage in any other interest which will adversely affect the employee's performance during working hours. It is considered to be in conflict with the Company's interest for an employee to serve: -as an officer or director of any other company without the consent of the Board of Directors or Executive Committee of IRC; or -in any management capacity for, or as a consultant to any individual, firm or other company doing or seeking to do business with the Company.</p> <p><b><u>Own/family's interest in another company</u></b> It is considered in conflict with Company's interest, for an employee or any member of his/her immediate family to have an interest in another company which has, or is seeking to have business dealings with the Company, esp. when there is an opportunity for preferential treatment to be given or received. Exception: where such an interest comprises securities in widely held quoted corporation or in private companies where the interest is not material. Where such a conflict exists, the employee is strictly prohibited from getting involved or participating in the transaction.</p> <p><b><u>Gifts/perquisites</u></b> An employee should not accept commissions, loans or advances (other than from financial institutions), materials, services repairs at no cost of at unreasonably low prices, excessive or extravagant entertainment, gifts in cash or in kind and gift certificates from any firm(s) or individual(s) doing or seeking to do business with the Company, in exchange for any favor, promise or reward. During occasions, employees may receive gifts and favors, but in no case should the value thereof exceed nominal proportions.</p> <p><b><u>Standing for elections</u></b> In order that the Company can avoid involvement or identification with any political party, an employee who wishes to run for elections must resign from the Company upon the employee's submission of his application for the position desired.</p>
<p>(b) Conduct of Business and Fair Dealings</p>	<p>In competition and fair dealings, the company's Directors, Senior Management and Employees, shall:</p> <ul style="list-style-type: none"> <li>• not take unfair advantage of anyone through manipulation, collusion, concealment, abuse of privileged information, or misrepresentation of material fact;</li> <li>• not make false statements against competitors, their products and/or services; and</li> <li>• exercise reasonable and prudent professional judgment when dealing with clients. Deal fairly with the Company's customers, service providers, suppliers, competitors and employees.</li> </ul>
<p>(c) Receipt of gifts from third parties</p>	<p>An employee should not accept commissions, loans or advances (other than from financial institutions), materials, services repairs at no cost of at unreasonably low prices, excessive or extravagant entertainment, gifts in cash or in kind and gift certificates from any firm(s) or individual(s) doing or seeking to do business with the Company, in exchange for any favor, promise or reward. During occasions, employees may receive gifts and favors, but in no case should the value thereof exceed nominal proportions.</p>
<p>(d) Compliance with Laws &amp; Regulations</p>	<p>Directors, officers and employees shall uphold right conduct and shall personally adhere to the norms and restrictions imposed by applicable laws, rules and regulations. They shall not accept demands brought on by prevailing business conditions or perceived pressures as excuses to violate any law, rule or regulation.</p>

(e) Respect for Trade Secrets/Use of Non-public Information	Directors, Officers and employees shall maintain and safeguard the confidentiality of information entrusted by the Company, customers, business partners or such other parties with whom the Company relates, except when disclosure is authorized or legally mandated. They should not trade the company's securities using price available publicly, and obtained by reason of position, contact within, or other relationship with the Company.
(f) Use of Company Funds, Assets and Information	Directors, Officers and Employees shall use company property and resources including company time, supplies and software, efficiently, responsibly and only for legitimate business purposes only. They shall safeguard company assets from loss, damage, misuse or theft and shall respect intellectual property rights.
(g) Employment & Labor Laws & Policies	Employment in the Company signifies willingness and commitment to perform according to standards set by management and to abide by all the policies and procedures as well as rules and regulations of the Company. The Company has an Employees' Manual of Policies and Procedures which provides for employee rights, obligations and sets policies on employee-related matters to ensure uniformity and consistency in the interpretation and implementation of Human Resources Policies and Programs, which are consistent with and in accordance with relevant provisions of the Labor Code.
(h) Disciplinary action	In accordance with the Company's Code of Discipline and depending on the nature of the misconduct, the Company may mete out the following disciplinary actions to erring employees, officers and directors: (a) Verbal warning, (b) Written warning, (c) Suspension, and (d) Termination
(i) Whistle Blower	No written policy on this.
(j) Conflict Resolution	Done in accordance with the Company's Code of Discipline: If an employee is aggrieved by disciplinary action taken by his superior, he/she may appeal within three (3) days of its occurrence in the following manner: (a) An employee alleging that he/she has a grievance must immediately lodge it in writing to his superior within three (3) days. (b) If the matter is not resolved within three (3) working days after such grievance is lodged, the matter will be referred to the Personnel Manager for mediation within a further period of three (3) days. (c) If the matter is still not resolved, the Executive Committee will form a Disciplinary Board comprising a member of the EXCO, the Personnel Manager and one (1) other manager. Investigation will be made and witnesses may be called to give evidence. The decision of the Disciplinary Board is final. Although no occurrence of conflict resolution had been experienced for Directors, a similar process will be followed.

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

**Yes.**

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

**The Personnel Manager implements and monitors compliance with the Company's Code of Ethics. HR policy manual is provided to all employees. General meetings are held to reiterate policies. So far, no Director had been sanctioned for violation of the Company's Policies on Code of Ethics and Discipline.**

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	Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with MHC, or between, and/or among its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form. Transactions entered into by the Company with related parties are at arm's length and have terms similar to the transactions entered into with third parties.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	Beneficial ownership transactions disclosed with SEC and PSE. Other transactions are at arm's length.
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(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.

	Details of Conflict of Interest (Actual or Probable)
Esteban G. Peña Sy, Director/Chairman of the Board	President of Mabuhay Holdings Corp., a significant shareholder
Alexander G. Asuncion, Director/ President	A significant shareholder owning more than 5% shares.
Roberto V. San Jose, Director	Partner of Castillo Laman Tan Pantaleon & San Jose law offices, legal counsel of IRC Properties Inc.
Delfin P. Angcao, Corporate Secretary	Partner of Castillo Laman Tan Pantaleon & San Jose law offices, legal counsel of IRC Properties Inc.
Georgina A. Monsod	Executive Vice-President of PrimeEast Properties Inc. and Dell Equipment & Construction Corporation

(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	Policies requiring disclosures on direct and indirect beneficial ownership in accordance with the SEC and PSE rules.
Group	

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,<sup>3</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: **NONE**

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship

- (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: **NONE**

Names of Related Significant Shareholders	Type of Relationship	Brief Description

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company: **NONE**

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

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.

	Alternative Dispute Resolution System
Corporation & Stockholders	No conflict for the last 3 years
Corporation & Third Parties	No conflict for the last 3 years
Corporation & Regulatory Authorities	No conflict for the last 3 years

<sup>3</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity.

## C. BOARD MEETINGS & ATTENDANCE

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

**Board meetings are scheduled quarterly but special board meetings are held as the need arises.**

- 2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Esteban G. Peña Sy	7/21/16	9	9	100%
Member	Alexander G. Asuncion	7/21/16	9	9	100%
Member	Gil Miguel T. Puyat	7/21/16	9	8	88%
Member	Roberto V. San Jose	7/21/16	9	9	100%
Member	Steven G. Virata	7/21/16	9	8	88%
Member	Wong Peng Chong	7/21/16	9	9	100%
Member	Georgina A. Monsod	7/21/16	9	9	100%
Member	Shinsuke Amiya *	7/21/16	8	8	100%
Member	Yasuhiro Ishikawa	7/21/16	9	9	100%
Independent	Antonio V. Syyap	7/21/16	9	9	100%
Independent	Rodrigo B. Supeña	7/21/16	9	9	100%
Member	Cher Chen Lung *	9/10/15	2	1	50%

\* Note - On February 4, 2016, Mr. Shinsuke Amiya was elected director as replacement of Mr. Cher Chen Lung who has resigned.

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? **NONE.**
- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

**The quorum requirement meets what is set by the Corporation Code, which is, majority of the board members.**

- 5) Access to Information

- (a) How many days in advance are board papers<sup>4</sup> for board of directors meetings provided to the board?

**Distributed at least three days before the board meeting.**

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

- (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?

**Yes, the Corporate Secretary prepares the board agenda for review and approval of the**

<sup>4</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.

**Chairman and the President. His other responsibilities are:**

- Responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Corporation;
- Be loyal to the mission, vision and objectives of the Corporation;
- Work fairly and objectively with the Board, Management and stockholders;
- Have appropriate administrative and interpersonal skills;
- Be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- Have a working knowledge of the operations of the Corporation;

Inform the members of the Board, in accordance with the by-laws of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at.

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

**Yes, the Company's Corporate Secretary is both a lawyer and a Certified Public Accountant.**

(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	Notice and Agenda are given at least three days before the meeting; The Committees have free access to the management and staff for any queries prior to the meeting.
Audit	
Nomination	
Remuneration	
Others (specify)	

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
The Directors have full access to Company's external counsel and external auditors for advice	

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
No Changes		

## D. REMUNERATION MATTERS

### 1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Company Salary Structure, market rates used as a guide; salary adjustments based on performance and changes in responsibilities and authorities. Salaries of Chairman & CEO and President are endorsed by Remuneration & Compensation Committee for Board approval. The salaries of the SVP, VP & AVP follow existing company salary structure.	
(2) Variable remuneration	None	
(3) Per diem allowance	Requires Board approval. Compensation and Remuneration Committee determines the remuneration and endorses to the Board for approval. Existing per diem is P3,000/meeting.	The President and SVP both receive P3,000.00/board meeting
(4) Bonus	None	
(5) Stock Options and other financial instruments	None	
(6) Others (specify)	The Chairman & CEO, President & 3 highest paid management officers are provided health insurance. Retirement Pay: All employees are entitled to retirement benefits as provided for the in the New Retirement Law under the Labor Code after having served the Company for more than five (5) years and upon reaching the age of sixty (60) for voluntary retirement or sixty five (65) for compulsory retirement.	

### 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.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Follows Company's salary structure and benefit package and Board-approved rate / package.	Compensation / salary package is composed of: <ul style="list-style-type: none"> <li>• Basic monthly pay</li> <li>• Company provided vehicle Representation and travel allowances</li> <li>• Annual vacation and sick leave</li> <li>• Health Insurance</li> </ul>	Basic monthly salary divided by 26.17 is used to arrive at the daily rate used in computing other benefits (e.g. sick leave, vacation leave, etc.)

Non-Executive Directors	All Directors attending the meeting receive a per diem allowance of P3,000/meeting. No other remuneration/compensation is given to NED.
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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. NO.

Remuneration Scheme	Date of Stockholders' Approval
Not Applicable	Not Applicable

### 3) Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	P4,800,000.00		
(b) Variable Remuneration			
(c) Per diem Allowance	P3,000.00/meeting		
(d) Bonuses			
(e) Stock Options and/or other financial instruments			
(f) Others (Specify)			
<b>Total</b>	P4,800,000.00	P3,000.00/meeting	P3,000.00/meeting

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	P131,000.00		
(g) Car Plan			
(h) Others (Specify)			
<b>Total</b>	P131,000.00		



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:

Director’s Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
Not Applicable				

(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:

Incentive Program	Amendments	Date of Stockholders’ Approval
No amendments introduced		

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
Araceli C. Molina	P901,960.17
Alwin P. Remante	

**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							

Audit		3	2	Audit Committee Charter	To assist the Board of Directors in fulfilling its oversight responsibilities particularly in relation to financial reporting integrity, internal control, risk management, and corporate standards of behavior.	<p>The Audit Committee has the following responsibilities:</p> <ol style="list-style-type: none"> <li>1. Provide oversight over senior Management's activities in managing credit, market, liquidity, operational, legal and other risks of MHC.</li> <li>2. Perform oversight functions over the Corporation's internal and external auditors</li> <li>3. Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation.</li> <li>4. Review the appointment of an independent external auditor, the audit fees and any question of resignation or dismissal.</li> <li>5. Consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal, which shall follow the procedure laid down for external auditors.</li> <li>6. Monitor and evaluate the adequacy and effectiveness of MHC's internal control system, including financial reporting control and information technology security.</li> <li>7. Receive and review the reports of external auditors, regulatory agencies, where applicable, and ensure that MHC Management is taking appropriate corrective actions, in a timely manner, in addressing control and compliance functions with regulatory agencies;</li> <li>8. Review the quarterly (SEC Form 17-Q) and annual financial statements (as part of SEC Form 17-A) before submission to the</li> </ol>	The Audit Committee is empowered to conduct or authorize investigations into any matter within its scope of responsibility, and seek any information it requires, including from IRC's employees.
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Nomination	3	2	2	No formal Committee Charter	Pre- screen and shortlist all candidates nominated to become a member of the Board of Directors	Review and consider the guidelines on determining the number of directorship	Review the roles and duties of the CEO by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.
Remuneration		3	2		Designate amount of remuneration in a sufficient level to attract and retain directors and officers	Establish a formal and Transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers	Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.
Others (specify)							

## 2) Committee Members

### (a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Esteban G. Peña Sy	2009	7	7	100%	7 Years
Member (ED)	Alexander G. Asuncion	2009	7	7	100%	7 Years

Member (ED)	Georgina A. Monsod	2009	7	7	100%	7 Years
Member	Delfin P. Angcao	2009	7	7	100%	7 Years

(b) Audit Committee

Office	Name	Date of last appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Antonio V. Syypap	7/21/16	6	6	100%	6 years
Member (ED)						
Member (NED)	Steven G. Virata	7/21/16	6	6	100%	6 years
	Gil Miguel T. Puyat	7/21/16	6	6	100%	6 years
	Shinsuke Amiya	7/21/16	-	-		-
Member (ID)	Rodrigo B. Supeña	7/21/16	6	6	100%	6 years

Disclose the profile or qualifications of the Audit Committee members.

**Antonio V. Syypap - Independent Director**

Mr. Syypap is a senior marketing executive with depth experience in real estate development and Marketing with multiple ASPAC (9) Countries exposure in field of distribution and Product Development, Manufacturing, and Retailing (Specialty -Business Development). He also serves as a Director of Landco Pacific Corporation. He graduated at De La Salle University in Bachelor of Science Major in Accounting. Also, with a Master's degree of Administration in Retailing from New York University, USA. His business experience for the last five years includes being presently the Chairman of Forest Lake Development Inc. and Director of Landco Pacific Corp. He is also a director of Mabuhay Satellite Corp and President/Managing Director of Today Realty Inc.

**Steven G. Virata, Director**

Mr. Virata is degree holder of B.S. Architecture from the University of the Philippines, he has more than 10 years experience in the aviation industry, marketing, architecture, graphic design and production, theater industry and farm management. He is currently a Director of C. Virata and Associates, Mabuhay Holdings Corp., ATAR-IV, Inc., Chico Holdings, Inc. and V.L. Araneta Properties Inc.

**Gil Miguel T. Puyat, Director**

Mr. Puyat earned his Marketing Strategy Course, Asian Institute of Management, M.A Economics (candidate), University of San Francisco, BS Agriculture Economics, University of Wisconsin. He finished grade school and high school at La Salle Greenhills.

His present business affiliations are as follows: Chairman and President, TFS Credit Corporation, Chairman and President, Tambunting Puyat Pawnshop, Inc., Director and President, Dell Properties, Inc., Director and Vice President, Loyola Group Marketing and Management Corporation, Director, Loyola Memorial Chapel, Inc., Director, Loyola Cemetery Services, Inc., Director, Philippine Pawnshop & Jewelry, Inc., Director, Omega Finance, Inc. Director and Treasurer, Militan Management Corporation.

Some of his civic affiliations are as follows: District Secretary, Rotary International - District 3830, Member, Alumni Association of Asian Institute of Management, Board of Trustees, Rotary Club of Makati, Board of Advisers, Development Center for the Handicapped Foundation, Inc.

**Rodrigo B. Supeña, Independent Director** - Mr. Rodrigo B. Supeña has been elected as Independent Director of the Company since March 31, 2009, and has served as such for more than two years now. Mr. Supeña, a seasoned banker who previously held various key positions in Land Bank of the Philippines and Bank of the Philippine Islands, is currently a Consultant of Land Bank of the Philippines and a Board Member of LBP Leasing Corporation. A Certified Public Accountant, he earned his Master in Business Administration from Ateneo Graduate School of Business.

**Shinsuke Amiya**, age 58, Japanese citizen. After taking Bachelor of Law from Hitotsubashi University in Tokyo in 1981, Shinsuke Amiya started the business career in the international finance division of Yamaichi Securities Co., Ltd. and joined the investment banking division of Morgan Stanley as an associate in 1986.

In 1994, he started his career in Merrill Lynch Japan, where he worked as a Managing Director of financial institution group, Head of investment banking division, Chairman of Investment Banking Group, and the Vice Chairman of the Firm.

In 2006, he was invited by shareholders of NIS Group to become the president of the company to restructure the company's business and financial structure. After leaving NIS Group where he had succeeded in 30 billion yen fundraising from private equity firm, he left the company and was elected as a member of the House of Representatives of Japan by national election. He was then promoted to the Parliamentary Secretary of Finance Minister of Japan in Noda Cabinet. He was also a member of Japan-Philippines Parliamentarians' Friendship League. In 2013, he started S.A.Consulting Inc. and also holds the post of a guest professor in Ryotokuji University.

In 2016, he became the CEO of the Asia Development Capital Co. Ltd, a listed investment company in Japan.

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

The Audit Committee does the following relative to the external auditor:

- Performs oversight functions over the Corporation's external auditors. It ensures that the external auditors are given unrestricted access to all records, properties and personnel to enable them to perform their audit functions;
- Reviews the appointment of an independent external auditor, the audit fees and any question of resignation or dismissal. Before the audit commences, the Audit Committee discusses with the external auditor the nature and scope of the audit.
- Evaluates and determines non-audit work by the external auditor and keeps under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to MHC's total expenditure on consultancy. The non audit work should be disclosed in the annual report.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Wong Peng Chong	7/21/16	7	7	100%	3 years
Member (ED)	Esteban G. Peña Sy Alexander G. Asuncion	7/21/16 7/21/16	7 7	7 7	100% 100%	6 years 6 years
Member (NED)	Roberto V. San Jose	7/21/16	7	7	100%	6 years
Member (ID)	Rodrigo B. Supeña Antonio Syyap	7/21/16 7/21/16	7 7	7 7	100% 100%	5 years 3 year
Member	Georgina A. Monsod	7/21/16	7	7	100%	5 years

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Rodrigo B. Supeña	7/21/16	3	3	100%	3 years
Member (ID)	Antonio Syyap	7/21/16	3	3	100%	1 year
Member (NED)	Wong Peng Chong Steven Virata Gil Miguel T. Puyat Yasuhiro Ishikawa	7/21/16 7/21/16 7/21/16 7/21/16	3 3 3 1	3 3 3 1	100% 100% 100% 100%	3 years 1 year 3 years 1 year

Note: Mr. Yasuhiro Ishikawa was elected only last Sept. 10, 2015

(e) Others (Specify) - Not Applicable

Provide the same information on all 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		
Audit		
Nomination		No Changes
Remuneration		
Others (specify)		

### 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		Not Applicable
Audit	Review of annual and quarterly Financial Statements. Discussion of SEC findings on Second Quarter Report.	Nothing significant.
Nomination	Recommendation of nominees to be included in the final list of independent directors.	Nothing significant.
Remuneration	Recommendation of salary increases.	Nothing significant.
Others (specify)		

### 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
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Executive	Not Applicable	
Audit	Review of control policies and procedures.	Nothing significant.
Nomination	Pre screen qualifications of nominees for independent directors.	Nothing significant.
Remuneration	Review and evaluate existing remuneration policies and procedures	Nothing significant.
Others (specify)	Not Applicable	

## F. RISK MANAGEMENT SYSTEM

### 1) Disclose the following:

#### (a) Overall risk management philosophy of the company;

The Company aims to identify, measure, analyze, monitor, and control all forms of risks that would affect the Company. It is an integral part of the planning and operations process of the Company in order to meet corporate goals and objectives.

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

The Board of Directors through the Audit Committee is tasked to review the effectiveness of the risk management system the Company employs. In the Audited Financial Statements which the Board and the shareholders approve each year, it says, among others, that *“The Management, under the direction of the Board of Directors of the Group is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Group’s financial performance due to the unpredictability of financial markets.”*

#### (c) Period covered by the review;

The Audit Committee periodically reviews the Company’s risk management system.

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

The adequacy of the risk management system is reviewed annually by the Audit Committee. On a quarterly basis, specific risk management processes and findings are reviewed and evaluated.

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

Not applicable.

### 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
Foreign Currency Risk	The Company closely monitors the HK and US dollar rates vis-à-vis Philippine Peso since it has foreign currency loans payable in US and HK dollars.	To avoid or minimize loss associated with foreign currency fluctuations.

Liquidity Risk	The Company monitors its cash position and makes cash projections to ensure that obligations are met as they fall due.	To minimize risk of not being able to meet funding obligations.
Interest Rate Risk	The Company borrows at fixed interest rates.	To manage interest cost.
Credit Risk	The Company deposits its available funds only to reputable and stable banks.	To maintain a high grade of credit quality of the Company's financial assets.
Equity Price Risk	Movement in the Company's share price is monitored on a daily basis.	To determine the impact of the Company's share price on its financial position.

(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:

Risk Exposure	Risk Management Policy	Objective
Same as in 2 (a) above		

(c) Minority Shareholders

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

Risk to Minority Shareholders
Due to statutory limitations on the obligations of majority shareholders with respect to minority shareholders, minority shareholders are subject to the risk of the exercise by the majority shareholders of their voting power. However, the Corporation Code provides for minority shareholders' protection in certain instances wherein a vote by the shareholders representing at least two-thirds of the Corporation's outstanding capital stock is required. The Corporation Code also grants shareholders an appraisal right allowing a dissenting shareholder to require a corporation to purchase his share in certain instances.

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)
Foreign Currency Risk	The Company regularly monitors and measures the risk exposure of the Company.	Continuous improvement of information system and internal controls within the Company.
Liquidity Risk		
Interest Rate Risk		
Credit Risk		
Equity Price Risk		

(b) Group

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)
Same as in 3 (a) above		

(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:

Committee/Unit	Control Mechanism	Details of its Functions
Audit Committee	Oversight of the integrity of the financial statements and related disclosures Oversight, assessment and review of internal controls	Reviews the external auditors' findings on internal controls Recommends to the Board the appointment or re-appointment of external auditors Reviews the quality and reliability of information prepared for inclusion in financial reports.

## 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;  
**Internal controls encompass a set of rules, policies and procedures an organization implements to provide reasonable assurance that (a) its financial reports are reliable; (b) its operations are effective and efficient, and (c) its activities comply with applicable laws and regulations.**
- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;  
**The Board, through its Audit Committee, meets to discuss and oversee whether the Company is able to comply with the required financial reporting and audit processes, including compliance with applicable laws, rules and regulations.**
- (c) Period covered by the review;  
**2012 (with updates/changes for year 2015)**
- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and  
**Annually**
- (e) Where no review was conducted during the year, an explanation why not.  
**Not applicable**

### 2) Internal Audit (This section 2 (a) to (e) is not applicable since the Company has no internal auditor yet.)

#### (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

- (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?
- (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?
- (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

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

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

<b>Progress Against Plans</b>	
<b>Issues</b>	
<b>Findings</b>	
<b>Examination Trends</b>	

[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
Segregation of duties	Yes

Safeguard of assets	Yes
Compliance to Company Policies and Procedures	Yes

(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):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
External Auditors merely request assistance from the Company's accountants. Replies to external auditors' requests for confirmation of account balances go directly to them.	Analysts must conduct themselves impartially, particularly when carrying out and analyzing their surveys. They must decline work if there is any doubt as to their impartiality in performing an assignment.	Sending of direct audit confirmation to banks of Company's financial assets and outstanding loans, if any.	The rating agency must not enter into commitments which prejudice or could prejudice its freedom on decision making.

(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.

**Compliance Officer countersigned by the Company's President**

## H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	The Company upholds the policy of respect and fair dealings with its customers through efficient services and transparency.	
Supplier/contractor selection practice	The Company selects the lowest bidder from at least three suppliers.	
Environmentally friendly value-chain	Compliance with environmental laws have not, and are not anticipated to adversely affect the businesses and financial conditions of the Company. Costs of compliance with environmental laws are either charged as ordinary operating expenses or credited as part of project investment by the Company and its subsidiary.	
Community interaction	The Company is fully cognizant of its socio-civic responsibility of contributing towards the improvement of other peoples' lives.	Donations are made to educational and civic organizations, as well as health, relief and rescue undertakings whenever needed.

Anti-corruption programmes and procedures?	The Company requires that all its directors, officers, and employees will not make, offer, or authorize any payment, gift, promise, or other advantage, whether directly or through any other person or entity, to or for the use or benefit of any public official or any political party or political party official or candidate for office, where such payment, gift, promise or advantage would violate applicable laws of the Philippines.	The Company's Human Resources Department constantly seeks ways to ensure that all of its employees do not seek nor accept solicitations from public offices and their officers in exchange for favors and undue advantages from the Company.
Safeguarding creditors' rights	All dealings with creditors are presented to and approved by the Board of Directors.	Loan agreements are signed and promissory notes are issued to creditors in compliance with the requirements.

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

**NONE.**

3) Performance-enhancing mechanisms for employee participation.

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

**Company's policy for its employee's safety, health & welfare is stated in the company's policy manual under item 9.13 - Employee Safety & Health and item 10.4 Medical Benefits, to wit:**

**9.13 Employee Safety & Health**

**The Company strives to provide safe working conditions for all employees. The physical premises where company operates shall be secured by appropriate and reasonable means.**

**9.13.1 The Company strictly prohibits possession of weapons of any type by employees during work hours or any Company-sponsored event or on Company properties and premises. Weapons are further defined to include firearms, knives, explosives or any other deadly weapon or object**

**9.13.2 All job related injuries should be reported immediately to the supervisor. Fire is an ever-present hazard, especially where electrical equipment is concerned. Every employee should know where the extinguishers are located and how to operate them effectively. All employees are required to unplug their respective office electrical equipments before going home at night and/or weekends or long holidays.**

**9.13.3 Threats, threatening behavior, acts of violence or any related conduct which disrupts the work environment will not be tolerated. Any employee who makes threats, exhibits threatening behavior or engages in violent acts on Company premises will be subject to disciplinary action up to and including termination.**

**10.4 Medical Benefit**

**The company provides free healthcare benefits to all permanent employees. It includes both in-patient (hospital confinement), out-patient (consultations) and dental services.**

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

Particulars	Provider/Period Covered
HMO/Healthcare Benefits	Maxicare Healthcare / Feb. 1, 2016 - Jan. 31, 2017
Labor Standards Compliant	DOLE-NCR / 2012

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

No formal training program for employees. However, if there are training seminars offered by outside parties needed by the employees, the Company sends them.

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

All employees are entitled to retirement benefits as provided for in the New Retirement Law under the Labor Code after having served the Company for more than five (5) years and upon reaching the age of sixty (60) for voluntary retirement or sixty five (65) for compulsory retirement.

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.

Any violation of the Company's Code of Ethics will result in an inquiry to establish the facts and possibly result in disciplinary action. Cases of doubt should be referred to the Executive Committee or the President.

## I. DISCLOSURE AND TRANSPARENCY

### 1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee	472,276,031	35.59%	ATC Securities
T&M Holdings Inc.	214,916,000	16.19%	T&M Holdings
Sigma Epsilon Fund Ltd	200,000,000	15.07%	
Rizal Partners Co. Ltd.	127,200,000	9.58%	
PrimeEast Properties	69,815,500	05.26%	Primeeast Properties

2. Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	N/A
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	No
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 (Total remuneration disclosed)

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

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Isla Lipana & Co. Inc.	P 427,455	None

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.  
**Written memos, email & oral communications.**

5) Date of release of audited financial report:  
**April 15, 2016**

6) Company Website

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

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Not applicable. We have not provided materials to analysts and media.
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

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

7) Disclosure of RPT

RPT	Relationship	Nature	Value
Disclosed in the Audited Financial Statements			

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?

*Transactions entered into by the Group with related parties are at arm's length basis and have terms similar to the transactions entered into by the company with third parties.*

**J. 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>	At least a majority of the outstanding capital stock, except in cases where a higher quorum requirement is mandated by the Corporation Code, in which case, two-thirds (2/3) of the outstanding shares shall be required.
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

<b>System Used</b>	All corporate acts of the Board of Directors and Management are ratified and approved by the stockholders.
<b>Description</b>	In the Notice of Annual Stockholders' Meeting to stockholders as of record date, the agenda includes the ratification of resolutions, contracts and acts of the Board of Directors and Management. The corporate acts are then ratified and approved by the stockholders during the actual stockholders' 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 <u>not</u> in The Corporation Code
In accordance with the Company's By-Laws and Manual on Corporate Governance	None

Dividends

Declaration Date	Record Date	Payment Date
Not Applicable		

(d) Stockholders' Participation

- 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
<ol style="list-style-type: none"> <li>In the Annual Stockholders' Meeting, the Chairman of the Board always opens the floor to questions from stockholders after the President's Report.</li> <li>The Company put up a website where contact details are provided.</li> </ol>	<ol style="list-style-type: none"> <li>Question and answer portion in the Stockholders' Meeting.</li> <li>Through telephone, telefax, ordinary mail or email.</li> </ol>

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

- Amendments to the company's constitution - **Subject to stockholders' approval**
- Authorization of additional shares - **Subject to stockholders' approval**
- Transfer of all or substantially all assets, which in effect results in the sale of the company - **Subject to stockholders' approval**

- 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? **YES**

- Date of sending out notices: **August 18, 2015**
- Date of the Annual/Special Stockholders' Meeting: **September 10, 2015**

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

**As is normally the case, after the Management Report of the President, the Chairman of the Board opened the floor to the stockholders for any questions they may have on the Report**

and the Audited Financial Statements. There had been some questions that were satisfactorily answered, after which, the stockholders applauded as a sign of appreciation for the President's Report.

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

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of Previous Stockholders' Meeting	59.16%	None	None
Report of Management and approval of the 2011 Audited Financial Statements	59.16%	None	None
Ratification of the Corporate acts of the Board of Directors and Management	59.16%	None	None
Election of Directors	59.16%	None	None
Appointment of External Auditor	59.16%	None	None

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

(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:

Modifications	Reason for Modification
No modifications made	No modifications made

(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		9/10/15	As Provided for in the Definitive Information Statement			
Special						

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

**Representatives from Rizal Commercial Banking Corporation, the Corporation's stock and transfer agent, attends the Annual Stockholders' Meeting to validate the votes.**

(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.**



(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	In accordance with the Notice of Annual Stockholders' Meeting attached to the Definitive Information Statement issued by the Corporate Secretary. Such notice includes the procedures for the execution and acceptance of proxies.
Notary	Required
Submission of Proxy	
Several Proxies	In accordance with the Notice of Annual Stockholders' Meeting attached to the Definitive Information Statement issued by the Corporate Secretary. Such notice includes the procedures for the execution and acceptance of proxies.
Validity of Proxy	
Proxies executed abroad	
Invalidated Proxy	Not applicable
Validation of Proxy	In accordance with the Notice of Annual Stockholders' Meeting attached to the Definitive Information Statement issued by the Corporate Secretary. Such notice includes the procedures for the execution and acceptance of proxies.
Violation of Proxy	Not applicable but in case there will be a violation, it will be dealt with in accordance with the Corporation Code.

(h) Sending of Notices

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

Policies	Procedure
	In accordance with the SRC Rule 20

(i) Definitive Information Statements and Management Report

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	June 27, 2016
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	June 27, 2016
<b>State whether CD format or hard copies were distributed</b>	CD Format
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	Hard copies were provided.

(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.	
An explanation of the dividend policy, if any dividend is to be declared.	Not applicable. No dividends were declared.
The amount payable for final dividends.	
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
Right to vote on all matters that require their consent or approval	One share equals one vote. The stockholders are encouraged to personally attend the Annual Stockholders' Meeting. If they cannot attend, they are appraised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right is not unduly restricted and any doubt about the validity of a proxy is resolved in the stockholders' favor.
Right to inspect corporate books and records	Affirmative.
Right to information	The Company's website is open to the public most specially to the stockholders. Material information is disclosed to SEC and PSE.
Right to dividends	The Board of Directors shall, whenever in its opinion the condition of the Corporation's affairs will render it expedient, declare dividends to the Stockholders of the Corporation out of prior year's net profits in such accounts and on such dates as the Board of Directors shall determine. In the declaration of the dividends the Board shall consider the possibility of adopting a policy of declaring dividends in such amount as will equal 50% of the prior year's net profits.

Appraisal right	<p>A stockholder has the right to dissent and demand payment of the fair value of his shares: (i) in case any amendment to the Company's Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences over the outstanding shares, or of extending or shortening the term of corporate existence: (ii) in case of any sale, lease, mortgage or disposition of all or substantially all of the corporate property or assets; (iii) in case of merger or consolidation; and (iv) in case of investment of corporate funds in another corporation or business or for any purpose other than the primary purpose.</p> <p>If an action which may give rise to the right of appraisal is proposed at the meeting, any stockholder who voted against the proposed action and who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.</p> <p>There are no matters or corporate actions that had given rise to a possible exercise by security shareholders of their appraisal rights under the provisions of the Corporation Code of the Philippines.</p>
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(b) Do minority stockholders have a right to nominate candidates for board of directors?

**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.

External and internal policies are all in accordance with the Company's By-Laws, Manual on Corp. Governance and Company Policy Manual. The Corporate Secretary is responsible for reviewing the company disclosures, getting approval from the President or Chairman for the release of such disclosures to the public.

- 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.

	Details
(1) Objectives	<ol style="list-style-type: none"> <li>1. Timely disclosure of material information to stakeholders.</li> <li>2. Disclosure of annual and quarterly financial performance.</li> </ol>
(2) Principles	Timely and accurate disclosure of material and relevant information to shareholders.
(3) Modes of Communications	Company website and telephone lines
(4) Investors Relations Officer	<p>No designated officer as such. However, the following officers can be contacted:</p> <p>Georgina A. Monsod, SVP/Treasurer/ Compliance Officer  Araceli C. Molina, Chief Financial Officer  Delfin P. Angcao, Corporate Secretary</p>

- 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?

**Legal and regulatory requirements of SEC and PSE will be followed in case of such events.**

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

**No such events took place. The Company is open to hire external assistance for due diligence.**

**L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

Initiative	Beneficiary
Social upliftment for the municipality of Binangonan through provisions of water supply, training & education.	Binangonan Municipality

**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
<b>Board of Directors</b>	None in place. Moving forward, a formal policy will be adopted following best practices.	
<b>Board Committees</b>		
<b>Individual Directors</b>		
<b>CEO/President</b>		

**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
First Violation	Depending on the offense, written reprimand, suspension for a no. of days, or dismissal.
Second Violation	Depending on the offense, suspension for a no. of days or dismissal.
Third Violation	
Fourth Violation	
Fifth Violation	Dismissal

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 \_\_\_\_\_ on \_\_\_\_\_, 20\_\_.

**SIGNATURES**

**ESTEBAN G. PEÑA SY**  
Chairman and CEO

**ALEXANDER G. ASUNCION**  
President

**RODRIGO B. SUPEÑA**  
Independent Director

**ANTONIO V. SYYAP**  
Independent Director

**GEORGINA A. MONSOD**  
Compliance Officer

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_ , affiant(s) exhibiting to me their \_\_\_\_\_, as follows:

NAME/NO.	DATE OF ISSUE	PLACE OF ISSUE
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