COVER SHEET

PW343

S.E.C. Registration Number

LT GROUP, INC.

(Company's Full Name)

11TH FLOOR UNIT 3, BENCH TOWER 30TH STREET COR. RIZAL DRIVE, CRESCENT PARK WEST 5, BONIFACIO GLOBAL CITY, TAGUIG CITY

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

SUSAN LEE

Contact Persons

808-1266

Company Telephone Number

12 31

Month Day

Fiscal Year

ANNUAL CORPORATE GOVERNANCE REPORT 2012

SEC FORM

FIRST WEDNESDAY OF MAY

Month Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

SEC
Central Receiving and Records Division
JUL 01 2013
RECEIVED SUBJECT TO REVIEW OF FORM AND CONTENTS

1. Report is Filed for the Year 2012

2. Exact Name of Registrant as Specified in its Charter LT GROUP, INC.

3. 11TH FLOOR, UNIT 3 BENCH TOWER, 30TH CORNER RIZAL DR., BGC TAGUIG CITY — 1634
Address of Principal Office — Postal Code

4. SEC Identification Number PW-343

5. [redacted] (SEC Use Only)
Industry Classification Code

6. BIR Tax Identification Number 121-145-650-000

7. (632) 816 3311 local 4046
Issuer's Telephone number, including area code

8. TANDUAY HOLDINGS, INC.
Former name or former address, if changed from the last report

TABLE OF CONTENTS

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	**Eleven (11)**

Actual number of Directors for the year	**Eleven (11)**

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (If ID, state the relationship with the nominator)	Date first elected	Date last elected (If ID, state the number of years served as ID)[1]	Elected when (Annual /Special Meeting)	No. of years served as director
Lucio C. Tan	ED	N/A	Nomination Committee	07/02/99	05/02/12	Annual Meeting	13
Carmen K. Tan	NED	N/A	Nomination Committee	05/05/10	05/02/12	Annual Meeting	2
Harry C. Tan	ED	N/A	Nomination Committee	05/28/08	05/02/12	Annual Meeting	4
Michael G. Tan	ED	N/A	Nomination Committee	02/21/03	05/02/12	Annual Meeting	9
Lucio K. Tan, Jr.	NED	N/A	Nomination Committee	02/21/03	05/02/12	Annual Meeting	9
Wilson T. Young	NED	N/A	Nomination Committee	03/31/99	05/02/12	Annual Meeting	13
Juanita Tan Lee	NED	N/A	Nomination Committee	05/02/12	05/02/12	Annual Meeting	-
Domingo T. Chua	NED	N/A	Nomination Committee	05/27/09	05/02/12	Annual Meeting	3
Andres C. Co	NED	N/A	Nomination Committee	02/21/03	05/02/12	Annual Meeting	9
Peter P. Ong	ID	N/A	Andres C. Co; Mr. Co has no relationship with Mr. Ong	10/08/01	05/02/12	Annual Meeting	11
Carlos R. Alindada	ID	N/A	Juanita Tan Lee; Ms. Tan Lee has no relationship with Mr. Alindada	04/12/05	05/02/12	Annual Meeting	7

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

[1] Reckoned from the election immediately following January 2, 2012.

Corporate Governance Principles

- ***The Board of Directors ensures that the Company is appropriately and effectively managed and controlled by providing strategic guidance to the Company and effectively monitors the performance of Management. It is fully aware of its accountability to the Company and the stakeholders.***

- ***Organizational and procedural controls are supported by an effective management information system and risk management reporting system. There is a timely and accurate disclosure on all material matters regarding the Company, including the financial situation, performance, ownership and governance of the Company.***

- ***Independent audit mechanisms are in place for monitoring the adequacy and effectiveness of the organization's governance, operations, information systems. Reliability and integrity of financial and operational information, effectiveness and efficiency of operations, security of assets, and compliance with laws, rules, regulations and contracts are reviewed and regularly passed upon by the Audit Committee.***

- ***The rights of stakeholders as established by law are recognized and respected. There is an active cooperation between the Company and its stakeholders in creating wealth, jobs and sustainability of the Company's financial soundness.***

The Company's Corporate Governance Code commits to the following rights of the stockholders:

1. ***Voting Right***
2. ***Pre-emptive Right***
3. ***Power of Inspection***
4. ***Right to Information***
5. ***Right to Dividends***
6. ***Appraisal Right***
7. ***Duty of Directors to the Company's Shareholders:***

    - ***The Board is transparent and fair in the conduct of the annual and special stockholders' meetings of the Company. The stockholders are encouraged to personally attend such meetings and are apprised ahead of time of their right to appoint a proxy.***

    - ***The Board promotes shareholder rights, remove impediments to the exercise of shareholders' rights and provide adequate avenue for them to seek redress for breach of their rights.***

    - ***The Board is instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.***

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

In every Board meeting, the Board always seeks to align its decisions to the expressed vision and mission of the Company. The Board sees to it that its decisions are consistent with said statements.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group[2]

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:

[2] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

Director's Name	Corporate Name of the Group Company*	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Lucio C. Tan	Asia Brewery, Inc., Eton Properties Philippines, Inc., Eton City, Inc., Belton Communities, Inc., FirstHomes, Inc., Fortune Tobacco Corporation, PMFTC, Inc., Tanduay Distillers, Inc., Asian Alcohol Corp., Absolut Distillers, Inc., Tangent Holdings Corporation and Shareholdings, Inc.	Chairman
	Philippine National Bank	Non-Executive Director
Carmen K. Tan	Asia Brewery, Inc., Eton City, Inc., Fortune Tobacco Corporation, Tangent Holdings Corporation and Shareholdings, Inc.	Non-Executive Director
Harry C. Tan	Eton Properties Philippines, Inc., Eton City, Inc., FirstHomes, Inc., and Belton Communities, Inc.	Vice Chairman
	Fortune Tobacco Corporation	Chairman for Tobacco Board
	Asia Brewery, Inc., PMFTC, Inc., Tanduay Distillers, Inc., Asian Alcohol Corp., Absolut Distillers, Inc., Philippine National Bank Tangent Holdings Corporation and Shareholdings, Inc.	Non-Executive Director
Michael G. Tan	Asia Brewery, Inc.	Chief Executive Officer
	Eton Properties Philippines, Inc., Eton City, Inc., Philippine National Bank, PMFTC, Inc., Absolut Distillers, Inc., Tangent Holdings Corporation and Shareholdings, Inc.	Non-Executive Director
Lucio K. Tan, Jr.	Tanduay Distillers, Inc. and Eton Properties Philippines, Inc.	President
	Fortune Tobacco Corporation	Director/EVP
	Philippine National Bank, Asia Brewery, Inc., Eton City, Inc., Belton Communities, Inc., FirstHomes, Inc., PMFTC, Inc., Asian Alcohol Corp., Absolut Distillers, Inc., Tangent Holdings Corporation and Shareholdings, Inc.	Non-Executive Director
Wilson T. Young	Tanduay Distillers, Inc.	Chief Executive Officer
	Asian Alcohol Corp. and Absolut Distillers, Inc.,	Chief Operating Officer
Juanita Tan Lee	Asia Brewery, Inc., Fortune Tobacco Corporation, and Shareholdings, Inc.	Director/Corporate Secretary
	Eton Properties Philippines, Inc.	Non-Executive Director

Domingo T. Chua	Asia Brewery, Inc., Fortune Tobacco Corporation, Tanduay Distillers, Inc., Eton City, Inc., Belton Communities, Inc., FirstHomes, Inc., Asian Alcohol Corp., and Absolut Distillers, Inc.	Non-Executive Director
Peter P. Ong	Tanduay Distillers, Inc.	Independent Director
Carlos R. Alindada	Tanduay Distillers, Inc.	Independent Director

* As of June 30, 2013

(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.
Lucio C. Tan	PAL Holdings, Inc.	Chairman
Harry C. Tan	PAL Holdings, Inc. and MacroAsia Corporation	Non-Executive Director
Michael G. Tan	PAL Holdings, Inc.	Non-Executive Director
Lucio K. Tan, Jr.	PAL Holdings, Inc. and MacroAsia Corporation	Non-Executive Director

* As of June 30, 2013

(iii) Relationship within the Company and its Group

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

Dr. Lucio C. Tan is the majority shareholder of Tangent Holdings Corporation, which is the controlling corporate shareholder of the Company. Dr. Lucio C. Tan, the Chairman of the Company's Board of Directors, is the brother of Mr. Harry C. Tan. He is also the father of Mr. Lucio K. Tan, Jr. and Mr. Michael G. Tan. Ms. Carmen K. Tan is the wife of Dr. Lucio C. Tan and mother of Mr. Lucio K. Tan, Jr.

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

The Company observes the limit set by the Commission that a Director or its Chief Executive Officer may only hold up to a maximum of five (5) board seats in other publicly listed companies.

The By-Laws of the Company likewise disallows the nomination and election to the Board of Directors of any person who is engaged in any commercial venture or undertaking which is in competition with the business of the Company or any of its subsidiaries.

(e) Shareholding in the Company

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Lucio C. Tan	2,200	NIL	-

Carmen K. Tan	2,200	NIL	-
Harry C. Tan	1,100	NIL	-
Michael G. Tan	1,100	NIL	-
Lucio K. Tan, Jr.	1,100	NIL	-
Wilson T. Young	2,200	NIL	-
Juanita Tan Lee	1,100	NIL	-
Domingo T. Chua	2,200	NIL	-
Andres C. Co	1,100	NIL	-
Peter P. Ong	1,100	NIL	-
Carlos R. Alindada	1,100	NIL	-
TOTAL	**16,500**	**NIL**	-

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 X

Identify the Chair and CEO:

Chairman of the Board	Dr. Lucio C. Tan
CEO	Dr. Lucio C. Tan

The Company's By-Laws provide that the Chairman of the Board of Directors shall also be the Company's Chief Executive Officer and shall exercise such other powers and perform such other duties as the Board may assign to him.

The officer responsible though for the general charge and supervision of the business of the Company is the President, who is also the Chief Operating Officer. The President/COO may sign all authorized bonds, contracts or obligations in the name of the Company, and, together with the Corporate Secretary or any other director, may sign the certificates of shares in the capital stock of the Company. When so required by the Board, the President/COO is responsible for reporting thereto the affairs of the Company.

(b) Roles, Accountabilities and Deliverables

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

The Company's Chairman of the Board is likewise its Chief Executive Officer. The President/Chief Operating Officer of the Company takes on the role of the Company's officer-in-charge with respect to day-to-day operations.

	Chairman	Chief Operating Officer
Role	Presides over the meetings of the Board of directors and the meetings of the shareholders.	Head of the Management team and is primary accountable for achieving the Company's business objectives.
Accountabilities	The proper conduct of meetings of the Board of Directors and exercise of the powers of the Company.	The Company's day-to-day operations and business direction.
Deliverables	To exercise such powers and to perform duties as the Board of Directors may assign to him	Manages the Company's day-to-day operations, sets overall business directions and strategic plans; Represents the Company in interaction with shareholders and other major stakeholders;

		Implements major corporate initiatives as approved by the Shareholders and the Board of Directors and reports back to these bodies; Hires and dismisses employees at the management level, except officers elected by the shareholders or by the Board of Directors; From time to time, make such reports of the affairs of the Company as the Board of Directors may require and shall annually present a report of the preceding year's business at a Board meeting immediately preceding the annual meeting of the stockholders; Delegates duties to deputies and determines the scope of their authority; and Issue orders and implements transactions within his authority

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

The By-Laws of the Company state that all officers shall be elected by and hold office at the pleasure only of the Board of Directors. Thus, succession of officers shall entirely depend on the discretion of the present members of the Board, taking into consideration the principles of good corporate governance.

4) Other Executive, Non-Executive and Independent Directors

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

Yes. As an example, the Company's Audit Committee necessitates members with accounting and finance expertise or experience. This ensures the presence of directors, particularly Independent Directors, sitting in the Board with said background, among others.

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

Yes. The Nomination Committee evaluates the qualifications of the Directors and observes the policy of nominating individuals who are experienced and knowledgeable about the different sectors of the Group, like banking, liquor, real estate and beverage companies. One of the qualifications of a Director is he/she must be a holder of a "Bachelor's degree or equivalent experience in managing the business as gained from the profession and/or industry".

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

	Executive	Non-Executive	Independent Director
Role	Exercise powers of the Company through daily business prerogative decisions and, as member/s of the Board, approve, ratify and confirm business acts of Management	Exercise powers of the Company by approving, ratifying and confirming business acts of Management	Exercise powers of the Company by approving, ratifying and confirming business acts of Management. Further it is an independent director's role to weigh corporate acts against interests of stakeholders minimally represented in the Board
Accountabilities	Accountable to the stakeholders and the public investors	Accountable to the stakeholders and the public investors	Accountable to the stakeholders and the public investors
Deliverables	Manages the day-to-day operations of the Company; during Board meetings, reviews and approves acts and/or proposals of Management	Reviews and approves acts and/or proposals of Management during Board meetings	Checks and balances the interests of the Board and major shareholders vis-à-vis that of the public and other stakeholders of the Company

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

Independence is having no ties with the Company's management and freedom from any business or other relationships which could, or could reasonably be perceived to, materially interfere with the exercise of independent judgment in carrying out one's responsibilities as a director of the Company. The Company has members in its Board who exercise such independence.

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 observes the term limit for Independent Directors, in accordance with SEC Memorandum Circular No. 9, Series of 2011.

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

(a) Resignation/Death/Removal

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

Name	Position	Date of Cessation	Reason
Domingo T. Chua	Director/Treasurer	07/31/12	Resignation
Andres C. Co	Director	07/31/12	Resignation
Carlos R. Alindada	Independent Director	08/09/12	Resignation

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

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

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	The Nomination Committee shall meet prior to the Annual Shareholders' Meeting (ASM) to discuss the qualifications of nominees for election to the Board of Directors. According to the By-Laws, no director shall be nominated/elected at a regular/special shareholders' meeting unless his/her name has been submitted to the Corporate Secretary by a stockholder proposing the same at least fifty (50) business days prior to the meeting, which notice shall be duly signed by both the proponent stockholder and the nominee signifying his/her consent thereto. The Committee shall prepare a list of all qualified nominees and report the same to the Board for its approval. At least forty five (45) days before the ASM, the Committee shall prepare a Final List of candidates which shall contain all the information about the nominees, and which list shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Sheet, in accordance with Rule 20 of the Securities Regulation Code. During the ASM, the shareholders of the Company shall elect members of the Board of Directors, choosing from the final list of the candidates. The term of office of Directors shall begin immediately after election. Executive Directors will be elected by the new Board immediately after the ASM wherein which the new Board was elected.	Qualifications: Bona fide holder of at least one thousand (1,000) shares of the capital stock of the Company; He/She shall at least be a College graduate or have sufficient experience and/or understanding in managing a business such as that of the Company to substitute for such formal education; He/She shall at least be twenty-one (21) years old; He/She shall have proven to possess integrity and probity; He/She is a member in good standing of relevant industry, business or professional organizations; He/She shall have attended a seminar on corporate governance with a duly-accredited or recognized private or government institution and submitted a copy of his/her certificate of attendance to the Compliance Officer.

(ii) Non-Executive Directors	Same process as described above	Same Criteria as above
(iii) Independent Directors	Same process as described above. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as independent director/s. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the ASM.	In addition to the qualifications for Executive and Non-executive Directors, an Independent Director must also be one who: 1. is not a director or officer or substantial stockholder of the Company or of its related companies or any of its substantial shareholders, except when he/she is an independent director in any of the foregoing; 2. does not own more than two percent (2%) of the shares of the Company and/or its related companies or any of its substantial shareholders; 3. is not related to any director, officer, or substantial shareholder of the Company or any of the related companies or substantial shareholders of the Company. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister; 4. is not acting as a nominee or representative of any director or substantial shareholder of the Company, and/or any of its related companies, and/or any of its related shareholders pursuant to a Deed of Trust or under any contract or arrangement; 5. has not been employed in any executive capacity by the Company, any of its related companies and/or by any of its substantial shareholders within the last five (5) years;

		6. is not retained, either personally or through his/her firm or any similar entity, as a professional adviser of the Company, or any of its related companies and/or any of its substantial shareholders in the last five (5) years; 7. has not engaged and does not engage in any transaction with the Company and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself/herself and/or with other persons and/or through a firm of which he/she is a partner and/or a company of which he/she is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial or insignificant; and 8. may hereafter be considered as an Independent Director under applicable laws, statutes, or rules and regulations of the SEC.
b. Re-appointment		
(i) Executive Directors	The process of Selection/Appointment is repeated for the next term of the Executive Director.	Same criteria as Selection/Appointment
(ii) Non-Executive Directors	The process of Selection/Appointment is repeated for the next term of the Non-Executive Director.	Same criteria as Selection/Appointment
(iii) Independent Directors	The process of Selection/Appointment is repeated for the next term of the Independent Director.	Same criteria as Selection/Appointment
c. Permanent Disqualification		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	A Director who, during his/her term in office, becomes permanently disqualified based on the criteria laid down by the Company's Corporate Governance Code, shall be	See immediate succeeding row on Criteria for Disqualification

	removed from office after credible proof has been presented to the Board that the said Director does possess such disqualification.	

Criteria for Disqualification:

- Any person convicted by final judgment or order by a competent juridical or administrative body of any crime that: a.) involves the purchase or sale of securities, as defined in the SRC; b.) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or flood broker; c.) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or an affiliated person or any of them;

- Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: a. acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor or flood broker; b. acting as director or officer of a bank, quasi-bank, trust company, investment house or investment company; c. engaging in or continuing an conduct or practice in any of the capacities mentioned in the sub-paragraphs a. and b. or willfully violating the laws that govern securities and banking activities;

- Any person who has been restrained to engage in activity involving securities and banking;

- Any person who is currently the subject of an effective order of the Commission or any court or any administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP;

- Any person convicted by final judgment or order by a competent juridical or administrative body of an offense involving moral turpitude or fraudulent act or transgressions;

- Any person finally found guilty by the Commission or court or regulating bodies to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation

- Code, or any other law administered by the Commission or BSP or any rule, regulation or order issued by the Commission or BSP;

- Any person currently the subject of an effective order of a self-regulatory organization, suspending or expelling him from membership, participation or association with a member or participant of the organization;

- Any person earlier elected as independent director who becomes an officer, employee or consultant of the Company;

- Any person finally found guilty by foreign court or financial regulatory counterparts of the Philippines of acts, violations, or misconduct listed in the foregoing paragraphs;

- Any person judicially declared to be insolvent; and

- Any person finally convicted of an offence punishable by imprisonment of more than six (6) years, or violation of the Corporation Code, committed within five (5) years prior to the date of his/her election or appointment.

d. Temporary Disqualification		
(i) Executive Directors	A temporarily disqualified Director shall within sixty (60) days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he/she fails or refuses to do so for unjustified reasons, the disqualification shall become permanent. A permanent disqualification will result in the removal of the Director in accordance with the process under Permanent Disqualification.	Any of the following shall be a ground for the temporary disqualification of a Director: 1. Refusal to fully disclose the extent of his/her business interest as required under the SRC and its Implementing Rules and Regulations. Disqualification shall be in effect as long as the refusal persists; 2. Dismissal/termination from Directorship in another listed corporation for cause. This disqualification shall be in effect until the said involvement in the alleged irregularity is cleared or settled; 3. If the beneficial equity ownership of an Independent Director in the Company or its subsidiaries exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later on complied with; 4. Being under preventive suspension by the Company; and 5. Conviction that has not yet become final referred to in the grounds for the disqualification of Directors.
(ii) Non-Executive Directors	Same process as above	
(iii) Independent Directors	Same process as above	Any of the following persons shall likewise be disqualified from being nominated and elected as an Independent Director: 1. Owners of more than two percent (2%) of the total outstanding proprietary membership of the Company and/or any of its substantial shareholders; and

		2. A director who has failed, without any justifiable cause, to attend at least fifty percent (50%) of the total number of Board meetings during his/her incumbency.
e. Removal		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	A Director will be removed from office only after proper notice and hearing. Due process should be observed.	Any of the grounds under permanent disqualification and for cases resolved by the Board to be reason enough for a Director's removal
f. Re-instatement		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	A Director may be reinstated by the Board of Directors during a Board meeting, wherein a quorum is present and a vacancy in the Board exists; or through the inclusion of the name of the Director in the Final List of Candidates to be elected during the Company's ASM	A Director may be reinstated if cause for his/her removal has ceased to exist. This however does not include cases of Permanent Disqualification
g. Suspension		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	A Director will be suspended only after proper notice and hearing.	A Director may be suspended for any of the causes under Temporary Disqualification

Voting Result of the last Annual General Meeting (June 19, 2013)

As the number of nominees for Directors was the same as the number of Board seats available, all votes were cast equally among the eleven (11) nominees (Lucio C. Tan, Harry C. Tan, Carmen K. Tan, Michael G. Tan, Lucio K. Tan, Jr., Wilson T. Young, Juanita Tan Lee, Estelito P. Mendoza, Wilfrido E. Sanchez, Antonino L. Alindogan, Jr., and Florencia G. Tarriela) and were thus proclaimed as elected directors. Each director received 8,356,780, 144 votes each.

6) Orientation and Education Program

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

There is no formal orientation program for new Directors. In practice, a new Director is provided with materials regarding the operations of the Company and its subsidiaries. The new Director is likewise encouraged to visit and inspect offices and facilities of subsidiaries.

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

Although all current Directors and Senior Management have already attended seminars and trainings on good corporate governance in the past, as it is required prior to one's assumption in office, these Directors and Senior Management have not attended any in-house training and external courses for the past three (3) years. In coordination with the Institute of Corporate Directors (ICD), the Company intends to provide an

[3] Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

exclusive in-house Corporate Governance Seminar for the Directors and Key Management of the Company and its subsidiaries by the third quarter of the year.

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

All of the Company's current Directors regularly attend programs and seminars and roundtable discussions, however these Directors have not managed to attend any such program or seminar or roundtable discussion during the past year.

B. CODE OF BUSINESS CONDUCT & ETHICS

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	The Company maintains a policy of full and prompt disclosure for cases of conflict of interest.		
(b) Conduct of Business and Fair Dealings	The Company strictly requires the conduct of business and fair dealings.		
(c) Receipt of gifts from third parties	Receipt of gifts from third parties that will tend to undermine duties to the Company is highly discouraged.		
(d) Compliance with Laws & Regulations	All Directors, Senior Management and Employees are strictly enjoined to comply with the Laws and Regulations.		
(e) Respect for Trade Secrets/Use of Non-public Information	The Company strictly requires the observance of proper usage of trade secrets and confidential information.		
(f) Use of Company Funds, Assets and Information	The Company strictly monitors the use of Company funds, assets and information.		
(g) Employment & Labor Laws & Policies	Together with laws and regulations, compliance with Employment & Labor Laws & Policies is strictly enjoined as well.		
(h) Disciplinary action	The Company shall mete out appropriate disciplinary actions to persons found guilty of corporate transgressions.		
(i) Whistle Blower	This is encouraged within the Company although a concrete policy thereon have yet to be formulated.		
(j) Conflict Resolution	The Company highly encourages prompt conflict resolution.		

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

Due to the reorganization of the Company, its Code of Ethics has been undergoing some revisions and shall be disseminated to all Directors, senior management and employees as soon as the same has been approved by the Board.

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

The Company monitors compliance through periodic checks by the Board during Board meetings.

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.

The Company prefers to transact with related parties to avoid the risk of materials shortages and unfair pricing. In addition, there is better coordination with suppliers on quality, production scheduling and pricing consideration. In addition, transactions with related parties have a stronger basis for trust and confidence in meeting material deadlines.

In the normal course of business, the Company transacts with the following related parties for the purposes set forth below:

Asia Brewery Inc.	***Supplier of Bottles/Royalty Fees***
Eton Properties Philippines, Inc.	***Investment Properties***
Allied Banking Corporation	***Investments/Loans/Services***
Philippine National Bank	***Deposits***
Tangent Holdings Corporation	***Advances***
Victorias Milling Co., Inc.	***Supplier of Sugar and Molasses***

Transactions with these related parties are necessary in the normal course of the Company's business. Though substantial in amount, they are still under normal trade practice. There are no special risks or contingencies arising from said transactions. In transacting with related parties, the prices are based on terms that are no less favorable than those arranged with third parties. In addition, since the Company adheres to industry standards and practices, the transactions have been fairly evaluated and no long term contracts have been entered into. There are no long term suppliers contracts. The Company can source any material from third-party suppliers should this be more favorable to the Company.

There are no parties that fall outside the definition "related parties" with whom the Company or any of its related parties has a relationship that enables the parties to negotiate terms of material transactions that may not be available from other more clearly independent parties on an arm's length basis.

(b) Conflict of Interest

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

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

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	The Company does not foresee any actual or probable conflict of interest to which a Director may be involved
Name of Officer/s	The Company does not foresee any actual or probable conflict of interest to which a Company's Officer may be involved
Name of Significant Shareholders	The Company does not foresee any actual or probable conflict of interest to which a significant shareholder may be involved

(ii) Mechanism

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

	Directors/Officers/Significant Shareholders
Company	Regular disclosures in good faith shall aid in detecting conflicts of interest. Resolution of the same may range from informal talks with Management to the extent of elevating the matter to Board level.
Group	Above mechanism, when applicable, may also be used to detect, determine and resolve conflicts of interest between appropriate persons within the Group.

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,[4] 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:

The Company is not aware of any such relations that exist between its holders of significant equity.

(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:

Not applicable.

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

There is none.

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.

No conflict that necessitated an alternative dispute resolution occurred within the Company in the last three (3) years.

C. BOARD MEETINGS & ATTENDANCE

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

Board meetings are scheduled monthly. The members present during every Board meeting set the date of the next month's meeting, taking into consideration quorum requirement and public holidays.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Lucio C. Tan	05/02/12	14	11	79
Member	Carmen K. Tan	05/02/12	14	2	14
Member	Harry C. Tan	05/02/12	14	13	93
Member	Michael G. Tan	05/02/12	14	11	79
Member	Lucio K. Tan, Jr.	05/02/12	14	10	71
Member	Wilson T. Young	05/02/12	14	14	100
Member	Juanita Tan Lee	05/02/12	10	10	100
Member	Domingo T. Chua	05/02/12	8	5	63

[4] Family relationship up to the fourth civil degree either by consanguinity or affinity.

Member	Andres C. Co	05/02/12	8	8	100
Independent	Peter P. Ong	05/02/12	14	8	57
Independent	Carlos R. Alindada	05/02/12	9	8	89

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

No. Non-executive directors do not have separate meetings during the year without the presence of any executive director.

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

No. Minimum quorum requirement is majority of the members of the Board.

5) Access to Information

(a) How many days in advance are board papers[5] for board of directors meetings provided to the board?

Board materials are usually sent to the members of the Board three (3) days before the scheduled meeting.

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

Yes. Board members have independent access to Management and the Corporate Secretary.

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

The Corporate Secretary is a Filipino Citizen and resident of the Philippines. She possesses administrative and interpersonal skills and working knowledge of the Company's operations. Although she is not the chief legal counsel of the Company, she is aware of the laws, rules and regulations necessary in the performance of her duties and responsibilities. Her duties include:

1) ***Inform the members of the Board, in accordance with the By-Laws, of the Agenda of their meetings and assist them in obtaining relevant, timely and accurate corporate information in making sound business judgment and in performance of their responsibilities and obligations;***

2) ***Assist the President in preparing and holding meetings of Management;***

3) ***Supervise the maintenance, preparation and submission of reports and other documents to state agencies in accordance with applicable legislation;***

4) ***Attend all Board meetings, except when justifiable causes, such as, but not limited to, illness, death in the immediate family and serious accidents, prevent her from doing so;***

5) ***Maintain record of the minutes of the meetings of the Board and its committees, as well as other official records of the Company;***

6) ***Ensure that all Board procedures, rules and regulations are strictly followed by the members;***

7) ***Submit to SEC a sworn certification of the directors' attendance in Board meetings on or before January 30 of the following year; and***

[5] 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.

8) ***As the Compliance Officer, she performs as well all the duties and responsibilities of the said office provided for in the Company's Corporate Governance Manual.***

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

The Corporate Secretary is a lawyer and is thus trained in the legal field. With the number of years she has been with the Company and its subsidiaries, she has already gained ample experience in accountancy and company secretarial practice.

(e) Committee Procedures

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

Yes [X]   No [ ]

Committee	Details of the procedures
Executive	Any of the Directors can request the necessary information or document/s from the office of the Corporate Secretary.
Audit	
Nomination and Compensation	
Risk Management	
Good Governance	

6) External Advice

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

Directors may receive and/or solicit external advice however the Company currently has no procedure for this purpose.

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:

There were no changes introduced.

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:

There is no particular process for determining the remuneration of the CEO and the most highly compensated management officers. Consideration is basically anchored on the skills they possess and their value to the Company.

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.

The Directors of the Company receive an allowance of P30,000.00 a month and a per diem of P25,000.00 for every Board meeting and P15,000.00 for every Committee meeting attended. Other than the stated allowance and the per diem of the Directors, there are no other standard arrangements to which the Directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a

Director, including any additional amounts payable for Committee participation or special assignments, for the last completed fiscal year and the ensuing year.

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.

The allowance and per diems of Directors are disclosed in the Information Statement furnished to the stockholders before each Annual Shareholders' Meeting. Although the stockholders do not approve the total remuneration of the Board, any questions thereon may be raised during the Annual Shareholders' Meeting.

3) Aggregate Remuneration

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

The following compensation was given to Officers and Directors for the following reporting years:

Summary Compensation Table
Annual Compensation

	Year	Salary	Bonus	Others*
Four (4) most highly compensated executive officers (see below)	2012 (Estimate)	P9,372,000	P781,000	P2,106,500
	2011	P8,520,000	P710,000	P1,915,000
	2010	P8,070,000	P710,000	P1,865,000
All other officers and directors as a group unnamed	2012 (Estimate)	P4,092,000	P341,000	P3,624,500
	2011	P3,720,000	P310,000	P3,295,000
	2010	P3,630,000	P310,000	P4,490,000

****Others – includes per diem as director***

The following constitute the Company's four (4) most highly compensated Executive Officers (on a consolidated basis):

1. ***Dr. Lucio C. Tan is the Chairman of the Board of Directors and Chief Executive Officer (CEO)***
2. ***Mr. Michael G. Tan is the President***
3. ***Mr. Wilson T. Young is the Managing Director and Deputy CEO***
4. ***Mr. Nestor C. Mendones is the Chief Finance Officer***

4) Stock Rights, Options and Warrants

(a) Board of Directors

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

There are no Directors of the Company with stock rights, options or warrants over the Company's shares.

(b) Amendments of Incentive Programs

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

There are none.

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:

Please see table above under item 3: Aggregate Remuneration

E. BOARD COMMITTEES (As of June 30, 2013)

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	3	2	2	Revised Charter Pending Board Approval	The Executive Committee acts, by majority vote of all its members, on such specific matters within the competence of the Board of Directors as may be delegated to it by a majority vote of the Board, except with respect to (1) approval of any action for which shareholders' approval is also required; (2) the filling of vacancies in the Board; (3) the amendment or repeal of By-Laws or the adoption of new By-Laws; (4) the amendment or repeal of any resolution of the Board, which by its express terms is not so amendable or repealable; and (5) a distribution of cash dividend to shareholders; All actions of the Committee are reported to the Board at the Board meeting following any action taken by the Committee and are subject to revisions and alterations by the Board; provided, that no rights of third persons will be affected by any such revision or alteration; The Committee determines its rules and procedures subject to the approval of the Board of Directors; and Approves the business plan, operating budget, and capital expenditure each year, which is subject to confirmation by the Board.		
Audit	1	3	2	Revised Charter Pending Board Approval	Ensures the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for monitoring risk, financial control, and compliance with the law, rules and regulations;		

					Assists the Board in its oversight function over the Company's financial reporting process, internal control system, information technology security, audit process, and compliance monitoring, and ensuring compliance with policies, laws, and regulations and ensuring that management is taking appropriate corrective actions in a timely manner to address control weaknesses and other problems identified by auditors. Reviews all financial reports to ensure their compliance with pertinent accounting standards, and recommends to the Board the approval thereof before submission to the regulatory agencies. Reviews the annual internal audit plan, at least one month before the conduct of the external audit, ensuring its conformity with the Company's objectives. Considers the independence and objectivity of the External Auditor, including reviewing the range of services provided in the context of all consulting services bought by the Company. Meets with the External Auditor, without the presence of the Company's Management, at least annually. Reviews the effectiveness of the financial management systems and information technology security including internal control of the entire accounting process from documentation of financial transactions to the preparation, interpretation and analysis of financial reports of Management and the External Auditor. Evaluates and determines the non-audit work, if any, of the External Auditor, and reviews periodically the non-audit fees paid to the External Auditor in relation to its significance to the total annual income of the External Auditor and to the Company's overall consultancy expenses. The Committee disallows any non-audit work that will conflict with the duties of the External Auditor or may pose a threat to his/her independence. Performs oversight functions over the Audit Committee of the various subsidiaries and affiliates of the Company;

					Prior to the external audit, discuss the nature, scope, and expenses of the audit, and ensure proper coordination among several external auditors, when applicable, to avoid duplication of efforts. Exercises explicit authority to investigate any matter within the terms of reference, has full access to and cooperation by management and full discretion to invite any Director or executive officer to attend its meetings, and adequate resources to enable it to effectively discharge its functions. Reviews the quarterly semi-annual, and annual financial statements before their submission to the Board; Ensures that the Audit Committee Charter is in writing and that arrangements are made for all employees to be aware of it Has direct responsibility in monitoring and disclosing to the proper agencies the related party transactions of the Company. Elevates to international standards the accounting and auditing processes, practices and methodologies.
Nomination and Compensation	3	1	1	Revised Charter Pending Board Approval	Pre-qualifies and shortlists candidates for election to the Board of Directors. Nominate at least two (2) independent directors or such as to constitute at least twenty percent (20%) of the members of the Board; Re-nominates directors, considering the director's contribution and performance (e.g. attendance, preparedness, participation and candor) including, if applicable, independent directors; Considers the following guidelines in determining the number of directors to be nominated to the Board: 1. The scope and nature of the operations of the Company; 2. Age of the director; and 3. Possible conflict of interest among the directors. Establishes a formal and transparent procedure for fixing the remuneration packages of individual directors. No director shall be involved in deciding his/her own remuneration;

					Designates amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Company successfully; Provides a clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the Company's annual report; Develops a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired; Provides in the Company's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year; and In consultation with the executive or management committee/s, redefines the role, duties and responsibilities of the CEO by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.
Risk Management	1	1	3	Pending Board Approval	It shall oversee operational, legal, and other risks and shall primarily be responsible for monitoring the statutory requirements of the Company. It shall assess the probability of each risk becoming reality and shall estimate its possible effect and cost. Priority areas of concern are risks that are the most likely to occur and are costly when such do happen. It shall oversee the policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks. It shall develop a plan defining the strategies for managing and controlling the major risks. It shall identify practical strategies to reduce the chance of harm and failure or minimize losses if the risk becomes real. It shall monitor and evaluate the adequacy and effectiveness of the internal control system of the Company and its subsidiaries.

					It shall communicate the risk management plan and loss control procedures to affected parties. It shall conduct regular discussions on the Company's current risk exposure based on regular Management reports and instruct concerned units and/or offices on how to reduce such exposure. It shall evaluate the risk management plan to ensure its continued relevancy, comprehensiveness and effectiveness. It shall revisit strategies, look for emerging or changing exposures, and stay abreast of developments that affect the likelihood of harm or loss. It shall report regularly to the Board of Directors the Company's over-all risk exposure, actions taken to reduce the risks, and recommend further action or plans as necessary. It shall ensure that the Board shall take appropriate corrective action, when necessary, in addressing control and compliance functions with regulatory agencies. It shall ensure the Company's adherence to corporate governance principles, best practices and compliance with this Manual.
Good Governance	1	2	2	Pending Board Approval	Ensure the Board's and the Board committees' effectiveness and due observance of corporate governance principles and guidelines; Oversee periodic performance evaluation of the Board and its committees and executive management, and conduct an annual self-evaluation of its performance. Periodic performance reviews include the subsidiaries, including their respective Boards and management; Evaluate and recommend whether or not a Director is able to and has been adequately carrying out his/her duties as Director, bearing in mind the Director's contribution and performance; and Review and recommend the manner by which the Board's performance may be evaluated and propose an objective performance criteria approved by the Board.

2) Committee Members

(a) Executive Committee as of June 30, 2013

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Lucio C. Tan	06/19/13	-	-	-	
Member (ED)	Harry C. Tan	06/19/13	-	-	-	
Member (NED)	Lucio K. Tan, Jr.	06/19/13	-	-	-	
Member (ED)	Michael G. Tan	06/19/13	-	-	-	
Member (NED)	Juanita Tan Lee	06/19/13	-	-	-	
Member (ID)	Florencia G. Tarriela	06/19/13	-	-	-	
Member (ID)	Antonino L. Alindogan, Jr.	06/19/13	-	-	-	

(b) Audit Committee as of June 30, 2013

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Antonino L. Alindogan, Jr.	06/19/13	-	-	-	
Member (ED)	Michael G. Tan	06/19/13	-	-	-	
Member (NED)	Lucio K. Tan, Jr.	06/19/13	-	-	-	
Member (ID)	Wilfrido E. Sanchez	06/19/13	-	-	-	
Member (ID)	Florencia G. Tarriela	06/19/13	-	-	-	

Disclose the profile or qualifications of the Audit Committee members.

The Audit Committee shall be composed of at least three (3) members of the Board, one (1) of whom shall be an independent director. Each member shall have accounting or financial management expertise or experience.

***Antonino L. Alindogan, Jr.**, 74, Filipino, Chairman of An-Cor Holdings, Inc.; Chairman/President of Landrum Holdings, Inc.; Independent Director of Phil. Airlines, Inc., Eton Properties Philippines, Inc., Rizal Commercial Banking Corp., PAL Holdings, Inc., House of Investments, Inc., Great Life Financial Assurance Corp., and Bankard Inc.; Former President of C55, Inc.; Former Chairman of the Board of Directors of Development Bank of the Philippines (DBP); Former Consultant for Microfinance of DBP; Former Member of the Monetary Board of Bangko Sentral ng Pilipinas*

***Michael G. Tan**, 47, Filipino, Director/Chief Operating Officer of Asia Brewery, Inc., Director of Allied Banking Corporation, AlliedBankers Insurance Corp., Air Philippines Corp., Eton Properties Philippines, Inc., PMFTC Inc., Grandway Konstruct, Inc., Lucky Travel Corp., Philippine Airlines, Inc., Philippine Airlines Foundation, Inc., PAL Holdings, Inc., Tanduay Brands International, Inc., Absolut Distillers, Inc., Eton City, Inc., and Shareholdings, Inc.*

***Lucio K. Tan Jr.**, 46, Filipino, Director/President of Tanduay Distillers, Inc., Director/EVP of Fortune Tobacco Corp.; Director of AlliedBankers Insurance Corp., Philippine Airlines, Inc., Philippine National Bank, PAL Holdings, Inc., Eton Properties Philippines, Inc., MacroAsia Corporation, PMFTC Inc., Lucky Travel Corp., Air Philippines Corp., Tanduay Brands International, Inc, Asian Alcohol Corp., Absolut Distillers, Inc., Asia Brewery, Inc., Foremost Farms, Inc., Himmel Industries, Inc., Progressive Farms, Inc., The Charter House, Inc., Eton City, Inc., Belton Communities, Inc., FirstHomes, Inc., REM Development Corporation, Grandspan Development Corporation, Dominium Realty & Construction Corp., Manufacturing Services & Trade Corp., Fortune Tobacco International Corp., and Shareholdings, Inc.*

***Wilfrido E. Sanchez**, 76, Filipino, Tax Counsel of Quiason Makalintal Barot Torres Ibarra & Sison Law Offices; Vice Chairman of Center for Leadership & Change, Inc.; Director of Adventure International Tours, Inc., Amon Trading Corp., EEI Corporation, Grepalife Asset Management Corp., Grepalife Fixed Income Fund Corp., House of Investments, JVR Foundation, Inc., Kawasaki Motor Corp., Magellan Capital Holdings, Corp., Omico Corporation; PETNET, Inc., PETPLANS, Inc., Rizal Commercial Banking Corporation, Transnational Diversified Corp., Transnational Diversified Group, Inc., Transnational Financial Services, Inc., and Universal Rubina Corp.*

***Florencia G. Tarriela**,66, Filipino, Chairman of Philippine National Bank, PNB Global Remittance & Financial Co., HK Ltd.; Trustee/Advisor/Director of Foundation for Filipino Entrepreneurship, Inc., Summer Institute of Linguistics, and Tulay sa Pagunlad, Inc.; Columnist of Manila Bulletin.*

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

The Committee reviews the annual internal audit plan, at least one month before the conduct of the external audit, ensuring its conformity with the Company's objectives. The plan shall include the audit scope, resources and budget for implementation. Likewise, the Committee shall consider the independence and objectivity of the External Auditor, including reviewing the range of services provided in the context of all consulting services bought by the Company.

(c) Nomination and Compensation Committee as of June 30, 2013

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Lucio C. Tan	06/19/13	-	-	-	
Member (ED)	Harry C. Tan	06/19/13	-	-	-	
Member (NED)	Lucio K. Tan, Jr.	06/19/13	-	-	-	
Member (ED)	Michael G. Tan	06/19/13	-	-	-	
Member (ID)	Wilfrido E. Sanchez	06/19/13	-	-	-	

(d) Risk Management Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Antonino L. Alindogan, Jr.	06/19/13	-	-	-	
Member (NED)	Lucio K. Tan, Jr.	06/19/13	-	-	-	
Member (ED)	Michael G. Tan	06/19/13	-	-	-	
Member (ID)	Wilfrido E. Sanchez	06/19/13	-	-	-	
Member (ID)	Florencia G. Tarriela	06/19/13	-	-	-	

(e) Good Governance Committee

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	Florencia G. Tarriela	06/19/13	-	-	-	
Member (NED)	Lucio K. Tan, Jr.	06/19/13	-	-	-	
Member (ED)	Michael G. Tan	06/19/13	-	-	-	
Member (ID)	Antonino L. Alindogan, Jr.	06/19/13	-	-	-	
Member (NED)	Juanita Tan Lee	06/19/13	-	-	-	

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	Wilson T. Young Andres C. Co	Expiration of term on 06/19/13
Audit	Carlos R. Alindada Peter P. Ong Ma. Cecilia L. Pesayco Juanita Tan Lee	Expiration of term on 06/19/13
Nomination	Peter P. Ong Domingo T. Chua Juanita Tan Lee	Expiration of term on 06/19/13

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	Due to regular meetings of the Board of Directors that addressed the concerns of the Company, the Committee had no occasion to meet during the year.	N/A
Audit	Functions as prescribed in the Company's Corporate Governance Manual/Committee Charter	Audit concerns
Nomination	Functions as prescribed in the Company's By-Laws/Manual/Committee Charter	Nomination-related concerns prior to the ASM
Risk Management	Being a new committee, there have been no meetings yet for the past year	N/A
Corporate Governance	The revisions of the Manual/Charters of the Committees	Charters/Manual revisions

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	Approval of a revised Charter and compliance to the same	Establishing key/core corporate governance principles
Audit	Approval of a revised Charter and compliance to the same	Establishing key/core corporate governance principles
Nomination	Approval of a revised Charter and compliance to the same	Establishing key/core corporate governance principles
Risk Management	Approval of a Charter and compliance to the same	Establishing key/core corporate governance principles
Corporate Governance	Approval of a Charter and compliance to the same	Establishing key/core corporate governance principles

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

   (a) Overall risk management philosophy of the company;

   Close monitoring of the risk environment of the Company, inclusive of its subsidiaries, in order to provide direction for the activities that will mitigate, to an acceptable level, the risks that may adversely affect the Company's ability to achieve its goals.

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

   In the Company's Audited Financial Statements for the year ended 31 December 2012, the following statement is included therein:

   "Risk Management Strategies
   The Group's financial risk management strategies are handled on a group-wide basis, side by side with those of the other related companies within the Group. <u>The Group's management and the Board of Directors of the various companies comprising the Group, review and approve policies for managing these risks.</u> Management closely monitors the funds and financial transactions of the Group. Funds are normally deposited with affiliated local banks and financial transactions are normally dealt with companies belonging to the Group."

   (c) Period covered by the review;

   Year 2012.

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

   Reviewed annually.

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

   N/A

2) Risk Policy

   (a) Company

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

Risk Exposure	Risk Management Policy	Objective
The Company is a holding company that depends on dividends and distributions from subsidiaries	The employment of competent and efficient people to operate the subsidiaries as well as the Company itself	Objective is to avoid business losses and reverses in the subsidiaries
	The investment in a diverse portfolio	The Company will avoid collapse with the crippling of one industry or sector

(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 risk exposure, risk management policy and objective are the same as the ones disclosed above.

(c) Minority Shareholders

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

Risk to Minority Shareholders
No risks foreseen.

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:

The Company's Risk Management Committee has just been established and is at the start-up stage. Currently control systems to assess, manage and control the main issue/s faced by the Company are still being developed and studied.

(b) Group

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

The ccontrol systems to assess, manage and control the main issue/s faced by the Group is likewise still being developed and studied.

(c) Committee

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

Committee/Unit	Control Mechanism	Details of its Functions
Audit Committee	Checks and reviews financial reports of the Company.	The Audit Committee assists the Board in fulfilling its oversight responsibilities. It reviews the financial reporting process, system of internal control and management of financial risk, audit process, Company's process for monitoring compliance with laws and regulations and its own code of corporate governance.
Risk Management Committee	Shall cause the development of risk management strategies and monitor the proper implementation thereof	The Committee shall assist the Board in identifying potential risk exposures of the Company.

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;

Each of the companies belonging to the conglomerate has its own internal audit department. Said audit departments monitors, assesses and evaluates efficiencies of operations and the financial condition of their respective companies. The Company as a conglomerate has its Audit Committee, which reviews, assesses and evaluates the work and performance of the respective internal audit departments of the companies belonging to the conglomerate.

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

The Board regularly expresses its satisfaction to the efficiency and sound operation of the internal control system during Board meetings with presentations of the Company's financials.

(c) Period covered by the review;

Year 2012.

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

Quarterly.

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

N/A

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 Company's Audit Committee serves as its internal audit. The role and scope thereof have already been discussed in the portions herein on Board Committees.

(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?

Not applicable.

(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?

Not applicable.

(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.

No resignation/s or reassignment save for the expiration of term of Committee members that was reported earlier herein.

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

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

Since the Audit Committee serves as the Company's Internal Audit, there is no internal audit plan inclusive of a timeline and milestones. The Committee meets quarterly to discuss, review and approve the financials of the Company as prepared by the Chief Financial Officer, or the external auditor, when so appropriate.

Progress Against Plans	N/A
Issues[6]	
Findings[7]	
Examination Trends	

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

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

(f) Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
Audit Charter must be finalized and approved to define the scope of the work and policies that will regulate the Company's financial activities	In process
Establishment of risk management strategies to identify priorities of the internal audit	In process

(g) Mechanisms and Safeguards

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
External Auditor The Audit Committee evaluates and determines the non-audit work, if	Aside from the statutory regulations of the appropriate agencies, the Company has yet to	Aside from the statutory regulations of the appropriate agencies, the Company has yet to	Aside from the statutory regulations of the appropriate agencies, the Company has yet to establish a

[6] "Issues" are compliance matters that arise from adopting different interpretations.
[7] "Findings" are those with concrete basis under the company's policies and rules.

there are any, of the External Auditor, and reviews periodically the non-audit fees paid to the External Auditor in relation to its significance to the total annual income of the External Auditor and to the Company's overall consultancy expenses. The Committee disallows any non-audit work that will conflict with the duties of the External Auditor or may pose a threat to his/her independence. The non-audit work, if allowed, is disclosed in the Company's annual report.	establish a formal mechanism to safeguard the independence of financial analysts.	establish a formal mechanism to safeguard the independence of investment banks.	formal mechanism to safeguard the independence of rating agencies.

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

The Chairman and the CEO will to attest to the Company's full compliance with the SEC Code of Corporate Governance. Such confirmation will state that all Directors, officers and employees of the Company have been given proper instruction on their respective duties as mandated by the Code of Corporate Governance and that internal mechanisms are in place to ensure that compliance.

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	The Company has no customers	-
Supplier/contractor selection practice	The Company has no supplier/contractor	-
Environmentally friendly value-chain	The Company seeks to help, in any way possible, in the protection and sustainability of the environment	There are no current activities of the Company.
Community interaction	This is highly encouraged.	There are no current activities of the Company.
Anti-corruption programmes and procedures?	The business of the Company shall be governed by this standard: It shall act with *integrity* in all dealings and in the discharge of duties and responsibilities; the goal is to work hard and establish a *good reputation* as the cornerstone of its success.	There are no current activities of the Company.
Safeguarding creditors' rights	The Company highly regards the rights of its creditors	There are no current activities of the Company.

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

One of the Company's subsidiaries, Tanduay Distillers, Inc., has already put up a Corporate Social Responsibility Section on the Company website.

3) Performance-enhancing mechanisms for employee participation.

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

The Company offers health care benefits covered by the health insurance provider of the Company.

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

There have been no reported work-related accidents or health concerns in the Company.

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

New employees are given orientation on the Company's policies and procedures by their direct supervisors.

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

It is the policy of the Company to promote advancement among its employees for consistently exceeding expectations over two years. The Board grants performance bonus, when so warranted.

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.

Employees may complain through key Officers in the Company. Management shall maintain the confidentiality of all concerns and complaints.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Tangent Holdings Corporation *SMI Compound* *C. Raymundo Ave.,* *Maybunga, Pasig City*	8,046,318,193 RECORD OWNER	74.7%	Lucio C. Tan

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Lucio C. Tan	2,200	Nil	-
Michael G. Tan	1,100	Nil	-
Ma. Cecilia L. Pesayco	2,200	Nil	-
Jose Gabriel D. Olives	0	Nil	-
Nestor C. Mendones	0	Nil	-
TOTAL	**5,500**	Nil	-

2) Does the Annual Report disclose the following:

Key risks	YES
Corporate objectives	YES
Financial performance indicators	YES
Non-financial performance indicators	YES
Dividend policy	YES
Details of whistle-blowing policy	NO*
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	YES
Training and/or continuing education programme attended by each director/commissioner	YES
Number of board of directors/commissioners meetings held during the year	NO**
Attendance details of each director/commissioner in respect of meetings held	NO**
Details of remuneration of the CEO and each member of the board of directors/commissioners	YES

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

**** The Company has yet to establish a formal Whistle-blowing Policy.***

***** The number of board of directors' meetings held during the year, as well as the attendance details of each director, are disclosed in a separate report submitted to the Commission every January 30th of the year.***

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
SGV & Co.	**2012 – PhP1,400,000**	-

4) Medium of Communication

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

Since the Company is a publicly-listed company, all information shall be disseminated through the disclosure channels of the Philippine Stock Exchange. Shareholders may also get in touch with the Office of the Corporate Secretary for necessary relevant documents.

Likewise, the Company has a website where investors may find helpful information.

5) Date of release of audited financial report:

Latest audited financial statements of the Company was filed on April 15, 2013.

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	NO
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.

Shareholding structure is available upon request from the Office of the Corporate Secretary.

7) Disclosure of RPT

The Company prefers to transact with related parties to avoid the risk of materials shortages and unfair pricing. In addition, there is better coordination with suppliers on quality, production scheduling and pricing consideration. In addition, transactions with related parties have a stronger basis for trust and confidence in meeting material deadlines.

In the normal course of business, the Company transacts with the following related parties for the purposes set forth below:

Asia Brewery Inc.	***Supplier of Bottles/Royalty Fees***
Eton Properties Philippines, Inc.	***Investment Properties***
Allied Banking Corporation	***Investments/Loans/Services***
Philippine National Bank	***Deposits***
Tangent Holdings Corporation	***Advances***
Victorias Milling Co., Inc.	***Supplier of Sugar and Molasses***

Transactions with these related parties are necessary in the normal course of the Company's business. Though substantial in amount, they are still under normal trade practice. There are no special risks or contingencies arising from said transactions. In transacting with related parties, the prices are based on terms that are no less favorable than those arranged with third parties. In addition, since the Company adheres to industry standards and practices, the transactions have been fairly evaluated and no long term contracts have been entered into.

There are no long term suppliers contracts. The Company can source any material from third-party suppliers should this be more favorable to the Company. There are no parties that fall outside the definition "related parties" with whom the Company or any of its related parties has a relationship that enables the parties to negotiate terms of material transactions that may not be available from other more clearly independent parties on an arm's length basis.

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.

Quorum Required	According to the By-Laws, at the meeting of the Company, the stockholders holding or representing a majority of the subscribed capital stock of the Company, shall constitute a

	quorum for the transaction of business at such stockholders' meeting and every decision of a majority of said stockholder holding a majority of the subscribed capital stock, duly assembled at said meeting, unless otherwise provided by law, shall be valid as an act at such meeting.

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	At a Shareholders' Meeting, shareholders present vote to approve corporate acts of the Board of Directors and Management during the previous year.
Description	At all corporate meetings, each shareholder, either in person or proxy, shall be entitled to as many votes as he/she owns shares of stocks.

(c) Stockholders' Rights

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

There are no stockholders' rights concerning the Annual/Special Stockholder' Meeting which differ from those rights laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
N/A	

Dividends

Declaration Date	Record Date	Payment Date
June 19, 2013	July 3, 2013	July 29, 2013

(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
Shareholders present during a Stockholders' Meeting may ask questions directed to the Board and Key Officers.	There is no formal procedure for this.

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 corporate acts enumerated above all need stockholders' approval or ratification. These acts only need a majority vote of stockholders during a meeting with quorum present, except for item a, which needs the affirmative vote of stockholders representing at least two-thirds (2/3) of the subscribed capital stock of the Company.

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: ***May 28, 2013***

   b. Date of the Annual/Special Stockholders' Meeting: ***June 19, 2013***

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

   A question was raised during the June 19, 2013 Shareholders' Meeting about the Company's act of leasing an office space in Taguig City. The President replied that the Company has changed its principal place of business from Makati City to Taguig City. Since the property development subsidiary of the Company, Eton Properties Philippines, Inc., does not have any current project or development in Taguig City, the lease of an office premise therein from another developer is necessary.

5. Result of Annual/Special Stockholders' Meeting's Resolutions ***(June 19, 2013 ASM)***

Resolution	Approving	Dissenting	Abstaining
Notation and Approval of the Management Report as reflected in the Company's Annual Report	Majority of the stockholders present	None	None
Ratification of all acts, resolutions and investments of the Company for the year 2012	Majority of the stockholders present	None	None

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

   June 19, 2013 via the Philippine Stock Exchange's Online Disclosure System.

(e) Modifications

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

There were no modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year.

(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	Harry C. Tan Michael G. Tan Lucio K. Tan, Jr. Wilson T. Young Juanita Tan Lee Wilfrido E. Sanchez Florencia G. Tarriela	06/19/13	Balloting	0.0011	77.2235	77.2246

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

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

(g) Proxy Voting Policies

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

	Company's Policies
Execution and acceptance of proxies	Shall be in writing and filed with the Corporate Secretary at least three (3) business days prior to the meeting
Notary	Not required
Submission of Proxy	Submitted to the Corporate Secretary at least three (3) business days prior to the meeting
Several Proxies	Principal stockholder shall be consulted in case of conflicting proxies
Validity of Proxy	Five years, unless specified otherwise.
Proxies executed abroad	Consular validation is required.
Invalidated Proxy	This will not be accepted
Validation of Proxy	To be done after the close of business hours of the last day for the submission of proxies
Violation of Proxy	The proxy will not be honored.

(h) Sending of Notices

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

Policies	Procedure
Notices of Meeting shall be sent in accordance with the rules and regulations issued by the Commission	Notices will be sent to the list of stockholders as of record date, as prepared by the Company's stock transfer agent.

(i) Definitive Information Statements and Management Report (June 19, 2013 ASM)

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	All stockholders as of May 15, 2013 totaling 10,821,388,889
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	May 28, 2013
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	May 28, 2013
State whether CD format or hard copies were distributed	Hard copies were distributed, a CD format of the Annual Report was available during the day of the meeting
If yes, indicate whether requesting stockholders were provided hard copies	N/A

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

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

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

2) Treatment of Minority Stockholders

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

Policies	Implementation
The Board is committed to respect the rights of the minority stockholders	Strict implementation is enjoined

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

K. INVESTORS RELATIONS PROGRAM

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

The Company has a Compliance Officer who monitors the Company's external and internal communications policies. She is also in charge of reviewing and approving major company announcements.

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 disseminate necessary corporate information as well as to build strong relationships with Company investors
(2) Principles	Paying attention to the needs of the Company investors is key
(3) Modes of Communications	Through the company website or through telephone
(4) Investors Relations Officer	The Company has yet to employ an Investors Relations Officer Compliance Officer: **ATTY. MA . CECILIA L. PESAYCO** ALLIED BANK CENTER 6754 Ayala Avenue, Makati City T: (632) 810-2451; 816-3311 TO 50 F: (632) 8165793

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?

With respect to acquisition of corporate control in the capital markets, as well as extraordinary transactions such as mergers, and sales of substantial portions of corporate assets, the Company acts in accordance with the relevant provisions in the Corporation Code.

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

Currently, there is none.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
A subsidiary, Tanduay Distillers, Inc. has partnered with the Tan Yan Kee Foundation for a mangrove rehabilitation project dubbed as "Roots for Boracay."	Boracay Mangroves
The Company is constantly searching for opportunities that will spark initiatives that may be undertaken with subsidiaries or able partners, which will greatly benefit particular sectors of society.	Currently none in particular.

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

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

	Process	Criteria
Board of Directors	Board Assessment	General responsibility of the Board to its stakeholders and the investing public
Board Committees	Performance Assessment	The appropriate governance of the Company through its Committees.
Individual Directors	Self-Assessment	Vis-à-vis the duties and responsibilities set forth in the Company By-Laws and Corporate Governance Manual.
CEO/President	Performance Assessment	The sound business operations of the Company

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 Compliance Officer shall monitor and evaluate cases on noncompliance with the Manual. Upon proper notice and hearing, the Compliance Officer shall recommend to the Chairman of the Board the imposable penalty for such violation if any, and for further review and approval of the Board members.

The penalties prescribed hereunder shall be imposed:

- ***First offense, reprimand.***
- ***Second offense, suspended. The duration of suspension shall depend on the gravity of the violation.***
- ***Third offense, recommended for termination from office.***

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on 28 June 2013.

SIGNATURES

HARRY C. TAN, Vice Chairman
FOR : **LUCIO C. TAN**
Chairman of the Board/ Chief Executive Officer

MA. CECILIA L. PESAYCO
Compliance Officer

ANTONINO L. ALINDOGAN, JR.
Independent Director

WILFRIDO E. SANCHEZ
Independent Director

SUBSCRIBED AND SWORN to before me this JUL 01 2013 day of June 2013, affiant(s) exhibiting to me their competent evidence of identification, as follows:

NAME	PASSPORT NO.	DATE OF ISSUE/PLACE OF ISSUE
Harry C. Tan	EB1637218	January 03, 2011/DFA, Manila, Philippines
Antonino L. Alindogan, Jr.	XX1937233	September 02, 2008/DFA Manila, Philippines
Wilfrido E. Sanchez	EB2495410	May 19, 2011/DFA, Manila, Philippines
Ma. Cecilia L. Pesayco	EB4720800	February 16, 2012/DFA, Manila, Philippines

Doc No. 197
Page No. 41
Book No. II
Series of 2013

ADRIANNE MARIE C. ALAZAS
Notary Public until 31 December 2013
19th/F BDO Plaza, 8737 Paseo de Roxas, Makati City
PTR No. 3678698, Makati, 10 January 2013
IBP No. 911819, Makati, 4 January 2013
Roll No. 58449, Commission No. 445