

**ANNUAL CORPORATE GOVERNANCE REPORT  
(SEC FORM-ACGR)  
FOR YEAR 2016**



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**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM – ACGR**  
**ANNUAL CORPORATE GOVERNANCE REPORT**

1. **Report is Filed for the Year 2016**  
Date of Report
  
2. SEC Identification Number: **10683**                      3. BIR Tax Identification Number: **000-141-166-000**
  
4. **SUNTRUST HOME DEVELOPERS, INC.**  
Exact name of registrant as specified in its charter
  
5. **Metro Manila, Philippines**  
Province, country or other jurisdiction of incorporation
  
6. **(SEC Use Only)**  
Industry Classification Code:
  
7. **6/F The World Centre Bldg., #330 Sen. Gil J. Puyat Avenue, Makati City**  
Address of Principal Office
  
8. **(632) 867-8826 to 40**  
Registrant's Telephone Number, including area code

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## A. BOARD MATTERS

### 1) Board of Directors

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

Complete the table with information on the Board of Directors (**updated as of 31 December 2016**):

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
Ferdinand B. Masi	ED	N/A	Megaworld Corporation	09 Feb 2001	<b>25 Oct 2016</b>	Annual	<b>15</b>
Eugenio B. Reducindo	ID	N/A	Ferdinand B. Masi, no relationship	27 Oct 2015	<b>25 Oct 2016</b>	Annual	<b>1</b>
Evelyn G. Cacho	ED	N/A	Megaworld Corporation	29 Aug 2005	<b>25 Oct 2016</b>	Annual	<b>11</b>
Giancarlo C. Ng	NED	N/A	Megaworld Corporation	23 Oct 2007	<b>25 Oct 2016</b>	Annual	<b>9</b>
Felizardo T. Sapno	NED	N/A	Megaworld Corporation	03 July 2006	<b>25 Oct 2016</b>	Annual	<b>10</b>
Alejo L. Villanueva, Jr.	ID	N/A	Giancarlo C. Ng, no relationship	22 Aug 2012	<b>25 Oct 2016</b>	Annual	<b>4</b>
Elmer P. Pineda	ED	N/A	Megaworld Corporation	03 Feb 2012	<b>25 Oct 2016</b>	Annual	<b>4</b>

- (i) 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 believes that corporate governance is a necessary component of sound strategic business management and is committed to create awareness of the principles of good corporate governance within the company. Thus, the Board of Directors has adopted a Manual of Corporate Governance in order to institutionalize the rules and principles of good corporate governance in accordance with the Code of Corporate Governance promulgated by the Securities and Exchange Commission.

The Board respects the rights of stockholders as provided in the Corporation Code, such as right to vote on all matters that require their consent or approval, right to inspect, right to information and appraisal right. The Board takes appropriate steps to remove excess or unnecessary costs and other administrative impediments to allow all stockholders meaningful participation in meetings. It likewise ensures that accurate and timely information is made available to stockholders to enable them to make a sound judgment on all matters for their consideration and approval.

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

Annually

(b) 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.
None		

(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.
Alejo L. Villanueva, Jr.	Alliance Global Group, Inc.	Independent
	Empire East Land Holdings, Inc.	Independent
	Emperador Inc.	Independent
Evelyn G. Cacho	Empire East Land Holdings, Inc	Executive

(iii) Relationship within the Company and its Group.

None

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
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:

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

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

The Company has not set a limit on the number of board seats that its Executive Directors, Non-Executive Directors and CEO may hold in other companies. The Company allows its directors to serve in its subsidiaries and affiliates with oversight functions. For Independent Directors, the Company observes the limitation set forth in **SEC Circular Memorandum No. 19 Series of 2016** and has not elected any Independent Director with more than five directorships within the Group. Further, directorship outside of the Group is discouraged.

(c) 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
Ferdinand B. Masi	1	0	0.00%
Eugenio B. Reducindo	1	0	0.00%
Evelyn G. Cacho	1	0	0.00%
Giancarlo C. Ng	1	0	0.00%
Felizardo T. Sapno	1	0	0.00%
Alejo L. Villanueva, Jr.	1	0	0.00%
Elmer P. Pineda	1	0	0.00%

2) Chairman and CEO

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

Yes  No

Identify the Chair and CEO:

Chairman of the Board	Ferdinand B. Masi
CEO/President	Ferdinand B. Masi

Although the positions of Chairman of the Board and CEO are held by one individual, the duties and responsibilities of each are clearly defined and delineated under the By-Laws and Manual of Corporate Governance. The President also participates in the decision-making process and can express his views to the Chairman/CEO and the Board.

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	<p>Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary.</p> <p>Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors.</p>	<p>General supervision of the business affairs and property of the Company</p> <p>Perform such duties as may be assigned to him by the Board</p>

	Maintain qualitative and timely lines of the communication and information between the Board and Management.	
Accountabilities	To the Board and Management	To the stockholders and the Board
Deliverables	Agenda of the meetings  Minutes of Stockholders' Meetings  Various regulatory submissions that may require the signature of the Chairman of the Board of Directors.	Report of the yearly operations of the Company and the state of its affairs to the Board and the stockholders

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

The Board plans to put in place a succession planning program for key management positions.

### 3) Other Executive, Non-Executive and Independent Directors

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

The membership of the Board is a combination of executive and non-executive directors (which includes independent directors) in order that no director or small group of directors can dominate the decision-making process. The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board. Currently, the Board has a mix of directors with expertise in the fields of real estate development, finance and administration, marketing and sales, manufacturing, property management, and financing.

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

The non-executive directors possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board. Additional qualifications include a practical understanding of the business of the Company and membership in a relevant industry, business or professional organization.

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

	<b>Executive</b>	<b>Non-Executive</b>	<b>Independent Director</b>
Role	Involved in operational and day-to-day affairs of the Company	Oversees the performance of Executive directors	Acts as check and balance within the Board. Acts as chairman of the various committees
Accountabilities	To the Board and management to ensure that lines of communication are open	To the stockholders	To the stockholders
Deliverables	Reports to the Board on operational matters of the Company	Review and evaluate executive directors' recommendations	As members of the Audit Committee, performs oversight functions over the



			financial reporting process, risk management and internal control and internal audit.
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Provide the company's definition of "independence" and describe the company's compliance to the definition.

"Independence", as a qualification of an independent director, means the freedom to exercise judgment in the carrying out of responsibilities as a director from any interference by any other persons or other considerations other than the duties enjoined on directors by law and the By-laws, as well as possession of the qualifications and none of the disqualifications provided by law.

The Company's Manual of Corporate Governance provides that the Board should be composed of at least two (2) independent directors and the Company has complied with this.

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

The Company complies with the provisions of SEC Memorandum Circular No. 19, Series of 2016 and SEC Memorandum Circular No. 04, Series of 2017 on term limits for independent directors. No independent director has violated the required term limit under this circular.

4) 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
None			

(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	Nomination is conducted by the Nomination Committee prior to a stockholders' meeting pursuant to the provisions of SRC Rule 38.	Qualifications are provided for in the Company's By-laws and Manual of Corporate Governance.
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above and SRC Rule 38.
<b>b. Re-appointment</b>		
(i) Executive Directors	Re-appointment is allowed. The procedure is the same as the selection/appointment process above.	The same criteria are imposed for appointment and re-appointment. Qualifications are provided for in the Company's By-Laws and Manual of Corporate Governance.

(ii) Non-Executive Directors	Re-appointment is allowed. The procedure is the same as the selection/appointment process above.	Same as above
(iii) Independent Directors	Re-appointment is allowed as long as the term limit for Independent Directors in SEC Memorandum Circular No. 9, Series of 2011 has not been breached. The procedure is the same as the selection/appointment process above.	Same as above and SRC Rule 38.
<b>c. Permanent Disqualification</b>		
(i) Executive Directors	The Company follows the procedure provided for in the Corporation Code.	The Grounds are provided for in the Company's Manual of Corporate Governance
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above. The Company also follows the procedure provided in SRC Rule 38.	Same as above and SRC Rule 38.
<b>d. Temporary Disqualification</b>		
(i) Executive Directors	A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	The Grounds are provided for in the Company's Manual of Corporate Governance.
(ii) Non-Executive Directors	Same as above.	Same as above
(iii) Independent Directors	Same as above.	Same as above
<b>e. Removal</b>		
(i) Executive Directors	The Company follows the procedure provided for in the Corporation Code.	Removal may be due to death, voluntary resignation and/or permanent disqualification from office consistent with the grounds provided for in the Company's Manual of Corporate Governance.
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above. The Company also follows the procedure provided in SRC Rule 38.	Same as above and SRC Rule 38.
<b>f. Re-instatement</b>		
(i) Executive Directors	A temporarily disqualified director shall, within sixty (60) business days from such	Satisfactory corrective action performed by the director within the 60 day period, addressing the

	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.	specific cause of action.
(ii) Non-Executive Directors	Same as above.	Same as above
(iii) Independent Directors	Same as above.	Same as above
<b>g. Suspension</b>		
(i) Executive Directors	The Company follows the procedure provided for in the Corporation Code	The Grounds are provided for in the Company's Manual of Corporate Governance.
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above

(c) Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Ferdinand B. Masi	1,383,502,115 shares
Eugenio B. Reducindo	1,383,502,115 shares
Evelyn G. Cacho	1,383,502,115 shares
Giancarlo C. Ng	1,383,502,115 shares
Felizardo T. Sapno	1,383,502,115 shares
Alejo L. Villanueva, Jr.	1,383,502,115 shares
Elmer P. Pineda	1,383,502,115 shares

5) Orientation and Education Program

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

The Company has no specific training program for new directors but new directors are required to undergo an orientation program for at least eight hours, by a SEC-accredited training provider. New directors are also given an orientation on the business of the Company. They are also given access to the Company's directors and officers to address any questions or clarifications that new directors may raise.

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

In compliance with the SEC Memorandum Circular No. 20, Series of 2013, the Company's Directors and Senior Management attended an in-house seminar(s) on Corporate Governance on November 25, December 8, and 11, 2015.

For year 2016, they attended the same seminar on November 15, November 24 and December 9, 2016.

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

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

Director/Officer			
Ferdinand B. Masi	24 November 2016	Corporate Governance	Center for Training and Development, Inc.
Eugenio B. Reducindo	24 November 2016		
Evelyn G. Cacho	09 December 2016		
Giancarlo C. Ng	24 November 2016		
Felizardo T. Sapno	24 November 2016		
Alejo L. Villanueva, Jr.	24 November 2016		
Elmer P. Pineda	24 November 2016		
Rolando D. Siatela	15 November 2016		
Ma. Cristina D. Gonzales	15 November 2016		

## 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 (for management and employees applicable to subsidiary in the group):

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	A director should not use his position to profit or gain some benefit or advantage for himself and/or his related interest. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process.	An employee should disclose any relationship or association to the proposed supplier or contractor or its authorized representative to avoid possible conflict of interest.	An employee should disclose any relationship or association to the proposed supplier or contractor or its authorized representative to avoid possible conflict of interest.
(b) Conduct of Business and Fair Dealings	A director should not use his position to profit or gain some benefit or advantage for himself and/or his related interest. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process.	They are prohibited from using their authority or position to favor a supplier or contractor in anticipation of a personal gain or benefit.	They are prohibited from using their authority or position to favor a supplier or contractor in anticipation of a personal gain or benefit.
(c) Receipt of gifts from third parties	Must not solicit or accept any gift, regardless of value, from any supplier, contractor or business partner, except gifts of minimal value. If it is not practical to return, such gift must	Must not solicit or accept any gift, regardless of value, from any supplier, contractor or business partner, except gifts of minimal value. If it is not practical to return, such gift must be shared with	Must not solicit or accept any gift, regardless of value, from any supplier, contractor or business partner, except gifts of minimal value. If it is not practical to return, such gift must be shared with other

	be shared with other employees.	other employees.	employees.
(d) Compliance with Laws & Regulations	Ensure through their functions, the Company's faithful compliance with all applicable laws, regulations and best business practices.	Ensure the Company's faithful compliance with all applicable laws, regulations and best business practices.	Ensure the Company's faithful compliance with all applicable laws, regulations and best business practices.
(e) Respect for Trade Secrets/Use of Non-public Information	Keep secure and confidential trade secrets and all non-public information acquired or learned by reason of position. Should not reveal confidential information to unauthorized persons without authority of the Board.	Keep secure and confidential trade secrets and all non-public information acquired or learned by reason of position. Should not reveal confidential information to unauthorized persons without authority of the Board.	Keep secure and confidential trade secrets and all non-public information acquired or learned by reason of position. Should not reveal confidential information to unauthorized persons without authority of the Board.
(f) Use of Company Funds, Assets and Information	Observe discretion in use of funds and assets. Be mindful of eliminating unnecessary consumption and wasteful practices. Confidential information must not be disclosed to unauthorized persons.	Observe discretion in use of funds and assets. Be mindful of eliminating unnecessary consumption and wasteful practices. Confidential information must not be disclosed without the proper authority.	Observe discretion in use of funds and assets. Be mindful of eliminating unnecessary consumption and wasteful practices. Confidential information must not be disclosed without the proper authority.
(g) Employment & Labor Laws & Policies	Ensure the Company's faithful compliance with employment and labor law & policies.	The Company seeks to reasonably assist its and its subsidiaries and affiliates' employee and his family in providing for their economic security.	The Company seeks to reasonably assist its and its subsidiaries and affiliates' employee and his family in providing for their economic security.
(h) Disciplinary action	The Company strictly observes the provisions on disqualification and temporary disqualification of directors as provided in the Company's Manual of Corporate Governance.	Rules and regulations shall be enforced fairly and consistently by the respective subsidiaries and affiliates. Violations shall result in disciplinary actions depending on frequency, seriousness and circumstances of the offense. The employee shall be given the opportunity to present his side.	Rules and regulations shall be enforced fairly and consistently by the respective subsidiaries and affiliates. Violations shall result in disciplinary actions depending on frequency, seriousness and circumstances of the offense. The employee shall be given the opportunity to present his side.
(i) Whistle Blower	Reports of wrongdoing may be made directly to the Chairman for proper disposition to ensure confidentiality of information and protection of the identity of the whistle blower.	For each subsidiary or affiliate, reports of wrongdoing may be made directly to the Chairman or President for proper disposition to ensure confidentiality of information and protection of the identity of the	For each subsidiary or affiliate, reports of wrongdoing may be made directly to the Chairman or President for proper disposition to ensure confidentiality of information and protection of the identity of the

		whistle blower.	whistle blower.
(j) Conflict Resolution	Amicable settlement through alternative dispute resolution	Amicable settlement through alternative dispute resolution	Amicable settlement through alternative dispute resolution

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

YES.

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

The Company has a compliance officer who monitors compliance of ethics or conduct.

Directors submit annually a list of business and professional affiliating through which provide conflicts-of-interest may be determined. Relative to senior management and employees, the Human Resources Department of each subsidiary and affiliate implements and monitors compliance with the code of ethics or conduct.

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.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; and (c) individuals owning directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual (2.20, Financial Statements and Independent Auditors' Reports).

Except for the material related party transactions described in the notes to the financial statements of the Company for the years 2016 and 2015, there has been no material transaction during the last two years, nor is there any material transaction currently proposed, to which the Company was or is to be a party, in which any director or executive officer, any nominee for election as director, stockholder of more than ten percent.

Related Party Transactions	Policies and Procedures
(1) Parent Company	Ensure that the transactions are entered on terms comparable to those available from unrelated third parties.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	Ensure that the transactions are entered on terms comparable to those available from unrelated third parties. Disclosure of relationship or association is required to be made before entering into transaction. No participation in the approval of the transaction.
(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.

None.

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

	<b>Details of Conflict of Interest (Actual or Probable)</b>
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.

	<b>Directors/Officers/Significant Shareholders</b>
Company	Independent Directors are required to submit a list of positions/other directorships to determine any conflict. Directors, officers and employees must voluntarily disclose any conflict prior to occurrence of the same.
Group	

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,<sup>3</sup> commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

<b>Names of Related Significant Shareholders</b>	<b>Type of Relationship</b>	<b>Brief Description of the Relationship</b>
NONE		

There has been no material transaction, nor is there any material transaction currently proposed, to which the Company was or is to be a party, in which any member of the immediate family (including spouse, parents, children, sibling and in-laws) of any such director or officer or stockholder of more than ten (10) percent of the Company's voting shares had or is to have a direct and indirect material interest.

(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>
NONE		

The Company has no knowledge of persons holding more than five (5) percent of its voting securities under a voting trust or similar agreement.

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

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

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
NONE		

The Company has no knowledge of any arrangements among stockholders that may result in a change in control 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.

	Alternative Dispute Resolution System
Corporation & Stockholders	Pursue settlement outside court and compromise
Corporation & Third Parties	Pursue settlement outside court and compromise
Corporation & Regulatory Authorities	Pursue settlement outside court and compromise

C. BOARD MEETINGS & ATTENDANCE

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

Meetings of the Board are held at such time and place as the Board may prescribe, but the Board endeavors to meet monthly, or if not possible, quarterly.

2) Attendance of Directors (updated as of 31 December 2016)

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Ferdinand B. Masi	<u>25 Oct 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>
Member	Evelyn G. Cacho	<u>25 Oct 2016</u>	<u>3</u>	<u>2</u>	<u>67%</u>
Member	Giancarlo C. Ng	<u>25 Oct 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>
Member	Felizardo T. Sapno	<u>25 Oct 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>
Member	Elmer P. Pineda	<u>25 Oct 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>
Independent	Eugenio B. Reducindo	<u>25 Oct 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>
Independent	Alejo L. Villanueva, Jr.	<u>25 Oct 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>

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

NO.

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

The Company follows the quorum requirement in the Corporation Code. Thus, when majority of the directors are present, the Board proceeds with transaction of business.

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?

These are distributed together with the notices in accordance with the Company's By-laws.

- (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?

Art. III, Sec. 5 of the By-Laws states that the Corporate Secretary "shall maintain and be the custodian of the corporate books and records. He shall be the recorder of the formal actions and transactions of the *Corporation*. He shall have the following specific powers and duties:

- a) To record or see to the proper recording of the minutes and transactions of all meetings of the Board of Directors, the Executive Committee, the stockholders, and the special and standing committees of the Board, and to maintain minute books of such meetings in the form and manner required by law.
- b) To keep or cause to be kept records showing the details required by law with respect to the stock certificates of the *Corporation*, including ledgers and transfer books showing all shares of the Corporation issued and transferred, and the date of such issuance and transfer.
- c) To keep the corporate seal and affix it to all papers and documents requiring a seal, and to attest by his signature to all corporate documents requiring the same.
- d) To give, or cause to be given, all notices required by law or by these By-Laws, as well as notices required of meetings of the Directors and of the stockholders.
- e) To certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of him by law or regulation.
- f) To determine during meetings the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and to receive votes, ballots or consents, hear and determine all contests, challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the results and to do such acts as are proper to conduct the election or vote. The Secretary may assign the exercise or performance of any or all of the foregoing duties, powers, and functions to any other person or persons, subject always to his supervision and control. The decision of the Secretary on the validity and effect of the proxies shall be final and binding until set aside by a court of competent jurisdiction.
- g) To perform such other duties as are incident to his office or as may be assigned to him by the Board of Directors.

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

YES.

- (e) Committee Procedures

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<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.

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	Upon request made thru the Corporate Secretary, Directors shall be provided with complete, adequate and timely information about the matters to be taken up in their meetings. The Committee is afforded full access to management, personnel and records in the performance of its duties and responsibilities.
Nomination	
Remuneration	
Others (specify)	None

#### 6) External Advice

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

Procedures	Details
Obtain external legal counsel or independent professional advisors as may be needed in the performance of its functions	The committee members may obtain external legal counsel or independent professional advisors as may be needed in the performance of its functions

#### 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
N/A		

### 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:

No compensation was received by the principal executive officers from the Company. There are no arrangements in force pursuant to which the officers or directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided by such officer or director. There are no standard arrangements pursuant to which directors or officers of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director or officer, including services for committee participation or special assignments.

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	N/A	N/A
(2) Variable remuneration	N/A	N/A
(3) Per diem allowance	N/A	N/A
(4) Bonus	N/A	N/A

(5) Stock Options and other financial instruments	N/A	N/A
(6) Others (specify)	N/A	N/A

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.

There are no arrangements in force pursuant to which the directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided by such director. There are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director, including services for committee participation or special assignments. There are no per diems granted to directors for attendance at meetings.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
	N/A	N/A	N/A
	N/A	N/A	N/A

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.

Remuneration Scheme	Date of Stockholders' Approval
N/A	N/A
N/A	N/A

3) Aggregate Remuneration

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

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

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>	N/A	N/A	N/A

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

N/A

##### (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				

##### (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		

#### 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:

There are no arrangements in force pursuant to which the officers of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided by such officer. There are no standard arrangements pursuant to which officers of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as an officer, including services for committee participation or special assignments.

Name of Officer/Position	Total Remuneration
N/A	N/A


**E. BOARD COMMITTEES**

1) Number of Members, Functions and Responsibilities

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	N/A						
Audit	1	0	2	Audit Committee Charter	Ensure that all financial report comply with internal financial and management standards, performing oversight financial management functions, pre-approving all audit plans, scope and frequency and performing direct interface functions with internal and external auditors	Performs oversight responsibilities for the following:  (a) Financial Reporting; (b) Risk Management; (c) Internal Control; (d) Internal Audit; (e) External Audit.	The Committee shall have the authority to conduct or order the investigation into any matter within the scope of its responsibilities.
Nomination	0	2	1		Prescreens and shortlists all candidates nominated to become a member of the Board.	Reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval , and assesses the effectiveness of the Board's processes and procedures in the election and replacement of directors	Prescreens nominees and prepares final list of candidate
Remuneration	1	0	2		Responsible for establishing a formal and transparent	Establishes a formal and transparent procedure for	Establishes a formal and transparent

					procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, as well as providing oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and control environment.	developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and business environment.	procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and business environment.
Others (specify)	N/A						

## 2) Committee Members

### (a) Executive Committee – N/A.

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

### (b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Alejo L. Villanueva, Jr.	29 Oct 2012	1	1	100%	<u>5 years</u>
Member (ID)	Eugenio B. Reducindo	27 Oct 2015	1	1	100%	<u>2 years</u>
Member (ED)	Evelyn G. Cacho	25 Oct 2011	1	1	100%	<u>6 years</u>

Disclose the profile or qualifications of the Audit Committee members.

Each member of the Committee shall have the qualifications and none of the disqualifications of a director provided under the Manual. The members of the Committee shall preferably have accounting and finance backgrounds. At least one member shall be an independent director and another shall have

audit experience. The members of the Committee must have a good understanding of the Corporation's business and the industry in which it operates.

**Alejo L. Villanueva, Jr.**

Mr. Villanueva, 75 years old, Filipino was elected as Independent Director on 29 October 2012. He currently serves as Independent Director of Alliance Global Group, Inc., Emperador Inc. and Empire East Land Holdings, Inc. and a Director of First Capital Condominium Corporation, a non-stock non-profit corporation. He is also Chairman of Ruru Courier Systems, Inc. and Vice Chairman of Public Relations Counselors Foundations of the Philippines, Inc. He is a professional consultant who has more than twenty years of experience in the fields of training and development, public relations, community relations, institutional communication, and policy advocacy, among others. He has done consulting work with the Office of the Vice President, the Office of the Senate President, the Commission on Appointments, the Securities and Exchange Commission, the Home Development Mutual Fund, the Home Insurance Guaranty Corporation, Department of Agriculture, Philippine National Railways, International Rice Research Institute, Rustan's Supermarkets, Louis Berger International (USAID-funded projects on Mindanao growth), World Bank (Subic Conversion Program), Ernst & Young (an agricultural productivity project), Chemonics (an agribusiness project of USAID), Price Waterhouse (BOT program, a USAID project), Andersen Consulting (Mindanao 2000, a USAID project), Renardet S.A. (a project on the Privatization of MWSS, with World Bank funding support), Western Mining Corporation, Phelps Dodge Exploration, and Marubeni Corporation. Mr. Villanueva obtained his bachelor's degree in Philosophy from San Beda College, summa cum laude. He has a master's degree in Philosophy from the University of Hawaii under an East-West Center Fellowship. He also took up special studies in the Humanities at Harvard University. He studied Organizational Behavior at INSEAD in Fontainebleau, France. He taught at the Ateneo Graduate School of Business, the UST Graduate School, and the Asian Institute of Journalism.

**Eugenio B. Reducindo.**

Mr. Reducindo, 47 years old, is currently the Managing Director of Choice Gourmet Banquet, Inc., which owns and operates McDonald's stores and used to operate other restaurants like Shanghai Bistro and SoHo Tea House. He has held the position of Managing Director since 2007. As Managing Director, Mr. Reducindo is responsible for the overall operations and management of 11 McDonald's outlets located within Metro Manila and other provinces such as Cebu and Iloilo. Prior to being Managing Director, Mr. Reducindo was a branch manager at Choice Gourmet handling the first McDonald's branch of the company located at Forbestown Center. Mr. Reducindo has considerable experience in the management and operations of quick service and fine dining restaurants, having been involved in the daily operations of a specific branch as well as the overall management and operations of several branches/outlets. He has worked for Golden Arches Development Corporation as branch manager and for McDonald's Egypt as Operations Consultant and for Makati Shangri-La as Assistant Manager for the coffee shop. Mr. Reducindo graduated in 1989 from the Far Eastern University with a degree in AB Communications.

**Evelyn G. Cacho.**

Ms. Cacho, 55 years old, Filipino, is currently the Treasurer and a member of the Board of Directors of the Company since 29 August 2005. Ms. Cacho is concurrently a director of Empire East Land Holdings, Inc. ("EELHI"), a position she has occupied since February 2009. She joined EELHI in February 1995 and has served as its Vice President for Finance since February 2001. She also currently serves as director of Empire East Communities, Inc., Laguna Bel Air School, Inc., Sonoma Premier Land, Inc., Valle Verde Properties, Inc. and Sherman Oak Holdings, Inc. She holds the position of Treasurer of Megaworld Central Properties, Inc., and Megaworld Newport Property Holdings, Inc. and Assistant Corporate Secretary of Gilmore Property Marketing Associates, Inc. Prior to joining EELHI, she had extensive experience in the fields of financial/operations audit, treasury, and general accounting from banks, manufacturing and trading companies. Ms. Cacho has a bachelor's degree in Business Administration major in Accounting, and is a Certified Public Accountant by profession.

The Committee has the responsibility to review with the management and external auditors the results of the audit, including any difficulties encountered and other issues warranting the attention of the

Committee, and resolve any disagreements between management and external auditors regarding financial reporting. The Audit Committee shall ensure that, in the performance of the work, the external auditor shall be free from interference by outside parties.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Giancarlo C. Ng	25 Oct 2011	1	1	100%	<u>6 years</u>
Member (ID)	Alejo L. Villanueva, Jr.	29 Oct 2012	1	1	100%	<u>5 years</u>
Member	Elmer S. Pineda	03 Feb 2012	1	1	100%	<u>5 years</u>

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Ferdinand B. Masi	25 Oct 2011	0	0	0	<u>6 years</u>
Member (ID)	Alejo L. Villanueva, Jr.	29 Oct 2012	0	0	0	<u>5 years</u>
Member (ID)	Eugenio B. Reducindo	27 Oct 2015	0	0	0	<u>2 years</u>

(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					
Member (ED)						
Member (NED)						
Member (ID)						
Member						

3) Changes in Committee Members

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

Name of Committee	Name	Reason
Executive	N/A	
Audit	None	
Nomination	None	
Remuneration	None	
Others (specify)	N/A	

4) Work Done and Issues Addressed

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



Name of Committee	Work Done	Issues Addressed
Executive	N/A	
Audit	Approved audited financials	None
Nomination	Approval of nominees for election	None
Remuneration	None	None
Others (specify)	N/A	

5) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
Executive	N/A	
Audit	May adopt a self-rating system to review its performance	Monitor performance of committee
Nomination	May adopt a self-rating system to review its performance	Monitor performance of committee
Remuneration	May adopt a self-rating system to review its performance	Monitor performance of committee
Others (specify)	N/A	

**F. RISK MANAGEMENT SYSTEM**

1) Disclose the following:

- (a) Overall risk management philosophy of the company;
- (b) 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.

The Board, thru the Audit Committee, reviews the effectiveness of the Company's, including its subsidiaries and affiliates, risk management system with emphasis on monitoring of existing and emerging risks as well as risk mitigation measures and on identifying risks before these cause significant trouble for the business. Based on the set guidelines, directors are assigned specific subsidiaries, affiliates or business where they monitor compliance of the risk management system. A review of the risk management system is ongoing as the Company awaits reports from each subsidiary, affiliate and business segment. Criteria used for review are compliance with established guidelines and controls and the appropriateness of risk management and risk mitigation measures taken.

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
1. Hazards and natural or other catastrophes	Have an emergency response plan/action	Allow the different business segments to continue operations or minimize downtime during natural disaster or

		calamity
2. Regulatory developments	Review of new laws and regulations	Ensure the Company is compliant with all laws and regulations
3. Philippine economic/political conditions	Review of business/political situation	Ensure the Company can immediately adapt to changes in economic/political conditions and can devise strategies to meet these changes
4. Liquidity	Minimize exposure to financial markets	Actively secure short-to medium-term cash flow

(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:

The Board, thru the Audit Committee, reviews the effectiveness of the Company's, including its subsidiaries and affiliates, risk management system with emphasis on monitoring of existing and emerging risks as well as risk mitigation measures and on identifying risks before these cause significant trouble for the business. Based on the set guidelines, directors are assigned specific subsidiaries, affiliates or business where they monitor compliance of the risk management system. Criteria used for review are compliance with established guidelines and controls and the appropriateness of risk management and risk mitigation measures taken.

<b>Risk Exposure</b>	<b>Risk Management Policy</b>	<b>Objective</b>
1. Hazards and natural or other catastrophes	Have an emergency response plan/action	Allow the different business segments to continue operations even during natural disaster or calamity
2. Regulatory developments	Review of new laws and regulations	Ensure the different business segments are compliant with all laws and regulations
3. Money laundering and cheating at gaming areas	Constant security check and monitoring, check and balance system	Minimize situations when these activities can happen
4. Supply of raw materials and packaging materials	Maintain diverse group of suppliers, get at least 3 quotations from suppliers	Prevent overdependence on a single supplier, ensure the best price possible
5. Consumer taste, trends and preferences	Market study and analysis	Be aware of trends and preferences to develop new products or adapt existing strategy
6. Competition	Market study and analysis; Maintain a diversified earnings base; Constant product innovation	Be aware of trends and preferences to develop new products or adapt existing strategy; Revenue and property diversification
7. Interests of joint development partners	Not applicable	Not applicable
8. Land for future developments	Not applicable	Not applicable
9. Philippine economic/political conditions	Review of business/political situation	Ensure the different business segments can immediately adapt to changes in economic/political conditions and can devise strategies to meet these changes

(c) Minority Shareholders

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

<b>Risk to Minority Shareholders</b>
The majority shareholder's voting power in the Company may affect the ability of minority shareholders to influence and determine corporate strategy.

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>
1. Hazards and natural or other catastrophes	Have an emergency response plan/action	Allow the different business segments to continue operations or minimize downtime during natural disaster or calamity
2. Regulatory developments	Review of new laws and regulations	Ensure the Company is compliant with all laws and regulations
3. Philippine economic/political conditions	Review of business/political situation	Ensure the Company can immediately adapt to changes in economic/political conditions and can devise strategies to meet these changes
4. Liquidity	Minimize exposure to financial markets	Actively secure short-to medium-term cash flow

(b) Group

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>
1. Hazards and natural or other catastrophes	Have an emergency response plan/action	Allow the different business segments to continue operations even during natural disaster or calamity
2. Regulatory developments	Review of new laws and regulations	Ensure the different business segments are compliant with all laws and regulations
3. Money laundering and cheating at gaming areas	Constant security check and monitoring, check and balance system	Minimize situations when these activities can happen
4. Supply of raw materials and packaging materials	Maintain diverse group of suppliers, get at least 3 quotations from suppliers	Prevent overdependence on a single supplier, ensure the best price possible

5. Consumer taste, trends and preferences	Market study and analysis	Be aware of trends and preferences to develop new products or adapt existing strategy
6. Competition	Market study and analysis; Maintain a diversified earnings base; Constant product innovation.	Be aware of trends and preferences to develop new products or adapt existing strategy;  Revenue and property diversification
7. Interests of joint development partners	Not applicable	Not applicable
8. Land for future developments	Not applicable	Not applicable
9. Philippine economic/political conditions	Review of business/political situation	Ensure the different business segments can immediately adapt to changes in economic/political conditions and can devise strategies to meet these changes

(c) Committee

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

Committee/Unit	Control Mechanism	Details of its Functions
Board Audit Committee	Provides oversight over the Company's and its subsidiaries, affiliates and business segments risk management process, financial reporting process and internal audit.	Provides oversight over the Company's and its subsidiaries, affiliates and business segments risk management process, financial reporting process and internal audit.

**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.

Internal audit is a systematic and independent examination which determines whether activities and related results comply with planned arrangements and whether these arrangements are implemented effectively and are suitable to achieve objectives. The directors of the Company have reviewed the effectiveness of the Company's and its subsidiaries, affiliates and business segments internal control system and consider them effective and adequate. For each subsidiary, affiliate and business segment, internal controls are reviewed annually and are handled at that level. Any major findings that cannot be resolved at that level are elevated to the Company through the Audit Committee of the Board. For the past year, there has been no matter elevated to the Company level by any subsidiary, affiliate or business segment.

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 directors of the Company have reviewed the effectiveness of the Company's and its subsidiaries, affiliates and business segments internal control system and consider them effective and adequate. For each subsidiary, affiliate and business segment, internal controls are reviewed annually and are handled at that level. Any major findings that cannot be resolved at that level are elevated to the Company through the Audit Committee of the Board. For the past year, there has been no matter elevated to the Company level by any subsidiary, affiliate or business segment.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
See above				

(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?

For the Company, the internal audit function is handled directly by the audit committee. For the subsidiaries, affiliates and business segments, these are handled directly at their levels and only major findings that cannot be resolved at that level are elevated to the Company through the Audit Committee of the Board.

(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?

For the Company, the internal audit function is handled directly by the audit committee. For the subsidiaries, affiliates and business segments, these are handled directly at their levels and only major findings that cannot be resolved at that level are elevated to the Company through the Audit Committee of the Board.

(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.

NONE

Name of Audit Staff	Reason
N/A	

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

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

The directors of the Company have reviewed the effectiveness of the Company's and its subsidiaries,

affiliates and business segments internal control system and consider them effective and adequate. For each subsidiary, affiliate and business segment, internal controls are reviewed annually and are handled at that level. Any major findings that cannot be resolved at that level are elevated to the Company through the Audit Committee of the Board. For the past year, there has been no matter elevated to the Company level by any subsidiary, affiliate or business segment.

<b>Progress Against Plans</b>	see above
<b>Issues<sup>5</sup></b>	see above
<b>Findings<sup>6</sup></b>	see above
<b>Examination Trends</b>	see above

[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.”

The directors of the Company have reviewed the effectiveness of the Company’s and its subsidiaries, affiliates and business segments internal control system and consider them effective and adequate. For each subsidiary, affiliate and business segment, internal controls are reviewed annually and are handled at that level. Any major findings that cannot be resolved at that level are elevated to the Company through the Audit Committee of the Board. For the past year, there has been no matter elevated to the Company level by any subsidiary, affiliate or business segment.

<b>Policies &amp; Procedures</b>	<b>Implementation</b>
See above	

(g) Mechanism 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):

The Audit Committee reports directly to the Board and is independent from the Management.

<b>Auditors (Internal and External)</b>	<b>Financial Analysts</b>	<b>Investment Banks</b>	<b>Rating Agencies</b>
See above	None	None	None

<sup>5</sup>“Issues” are compliance matters that arise from adopting different interpretations.

<sup>6</sup>“Findings” are those with concrete basis under the company’s policies and rules.

- (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.

Chairman and CEO and the Compliance Officer.

## H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	The Company's and its subsidiary are committed to ensure utmost satisfaction of their respective customers through high quality products conceived in the spirit of innovation and born out of continuous research and development and provide excellent service to its customers.	Upgrading of skills and expertise so that people can provide customers with service of the highest quality  Institutionalization of the Customer Feedback System  Customer Delight Activities
Supplier/contractor selection practice	Selection of suppliers and contractors on the basis of quality products	Canvassing activities which ensure selection on the basis of quality products that
Environmentally friendly value-chain	The Company and its subsidiary endeavor to use environment-friendly design, procedures and materials in their respective businesses.	Selection of suppliers and contractors whose manufacturing procedures assure clients that each item is made in an environment-friendly manner and which produce environmental friendly products
Community interaction	The Company and its subsidiary aims to provide scholarship grants to financially handicapped but academically deserving students and to provide financial assistance to foundations and socio-civic organizations.	Foundation's scholarship program and institution partnerships through sponsorship and donations.
Anti-corruption programmes and procedures?	The Company endeavors to cultivate a culture of integrity that does not tolerate conflict-of-interest and unfair business dealings.	The Company has set up a reporting channel through which violation of the Company or any of its subsidiaries or affiliates culture of integrity may be reported, investigated and acted upon.
Safeguarding creditors' rights	The Company is committed to honoring its obligations financial obligations and loan covenants.	Timely settlement of financial obligations and faithful compliance with loan covenants.

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

The Company's Annual Report has a corporate responsibility report/section; however, these activities are undertaken directly at the subsidiary level. Some of the Company's directors and officers may render some form of community service or social responsibility activity in connection with the activities of the respective subsidiaries and affiliates that they handle.

- 3) Performance-enhancing mechanisms for employee participation.

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

The Company and its subsidiary are committed to maintain a safety and security program for their respective employees, which are periodically updated and revised.

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

The Company's subsidiary provides free health care coverage to their respective employees.

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

The Company's subsidiary provides training and development programs to their respective employees.

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

None

- 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.

Persons may report directly to the Chairman about illegal or unethical behavior and this ensures that the identity of the reporting person is protected.

## I. DISCLOSURE AND TRANSPARENCY

### 1) Ownership Structure

- (a) Holding 5% shareholding or more (**as of December 31, 2016**)

Shareholder	Number of Shares	Percent	Beneficial Owner
Megaworld Corporation	995,834,992	42.48%	Megaworld Corporation
PCD Nominee Corporation (Filipino)	694,938,922	30.89%	BDO Securities Corporation
Emerging Market Assets Limited	235,000,000	10.44%	Emerging Market Assets Limited
Stanley Ho Hung-Sun	116,100,000	5.16%	Stanley Ho Hung-Sun

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Ferdinand B. Masi	1	0	0.00%
Eugenio B. Reducindo	1	0	0.00%
Evelyn G. Cacho	1	0	0.00%
Alejo L. Villanueva, Jr.	1	0	0.00%
Elmer P. Pineda	1	0	0.00%
Giancarlo C. Ng	1	0	0.00%
Felizardo T. Sapno	1	0	0.00%
Rolando D. Siatela	0	0	0.00%
Ma. Cristina D. Gonzales	0	0	0.00%
TOTAL	7	0	0.00%

- 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	
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	YES
Training and/or continuing education programme attended by each director/commissioner	YES
Number of board of directors/commissioners meetings held during the year	YES
Attendance details of each director/commissioner in respect of meetings held	YES
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.

3) External Auditor's fee (**updated as of 31 December 2016**)

Name of auditor	Audit Fee	Non-audit Fee
Punongbayan and Araullo	<b>Php775,000.00</b>	Php0.00

4) Medium of Communication

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

Company Website, Investor Relations, Press Release, Annual Report, Information Statement

5) Date of release of audited financial report:

April 17, 2017

6) Company Website

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

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

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

7) Disclosure of RPT

These involve RPT where the Company is a party and excludes RPTs between and among subsidiaries, affiliates, etc. (as of December 31, 2016)

RPT	Relationship	Nature	Value
N/A			

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 ensures that the transactions are entered on terms comparable to those available from unrelated third parties

**J. RIGHTS OF STOCKHOLDERS**

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

(a) Quorum

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

<b>Quorum Required</b>	Majority of outstanding capital stock
------------------------	---------------------------------------

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

<b>System Used</b>	For matters not requiring stockholder approval, board approval is used
<b>Description</b>	Majority of the directors present in the meeting, provided there is a quorum

(c) Stockholders' Rights

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

None

<b>Stockholders' Rights under The Corporation Code</b>	<b>Stockholders' Rights <u>not</u> in The Corporation Code</b>
The rights of the stockholders under the Corporation Code are duly recognized by the Company. No deviations or modifications were implemented by the Company.	

Dividends

Declaration Date	Record Date	Payment Date
N/A		

(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
Allows active participation of stockholders in meetings	Open Forum, Feedback Mechanism in Company Website, Investor Relations Department which handle stockholders' concerns

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 Company complies with the requirements of the Corporation Code.

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? Yes
  - a. Date of sending out notices: **04 October 2016**
  - b. Date of the Annual/Special Stockholders' Meeting: Annual Meeting of Stockholders was held on **25 October 2016**.

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

Below is a summary of the questions asked and answers given during the open forum.

*Stockholder 1: Good morning Sir. My name is Dan Arenos. My question is, does the company have plans for an additional revenue generating activity in the future?*

*Mr. Masi: Yes. We realized that we have another opportunity that we could enhance our business. Like what we call this strategic asset management. Not only managing the assets, we want to enhance and usually in some properties when time goes by, these deteriorates and the value goes down. We thought that if we could manage them well, we could preserve the value and even enhance the value so that in the future these assets can be more valuable. So we are looking at this action as another revenue stream as we anticipate more projects and developments that will be turned over to us.*

*Stockholder 2: My name is Stephen Soliven, stockholder of Suntrust. I understand that previously when there was still no renewal of our corporate term, we have been incurring losses which resulted in a deficit and in the balance sheets deficit was not disclosed because it is only listed as capital equity in the balance sheet. Now I would like to know if we are still taking advantage or reaping the tax benefits incurred in this previous deficit because I understand we can have tax benefits because of this. And I would like to know whether the proposed authorized capital stock has been pushed though. Thank you.*

*Mr. Masi: Thank you. First on the capital stock rights, this is still pending at the PSE. We are waiting for their approval. I think as to the other question, for accuracy may we seek the assistance of our able corporate auditors, Punongbayan & Araullo, to answer this question.*

*Punongbayan & Araullo: Good morning Sir. As to the question regarding the accumulated deficit of the Company, in the Consolidated Statement of Changes and Equity, it can be noticed that we have 1.8 billion accumulated deficit. As for the tax benefit, the tax benefit will only last for three years as for the net operating loss carry over can only be carried over for the next three years.*

*Mr. Masi: Okay. I hope that answers your question, Sir.*

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

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of the Previous Annual Stockholders' Meeting	1,383,502,115	N/A	N/A
Appointment of Independent Auditors	1,383,502,115	N/A	N/A
Ratification of Acts of the Board of Directors, Board Committees and Management	1,383,502,115	N/A	N/A
Election of Directors			
Ferdinand B. Masi	1,383,502,115	N/A	N/A
Evelyn G. Cacho	1,383,502,115	N/A	N/A
Giancarlo C. Ng	1,383,502,115	N/A	N/A
Elmer P. Pineda	1,383,502,115	N/A	N/A
Felizardo T. Sapno	1,383,502,115	N/A	N/A
Alejo L. Villanueva, Jr. – Independent Director	1,383,502,115	N/A	N/A
Eugenio B. Reducindo – Independent Director	1,383,502,115	N/A	N/A

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

**October 25, 2016**

(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: None

Modifications	Reason for Modification
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	1. Ferdinand B. Masi 2. Alejo L. Villanueva, Jr. 3. Elmer P. Pineda 4. Eugenio B. Reducindo 5. Giancarlo C. Ng 6. Felizardo T. Sapno 7. Rolando D. Siatela	25 Oct 2016	Show of hands	0.01%	61.48%	61.49%

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

Yes, the Company's stock and transfer agent.

- (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

The Company does not solicit proxies and does not require a proxy.

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

	Company's Policies
Execution and acceptance of proxies	Must be signed by authorized signatory of the stockholder with accompanying resolutions designating the proxy/representative
Notary	Not required
Submission of Proxy	Must be submitted at least 10 days before the scheduled meeting
Several Proxies	Allowed
Validity of Proxy	Appointments shall not exceed 5 years from date of grant and may be revoked by the stockholder at any time before the right granted is exercised.
Proxies executed abroad	Allowed
Invalidated Proxy	Share/s shall not be counted for quorum
Validation of Proxy	At least 10 days before scheduled meeting
Violation of Proxy	Vote/s shall not be counted

(h) Sending of Notices

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

The Company complies with the procedure provided in the Corporation Code and the Securities Regulation Code.

Policies	Procedure
See above	

(i) Definitive Information Statements and Management Report

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	<b><u>1,603 Stockholders</u></b>
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	<b><u>04 October 2016</u></b>

<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	04 October 2016
<b>State whether CD format or hard copies were distributed</b>	CD format.
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	Hard copies were made available to requesting stockholders, if any.

(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.	N/A
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>
Transparency	Publication of Notice, Agenda and information statement for meeting
Accessibility of the Company	Investor Relations group and feedback portion in Company website

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

Yes. All shareholders have the right to nominate candidates for the board of directors. However, they must conform to the eligibility requirements under the Corporation Code and Manual of Corporate Governance, as well as the guidelines set by the Nomination Committee.

## 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.

Internal communications policies are handled by the subsidiary. External communications policies and major company announcements are reviewed by the Corporate Information Officer and if feasible, with the President and CEO.

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

	Details
(1) Objectives	To keep stockholders informed of important developments in the Company
(2) Principles	Transparency and accessibility to investors
(3) Modes of Communications	Press Releases; Company Website; Investor Presentations
(4) Investors Relations Officer	Johann Quiazon, Tel No. 867-8048, fax no. 867-8803, jquiazon@megaworldcorp.com

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

The Company takes guidance from the applicable law, the rules and regulations of the Securities and Exchange Commission and the Philippine Stock Exchange with respect to the approval, pricing and disclosure of acquisitions of corporate control in the capital markets and extraordinary transactions. Acquisitions and other extraordinary transactions are approved by the Board using its sound discretion taking into consideration the best interest of the Company.

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

None. The Company may engage an independent appraiser as the need arises.

**L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

These activities are undertaken directly at the subsidiary and associate level. Some of the Company’s directors and officers may render some form of community service or social responsibility activity in connection with the activities of the respective subsidiaries and affiliates that they handle.

Initiative	Beneficiary
See above	

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

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

	Process	Criteria
<b>Board of Directors</b>	None	
<b>Board Committees</b>	None	
<b>Individual Directors</b>	Attendance at meetings	Minimum attendance required under Manual of Corporate Governance
<b>CEO/President</b>	None	None

**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 substantially complied with its Manual of Corporate Governance and did not materially deviate from its provisions.

No sanctions have been imposed on any director, officer or employee on account of non-compliance.

<b>Violations</b>	<b>Sanctions</b>
N/A	



**SECRETARY'S CERTIFICATE**

I, **ROLANDO D. SIATELA**, of legal age, Filipino, with office address at 28<sup>th</sup> Floor, The World Centre, 330 Sen. Gil Puyat Avenue, Makati City, Philippines, after having been sworn in accordance with law, depose and state that:

1. I am the Corporate Secretary of **SUNTRUST HOME DEVELOPERS, INC.**, a corporation duly organized and existing under Philippine laws, with office address at 7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, Metro Manila, Philippines (hereafter, the "Corporation").

2. The resolutions approved by the Board of Directors of the Corporation that resulted in the changes and/or updates to the Annual Corporate Governance Report of the Corporation are set out in the attached as Annex "A" hereof.

3. This Certification is issued in compliance with the requirements of SEC Memorandum Circular No. 12 dated 26 May 2014.

Signed this 27 May 2017 at Makati City.



**ROLANDO D. SIATELA**  
Corporate Secretary

**MAY 30 2017, MAKATI CITY**

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ at \_\_\_\_\_, Philippines, affiant exhibiting to me his Driver's License Number N03-97-228950.

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Page No. 34  
Book No. 54  
Series of 2017.

NOTARY PUBLIC 

**ATTY. VIRGILIO R. BATALLA**  
NOTARY PUBLIC FOR MAKATI CITY  
APPT. NO. M-88  
UNTIL DEC. 31, 2018  
ROLL OF ATTY. NO. 48548  
MCLE COMPLIANCE NO. IV-0016333-4/10/13  
I.B.P.O.R. NO. 775-00 LIFETIME MEMBER JAN. 29, 2007  
P.O. NO. 590-90-82 JAN 2, 2017  
EXECUTIVE CLERK CENTER  
MAKATI AVE. COR., JUFFIER ST. MAKATI CITY

## ANNEX "A"

I. At the Special Meeting of the Board of Directors of the Corporation held on September 01, 2016, the following resolutions were approved:

"RESOLVED, that the Corporation hold its Annual Meeting of Stockholders on 25 October 2016, Tuesday, 9:00 a.m., at the Grand Ballroom, Eastwood Richmond Hotel, Eastwood City, Bagumbayan, Quezon City, with the following agenda:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Previous Annual Stockholders Meeting
4. Report of Management
5. Appointment of Independent Auditors
6. Ratification of Acts of the Board of Directors, Board Committees, and Management
7. Election of Directors
- 8 Other Matters
9. Adjournment

"RESOLVED, FURTHER, that the Stockholders of record at the close of business on 16 September 2016 are entitled to notice of, and to vote at, the Annual Meeting."

II. The following are the excerpts of the Minutes of Meeting of and resolutions approved during the Annual Stockholders' Meeting held on 25 October 2016:

a. Appointment of External Auditors

The Presiding Officer informed the stockholders that the Board of Directors, upon recommendation of the Audit Committee, has resolved to re-appoint Punongbayan and Araullo as external auditors of the Corporation for the audit of the Corporation's financial statements for the year ending December 31, 2016, and submits for approval the re-appointment of Punongbayan & Araullo as external auditors.

Upon motion made and duly seconded, the stockholders approved the following resolution:

"RESOLVED, that the Punongbayan and Araullo be appointed as the external auditors of the Corporation for the audit of the Corporation's financial statements for the year ending December 31, 2016."

b. Election of Directors

The Presiding Officer informed the stockholders that, for the current year 2016, the Corporation will be electing seven directors at least two of whom shall be independent directors pursuant to the Securities and Regulation Code.

Mr. Giancarlo C. Ng, on behalf of the Nomination Committee, presented the Final List of Nominees for election as members of the Board of Directors, as follows: Ferdinand B. Masi, Felizardo T. Sapno, Evelyn G. Cacho, and Giancarlo C. Ng, as regular directors and Alejo L. Villanueva, Jr. and Eugenio B. Reducindo as the independent directors. Mr. Ng likewise reported that the Final List of Nominees for election as directors of the corporation possess all the required qualifications and none of the disqualifications to hold office as directors of the corporation.

Thereafter, it was moved and seconded that since there were only seven nominees and there are only seven seats in the Board, all seven nominees were considered elected by acclamation to the Board of Directors for the current year 2016.

III. At the Organizational Meeting of the Board of Directors of the Corporation held on 25 October 2016, the following were elected as officers of the Corporation:

Chairman and President	-	Ferdinand B. Masi
Treasurer	-	Evelyn G. Cacho
Corporate Information Officer and Corporate Secretary	-	Rolando D. Siatela
Assistant Corporate Information Officer and Assistant Corporate Secretary	-	Elmer P. Pineda
Compliance Officer	-	Maria Cristina D. Gonzales

Pursuant to the Company's Manual on Corporate Governance and SEC Memorandum Circular No. 06, Series of 2004, the Board constituted the following board committees for the current year:

**A. Nomination Committee**

1. Giancarlo C. Ng – Chairman
2. Elmer P. Pineda
3. Alejo L. Villanueva, Jr.

**B. Audit Committee**

1. Alejo L. Villanueva Jr. - Chairman
2. Evelyn G. Cacho
3. Eugenio B. Reducindo

**C. Remuneration Committee**

1. Ferdinand B. Masi - Chairman
2. Alejo L. Villanueva, Jr.
3. Eugenio B. Reducindo