

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year 2016
2. Exact Name of Registrant as Specified in its Charter 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.  (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number 121-145-650-000
7. (632) 816 3311 local 3453
Issuer's Telephone number, including area code
8. N/A
Former name or former address, if changed from the last report

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	Thirteen (13)
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Actual number of Directors for the year	Thirteen (13)
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(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non- Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director
Lucio C. Tan	ED	N/A	Nomination Committee	07/02/99	06/21/16	Annual Meeting	18
Carmen K. Tan	NED	N/A	Nomination Committee	05/05/10	06/21/16	Annual Meeting	7
Harry C. Tan	NED	N/A	Nomination Committee	05/28/08	06/21/16	Annual Meeting	9
Michael G. Tan	ED	N/A	Nomination Committee	02/21/03	06/21/16	Annual Meeting	14
Lucio K. Tan, Jr.	NED	N/A	Nomination Committee	02/21/03	06/21/16	Annual Meeting	14
Juanita Tan Lee	ED	N/A	Nomination Committee	05/02/12	06/21/16	Annual Meeting	5
Joseph T. Chua	NED	N/A	Nomination Committee	06/09/14	06/21/16	Annual Meeting	3
Peter Y. Ong	NED	N/A	Nomination Committee	06/09/14	06/21/16	Annual Meeting	3
Washington Z. SyCip	NED	N/A	Nomination Committee	07/09/13	06/21/16	Annual Meeting	4
Antonino L. Alindogan, Jr.	ID	N/A	Dr. Lucio C. Tan and Ms. Juanita Tan Lee; Mr. Tan and Ms. Tan Lee have no relationship with Mr. Alindogan	07/31/12	06/21/16	Annual Meeting	5
Wilfrido E. Sanchez	ID	N/A	Dr. Lucio C. Tan and Ms. Juanita Tan Lee; Mr. Tan and Ms. Tan Lee have no relationship with Mr. Sanchez	07/31/12	06/21/16	Annual Meeting	5

Florencia G. Tarriela	ID	N/A	Dr. Lucio C. Tan and Ms. Juanita Tan Lee; Mr. Tan and Ms. Tan Lee have no relationship with Ms. Tarriela	08/09/12	06/21/16	Annual Meeting	5
Robin C. Sy	ID	N/A	Dr. Lucio C. Tan and Ms. Juanita Tan Lee; Mr. Tan and Ms. Tan Lee have no relationship with Mr. Sy	06/09/14	06/21/16	Annual Meeting	3

- (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.

Compliance with the principles of good corporate governance is primary in the consciousness of each member of the Board of Directors and Management.

In the center of the Company's policies on corporate governance is its Board commitment to observe a high standard of ethical conduct in all its activities, with emphasis on integrity, excellence, transparency, loyalty and a sense of good corporate citizenry. The key principles of its corporate governance include:

- The oversight responsibility of the Board of Directors, i.e., ensuring that the Company is appropriately and effectively managed and controlled by providing strategic guidance and effectively monitoring of the performance of Management. The Board is fully aware of its accountability to the Company and the stakeholders.***
- The timely and accurate disclosure of all material matters regarding the Company, including the financial situation, performance, ownership and governance of the Company.***
- The existence of independent audit mechanisms for monitoring the adequacy and effectiveness of the Company's governance, operations, information systems. The 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 recognition and respect for the rights of stakeholders as established by law. There is an active cooperation between the Company and its stakeholders in creating wealth, jobs and sustainability of the Company's financial soundness.***

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

1. Voting Right

Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. A director shall not be removed without reasonable cause if it will deny minority shareholders representation in the Board.

2. Power of Inspection

All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and will be furnished with annual reports, including financial statements, without cost or restrictions.

3. Right to Information

The minority shareholders shall be granted the right to propose the holding of a meeting, and the rights to propose items in the agenda of the meeting, provided the items are for legitimate business purposes. The minority shareholders shall be furnished with relevant information as required by law about the Company on a timely and regular basis.

4. Right to Dividends

Shareholders shall have the right to receive dividends subject to the discretion of the Board. The Company shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except in cases provided under the Company's Corporate Governance Manual.

5. Appraisal Right

The shareholders shall have an appraisal right or the right to dissent and demand payment of the fair value of their shares under any of the circumstances set forth in Section 81 of the Corporation Code of the Philippines, and in the manner provided for under Section 82 of the said Code.

Likewise it is the duty of Directors to the Company's Shareholders that—

- ***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?

The Board reviews and approves the vision and mission of the Company annually. During its meeting held on March 14, 2017 the Board reviewed and reiterated the Vision and Mission statements of the Company with the following amendments in the Mission statement of the Company:

MISSION: Anchored to its Vision, the LT Group commits:

To increase stockholder values through long term growth in its major business groups.

To continuously improve the value of its products and services and to provide consumers with more and better choices.

To build the largest, most effective distribution network and widest customer reach in the Philippines.

To leverage on synergies between its various businesses to continuously improve revenues and cost structure.

To enhance the welfare of our employees and the communities where we live and work.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group¹

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

Director's Name	Corporate Name of the Group Company*	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
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., 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, PMFTC, Inc., Tanduay Distillers, Inc., Tangent Holdings Corporation and Shareholdings, Inc.	Non-Executive Director
Harry C. Tan	Asia Brewery Inc., AlliedBankers Insurance Corp., Absolut Distillers, Inc., Eton Properties Philippines, Inc., FirstHomes, Inc., Belton Communities, Inc., PMFTC Inc., Philippine National Bank, Shareholdings, Inc., and Tanduay Distillers, Inc.	Non-Executive Director
Michael G. Tan	Asia Brewery, Inc.	President/Chief Operating Officer
	AlliedBankers Insurance Corp., Eton Properties Philippines, Inc., PMFTC Inc., Philippine National Bank, Absolut Distillers, Inc., Eton City, Inc., Shareholdings, Inc., and Victorias Milling Company, Inc., Tanduay Distillers, Inc.	Non-Executive Director
Lucio K. Tan, Jr.	Tanduay Distillers, Inc. and Eton Properties Philippines, Inc.	President
	Fortune Tobacco Corporation	Director/EVP
	AlliedBankers Insurance Corp., Philippine National Bank, PMFTC Inc., Absolut Distillers, Inc., Asia Brewery, Inc., Eton City, Inc., Belton Communities, Inc., FirstHomes, Inc., Shareholdings, Inc. and	Non-Executive Director

¹ The Group is composed of the parent, subsidiaries, associates and joint ventures of the Company.

	Victorias Milling Company, Inc.	
Joseph T. Chua	Eton Properties Philippines, Inc.;	Director/OIC
	Philippine National Bank, Asia Brewery Inc., Tanduay Distillers, Inc.	Board of Advisor
Juanita Tan Lee	Fortune Tobacco Corp., and Shareholdings, Inc.,	Director and Corporate Secretary
	Eton Properties Philippines, Inc., Asia Brewery, Inc.	Non-Executive Director
Washington Z. SyCip	Philippine National Bank Eton Properties Philippines, Inc.	Non-Executive Director
Peter Y. Ong	Fortune Tobacco Corporation, Allied Bankers Insurance Corporation, Allied Leasing and Finance Corporation	Non-Executive Director
Antonino L. Alindogan, Jr.	Eton Properties Philippines, Inc., Asia Brewery Inc., Tanduay Distillers, Inc.	Independent Director
Wilfrido E. Sanchez	Eton Properties Philippines, Inc., Asia Brewery Inc., Tanduay Distillers, Inc.	Independent Director
Florencia G. Tarriela	Philippine National Bank	Chairman/Independent Director

* As of March 16, 2017

(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. MacroAsia Corporation	Chairman Chairman
Carmen K. Tan	PAL Holdings, Inc. MacroAsia Corporation	Non-Executive Director
Harry C. Tan	MacroAsia Corporation	Non-Executive Director
Michael G. Tan	PAL Holdings, Inc. MacroAsia Corporation	Director/Treasurer Non-Executive Director
Lucio K. Tan, Jr.	PAL Holdings, Inc. MacroAsia Corporation.	Non-Executive Director Non-Executive Director
Joseph T. Chua	PAL Holdings, Inc. MacroAsia Corporation	President/CEO Non-Executive Director
Washington Z. SyCip	PAL Holdings, Inc. MacroAsia Corporation Belle Corporation Lopez Holdings Corp. Metro Pacific Investments Corp. Century Properties Group Inc.	Non-Executive Director Chairman of the Board Independent Director Independent Director Independent Director Non-Executive Director
Antonino L. Alindogan, Jr.	PAL Holdings, Inc.	Independent Director

Wilfrido E. Sanchez	House of Investments, Inc. Rizal Commercial Banking Corp.	Non-Executive Director Non-Executive Director
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* As of December 31, 2016

(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 of five board seats in other publicly listed companies outside its Group for its Independent Directors and Executive Directors.

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	3,300	NIL	-
Michael G. Tan	1,100	NIL	-
Lucio K. Tan, Jr.	1,100	NIL	-
Joseph T. Chua	2,200	NIL	-
Juanita Tan Lee	1,100	NIL	-
Peter Y. Ong	1,100	NIL	-
Washington Z. SyCip	1,000	NIL	-
Antonino L. Alindogan, Jr.	1,000	NIL	-
Wilfrido E. Sanchez	1,000	NIL	-
Robin C. Sy	1,000	NIL	-
Florencia G. Tarriela	1,000	NIL	-
TOTAL	19,300	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 ☒

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 primarily 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; Responsible for strategic planning for the Company, to initiate growth and profitability 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
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- 3) Explain how the board of directors plans 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. 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, tobacco, 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". Moreover the Committee considered not only the diverse work experience, and education but likewise consciously voted to the Board women directors with excellent work experience and expertise.

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. As an example, the Company's Audit and Risk Management Committee necessitates members with accounting and finance expertise or experience. The Board ensures the presence of directors, particularly Independent Directors, sitting in the Board with accounting and finance background, among others. As a matter of policy, the Chairman of the Audit and Risk Management Committee is a former banker and has extensive experience in banking and finance.

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

	Executive	Non-Executive	Independent Director
Role	Directly exercise and manages the day-to-day operations of the respective positions in the company.	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 as an independent director it is their role to weigh

			corporate acts against interests of minority shareholders who are minimally represented in the Board
Accountabilities	Accountable to the shareholders and the public investors	Accountable to the shareholders and the public investors	Accountable to the shareholders and the public investors
Deliverables	Secure the profitability and growth of the company, the efficient execution of projects and undertakings.	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 Nomination Committee reviews and validates the resume, business and professional affiliations of the independent directors and ensures that the nominees are best qualified to the position.

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:

Not Applicable

(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	Qualifications: Bona fide holder of at least one thousand (1,000) shares of the capital stock of the Company;

	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.	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	In addition to the qualifications for Executive and Non-executive Directors, an Independent Director must also be one who:

	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.	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
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		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	A Director who, during his/her term in office, becomes permanently disqualified based on the criteria laid down by the Company's Corporate Governance Manual, shall be removed from office after credible proof has been	See immediate succeeding row on Criteria for Disqualification
(ii) Non-Executive Directors		
(iii) Independent Directors		

	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 floor 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 floor broker; b. acting as director or officer of a bank, quasi-bank, trust company, investment house or investment company; c. engaging in or continuing 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	In addition to the criteria set forth for Executive and Non-executive Directors, 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	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
(ii) Non-Executive Directors		
(iii) Independent Directors		
f. Re-instatement		
(i) Executive 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
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive 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
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual General Meeting (June 21, 2016)

During the annual meeting, the stockholders present and represented by proxies, taking into consideration the voting instructions received through proxies submitted to the Office of the Corporate Secretary and the votes cast in person during the meeting, the 13 nominees with the highest number of votes were as follows:

Dr. Lucio C. Tan
Mr. Harry C. Tan
Ms. Carmen K. Tan
Mr. Lucio K. Tan, Jr.
Mr. Michael G. Tan
Ms. Juanita Tan Lee
Mr. Washington Z. Sycip
Mr. Antonino L. Alindogan, Jr. – Independent Director
Atty. Wilfrido E. Sanchez – Independent Director
Ms. Florencia G. Tarriela – Independent Director
Mr. Joseph T. Chua
Mr. Peter Y. Ong
Mr. Robin C. Sy – Independent Director

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 Management² for the past three (3) years:

The Company no longer avails of an in-house training and/or seminar/s for its directors but provides them updates on the available seminars and trainings being offered and encourages the directors to attend.

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

In compliance with SEC Memorandum Circular No. 20, Series of 2013, all of the Company's current Directors attended a program on corporate governance conducted by training providers duly accredited by the SEC.

Name of Director	Date of Training	Program	Name of Training Institution
Lucio C. Tan	August 3, 2016	Securities and Exchange Commission: Corporate Governance Forum	Securities and Exchange Commission (SEC)
Carmen K. Tan	August 3, 2016	Securities and Exchange Commission: Corporate Governance Forum	Securities and Exchange Commission (SEC)
Harry C. Tan	August 3, 2016	Securities and Exchange Commission: Corporate Governance Forum	Securities and Exchange Commission (SEC)
Lucio K. Tan, Jr.	October 19, 2016	Best Parliamentary Procedures for Board Directors and Top Management	Center for Global Best Practices
Michael G. Tan	August 3, 2016	Securities and Exchange Commission: Corporate Governance Forum	Securities and Exchange Commission (SEC)
Juanita Tan Lee	June 9, 2016	Distinguished Corporate Governance Speaker Series	The Institute of Corporate Directors
Joseph T. Chua	December 20, 2016	Corporate Governance & AMLA Seminar	Philippine Corporate Enhancement and Governance, Inc. (Formerly: Philippine Securities Consultancy Cooperation)
Washington Z. Sycip	Exempted		
Peter Y. Ong	June 9, 2016	Distinguished Corporate Governance Speaker Series	The Institute of Corporate Directors
Antonino L. Alindogan, Jr.	October 7, 2016	Seminar on Corporate Governance	Sycip Gorres Velayo & Co.
Wilfrido E. Sanchez	October 7, 2016	Distinguished Corporate Governance Speaker Series	The Institute of Corporate Directors
Florencia G. Tarriela	August 3, 2016	Securities and Exchange Commission: Corporate Governance Forum	Securities and Exchange Commission (SEC)

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

Robin C. Sy	November 16, 2016	Corporate Governance Orientation Program	The Institute of Corporate Directors
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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	A policy of full and prompt disclosure for all cases of conflict of interest.	A policy of full and prompt disclosure for all cases of conflict of interest.	A policy of full and prompt disclosure for all cases of conflict of interest.
(b) Conduct of Business and Fair Dealings	The Company strictly requires this.	The Company strictly requires this.	The Company strictly requires this.
(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.	Receipt of gifts from third parties that will tend to undermine duties to the Company is highly discouraged.	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 are strictly enjoined to comply with the Laws and Regulations.	All Senior Management are strictly enjoined to comply with the Laws and Regulations.	All 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.	The Company strictly requires the observance of proper usage of trade secrets and confidential 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.	The Company strictly monitors the 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.	Together with laws and regulations, compliance with Employment & Labor Laws & Policies is strictly enjoined as well.	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.	The Company shall mete out appropriate disciplinary actions to persons found guilty of corporate transgressions.	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 even while certain subsidiaries have the policies in place.	This is encouraged within the Company although a concrete policy thereon have yet to be formulated.	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.	The Company highly encourages prompt 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?

Yes, through the memoranda to officers and discussions in the Board meetings.

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

The Company monitors compliance through the respective internal auditors and 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.

As a conglomerate the Company is compelled to source or acquire some of its supplies from the subsidiaries. Moreover, since the businesses under the conglomerate is diverse, it is normally more convenient, expeditious and logical to deal with the subsidiaries.

The Company is ensured against 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 and subsidiaries transacts with various related parties. Detailed disclosures are discussed in Note 22 of the Notes to the Consolidated Financial Statement.

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,³ 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:

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

- (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 have been set to occur on the second Tuesday of every month and the dates are determined at the start of the year. The schedule may be reset only on certain exigencies where a change of schedule may be warranted.

³ Family relationship up to the fourth civil degree either by consanguinity or affinity.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year (2016)	No. of Meetings Attended	%
Chairman	Lucio C. Tan	06/21/2016	13	13	100
Member	Carmen K. Tan	06/21/2016	13	10	77
Member	Harry C. Tan	06/21/2016	13	9	69
Member	Michael G. Tan	06/21/2016	13	13	100
Member	Lucio K. Tan, Jr.	06/21/2016	13	12	92
Member	Joseph T. Chua	06/21/2016	13	10	77
Member	Juanita Tan Lee	06/21/2016	13	13	100
Member	Washington Z. Sycip	06/21/2016	13	8	62
Member	Peter Y. Ong	06/21/2016	13	13	100
Independent	Robin C. Sy	06/21/2016	13	12	92
Independent	Florencia G. Tarriela	06/21/2016	13	12	92
Independent	Antonino Alindogan, Jr.	06/21/2016	13	12	92
Independent	Wilfrido E. Sanchez	06/21/2016	13	13	100

- 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 papers⁴ for board of directors meetings provided to the board?

Board materials are usually sent to the members of the Board at least 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. She is aware of the laws, rules and regulations necessary in the performance of her duties and responsibilities. She prepares the Agenda, for the meeting, seek the comments and requests of the President, CFO and Management for issues or matters that they may need to present to the Board for discussion and/or approval. She likewise advise if matters requires the approval of the Board in accordance with existing laws. Her duties include:

⁴ 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.

- 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 an advisement letter on the directors' attendance in Board meetings on or before January 5th of the following year; and***
- 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 gained ample experience appreciating and reading the financial statements. Her long years in the corporate practice and as a former Chief Counsel of the Bank has more than prepared her for the job.

(e) Committee Procedures

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

Yes ☒ No ☐

Committee	Details of the procedures
Executive	Any of the Directors can request for the materials or necessary information or document/s from any of the Committees through 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 on matters relating to the business of the Company by informing the Corporate Secretary. The Corporate Secretary sees to it that the concerns of the directors are properly addressed and if necessary engage qualified individuals to provide the advice or expertise.

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 in the Company. Consideration is basically anchored on the skills they possess and their value to the Company. However, the companies under the conglomerate (subsidiaries) have their respective salary structures and remuneration policies. These are matured companies where salaries and remuneration processes are supervised and monitored by the respective Nomination and Remuneration Committees and vetted by the respective Corporate Governance Committees. The officers running the offices for said purpose are most qualified professionals in the field. The systems, policies and procedures are in accordance with best policies and practices in the industry.

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)	2017 (Estimate)	7,854,000	654,500	3,162,500
	2016	7,140,000	595,000	2,875,000

	2015	6,980,000	595,000	2,805,000
All other officers and directors as a group unnamed	2017 (Estimate)	2,640,000	220,000	8,244,500
	2016	2,400,000	200,000	7,495,000
	2015	2,619,150	218,263	7,695,000

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

1. Mr. 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. Atty. Ma. Cecilia L. Pesayco is the Corporate Secretary.
4. Ms. Juanita Tan Lee is the Treasurer

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

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	3	2	Yes. Approved on January 20, 2015	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; and The Committee determines its rules and procedures subject to the approval of the Board of Directors.
Audit and Risk Management	1	2	3	Yes. Approved on January 20, 2015	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. 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. On Risk Management
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					Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. Review of the Company's risk register to understand the current risk environment, including review of emerging risks, the interrelationships between risks, and in the context of the Company's risk appetite; Review the Company's annual risk assessment exercise. Review risk mitigating strategies for effectiveness and consistency with the Company's risk tolerance; Provide direction for the allocation of resources and assignment of responsibilities for activities addressing business risks.
Nomination and Compensation	3	2	1	Yes. Approved on January 20, 2015	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.
Corporate Governance	1	2	2	Yes. Approved on January 20, 2015	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

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Lucio C. Tan	06/21/2016	-	-	-	9 years
Member (ED)	Harry C. Tan	06/21/2016	-	-	-	7 years
Member (NED)	Lucio K. Tan, Jr.	06/21/2016	-	-	-	9 years
Member (ED)	Michael G. Tan	06/21/2016	-	-	-	9 years
Member (NED)	Juanita Tan Lee	06/21/2016	-	-	-	3 years
Member (ID)	Florencia G. Tarriela	06/21/2016	-	-	-	3 years
Member (ID)	Antonino L. Alindogan, Jr.	06/21/2016	-	-	-	3 years
Member (NED)	Joseph T. Chua	06/21/2016	-	-	-	3 years

(b) Audit Committee and Risk Management Committee as of June 21, 2016

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.	06/21/2016	5	4	80	3 years
Member (NED)	Washington Z. SyCip	06/21/2016	5	4	80	2 years
Member (NED)	Lucio K. Tan, Jr.	06/21/2016	5	1	20	11 years
Member (ID)	Wilfrido E. Sanchez	06/21/2016	5	5	100	3 years
Member (ID)	Florencia G. Tarriela	06/21/2016	5	4	80	2 years
Member (ED)	Juanita Tan Lee	06/21/2016	5	5	100	11 years

Disclose the profile or qualifications of the Audit Committee members.

The Audit Committee shall be composed of at least five (5) members who shall preferably have accounting and finance background. At least two (2) of the Committee members shall be independent directors, one of which shall have an audit experience.

Antonino L Alindogan Jr. is an Independent Director of the Company, Asia Brewery Inc., Tanduay Distillers, Inc., Philippine Airlines, Inc., and Eton Properties Philippines Inc. He is the Chairman of An-Cor Holdings, Inc. and Chairman/President of Landrum Holdings, Inc. He is the 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 where he contributed his efforts and insights on a wide range of concerns, such as the pursuit of good governance, strengthening inflation targeting as an effective tool in price stability, and crafting innovative solutions to problem banks. He also took part in the BSP reorganization, upgrading and modernization of facilities and bankwide planning and budgeting process. He is a Certified Public Accountant and holds a Bachelor of Science in Commerce degree in Accounting (Magna Cum Laude) from De La Salle College.

Washington Z. SyCip is a Director of the Company. Founder of SyCip Gorres Velayo & Co.; Chairman Emeritus of the Board of Trustees and Governors of the Asian Institute of Management; Chairman of Cityland Development Corp., Lufthansa Technik Philippines, Inc., STEAG State Power, Inc. and State Properties Corporation; Independent Director of Asian Eye Institute, Belle Corporation, Lopez Holdings Corp., Commonwealth Foods, Inc., First Philippine Holdings, Corp., Highlands Prime Inc., Metro Pacific Investments Corp., Philippine Equity Management Inc., Philippine Hotelier, Inc., Philamlife, Inc., Realty Investment Inc., The PHINMA Group, State Land, Inc., and Century Properties Group Inc.; and Director of Philippine Airlines, Inc., MacroAsia Corp., PAL Holdings, Inc. and Philippine National Bank.

Lucio K. Tan, Jr. is a Director of the Company. He is also Director and President and Chief Executive Officer of Tanduay Distillers, Inc. and President of Eton Properties Philippines, Inc.; a Director/EVP of Fortune Tobacco Corp.; and a Director of AlliedBankers Insurance Corp., Philippine Airlines, Inc, Philippine National Bank, PAL Holdings, Inc., MacroAsia Corp., PMFTC Inc., Lucky Travel Corp., Air Philippines Corporation, Absolut Distillers, Inc., Asia Brewery, Inc., Foremost Farms, Inc., Himmel Industries, Inc., Progressive Farms, Inc., The Charter House, Inc., Grandspan Development Corporation, and Shareholdings, Inc. He graduated from the University of California, Davis in 1991 with a Bachelor of Science degree in Civil Engineering and has a Master's Degree in Business Administration from the Kellogg School of Management Northwestern University.

Wilfrido E. Sanchez is an Independent Director of the Company. He is the Tax Counsel of Quiason Makalintal Barot Torres Ibarra & Sison Law Offices; Vice Chairman of Center for Leadership & Change, Inc.; Independent Director of Adventure International Tours, Inc., Amon Trading Corp., EEI Corporation, Grepalife Asset Management Corp., Grepalife Fixed Income Fund Corp., House of Investments, Inc., JVR Foundation, Inc., Kawasaki Motor Corp., Magellan Capital Holdings, Corp., Omico Corporation; PETNET, Inc., PETPLANS, Inc., Transnational Diversified Corp., Transnational Diversified Group, Inc., Transnational Financial Services, Inc., and Universal Robina Corp.; Independent Director of Eton Properties Philippines, Inc., Asia Brewery Inc., Tanduay Distillers, Inc. and Rizal Commercial Banking Corporation. He holds a Bachelor of Arts degree from the Ateneo de Manila University and has a Post-Graduate degree in Bachelor of Laws from Ateneo De Manila University and Masters of Law from Yale Law School.

Juanita Tan Lee is a Director and the Treasurer of the Company. She is also Director of Eton Properties Philippines, Inc.; Director/Corporate Secretary of Asia Brewery, Inc., Fortune Tobacco Corp., Corporate Secretary of Absolut Distillers, Inc., The Charter House, Inc., Foremost Farms, Inc., Grandspan Development Corp., Himmel Industries, Inc., Landcom Realty Corp., Lucky Travel Corp., PMFTC Inc., Progressive Farms, Inc., Tanduay Distillers, Inc.; and Assistant Corporate Secretary of Basic Holdings Corp. She holds a Bachelor of Science degree in Business Administration major in Accounting from the University of the East.

Florencia G. Tarriela is an Independent Director of the Company. She is the Chairman of the Board of Directors and an Independent Director of Philippine National Bank. She also serves as Chair of PNB Global Remittance and Financial Co., HK Ltd. She is a Trustee/Advisor/Director of Foundation for Filipino Entrepreneurship, Inc., Summer Institute of Linguistics, and Tulay sa Pagunlad, Inc.; and a Columnist of Manila Bulletin. She obtained her Bachelor of Science in Business Administration, Major in Economics, at the University of the Philippines and her Masters in Economics from the University of California, Los Angeles, where she topped the Masters Comprehensive Examination. She is a Life Sustaining Member of the Bankers Institute of the Philippines (BAIPHIL) and the Financial Executive Institute (Finex), a Trustee of Finex Foundation, TSPI Development Corporation, Kilosbayan and the Summer Institute of Linguistics (SIL). She was formerly an Independent Director of the Philippine Depository and Trust Corporation, the Philippine Dealing and Exchange Corporation and the Philippine Dealing System Holding Corporation. Ms. Tarriela was a former Undersecretary of Finance, and an alternate Member of the Monetary Board of the BSP, Land Bank of the Philippines and the Philippine Deposit Insurance Corporation. She was formerly Deputy Country Head, Managing Partner and the first Filipino lady Vice President of Citibank N. A., Philippine Branch.

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

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Lucio C. Tan	06/21/2016	1	1	100	2 years
Member (ED)	Harry C. Tan	06/21/2016	1	1	100	2 years
Member (NED)	Lucio K. Tan, Jr.	06/21/2016	1	1	100	2 years
Member (ED)	Michael G. Tan	06/21/2016	1	1	100	2 years
Member (ID)	Wilfrido E. Sanchez	06/21/2016	1	1	100	2 years
Member (ED)	Juanita Tan Lee	06/21/2016	1	1	100	10 years

(d) Corporate Governance Committee as of June 21, 2016

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee*
Chairman	Florencia G. Tarriela	06/21/2016	1	1	100	3 years
Member (NED)	Lucio K. Tan, Jr.	06/21/2016	1	-	0	3 years
Member (ED)	Michael G. Tan	06/21/2016	1	1	100	3 years
Member (ID)	Antonino L. Alindogan, Jr.	06/21/2016	1	1	100	3 years
Member (NED)	Joseph T. Chua	06/21/2016	1	1	100	2 years

3) Changes in Committee Members

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

Not applicable

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 and Risk Management	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
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	Continue to monitor the processes, and observance of good corporate governance thru proper and timely disclosures, transparency of	Strengthening key/core corporate governance principles.

	decisions for the benefit of the stakeholders.	
Audit and Risk Management	Closer monitoring of the financial and operational programs of the subsidiaries, in order to scale up the businesses to ensure growth in the Company. Strict implementation of the policies to mitigate and insulate if possible from risk	Strengthening key/core corporate governance principles.
Nomination	Ensure proper review of the qualifications of the nominees particularly those that are being nominated to sensitive positions.	Strengthening key/core corporate governance principles.
Corporate Governance	Consistent and widespread exercise of the principles of good corporate governance .	Strengthening 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 December 31, 2016, 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. The Group's management and the BOD of the various companies comprising the Group review and approve policies for managing these risks. Management closely monitors the funds and financial transactions of the Group.

(c) Period covered by the review;

Year 2016.

(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.

Not applicable.

2) Risk Policy

(a) Company

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

Risk Exposure	Risk Management Policy	Objective
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:

Given that the Company is a conglomerate of matured companies who have been in business for more than thirty years, each of the subsidiaries have their respective risk management policies which differ and are formed, in accordance with the businesses that they cover. The financial institutions under the Group exercise more stringent policies and complies strictly with the rules and regulations of government regulators. The companies involved in manufacturing will have a different set of risks peculiar to its businesses and the development company likewise observes the highest standards in accordance with the business. The Company ensures that each of the subsidiaries are exercising the necessary controls to protect its business and its shareholders.

(c) Minority Shareholders

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

Risk to Minority Shareholders
<i>No risks foreseen.</i>

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 been merged with the existing Audit Committee and is referred to as the Audit and Risk Management Committee. The said Committee discusses the risks during its meetings before these are taken up in the Board.

Group

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

As described in the Sec. 2 (b), each of the subsidiaries manage their respective risks. If there is an issue that will affect the Group, this is scaled up to the Committee before it is taken up to the Board.

(b) 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 and Risk Management Committee	Checks and reviews financial reports of the Company. Likewise causes the development of risk management strategies and monitor the proper implementation thereof	The 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. It also assists 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 2016.

(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.

Not applicable.

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 Company as a conglomerate rely on its Audit Committee to exercise the role of the internal auditors. 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 since internal auditors are the concerns of the respective subsidiaries.

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

The internal auditors are expected to report to their respective senior management for any findings or issues that affect the subsidiary. If the issues are of great proportions that will affect the conglomerate, these are scaled up to the Management of the Company and the Audit Committee.

(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 external auditor, at the start of the year discusses with the Committee the audit plans, issues and findings for the year past. It likewise advises the Committee on regulatory compliance required of the Company and the subsidiaries. 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 ⁵	
Findings ⁶	
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 "Issues" are compliance matters that arise from adopting different interpretations.

⁶ "Findings" are those with concrete basis under the company's policies and rules.

- 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
Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations.	In process
Establish through the audit system an independent monitoring and evaluation of the adequacy and effectiveness of the Company’s internal control system, including financial reporting control and information technology security.	In process
Coordinate with legal personnel on the monitoring and checking of compliance with laws, rules and regulations.	In process
Review and approve the annual and quarterly financial statements before their submission to the Board and to the regulatory agencies, with particular focus on the following matters: - Any changes in accounting policies and practices - Major judgmental areas - Significant adjustments resulting from the audit - Going concern assumptions - Compliance with accounting standards - Compliance with tax, legal and regulatory requirements - Completeness and clarity of the disclosures in the financial statements including related party transactions.	In process
Review of the adequacy of the Company’s risk management processes and policies including Business Continuity Plan.	In process
Evaluate whether management is setting the appropriate “control culture” by communicating the importance of internal control and the management risk and ensuring that all employee have an understanding of their roles and responsibilities.	In process
Evaluate whether management is setting the appropriate “tone at the top” by communicating the importance of the code and the guidelines for acceptable behavior.	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 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.	Aside from the statutory regulations of the appropriate agencies, the Company has yet to establish a formal mechanism to safeguard the independence of financial analysts.	Aside from the statutory regulations of the appropriate agencies, the Company has yet to establish a formal mechanism to safeguard the independence of investment banks.	Aside from the statutory regulations of the appropriate agencies, the Company has yet to establish a 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 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 through its subsidiaries hold their customer's in utmost highest esteem.	The subsidiaries see to it that customer's requests, complaints are served or taken cared of. They ensure that the customer

		transactions are not unduly delayed and they get or receive the value of their money.
Supplier/contractor selection practice	The Company as a conglomerate has no supplier/contractor for itself but the subsidiaries have their respective processes which are shared by the Company.	The Company ensures that the suppliers or contractors are chosen based on competency, qualification and quality of products. The Company ensures that they are paid correctly and on time.
Environmentally friendly value-chain	The Company seeks to help, in any way possible, in the protection and sustainability of the environment	Through its subsidiaries, the Company ensures environmentally friendly value-chain like using solar power for production and engaging in renewable energy.
Community interaction	This is highly encouraged.	Through the Group's foundation, the Company is involved in community interaction through building of schools, reforestation around the country, giving scholarships to thousands of students.
Anti-corruption programmes and procedures?	The business of the Company shall be governed by this standard: It shall act with <i>integrity</i> in all dealings and in the discharge of duties and responsibilities; the goal is to work hard and establish a <i>good reputation</i> as the cornerstone of its success.	The Company sees to it that its Management and Officers conduct their businesses with honesty and integrity.
Safeguarding creditors' rights	The Company highly protects the rights of its creditors	The creditors are treated with great respect and their rights are protected by paying its obligations on time.

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

Yes. The Company as a conglomerate exercises its various corporate social responsibility through the Tan Yan Kee Foundation. The Tan Yan Kee Foundation has its own newsletter and website that reports on the current status of its on-going projects and/or new projects.

- 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.

Employees are sent to seminars and training programs where it is necessary to enhance their knowledge and to acquire new information.

(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 11 th Floor Unit 3 Bench Tower, 30 th Street cor. Rizal Drive, Crescent Park West 5, Bonifacio Global City, Taguig City	8,046,318,193 RECORD OWNER	74.36%	Lucio C. Tan

Name of Senior Management	Number of Direct shares	Number of Indirect shares (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	YES
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.

*** Certain subsidiaries have formal Whistle-blowing Policy, such as the Bank.**

**** The number of board of directors' meetings held during the year, as well as the attendance details of each director, are disclosed in an advisement letter submitted to the Commission on or before January 31 of every year.**

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
SGV & Co.	PhP 1,500,000	PhP 1,200,000

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 an Investor Relations Officer whose contact details are available in the Company website.

5) Date of release of audited financial report:

The audited financial statements of the Company are filed on or before April 15 of each year.

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

As a conglomerate the Company is compelled to source or acquire some of its supplies from the subsidiaries. Moreover, since the businesses under the conglomerate is diverse, it is normally more convenient, expeditions and logical to deal with the subsidiaries.

The Company is ensured against 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.

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In the normal course of business, the Company and subsidiaries transacts with various related parties. Detailed disclosures are discussed in Note 22 of the Notes to the Consolidated Financial Statement.

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.

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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.
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(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 <u>not</u> in The Corporation Code
N/A	

Dividends

Declaration Date	Record Date	Payment Date
April 12, 2016	April 28, 2016	May 6, 2016

(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	There is no formal procedure for this.

Board and Key Officers.	
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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, written notice of any annual or special stockholders' meeting are sent to all stockholders of record at least (21) twenty one business days prior to the date of the meeting notwithstanding that the Company's By-Laws and the requirements of the Securities and Regulation Code and the New Disclosure Rules of the Philippine Stock Exchange required only fifteen (15) days.

- a. Date of sending out notices: **May 23, 2016**
 - b. Date of the Annual/Special Stockholders' Meeting: **June 21, 2016**
4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

There were no questions raised during the last Shareholders' Meeting

5. Result of Annual/Special Stockholders' Meeting's Resolutions (**June 21, 2016, ASM**)

Resolution	Approving	Dissenting	Abstaining
Notation and Approval of the Management Report as reflected in the Company's Annual Report	9,396,950,213 shares	None	None
Ratification of all acts, transactions and resolutions of the Company for the year 2015	9,396,950,213 shares	None	None

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

June 22, 2016 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	Lucio C. Tan Carmen K. Tan Lucio K. Tan, Jr. Michael G. Tan Juanita Tan Lee Washington Z. Sycip Peter Y. Ong Florescia G. Tarriela Wilfrido E. Sanchez Antonino L. Alindogan, Jr. Robin C. Sy`	06-21-2016	Instructions received through proxies received by the Corporate Secretary	0.00%	86.84%	86.84%

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

The counting of votes shall be conducted by the Corporate Secretary (or his/her duly authorized representative) to be assisted by the Corporation's independent accountant or by the representatives of SGV & Co.

(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. For the election of directors, The stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected, or he may distribute them on the same principle among as many candidates as he shall see fit; provided the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

(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	Proxies are valid only for the stockholders meeting it was issued.
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 21, 2016 ASM)

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	All stockholders as of May 23, 2016 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 31, 2016
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	May 31, 2016
State whether CD format or hard copies were distributed	Compact discs were distributed
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, in accordance with the provisions of the By-Laws and the Revised Corporate Governance Manual.

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 an investor relations officer who is responsible for the external communications to the investors and stockholders of the Company as well as analysts covering the Company.

- 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 to promote greater understanding of the Company, as well as to build strong relationships with Company's investors and the analysts who cover the Company.
(2) Principles	To provide the stockholders, other stakeholders, investors and the public with accurate corporate information about the Company
(3) Modes of Communications	The Company conducts regular meetings with investors and analysts to keep them updated on developments with the Company and its subsidiaries. The Company also arranges teleconferences and site visits and participates in non-deal road shows and conferences in various locations, and also communicates through emails and telephone calls. In 2016, LTG attended 8 conferences with different brokers in Manila (3), Singapore (3) and Hong Kong (2). During these conferences, LTG met 112 times with representatives of different funds in one-on-one or group meetings. The Company also had 31 one-on-one meetings as well as 18 conference calls with different funds in its office, as well as conducted two visits to Asia Brewery's and Tanduay Distillers' production facilities with groups of sell-side and buy-side analysts. LTG conducted four (4) Analysts' Briefings during the 2016 calendar year, for Full Year 2015 Results, First Quarter 2016 Results, First Half 2016 Results and Nine Months 2016 Results. The briefing for Full Year 2016 Results was held on March 17, 2017. LTG disclosed the schedule of these briefings to the Philippine Stock Exchange (PSE) at least a week before the briefing date. These were attended by analysts from different brokerages and analysts of local funds.
(4) Investors Relations Officer	The Company welcomes inquiries from institutional investors, analysts and the financial community: Ms. Annabelle Arceo Telephone No. +632 478 8559 Email: ir@ltg.com.ph or annabelle.arceo@ltg.com.ph

- 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.

The Company as a conglomerate exercises its various corporate social responsibility through the Tan Yan Kee Foundation, Inc. (TYKFI). The TYKFI has committed itself to diverse areas of social responsibility such are: education, culture and sport, health and social welfare including environmental concerns, and research and manpower development.

Social Welfare:

TYKFI come up with a project entitled "Rebuilding the Community and the Environment," a three-year plan umbrella project which sought for strategic and sustainable programs to mitigate climate change and develop a satisfying and productive life for the Filipinos. This project includes the Dr. Lucio C. Tan Legacy Forest program which was launched in 2014 with its aim to plant fifteen (15) million trees in various parts of Luzon. As of 2015, the areas covered by the reforestation project are Quezon, Laguna, Nueva Ecija and Nueva Vizcaya. Aside from reforestation, the project also aims to establish its first water impounding project in its Nueva Ecija forest in order to ensure a continued water supply as an aid for continued nourishment for the growing seedlings. As of 2016, the project already covers a total of more than 500 hectares of planted area having planted seedlings.

Aside from the environmental concerns of the Foundation, it also helps the typhoon victims. As of January 2016, the Foundation reached out to the victims of Typhoon Lando in Casiguran, where the Foundation gave the victims grocery items as well as distributed galvanized iron sheets and roofing materials, so that they can reconstruct the damaged houses. And, in May 2016, TYKFI inaugurated the Balete Hanging Bridge and turned it over to Brgy. Captain Romeo Bugtong and his constituents in Balete, Santa Fe, Nueva Vizcaya. The Bridge was established for the people of Balete to have an easier access to national highway and the barangay instead of crossing rivers.

Education:

TYKFI has various scholarship programs namely: UE-TYK Scholarship Program, TYK-ABI Medical Specialty Scholarship Program, the newly launched TYK-STA, and a collaboration with the Foundation for Liberty and Prosperity (FLP).

In February 2016, the Foundation donated PhP2.0 Million to help fund the law scholarship program of FLP, sharing a common goal to provide for deserving individuals who have the capacity and desire to enact change in pursuit of the common good.

UE-TYK Scholarship program has been giving unprivileged but deserving students to attain quality education through full and partial scholarship since 1988. The scholarship is renewable every semester as long as the students meet the required grade and finishes his/her degree within the prescribed period. As of March 2016, there were thirty-nine (39) UE-TYK scholars who graduated in the fields of Accountancy, Liberal Arts, Engineering, Computer Studies, and Dentistry. To date, over 1,300 students including faculty members have benefitted from the program.

The Foundation has another scholarship program that is given to Filipino Doctors and Specialists who wanted to pursue further training and/or studies abroad. As of 2016 TYKFI-ABI granted two (2) doctors scholarships to attend fellowship

abroad.

There is another scholarship program that was introduced by the Foundation in partnership with Saint Teresita's Academy (STA) in the Diocese of Bayombong, located at Poblacion, Aritao, Nueva Vizcaya, launched this academic year 2016-2017, the TYK- STA. The TYK-STA was established with its goal to provide quality education to the children of marginalized families or farmers from the municipalities of Nueva Vizcaya. For its first year, it granted full scholarship to one hundred (100) students from Grades 7 to 10 who passed the screening and validation exam administered by the administrators of STA.

The Foundation also launched a new scholarship program in partnership with University of the East (UE), the TopUp Assistance Program which provides help to financially-challenged but academically deserving students who graduated from Public Junior High Schools (JHS) and Grade 10 graduates from Education Service Contracting (ESC) participating schools to complete their Senior High School (SHS). For Academic Year 2016-2017, there are 192 Grade 11 grantees.

In addition to scholarship programs that the Foundation provide, it also conducts various training seminars. For the year 2016, TYKFI initiated two training programs which are: "Ganda Mo, Buhay Ko" in partnership with Ang-Hortaleza Foundation and Local Government of Ilocos Sur, conducted a livelihood training program wherein the 32 participants from different areas of Ilocos Sur were provided training on Basic Cosmetology which lasted for three (3) days, from May 25-27, 2016; and a 40-day training program on Basic Bookkeeping and Values Enhancement was conducted at King's College of the Philippines, La Trinidad, Benguet and Hotel Elizabeth in Baguio City for the residents of Regions 1, 8, and CAR from March 20 to April 27, 2017.

Lastly, in 2016 for the Brigada Eskwela of Nagtenga and Bantay Elementary School, the Foundation donated various materials for repainting classrooms and construction of other school amenities.

Health:

Every month, TYKFI and the Association of Asia Brewery Medical Specialty Scholars (AABMSS) holds a medical forum designed for laymen. The forum provides people an avenue to learn about the latest medical issues, trends, and available treatment options. In the forum, Asia Brewery medical scholars also render free consultations aside from the discussion of medical matters.

In January 2016, TYKFI and Absolut Distillers, Inc. conducted a medical mission at Barangay Malaruhan in Lian, Batangas in partnership with University of the East Ramon Magsaysay Memorial Medical Center (UERMMC) in cooperation with the local government. Around 500 residents of all ages received free check-ups, medicines and vitamins.

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.

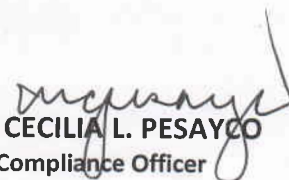
The penalties prescribed hereunder shall be imposed:

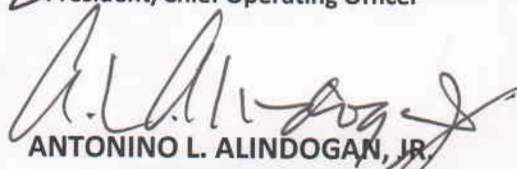
- ***First offense, reprimand.***
- ***Second offense, suspended. The duration of suspension shall depend on the gravity of the violation.***
- ***Third offense, recommended for termination from office.***

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 Manila on 08 April 2015.

SIGNATURES


MICHAEL G. TAN
President/Chief Operating Officer


MA. CECILIA L. PESAYCO
Compliance Officer


ANTONINO L. ALINDOGAN, JR.
Independent Director


WILFRIDO E. SANCHEZ
Independent Director

APR 10 2017

SUBSCRIBED AND SWORN to before me this ____ day of April 2016, affiants exhibiting to me their competent evidence of identification, as follows:

NAME	PASSPORT NO.	DATE OF ISSUE/PLACE OF ISSUE
Michael G. Tan	EC0229876	February 6, 2014/DFA Manila, Philippines
Antonino L. Alindogan, Jr.	EB7378497	February 13, 2013/DFA Manila, Philippines
Wilfrido E. Sanchez	EC6743810	February 16, 2016/ DFA NCR Central, Philippines
Ma. Cecilia L. Pesayco	EC8362602	July 20, 2016/DFA Manila, Philippines

Doc No. 71 ;
Page No. 16 ;
Book No. 11 ;
Series of 2017.


ELVIN S. SALINDO
Notary Public until 31 December 2018
19th/F BDO Plaza, 8737 Paseo de Roxas, Makati City
PTR No. 5913572, Makati City, 04 January 2017
IIBP No. 1056174, Makati, 04 January 2017
Roll No. 65645, Commission No. M-23