

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM – ACGR**

**ANNUAL CORPORATE GOVERNANCE REPORT**

1. Report is Filed for the Year 2015
2. Exact Name of Registrant as Specified in its Charter SYNERGY GRID & DEVELOPMENT PHILS., INC.  
(formerly UEM Development Phils., Inc.)
3. 1607, 16th Floor, Tycoon Center Bldg. Condominium  
Pearl Drive, Pasig City, Metro Manila  
Address of Principal Office 1605  
Postal Code
4. SEC Identification Number 41376
5.  (SEC Use Only)  
Industry Classification Code
6. BIR Tax Identification Number 000-593-240
7. (632) 5843930  
Issuer's Telephone number, including area code
8. N.A.  
Former name or former address, if changed from the last report

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## A. BOARD MATTERS

### 1) Board of Directors

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

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director
Henry Sy, Jr.	ED		Vicente D. Gerochi IV	Nov 2010	22 October 2015	Annual Meeting	5
Robert Coyiuto, Jr.	NED		Henry Sy, Jr.	July 2012	22 October 2015	Annual Meeting	3
Mark Jayson E. Alapoop	ED		Henry Sy, Jr.	April 2014	22 October 2015	Annual Meeting	1
Paul P. Sagayo, Jr.	NED		Henry Sy, Jr.	March 2015	22 October 2015	Annual Meeting	1
Vicente D. Gerochi IV	ED		Henry Sy, Jr.	Nov 2010	22 October 2015	Annual Meeting	5
Mark O. Vergara	ID		Henry Sy, Jr. / no relationship to ID	Nov 2010	22 October 2015 (5 years 5 months)	Annual Meeting	5
Jose T. Pardo	ID		Henry Sy, Jr. / no relationship to ID	Oct 2014	22 October 2015 (1 year 5months)	Annual Meeting	1

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

The Board of Directors has adopted the following corporate governance policies:

- The principle of "one share, one vote;" ensuring that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.
- An effective, secure and efficient voting system to protect minority shareholders against actions of controlling shareholders.
- Provide all shareholders with due notice and agenda of the annual general meetings (AGM) and special meetings.
- Allow shareholders to call a special shareholders meeting, submit a proposal for consideration at the AGM or the special meeting, and ensure the attendance of the external auditor and other relevant individuals to answer shareholder questions in such meetings.
- Provide all shareholders with accurate and timely information regarding the number of shares of all classes held by controlling shareholders and their affiliates.
- Have a communications strategy to promote effective communication with shareholders.
- Have a transparent dividend policy.

- Disclose the existence, justification, and details on shareholders agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.
- Disclose its director and executive compensation policy, as well as names of groups or individuals who hold 5% or more ownership interest in the Company, significant cross-shareholding relationship and cross guarantees, as well as the nature of the Company's other companies if it belongs to a corporate group.
- Disclose annual and quarterly consolidated reports, cash flow statements and special audit revisions.
- Publish and/or deliver to its shareholders in a timely fashion all information and materials relevant to corporate actions that require shareholder approval.
- Disclose in its annual report the principal risks to minority shareholders associated with the identity of the Company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.

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

The Board reviews and approves the vision and mission annually.

(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:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Henry Sy, Jr.	Monte Oro Grid Resources Corporation One Taipan Holdings, Inc. National Grid Corporation of the Philippines	ED
Robert Coyiuto, Jr.	Calaca High Power Corporation Pacifica21 Holdings, Inc. National Grid Corporation of the Philippines	NED
Vicente D. Gerochi IV	Monte Oro Grid Resources Corporation One Taipan Holdings, Inc.	ED
Mark Jayson E. Alapoop	Monte Oro Grid Resources Corporation One Taipan Holdings, Inc.	ED
Paul P. Sagayo, Jr.	National Grid Corporation of the Philippines Calaca High Power Corporation Pacifica21 Holdings, Inc.	NED

(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.
Henry Sy, Jr.	SM Investments Corporation	Non-Executive

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

	SM Development Corporation Highlands Prime Inc. SM Prime Holdings Inc. Banco de Oro Unibank Inc.	Non-Executive Executive Non-Executive Non-Executive
Mark Jayson E. Alapoop	Cyber Bay Corporation	Non-Executive

(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: N.A.

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

The Company has not set any limits of this nature.

	Guidelines	Maximum Number of Directorships in other companies
<b>Executive Director</b>	N/A	
<b>Non-Executive Director</b>	N/A	
<b>CEO</b>	N/A	

(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
Henry Sy, Jr.	22,014,288		44.50%
Robert Coyiuto, Jr.	10		-
Mark Jayson E. Alapoop	1		-
Paul P. Sagayo, Jr.	1		-
Vicente D. Gerochi IV	1		-
Mark O. Vergara	1		-
Jose T. Pardo	1		-
<b>TOTAL</b>	<b>22,014,303</b>		<b>44.50%</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

The Board of Directors exercises all corporate powers and conducts the business of the Company. Thus the CEO exercises his roles based on the instructions of the Board of Directors.

Identify the Chair and CEO:

Chairman of the Board	Henry Sy, Jr.
CEO/President	Henry Sy, Jr.

(b) Roles, Accountabilities and Deliverables

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

	<b>Chairman</b>	<b>Chief Executive Officer</b>
<b>Role</b>	Schedule meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the company's operations.	To have direct and active management of the business and operations of the Company, conducting the same according to the orders, resolutions of the Board of Directors and according to his own discretion whenever the same is not expressly limited by such orders, resolutions and instructions.
<b>Accountabilities</b>	<p>Exercise control over quality, quantity and timeliness of the flow of information between Management and the Board.</p> <p>Assist in ensuring compliance with company's guidelines on corporate governance.</p>	To exercise general supervision over all the other officers and employees of the Company; appoint and at his discretion remove or suspend all employees and agents of the Company, prescribe their duties, fix their salaries and wages, and require in certain cases guaranties or bonds to secure the faithful discharge by such employees or agents of their official duties.
<b>Deliverables</b>	Prepare meeting agenda	<p>To execute on behalf of the Company all contracts and agreements which it may enter into and which has been duly approved by the Board of Directors, including deeds of sale and purchases, instruments of mortgage or pledge and other obligations.</p> <p>To submit an annual report of the operations of the Company to the Board of Directors and at such other times as the latter may request and annual report thereof to the stockholders at the annual meetings.</p> <p>To sign the certificates of stock.</p> <p>To represent the Company in all judicial and administrative proceedings affecting its business.</p> <p>To exercise such other powers and perform such other duties as the Board of Directors may from time to time fix or delegate.</p>

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

If the office of the President becomes vacant by death, resignation or otherwise, the Board of Directors by a majority vote may choose a successor who shall hold office for the unexpired term. In case of temporary absence of any officer of the Company or for any other person that the Board of Directors may deem sufficient, the Board of Directors may delegate the powers and duties of such officer to another qualified person.

4) Other Executive, Non-Executive and Independent Directors

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

Yes. It is required that the Nomination Committee pre-screens all candidates nominated to become a member of the Board. Nominees must have a practical understanding of the business of the corporation, must be a member of the relevant industry in good standing, or a member in good standing of business or professional organizations. Each nominee is thus required to submit a summary of his or her previous business experience.

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

Yes. Nominees must have a practical understanding of the business of the corporation, must be a member of the relevant industry in good standing, or a member in good standing of business or professional organizations. Each nominee is thus required to submit a summary of his or her previous business experience.

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

	Executive	Non-Executive	Independent Director
Role	To make rules and regulations for the conduct of the corporate business, provided that they are not contrary to the articles of incorporation, by-laws or the statutes of the Philippines.		To exercise independent judgment in making decisions as a member of the Board of Directors.
	To authorize any officer of the Corporation to enter into any negotiation, contract or agreement with any person, firm or entity negotiation, contract or agreement with any person, firm or entity which it may consider necessary for the best interest of the Corporation.		To serve as fiscalizer to ensure that the acts and decisions of the Board of Directors are the various committee are beneficial to the interest of the Company as a whole and not merely for the benefit of any one stockholder or group of stockholders.
Accountabilities	To conduct fair business transactions with the corporation and to ensure that personal interest does not bias Board decisions. The basic principle to be observed is that a director should not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest should arise on the part of directors or senior executives, it should be fully disclosed and the concerned director should not participate in the decision making. A director who has a continuing conflict of interest of a material nature should consider resigning.		
	To devote time and attention necessary to properly discharge his duties and responsibilities. A director should devote sufficient time to familiarize himself with the institution's business. He should be constantly aware of the institution's condition and		



	<p>be knowledgeable enough to contribute meaningfully to the Board's work. He should attend and actively participate in Board and committee meetings, request and review meeting materials, ask questions, and request explanations.</p>	
	<p>To act judiciously. Before deciding on any matter brought before the Board of directors, every director should thoroughly evaluate the issues, ask questions and seek clarifications when necessary.</p>	
	<p>To exercise independent judgment. A director should view each problem/situation objectively. When a disagreement with others occurs, he should carefully evaluate the situation and state his position. He should not be afraid to take a position even though it might be unpopular. As such, he should support plans and ideas that he thinks are beneficial to the corporation.</p>	
	<p>To have a working knowledge of the statutory and regulatory requirements affecting the corporation, including the contents of its articles of incorporation and by-laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies. A director should also keep himself informed of industry developments and business trends in order to safeguard the corporation's competitiveness.</p>	
	<p>To observe confidentiality. A director should observe the confidentiality of non-public information acquired by reason of his position as director. He should not disclose any information to any other person without the authority of the Board.</p>	
	<p>To ensure the continuing soundness, effectiveness and adequacy of the company's control environment.</p>	
Deliverables	<p>To set aside the annual profits of the Corporation, if any, such amounts as shall be paid to the stockholders in the form of cash dividends and determine the rate thereof, provided that the Board may, in its discretion, place all the profits earned by the Corporation during any one year on reserve or set the same aside as undivided profits.</p>	
	<p>To borrow money for the Corporation by any means whatsoever and for such purpose to create, make and issue mortgages, bonds, deeds of trust and negotiable instruments or securities, secured by mortgage or pledge or property belonging to the Corporation, provided that as hereinafter provided, the proper officer of the company shall have these powers, unless expressly limited by the Board.</p>	

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

An "Independent Director" means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director and includes, among others, any person who:

- (i) Is not a director or officer or substantial stockholder of SGP or of its related companies or any of its substantial stockholders (other than as an independent director of any of the foregoing);
- (ii) Does not own more than 2% of the shares in SGP and/or its related companies or its substantial stockholders;
- (iii) Is not related to any director, officer or substantial stockholder of SGP, any of its related companies or any of its substantial stockholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- (iv) Is not acting as a nominee or representative of any director or substantial stockholder of SGP, and/or any of its related companies and/or any of its substantial stockholders;
- (v) Has not been employed in any executive capacity by SGP, any of its related companies and/or by any of its substantial stockholders within the last 2 years;
- (vi) Is not retained, either personally or through his firm or any similar entity as professional adviser by SGP, any of its related companies or any of its substantial stockholders within the last 2 years; or
- (vii) Has not engaged and does not engage in any transaction with SGP and/or with any of its related companies and/or with any of its substantial stockholders, whether by himself or with other persons or through a firm of which he is a partner and/or a company of which he is a director or substantial stockholder, other than transactions which are conducted at arm's length and are immaterial.

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.

Independent Directors shall hold office for one (1) year and serve as such until the election and qualifications of their successors. The Company shall adopt rules in compliance with SEC Memorandum Circular No. 9 (December 5, 2011) imposing term limits on independent directors. At present, the Company's Independent Director has served only two (2) consecutive years as Independent Director.

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
Joseph Fernando M. Dechavez	Director	March 24, 2015	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:

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors	The election of the members of the Board is held during the Annual Stockholders' Meeting. In accordance with the Corporation's Manual	In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code ("SRC") and other relevant laws, the Board may provide for additional qualifications which

	for Corporate Governance (the "Manual"), the Nomination Committee shall pre-screen all candidates nominated to become a member of the Board in accordance with the qualifications and disqualifications set forth in the Manual.	include, among others, the following:  (i) College education or equivalent academic degree; (ii) Practical understanding of the business of the corporation; (iii) Membership in good standing in relevant industry, business or professional organizations; and (iv) Previous business experience.
(ii) Non-Executive Directors		
(iii) Independent Directors	The Chairman of the Annual Meeting shall inform all stockholders in attendance of the mandatory requirement of electing two Independent Directors. He shall ensure that two Independent Directors are elected during the Annual Meeting. Specific slots for Independent Directors shall not be filled by unqualified nominees. In case of failure of election for Independent Directors, the Chairman of the Annual Meeting shall call a separate election during the same meeting to fill up the vacancy.	(i) Is not a director or officer or substantial stockholder of SGP or of its related companies or any of its substantial stockholders (other than as an independent director of any of the foregoing); (ii) Does not own more than 2% of the shares in SGP and/or its related companies or its substantial stockholders; (iii) Is not related to any director, officer or substantial stockholder of SGP, any of its related companies or any of its substantial stockholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister; (iv) Is not acting as a nominee or representative of any director or substantial stockholder of SGP, and/or any of its related companies and/or any of its substantial stockholders; (v) Has not been employed in any executive capacity by SGP, any of its related companies and/or by any of its substantial stockholders within the last 2 years; (vi) Is not retained, either personally or through his firm or any similar entity as professional adviser by SGP, any of its related companies or any of its substantial stockholders within the last 2 years; or (vii) Has not engaged and does not engage in any transaction with SGP and/or with any of its related companies and/or with any of its substantial stockholders, whether by himself or with other persons or through a firm of which he is a partner and/or a company of which he is a director or substantial stockholder, other than transactions which are conducted at arm's length and are immaterial.  (i) He shall have at least 1 share

		<p>of stock of SGP;</p> <p>(ii) He shall be at least a college graduate or he shall have been engaged or exposed to the business of SGP for at least 5 years;</p> <p>(iii) He shall possess integrity/probity; and</p> <p>(iv) He shall be assiduous.</p>
<b>b. Re-appointment</b>		
(i) Executive Directors	Members of the Board shall serve for a term of one year and until their successors shall have been duly elected and qualified.	
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>c. Permanent Disqualification</b>		
(i) Executive Directors		<p>(i) 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 SRC; (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>(ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC 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 SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the</p>

		<p>Corporation Code, SRC or any other law administered by the SEC or Bangko Sentral ng Pilipinas (“BSP”), or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;</p> <p>(iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>(iv) Any person who has been adjudged by final judgment or order of the SEC, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, SRC or any other law administered by the SEC or BSP, or any of its rule, regulation or order;</p> <p>(v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;</p> <p>(vi) Any person judicially declared as insolvent;</p> <p>(vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above;</p> <p>(viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.</p>
(ii) Non-Executive Directors		
(iii) Independent Directors		<p>Same as above, and additionally, no person convicted by final judgment of an offense punishable by imprisonment for a period exceeding 6 years, or a violation of the SRC committed within 5 years prior to the date of his election, shall qualify as an</p>

		Independent Director
<b>d. Temporary Disqualification</b>		
(i) Executive Directors	A temporarily disqualified director shall, within sixty 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.	The Board may provide for the temporary disqualification of a director for any of the following reasons:  (i) Refusal to comply with the disclosure requirements of the SRC and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists; (ii) Absence in more than fifty percent of all regular and special meetings of the Board during his incumbency, or any twelve-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election; (iii) Dismissal or termination for cause as director of any corporation covered by the Corporation Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination; (iv) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.
(ii) Non-Executive Directors		
(iii) Independent Directors		Same as above, and additionally:  (i) Term limit prescribed under SEC Memorandum Circular No. 9 (December 5, 2011); (ii) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;
<b>e. Removal</b>		
(i) Executive Directors		Any person who has been finally convicted by a competent judicial or administrative body of the following: (a) any crime involving the purchase or sale of securities, e.g., proprietary or non-proprietary membership certificate, commodity futures contract, or interest in a common trust fund, pre-need plan, pension plan or life plan; (b) any crime arising out of

		<p>the person's conduct as an underwriter, broker, dealer, investment company, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, floor broker; and (c) any crime arising out of his relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <p>(ii) Any person who, by reason of any misconduct, after hearing or trial, is permanently or temporarily enjoined by order, judgment or decree of the SEC or any court or other administrative body of competent jurisdiction from: (a) acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer; futures commission merchant; commodity trading advisor, or a floor broker; (b) acting as a director or officer of a bank, quasi-bank, trust company, investment house, investment company or an affiliated person of any of them; (c) engaging in or continuing any conduct or practice in connection with any such activity or willfully violating laws governing securities, and banking activities. Such disqualification shall also apply when such person is currently subject to an effective order of the SEC or any court or other administrative body refusing, revoking or suspending any registration, license or permit issued under the Corporation Code, SRC, or any other law administered by the SEC or BSP, or under any rule or regulation promulgated by the SEC or BSP, or otherwise restrained from engaging in any activity involving securities and banking. Such person is also disqualified when he is currently subject to an effective order of a self-regulatory organization suspending or expelling him from membership or participation or from associating with a member or participant of the organization;</p>
(ii) Non-Executive Directors		<p>(iii) Any person finally convicted judicially or administratively of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false oath, perjury or</p>

		<p>other fraudulent act or transgressions;</p> <p>(iv) Any person finally found by the SEC or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the SRC, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation or order of the SEC or BSP, or who has filed a materially false or misleading application, report or registration statement required by the SEC, or any rule, regulation or order of the SEC;</p> <p>(v) Any person judicially declared to be insolvent;</p> <p>(vi) Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts; violations or misconduct similar to any of the acts, violations or misconduct listed in paragraphs (i) to (v) hereof;</p> <p>(vii) Any affiliated person who is ineligible, by reason of paragraphs (i) to (v) hereof to serve or act in the capacities listed in those paragraphs;</p> <p>(viii) Conviction by final judgment of an offense punishable by imprisonment for a period exceeding 6 years, or a violation of the Corporation Code, committed within 5 years prior to the date of his election or appointment;</p>
(iii) Independent Directors		<p>Same as above, and additionally:</p> <p>(i) He becomes an officer or employee of SGP where he is such member of the board of directors/trustees, or becomes any of the persons enumerated in item (i) to (viii) above;</p> <p>(ii) His beneficial security ownership exceeds 10% of the outstanding capital stock of SGP where he is such director;</p> <p>(iii) Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family; and</p> <p>(iv) Such other disqualifications which SGP's Manual provides.</p>
<b>f. Re-instatement</b>		
(i) Executive Directors		



(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>g. Suspension</b>		
(i) Executive Directors		
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Henry Sy, Jr.	At least 97%
Robert Coyiuto, Jr.	At least 97%
Mark Jayson E. Alapoop	At least 97%
Joseph Ferdinand M. de Chavez, Jr.	At least 97%
Vicente D. Gerochi IV	At least 97%
Mark O. Vergara	At least 97%
Jose T. Pardo	At least 97%

6) Orientation and Education Program

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

While the Company has a formal board in place, it is still establishing a suitable and practical director development program.

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

- (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
N/A	N/A	N/A	N/A

**B. CODE OF BUSINESS CONDUCT & ETHICS**

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	Please see below*	Please see below*	Please see below*
(b) Conduct of Business and Fair Dealings	Please see below*	Please see below*	Please see below*
(c) Receipt of gifts from third parties	Please see below*	Please see below*	Please see below*

<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.

(d) Compliance with Laws & Regulations	Please see below*	Please see below*	Please see below*
(e) Respect for Trade Secrets/Use of Non-public Information	Please see below*	Please see below*	Please see below*
(f) Use of Company Funds, Assets and Information	Please see below *	Please see below *	Please see below *
(g) Employment & Labor Laws & Policies	Please see below *	Please see below *	Please see below *
(h) Disciplinary action	Please see below *	Please see below *	Please see below *
(i) Whistle Blower	Please see below *	Please see below *	Please see below *
(j) Conflict Resolution	Please see below *	Please see below *	Please see below *

**\*Company Code of Business Conduct and Ethics**

The Company maintains policies and procedures (Code) that applies to all directors, officers, senior management and employees.

The Audit Committee will review any issues under the Code and will report its findings to the Board.

In addition to the Company's Policies and Procedures enumerated in the Audit Committee Charter (which mainly involve risk assessment and management), this Code consists of the following:

- Conflict of Interest Policy
- Conduct of Business and Fair Dealings
- Receipt of Gifts from Third Parties
- Compliance with Laws and Regulations
- Trade Secrets/Information Policy
- Corporate Assets Policy
- Directorship and Employment Policy
- Whistle Blowing/Disciplinary Action
- Conflict Resolution

**a) Conflict of Interest Policy**

Conflict of interest arises when a Company employee takes actions or has personal interests that may interfere with any objective and effective performance of work for the Company.

All directors, officers, senior management and employees are expected to avoid actual or evident conflict in dealing with customers, suppliers, related and other third parties.

Conflict of interest situations require prior written approval from the Office of the Chairman and President, or the Company's Audit Committee.

**b) Conduct of Business and Fair Dealings**

All Directors, Officers, Senior Management and Employees of the Company should at all times model appropriate conduct.

It is the Company's policy that all transactions will be accurately reflected in its books and records. Falsification of books and records and the creation or maintenance of any of the record book of accounts are strictly prohibited.

Employees are expected to be honest and informative with the Company's internal and external auditors.

The Company expects all employees at all levels to adhere to its policies and internal controls, as well as to make full, accurate, timely and understandable disclosures in reports and documents that the Company files with the SEC, PSE, BIR and other government offices.

**c) Receipt of Gifts from Third Parties**

Directors, Officers, senior management, and employees should not accept gifts, meals or entertainment or any favour from customers or suppliers, if doing so, may compromise their ability to make objective business decisions in the best interest of the Company.

**d) Compliance with Laws and Regulations**

The policy of the Company is to comply with all governmental laws, rules and regulations applicable to the business.

The Company expects compliance with its standards of integrity.

**e) Trade Secrets and Information Policy**

No director, officer, senior management or employee should use or disclose at any time during or subsequent to employment, without proper authority or mandate, confidential information obtained from any source in the course of the Company's business.

They are obligated to protect the Company's non-public information at all times, including outside of the workplace and working hours and even after employment ends.

All employees are responsible for reporting material information known to them to higher management so that information will be available to senior executives responsible for making disclosure decisions.

**f) Corporate Assets Policy**

The Company's assets are tangible and intangible ones, including confidential information.

All Company directors, officers, senior management or employees are expected to protect its assets and use them efficiently to advance the interest of the Company.

The Company's assets shall not be used for any personal benefit of anyone other than the Company.

Theft of Company assets may result in termination and criminal prosecution.

The use of Company assets or equipment to support personal interests requires written approval from the Chairman or President.

**g) Directorship and Employment Policy**

Company Officers may serve as directors of affiliated companies and such service may be part of their normal work assignments.

It is the policy of the Company to restrict the holding by directors and officers in non-affiliated, for profit organizations, and prohibits the acceptance of any directorship that would involve a conflict of interest with, or interfere with, the discharge of their duties to the Company,

Officers may hold directorships in non-affiliated, non-profit organization, unless such directorship would involve a conflict of interest with, or interfere with, the discharge of the officer's or employee's duties to the Company, or obligate the Company to provide support to the non-affiliated, non-profit organization.

All directorships in public companies held by directors of the Company are subject to review and approval by the Board of Directors of the Company.

Directorships in non-affiliated, for profit organizations are subject to review and approval by management of the Company as directed by the Chairman.

Employment related decisions should be based on qualifications, performance, skills and experience.

#### **h)/i) Whistle Blowing/Disciplinary Action**

Employees are expected to report promptly to management suspected violations of law, the Company's policies, internal controls, so that management can take appropriate corrective action.

Suspected violations of laws of the Company's policies involving a director, officer or senior management , as well as any concern regarding questionable accounting or auditing matters , should be referred directly to the Audit Committee (see related Audit Committee Charter of the Company).

The Audit Committee will initially review all issues involving the director, officer or senior management, and will then refer all such issues to the Board of Directors of the Company.

Failure to comply with law and the Company's policies and internal controls may result in disciplinary action, such as suspension without pay, reduction of merit increases or termination of employment.

#### **j) Conflict Resolution**

The Company encourages employees to voice concerns and make appropriate suggestions regarding the business practices of the Company.

In case of conflict, an employee will discuss matters with his immediate supervisor. If the employee is dissatisfied with the review done by his immediate supervisor, the employee is encouraged to request further review by higher management, with the presence of the supervisor, to resolve the issue.

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

Yes, the responsibility for administering the Code rests with the Board of Directors, with oversight by the Chairman and President, and Audit Committee of the Board of Directors.

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

The responsibility for administering the Code rests with the Board of Directors, with oversight by the Chairman and President, and Audit Committee of the Board of Directors.

All new Directors, Officers, Senior Management and employees must sign an acknowledgement form confirming that they have read the Code of Ethics and Business Conduct and agreed to abide by its provisions.

A copy of the Code of Ethics and Business Conduct should always be made available at the offices of the Company's Compliance Officer and Comptroller. The Compliance Officer may give copies thereof to any Directors, Senior Management or employee, who requests for one.

All Directors, Officers, Senior Management and employees will be required to make similar acknowledgments on a periodic basis.

Waivers of any provisions of this Code for officers of the Company must be approved by the Board of Directors or its designated committee and will be disclosed promptly to the extent required by law.

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, the other party or exercise 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 the reporting enterprise, or between and/or among entities which are under common control with the reporting enterprise and its key management personnel, directors, or its stockholders. Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in an economically comparable market.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(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.

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

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

(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	Please see write up below.
Group	Please see write up below.

There is currently no structured mechanism adopted by the Company or its group to detect, determine and resolve possible conflict of interest, if any, between the Company and/or its group and their directors, officers and significant shareholders. However, the Company's nomination committee pre-screens candidates for members of the Company's board of directors to avoid any possible conflict of interest from arising. The Company's Compliance Officer and legal counsels also check for possible conflicts whenever the Company enters into transactions.

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

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

between the holders of significant equity (5% or more), to the extent that they are known to the company:

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

(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:

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

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

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

There are no shareholder agreements that may impact on the control, ownership and strategic direction of the Company.

#### 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.

	<b>Alternative Dispute Resolution System</b>
<b>Corporation &amp; Stockholders</b>	See below
<b>Corporation &amp; Third Parties</b>	See below
<b>Corporation &amp; Regulatory Authorities</b>	See below

The Company does not have an alternative dispute resolution system adopted to amicably settle conflicts or differences between the Company and its stockholders, between the Company and third parties, including regulatory authorities.

### C. BOARD MEETINGS & ATTENDANCE

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

Under the Amended By-laws of the corporation, the organizational/regular meeting of the board is set on the third Monday of May of each year. For special meetings of the board, the meetings are called at any time by the President or by the unanimous consent of all the members of the board who are present in the Philippines or with the presence and participation of the members present in the Philippines.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year 2015	No. of Meetings Attended	%
Chairman	Henry Sy, Jr.	11/05/2010	4	4	100%
Member	Robert Coyiuto, Jr.	07/12/2012	4	4	100%
Member	Paul P. Sagayo, Jr.	03/24/2015	4	4	100%
Member	Mark Jayson E. Alapoop	04/03/2014	4	4	100%
Member	Vicente D. Gerochi IV	11/05/2010	4	4	100%
Independent	Mark O. Vergara	11/05/2010	4	4	100%
Independent	Jose T. Pardo	10/23/2014	4	-	-

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

No.

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

A quorum at any meeting of the directors shall consist of a majority of the entire membership of the board. A majority of such quorum shall decide any questions that may come before the meeting.

- 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?

Board papers are provided to the board seven (7) days before the date of such 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?

The Corporate Secretary has the following duties:

- (i) To keep the minutes of all meetings of the Board of Directors and of the stockholders;
- (ii) To keep the stock and transfer book and the corporate seal, which he shall stamp on all documents requiring such seal of the Corporation;
- (iii) To fill and countersign all the certificates of stock issued, asking corresponding annotations on the margins of stubs of such certificates upon issuance;
- (iv) To give, or cause to be given, all notices required by law or by-laws of the Corporation as well as notices of all meeting of the Board of Directors and of the stockholders.

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

Yes.

<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.

(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	N/A
Audit	N/A
Nomination	N/A
Remuneration	N/A
Others (specify)	N/A

6) External Advice

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

Procedures	Details
The Company refers its directors to external counsel and other advisors whenever they have questions regarding the Company's transactions and to prepare them for board and committee meetings.	

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
See below		
See below		
See below		
See below		
See below		

There were no changes 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.

## 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 (Comptroller)
(1) Fixed Remuneration	See comments below	P 2,904,000,136,320
(2) Variable Remuneration	N/A	P 835,929
(3) Per diem allowance	N/A	N/A
(4) Stock Options and other financial instruments	N/A	N/A
(5) Others (specify)	N/A	N/A



The Board of Directors shall fix the compensation of the officers and agents of the Company. (Company By Laws, Article IV, Section 5)

All Officers of the Corporation shall receive such salaries or remuneration as maybe determined by the Board upon the recommendation of the President. (Company By Laws, Article V, Section 6)

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.

	<b>Remuneration Policy</b>	<b>Structure of Compensation Packages</b>	<b>How Compensation is Calculated</b>
Executive Directors	See comments below	See comments below	See comments below
Non-Executive Directors	See comments below	See comments below	See comments below

The Board of Directors shall fix the compensation of the officers and agents of the Company. (Company By Laws, Article IV, Section 5)

All Officers of the Corporation shall receive such salaries or remuneration as maybe determined by the Board upon the recommendation of the President. (Company By Laws, Article V, Section 6)

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.

<b>Remuneration Scheme</b>	<b>Date of Stockholders’ Approval</b>
See comments below	N/A
See comments below	N/A
See comments below	N/A

The Board of Directors shall fix the compensation of the officers and agents of the Company. (Company By Laws, Article IV, Section 5)

All Officers of the Corporation shall receive such salaries or remuneration as maybe determined by the Board upon the recommendation of the President. (Company By Laws, Article V, Section 6)

3) Aggregate Remuneration

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

<b>Remuneration Item</b>	<b>Executive Directors</b>	<b>Non-Executive Directors (other than independent directors)</b>	<b>Independent Directors</b>
(a) Fixed Remuneration	See Comments below	See Comments below	See Comments below
(b) Variable Remuneration	N/A		
(c) Per diem Allowance	N/A		
(d) Bonuses	See Comments	See Comments below	See Comments

	below		below
(e) Stock Options and/or other financial instruments	N/A		
(f) Others (Specify)	See Comments below	See Comments below	See Comments below
<b>Total</b>			

The Board of Directors shall fix the compensation of the officers and agents of the Company. (Company By Laws, Article IV, Section 5)

All Officers of the Corporation shall receive such salaries or remuneration as maybe determined by the Board upon the recommendation of the President. (Company By Laws, Article V, Section 6)

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

#### 4) Stock Rights, Options and Warrants

##### (a) Board of Directors

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

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

The Company has not granted any stock rights, options or warrants over the Company's shares to any member of the Company's Board of Directors.

(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
N/A	N/A	N/A

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
Theresita De Guzman Yulo / Comptroller	₱3,972,249 / year

**E. BOARD COMMITTEES**

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	N/A						
Audit	1		2				
Nomination	1		2				
Remuneration	1	1	1				
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						
Member (ED)						
Member (NED)						
Member (ID)						
Member						

**The Company has no Executive Committee.**

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Mark O. Vergara (ID)	07/12/2012				
Member (ED)	Paul P. Sagayo, Jr.	03/24/2015				
Member (NED)	Mark Jayson E. Alapoop	04/03/2014				

Disclose the profile or qualifications of the Audit Committee members.

**Mark O. Vergara**

Senior Partner, Martinez Vergara Gonzalez & Serrano  
 Director, ADP (Philippines), Inc.  
 Director and Corporate Secretary, Applezee Asia Distributors Corp.  
 Director and Corporate Secretary, Chroma Philippines, Inc.  
 Director and Corporate Secretary, Creative Quoin Inc.  
 Director, ExlService Philippines, Inc.  
 Director and Corporate Secretary, First Treasures Management Enterprises Corporation  
 Corporate Secretary, Green Siam Resources Corporation  
 Director, Intelenet Global Philippines, Inc.  
 Director and Corporate Secretary, Marchington Woodlands Ventures, Inc.  
 Director and Corporate Secretary, MV Holdings Inc.  
 Director, Nomura Securities Philippines, Inc.  
 Director and Corporate Secretary, Pacific Harbor Investment Holdings Phils., Inc.  
 Director and Corporate Secretary, Pebble Beach Properties, Inc.  
 Director and Corporate Secretary, Precious Treasures (Makati) Enterprises, Inc.  
 Director, Prime Solutions and Consultancy, Inc.  
 Director and Corporate Secretary, Private Treasures (Makati) Enterprises, Inc.  
 Director and Corporate Secretary, Prime Treasurer (Makati) Enterprises, Inc.

**Paul P. Sagayo, Jr.**

Partner, Sagayo, Evangelista and Reuelta Law Offices  
 Director, National Grid Corporation of the Philippines  
 Director, Capital Markets Integrity Corporation  
 Director and Corporate Secretary, Calaca High Power Corporation  
 Director and Corporate Secretary, Pacifica 21 Holdings, Inc.

**Mark Jayson E. Alapoop**

Director and Treasurer, Cyber Bay Corporation  
 Accounting Manager, GSE Management Services, Inc.  
 Director, Somete Logistics & Development Corporation  
 Director, Sealoch Holdings, Inc.

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

The Audit Committee has the following responsibilities relative to the external auditor:

- (i) Recommend nominees for external auditors;
- (ii) Perform oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- (iii) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expense of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- (iv) Review the reports submitted by the internal and external auditors;
- (v) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report;
- (vi) Establish and identify the reporting line of the internal auditor to enable him to properly fulfil his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committees shall ensure that, in the performance of the work of the internal auditor, he shall be free from interference by outside parties;
- (vii) Review and evaluation, on an annual basis (at the minimum), of the performance of the external auditors (including lead partner) and recommend to the Board of Directors the appointment of the external auditor;
- (viii) Review the external auditor's proposed audit scope and approach;
- (ix) On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed separately.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Mark O. Vergara (ID)	07/12/2012				
Member (ED)	Vicente D. Gerochi IV	07/12/2012				

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Vicente D. Gerochi IV					
Member (NED)	Mark Jayson E. Alapoop					
Member (ID)	Mark O. Vergara					

(e) Others (Specify)

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	N/A	N/A	N/A	N/A		N/A
Member (ED)						

Member (NED)						
Member (ID)						
Member						

### 3) Changes in Committee Members

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

Name of Committee	Name	Reason
Executive	N/A	N/A
Audit	Paul P. Sagayo, Jr. replaced Joseph Ferdinand M. de Chavez on 24 March 2015.	Resignation
Nomination	N/A	N/A
Remuneration	N/A	N/A
Others (specify)	N/A	N/A

### 4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Executive		
Audit	Reviewed and approved the financial statements before the same were submitted to the Board of Directors	No significant issues considered.
Nomination	Screened and reviewed the qualification of candidates for members of the Board of Directors	No significant issues considered.
Remuneration	Reviewed the Company's remuneration for its officers	No significant issues considered.
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
Executive	N/A	
Audit	N/A	
Nomination	N/A	
Remuneration	N/A	
Others (specify)	N/A	

**The Board committees have not set up any such programs.**

## F. RISK MANAGEMENT SYSTEM

### 1) Disclose the following:

- Overall risk management philosophy of the company;
- A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

- (c) Period covered by the review;
- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and
- (e) Where no review was conducted during the year, an explanation why not.

2) Risk Policy

(a) Company

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

Risk Exposure	Risk Management Policy	Objective
Credit Risk	To reduce its credit risk, the Company concentrates its main cash activities with a bank that has good financial ratings. Also the utilization of credit limits with the bank is regularly monitored.	Reduction of Credit Risk
Liquidity Risk	To manage liquidity risk, the Company maintains sufficient liquid assets to meet its maturing obligations and to meet current operating requirements.	Management of Liquidity Risk

(b) Group

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

Risk Exposure	Risk Management Policy	Objective
N/A		
N/A		

**As of the moment, there is no Group risk management policy in place.**

(c) Minority Shareholders

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

Risk to Minority Shareholders
The principal risk of the exercise of controlling shareholders' voting power to minority shareholders is that the minority shareholders will not be able to vote against matters voted upon by controlling shareholders. Despite this, the Company ensures that all matters to be decided upon by the shareholders are discussed during a stockholders' meeting and any objections on such matters by any shareholder are heard.

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:

<b>Risk Exposure</b>	<b>Risk Assessment (Monitoring and Measurement Process)</b>	<b>Risk Management and Control (Structures, Procedures, Actions Taken)</b>
Credit and liquidity risks	Assessment and monitoring are conducted initially by the Company's officers. These are then discussed with Management and the Board if necessary.	To reduce credit risks, the Company concentrates its main cash activities with a bank that has good financial ratings. Also the utilization of credit limits with the bank is regularly monitored. To manage liquidity risk, the Company maintains sufficient liquid assets to meet its maturing obligations and to meet current operating requirements.
Legal risks	Assessment and monitoring are conducted initially by the Company's officers. These are then discussed with external counsels and other advisors, and with Management and the Board if necessary.	Company officers regularly consult with external counsels and other advisors to manage and control perceived legal risks. Directors also have direct access to external counsel, so they can prepare and get appropriate advice before corporate actions are taken.

(b) Group

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

See responses under item (a) above.

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

(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:

<b>Committee/Unit</b>	<b>Control Mechanism</b>	<b>Details of its Functions</b>
N/A		
N/A		

The Company does not have a special committee or body specifically in charge of laying down and supervising its control mechanisms. Control policies and procedures are set by the Board of Directors following consultations with Management and external advisors.

**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;
- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;
- (c) Period covered by the review;
- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and
- (e) Where no review was conducted during the year, an explanation why not.

The Audit Committee carries out the following duties in relation to the Company's Internal Control:

- Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;
- Understanding the scope of external auditor's review of internal controls over financial reporting and review of report on significant findings and recommendations, together with Management's responses;
- Adopt a suitable internal control framework (such as COSO-Internal Control Integrated Framework and Control Objectives for information and related technology);
- Monitor, oversee, and evaluate the duties and responsibilities of management, the internal auditor and the external auditor as those duties and responsibilities relate to the organization's processes for controlling its operations;
- Determine all major issues reported by internal auditor, external auditor and other outside advisors have been satisfactorily resolved;
- Reporting to the Board of Directors all important matters pertaining to the organization's control processes.

The directors have reviewed the effectiveness of the internal control system and consider them effective and adequate for purposes of the Company. The Board reviews the effectiveness of the internal control system at least on a yearly basis.

## 2) Internal Audit

### (a) Role, Scope and Internal Audit Function

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

The Audit Committee has the following functions in relation to the Internal Audit of the Company:

- Perform oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- The Audit Committee shall ensure that, in performance of the work of the internal auditor, he shall be free from interference by outside parties;
- Review and approve the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it
- Review with Management of the charter, activities and the organizational structure of the internal audit function;
- Review of significant findings and Management's response including timetable for implementation to correct weaknesses; and any difficulties encountered by the auditors in the course of their audit (such as restrictions on the scope or access to information);
- Provide support to the internal audit function and provide high level follow up of audit recommendations when such action is needed;
- Review of the effectiveness of internal audit function, including compliance with the Standards for the Professional Practice of Internal Auditing;
- Confirm the appointment, replacement, or dismissal of the head of internal audit function;
- At least once a year, review the performance of the head of internal audit function and concur with annual compensation and salary adjustment;
- On a regular basis, meet separately with the head of the internal audit function to discuss any matter that the committee or internal audit believes should be discussed privately.

<b>Role</b>	<b>Scope</b>	<b>Indicate whether In house or Outsource Internal Audit Function</b>	<b>Name of Chief Internal Auditor/Auditing Firm</b>	<b>Reporting Process</b>
Effectiveness of internal control system (Key financial controls)	Cash and Expenses	Outsource Internal Audit Function	See comment below	Quarterly
Review of all legal, lease contracts and bank covenants	Bank Covenants and all Legal Contacts	-do-	See comment below	Quarterly
Financial Accounting Computerize/Data base system	Assessment of design and implementation process and procedures	-do-	See comment below	Annual
Officers, directors, Senior Management and Employees Policy Review	Review of updated policy documentation  Review of roles and responsibilities	-do-	See comment below	Annual

The Company plans to start having an Internal Audit and have it outsourced. Per Audit Committee Charter, the hiring of an internal auditor shall be determined by the Board of Directors.

- (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?

The hiring or appointment of an internal auditor or auditors shall be determined by the Board of Directors upon the recommendation of the Audit Committee.

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

The Audit Committee, at least once a year, review the performance of the head of internal audit function and concur with annual compensation and salary adjustment. On a regular basis, the Audit Committee shall meet separately with the head of the internal audit function to discuss any matter that the committee or internal audit believes should be discussed privately.

- (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.

Internal Audit Resignation, Re- assignment and Reasons

Name of Audit Staff	Reason
N/A	See Comment below

The Company plans to start having an Internal Audit and have it outsourced. Per Audit Committee Charter, the hiring of an internal auditor shall be determined by the Board of Directors.

(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>	N/A
<b>Issues</b>	N/A
<b>Findings</b>	N/A
<b>Examination Trends</b>	N/A

The Company plans to start having an Internal Audit and outsource it by the 4th quarter of 2013. Per Audit Committee Charter, the hiring of an internal auditor shall be determined by the Board of Directors.

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

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

(f) Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
The Audit Committee shall ensure that, in performance of the work of the internal auditor, he shall be free from interference by outside parties	Implemented
The Audit Committee shall review and approve the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it	Implemented

(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):

<b>Auditors (Internal and External)</b>	<b>Financial Analysts</b>	<b>Investment Banks</b>	<b>Rating Agencies</b>
See Guidelines Below *	N/A	N/A	N/A

\*The following guidelines shall be observed in maintain and safeguarding the independence of the auditors:

1. While the head of internal audit reports directly to the Board of Directors and to the President , they also have a clear line of responsibility to the Audit Committee, through regular scheduling of meetings.
2. Since the Audit Committee conducts the performance evaluation of the internal audit function, the Audit Committee should participate in the appointment, promotion or dismissal of the head of the Internal Audit, and should not be made by management alone.
3. The Audit Committee is also responsible for the review of the coverage of the internal and external auditors to determine that each function complement each other:
  - a) The external auditor is responsible for auditing and attesting to the Company’s financial statements, and in certain circumstances, management’s assessment of internal control over financial reporting.
  - b) The internal auditor is responsible in monitoring the performance of the Company’s internal controls
  - c) The external auditor identifies the internal audit activities that are relevant to planning the external audit.
4. The Audit Committee sees to it that the above audit functions are coordinated and communicated effectively with one another.
5. The Audit Committee stays up to date on the scope and results of internal audit’s operations and management’s responses to its recommendations and that the internal audit’s objectivity and independence of judgment is periodically evaluated.
6. The Audit Committee has put in place safeguards to ensure that the independence of the audit is not compromised. Such safeguards include:
  - a) Seeking confirmation that the auditor in their professional judgment is independent of the Company
  - b) Obtaining from the external auditor an account of all relationships between the auditors and the company
  - c) Monitoring the number of former employees of the external auditor currently employed in senior positions in the Company and assessing whether those appointments impair the auditor’s judgment or independence
  - d) Considering the various relationships between the company and the external auditor impair the auditor’s judgment or independence
  - e) Prohibiting the performance of services where the auditor:
    - may be required to audit their own work
    - participate in activities that would normally be undertaken by management
    - are remunerated through a “success fee” structure , where success is dependent on the audit

(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.

Henry Sy, Jr. – Chairman and CEO

## H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	See comment below	
Supplier/contractor selection practice	N/A	
Environmentally friendly value-chain	N/A	
Community interaction	N/A	
Anti-corruption programmes and procedures?	N/A	
Safeguarding creditors' rights	N/A	

The Company has no subsisting construction, consultancy, sub-contracting, supply, sales or other major agreements with any party. It has no material commitment for any capital expenditure.

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

The Company does not have any separate CR report section.

3) Performance-enhancing mechanisms for employee participation.

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

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

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

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

The Company has only one (1) employee who enjoys a Family Plan / Life Insurance Policy and MediCard.

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

The Company is in the process of formulating and instituting new policies, systems and procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour.

## I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
HENRY SY, JR	22,014,288	44.5%	N/A
EAST FLEMING HOLDINGS CORP.	21,271,452	43%	N/A

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Henry Sy, Jr.	22,014,288		44.50%
Robert Coyiuto, Jr.	10		-
Mark Jayson E. Alapoop	1		-
Paul P. Sagayo, Jr.	1		-
Vicente D. Gerochi IV	1		-
Mark O. Vergara	1		-
Jose T. Pardo	1		-
<b>TOTAL</b>	<b>22,014,303</b>		<b>44.50%</b>

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

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

The Company is in the process of formulating and instituting new policies, systems and procedures relevant to whistle-blowing policies and to the training and/or continuing education programme for its directors.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
KPMG MANABAT SANAGUSTIN & CO.	₱283,500	N/A

4) Medium of Communication

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

- Ordinary mail
- Facsimile

5) Date of release of audited financial report: **April 15, 2015**

6) Company Website

Does the company have a website disclosing up-to-date information about the following? None.

Business operations	N/A
Financial statements/reports (current and prior years)	N/A
Materials provided in briefings to analysts and media	N/A
Shareholding structure	N/A
Group corporate structure	N/A
Downloadable annual report	N/A
Notice of AGM and/or EGM	N/A
Company's constitution (company's by-laws, memorandum and articles of association)	N/A

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

#### 7) Disclosure of RPT

On January 1, 2015, the Company entered into a Shared Services Agreement with Monte Oro Grid Resources Corporation and Calaca High Power Corporation for a period of three (3) years. The Company renders monthly management consulting and financial advisory services and, in consideration of the services rendered, the Company receives a monthly management fee of P300,000 from each entity.

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?

The Company engages independent third party advisors to help ensure RPTs are entered into at arm's length. Its independent directors participate in decisions involving RPTs.

#### 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>	A quorum at any meeting of the stockholders shall consist of a majority of the entire subscribed stock of the Company represented in person or by proxy, and a majority of such quorum shall decide any question that may come before the meeting, save and except in those several cases in which the laws of the Philippines require the affirmative vote of a greater proportion.
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

<b>System Used</b>	Manual Counting
<b>Description</b>	All issued and outstanding shares are common shares, with each share

	<p>entitled to one vote. In respect of the Annual Meeting, all of the issued and outstanding shares have voting rights.</p> <p>All matters submitted for approval by the stockholders require the approval of the majority of the stockholders representing at least a majority of the issued and outstanding capital stock entitled to vote and constituting a quorum.</p> <p>Subject to the stockholders' right to cumulative voting in the election of the Directors and the guidelines on the election of Independent Directors set forth above, candidates receiving the highest number of votes shall be declared elected as members of the Board.</p> <p>Manual counting of votes shall be conducted by the corporate secretary. The election shall be done by ballots unless the stockholders adopt some other means of voting at the meeting. The corporate secretary shall be authorized to count the votes cast.</p>
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(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
Dissenters' Right of Appraisal	
Cumulative Voting Right	

Dividends

Declaration Date	Record Date	Payment Date
N/A	N/A	N/A

No dividends were declared in 2012.

(d) Stockholders' Participation

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

Measures Adopted	Communication Procedure
Notice of meetings to stockholders	Notices of meetings are sent to the stockholders via ordinary mail
Proxy Instrument	Stockholders who may not be able to attend meetings in person but wish to participate through a proxy are advised to send a Proxy Instrument to the Corporate Secretary via ordinary mail or personal delivery prior to the meeting
Nomination of Directors	Stockholders who wish to nominate candidates for directors, including independent directors may submit their nominations to the Nomination Committee via ordinary mail or personal delivery



2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
  - a. Amendments to the company's constitution
  - b. Authorization of additional shares
  - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

The stockholders are given notices of the holding of the meeting of the stockholders where matters requiring the approval of the stockholders will be discussed and approved.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?
  - a. Date of sending out notices: September 30, 2015
  - b. Date of the Annual/Special Stockholders' Meeting: October 22, 2015
4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

N/A

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

Resolution	Approving	Dissenting	Abstaining
Electing the 2014-2015 Members of the Board of Directors	Unanimous		
Appointment of R.G. Manabat & Co. (an affiliate of KPMG) as external auditor	Unanimous		

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

The results of the 2015 Annual Stockholders' Meeting were publicly reported through the filing by the Company with the Securities and Exchange Commission and the Philippine Stock Exchange of its SEC 17-C Report on October 22, 2015.

- (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
N/A	N/A

- (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	Paul P. Sagayo, Jr Vicente D. Gerochi IV Mark Jayson E. Alapoop	Oct22, 2015	Poll count	More or less 87%	More or less 50%	At least 87%

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

No.

(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	N/A
Notary	N/A
Submission of Proxy	N/A
Several Proxies	N/A
Validity of Proxy	N/A
Proxies executed abroad	N/A
Invalidated Proxy	N/A
Validation of Proxy	N/A
Violation of Proxy	N/A

The Company does not solicit proxies. In terms of policies regarding proxy voting, the Company follows the requirements of existing laws and regulations.

(h) Sending of Notices

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

Policies	Procedure
Written Notice	<p>Notice of meetings written or printed for every regular or special meeting of the stockholders shall be prepared and mailed to the registered port office address, whether within or outside the Philippines, of each stockholder not less than fourteen (14) days prior to the date set for such meeting, such notice stating the object or objects of the meeting.</p> <p>The Information Statement must be sent to stockholders at least twenty-one (21) business days prior to the date of the Annual Meeting.</p>

(i) Definitive Information Statements and Management Report

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	150
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<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	September 30, 2015
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	September 30, 2015
<b>State whether CD format or hard copies were distributed</b>	Hard copies
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	Yes

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

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

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

## 2) Treatment of Minority Stockholders

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

<b>Policies</b>	<b>Implementation</b>
The Company has no special set of rules on the treatment of minority shareholders. However, it adheres to the rights of minority shareholders provided under existing laws and regulations.	This is implemented in the conduct of the Company's stockholders' meetings and in its transactions.

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

All stockholders who wish to nominate candidates for directors, including independent directors may submit their nominations to the Nomination Committee via ordinary mail or personal delivery.

## 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.

The Board of Directors has recently adopted Corporate Governance Guidelines, which include the Code of Business Conduct and Ethics to provide guidance and insight into the Company's system of corporate governance. Information about the members of the Company's Board of Directors and Board committees is also provided here.

Stockholders or Investors may access the PSE/Sec website for our annual financial reports and certain disclosures made by our officers and directors, our circulars/proxy statements, articles, by-laws, etc.

Our Corporate Governance officer and Corporate Secretary works hand in hand in the gathering and dissemination of Company information and news.

**Investor Contacts**

Vicente D. Gerochi  
 Telephone: 982-3500  
 Email: vdgerochi@syciplaw.com

Mark Jayson E. Alapoop  
 Corporate Governance Officer  
 Telephone: 633-97-57

**Registrar and Transfer Agent**

RCBC Stock Transfer Agents transfers and administers all matters related to stock that is directly registered with the Company.

For Company shares held by a broker, stockholders may contact their broker directly.

- 2) 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?

The Company does not have any special rules and procedures in this regard. However, it will comply with applicable laws and regulations whenever it enters into any of the above transactions.

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

N/A

**L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

Initiative	Beneficiary
N/A	

There are currently no initiatives undertaken or proposed to be undertaken by the Company.

**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>		
<b>Board Committees</b>		

Individual Directors		
CEO/President		

The Company does not presently have a system in place to assess the annual performance of its directors, board committees and officers.

**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

The Company's Compliance Officer is responsible for determining, after notice and hearing, any violation or breach of the corporate governance manual, and for recommending to the Board of Directors the appropriate penalty or sanction, which can range from reprimand to removal from office.

*(Signature Page Follows)*

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Pasig on \_\_\_\_ March 2015.

**SIGNATURES**

**HENRY SY, JR.**  
Chairman of the Board & Chief Executive Officer

**MARK D. VERGARA**  
Independent Director

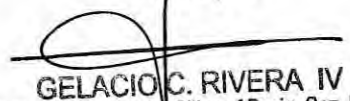
**MARK JAYSON E. ALAPOOP**  
Compliance Officer

**SUBSCRIBED AND SWORN** to before me this 13 APR 2016 day of March 2015, affiant(s) exhibiting to me their competent evidence of identity as follows:

Name	Competent Evidence of Identity
Henry Sy, Jr.	Philippine Passport No. EB1984540 issued on 25 Feb 2011 and expiring on 24 Feb 2016/DFA Manila TIN:106-215-722
Mark O. Vergara	TIN: 153-189-541
Mark Jayson E. Alapoop	TIN: 309-114-060

Doc No. 23  
Page No. \_\_\_\_\_  
Book No. \_\_\_\_\_  
Series of 2016.

**NOTARY PUBLIC**

  
**GELACIO C. RIVERA IV**

Notary Public for the Cities of Pasig, San Juan  
and Municipality of Pateros  
Commission until 31 December 2017  
2404 Discovery Center 25 ADB Ave., Ortigas Center, Pasig City  
APPT. No. 119 (2016-2017) - Roll No. 64792  
PTR No. 1422695; 01-11-2016; Pasig City  
IBP Lifetime Member Roll No. 013726; Albay  
MCLE Compliance No. V-0012920; 1-12-2016