

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

GENERAL INSTRUCTIONS

(A) Use of Form ACGR

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

(B) Preparation of Report

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

(C) Signature and Filing of the Report

- A. Three (3) complete sets of the report shall be filed with the Main Office of the Commission.
- B. At least one complete copy of the report filed with the Commission shall be **manually** signed.
- C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.
- D. This report is required to be filed annually together with the company's annual report.

(D) Filing an Amendment

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

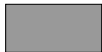
1. Report is Filed for the Year 2017
2. Exact Name of Registrant as Specified in its Charter Metro Global Holdings Corporation
3. Mezzanine Floor Renaissance Tower, Meralco Ave., Pasig City 1600
Address of Principal Office Postal Code
4. SEC Identification Number 9142
5. (SEC Use Only)
Industry
Classification Code 
6. BIR Tax Identification Number 000-194-408-000
7. (632) 633-62-05
Issuer's Telephone number, including area code
8. Not applicable
Former name or former address, if changed from the last report

TABLE OF CONTENTS

| | |
|---|-----------|
| A. BOARD MATTERS..... | 5 |
| 1) BOARD OF DIRECTORS | |
| (a) Composition of the Board..... | 5 |
| (b) Corporate Governance Policy/ies..... | 5 |
| (c) Review and Approval of Vision and Vision..... | 5 |
| (d) Directorship in Other Companies..... | 6 |
| (e) Shareholding in the Company..... | 7 |
| 2) CHAIRMAN AND CEO..... | 7 |
| 3) PLAN FOR SUCCESSION OF CEO/MANAGING DIRECTOR/PRESIDENT AND TOP KEY POSITIONS.. | 8 |
| 4) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS..... | 9 |
| 5) CHANGES IN THE BOARD OF DIRECTORS..... | 10 |
| 6) ORIENTATION AND EDUCATION PROGRAM..... | 15 |
| B. CODE OF BUSINESS CONDUCT & ETHICS..... | 20 |
| 1) POLICIES..... | 20 |
| 2) DISSEMINATION OF CODE..... | 25 |
| 3) COMPLIANCE WITH CODE..... | 25 |
| 4) RELATED PARTY TRANSACTIONS..... | 25 |
| (a) Policies and Procedures..... | 25 |
| (b) Conflict of Interest..... | 26 |
| 5) FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS..... | 26 |
| 6) ALTERNATIVE DISPUTE RESOLUTION..... | 27 |
| C. BOARD MEETINGS & ATTENDANCE..... | 27 |
| 1) SCHEDULE OF MEETINGS..... | 27 |
| 2) DETAILS OF ATTENDANCE OF DIRECTORS..... | 27 |
| 3) SEPARATE MEETING OF NON-EXECUTIVE DIRECTORS..... | 27 |
| 4) QUORUM REQUIREMENT | 27 |
| 5) ACCESS TO INFORMATION..... | 27 |
| 6) EXTERNAL ADVICE..... | 29 |
| 7) CHANGES IN EXISTING POLICIES..... | 29 |
| D. REMUNERATION MATTERS..... | 29 |
| 1) REMUNERATION PROCESS..... | 29 |
| 2) REMUNERATION POLICY AND STRUCTURE FOR DIRECTORS..... | 30 |
| 3) AGGREGATE REMUNERATION | 31 |
| 4) STOCK RIGHTS, OPTIONS AND WARRANTS..... | 32 |
| 5) REMUNERATION OF MANAGEMENT..... | 32 |
| E. BOARD COMMITTEES..... | 32 |
| 1) NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES..... | 33 |
| 2) COMMITTEE MEMBERS..... | 33 |
| 3) CHANGES IN COMMITTEE MEMBERS..... | 36 |
| 4) WORK DONE AND ISSUES ADDRESSED..... | 36 |
| 5) COMMITTEE PROGRAM..... | 36 |
| F. RISK MANAGEMENT SYSTEM..... | 36 |
| 1) STATEMENT ON EFFECTIVENESS OF RISK MANAGEMENT SYSTEM..... | 37 |
| 2) RISK POLICY..... | 37 |
| 3) CONTROL SYSTEM..... | 38 |

| | |
|--|-----------|
| G. INTERNAL AUDIT AND CONTROL..... | 39 |
| 1) STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM..... | 39 |
| 2) INTERNAL AUDIT | |
| (a) Role, Scope and Internal Audit Function..... | 40 |
| (b) Appointment/Removal of Internal Auditor..... | 41 |
| (c) Reporting Relationship with the Audit Committee..... | 41 |
| (d) Resignation, Re-assignment and Reasons..... | 42 |
| (e) Progress against Plans, Issues, Findings and Examination Trends..... | 42 |
| (f) Audit Control Policies and Procedures..... | 42 |
| (g) Mechanisms and Safeguards..... | 42 |
| H. ROLE OF STAKEHOLDERS..... | 43 |
| I. DISCLOSURE AND TRANSPARENCY..... | 46 |
| J. RIGHTS OF STOCKHOLDERS..... | 48 |
| 1) RIGHT TO PARTICIPATE EFFECTIVELY IN STOCKHOLDERS' MEETINGS..... | 49 |
| 2) TREATMENT OF MINORITY STOCKHOLDERS..... | 54 |
| K. INVESTORS RELATIONS PROGRAM..... | 54 |
| L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES..... | 55 |
| M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL..... | 55 |
| N. INTERNAL BREACHES AND SANCTIONS..... | 55 |

A. BOARD MATTERS

1) Board of Directors

| | |
|---|---|
| Number of Directors per Articles of Incorporation | 9 |
|---|---|

| | |
|---|---|
| Actual number of directors for the year | 9 |
|---|---|

(a) Composition of the Board

Complete the table with information on the Board of Directors:

| Director's Name | Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)] | If nominee, identify the principal | Nominator in the last election (if ID, state the relationship with the nominator) | Date first elected | Date last elected (if ID, state the number of years served as ID) ¹ | Elected when (Annual /Special Meeting) | No. of years served as director |
|----------------------------|---|------------------------------------|---|--------------------|--|--|---------------------------------|
| Robert John L. Sobrepeña | ED | FEMI | FEMI | 1996 | September 13, 2007 | Special Meeting | 20 |
| Ferdinand T. Santos | ED | FEMI | FEMI | 1996 | September 13, 2007 | Special Meeting | 20 |
| Noel M. Cariño | NED | FEMI | FEMI | 1996 | September 13, 2007 | Special Meeting | 20 |
| Enrique A. Sobrepeña | NED | FEMI | FEMI | 1997 | September 13, 2007 | Special Meeting | 19 |
| Rafael Perez de Tagle, Jr. | ED | FEMI | FEMI | 2000 | September 13, 2007 | Special Meeting | 16 |
| Alice Odchigue-Bondoc | ED | FEMI | FEMI | 2004 | September 13, 2007 | Special Meeting | 12 |
| Roberto S. Roco | ID | FEMI | FEMI, no relation | 2015 | 1 | Special Meeting | 1 |
| Francisco C. Gonzalez | ID | FEMI | FEMI, no relation | 2010 | 6 | Special Meeting | 6 |
| Eduardo R. Santos | ID | FEMI | FEMI, no relation | 2014 | 2 | Special Meeting | 2 |

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

The Company adopted the Self-Rating System on Corporate Governance being implemented by the Securities and Exchange Commission through SEC Memorandum Circular No. 5, Series of 2003 to assess compliance with leading practices on corporate governance. The Compliance Officer meets with the Directors and top-level management from time to time to evaluate compliance with the Company's Manual on Corporate Governance.

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

The Vision and Mission are reviewed by the Board regularly to ensure that corporate business directors, strategies, and objectives are consistent and coherent with the Mission and Vision of the Company.

¹ Reckoned from the election immediately following January 2, 2013.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

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. |
|-----------------------------|--|---|
| Robert John L. Sobrepeña | Fil-Estate Management, Inc., Metro Rail Transit Corporation, MRT Development Corporation, Monumento Rail Transit Corporation, CJH Development Corporation, CJH Hotel Corporation, Southwoods Ecocentrum Corporation, Club Leisure Management, Inc. | Chairman, ED |
| Atty. Ferdinand T. Santos | Fil-Estate Management, Inc., Global Estate Resort, Inc., MRT Development Corporation, Monumento Rail Transit Corporation, CJH Development Corporation, CJH Hotel Corporation | ED |
| Enrique A. Sobrepeña, Jr. | Camp John Hay Development Corporation | NED |
| Rafael Perez de Tagle, Jr. | MRT Development Corporation, CJH Development Corporation, CJH Hotel Corporation | ED |
| Atty. Alice Odchigue-Bondoc | CJH Development Corporation | ED |

(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. |
|------------------------|-------------------------------|---|
| Ferdinand T. Santos | Global-Estate Resorts, Inc. | Non-Executive |

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of

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

Directors, which links them to significant shareholders in the company and/or in its group:

| Director's Name | Name of the Significant Shareholder | Description of the relationship |
|--------------------------|--|--|
| Robert John L. Sobrepeña | Fil-Estate Management, Inc. | Chairman |
| Ferdinand T. Santos | Fil-Estate Management, Inc. | President |

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

| | Guidelines | Maximum Number of Directorships in other companies |
|-------------------------------|---|---|
| Executive Director | Section 2.2.3 , 2017 Revised Manual on Corporate Governance | maximum of 3 in publicly - listed companies |
| Non-Executive Director | Section 2.2.3, 2017 Revised Manual on Corporate Governance | maximum of 5 in publicly-listed companies |
| CEO | Section 2.2.3 , 2017 Revised Manual on Corporate Governance | maximum of 2 in publicly-listed companies |

No person shall qualify for nomination or election to the Board of the Director which engage in any business which is in direct competition with or is representative of interests which are directly antagonistic to the line of business or the interests of the corporation.

- (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 |
|----------------------------|--------------------------------|---|---------------------------|
| Robert John L. Sobrepeña | 241,000 | N/A | 0.014% |
| Ferdinand T. Santos | 1,000 | N/A | 0.000% |
| Noel M. Cariño | 1,506,500 | N/A | 0.084% |
| Enrique A. Sobrepeña, Jr. | 1,000 | N/A | 0.000% |
| Rafael Perez de Tagle, Jr. | 1,000 | N/A | 0.000% |
| Francisco C. Gonzalez | 1,000 | N/A | 0.000% |
| Alice Odchigue-Bondoc | 1 | N/A | 0.000% |
| Roberto S. Roco | 1 | N/A | 0.000% |
| Eduardo R. Santos | 1 | N/A | 0.000% |
| TOTAL | 1,751,503 | | 0.098% |

- 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 | Robert John L. Sobrepeña |
| Chief Executive Officer | Robert John L. Sobrepeña |
| | |

The Board has designated its Independent Director, Mr. Francisco Gonzales as "Lead Director" to ensure that the Board gets the benefit of independent views. His functions as lead director include, among others, the following:

1. Serve as an intermediary between the Chairman and the other directors when necessary;
2. Convene and chairs meeting of the non-executive directors; and
3. Contribute to the performance evaluation of the Chairman, as required.

(a) Roles, Accountabilities and Deliverables

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

| | Chairman | Chief Executive Officer |
|------------------|--|--|
| Role | The Chairman of the Board establishes operating policies, guides the Board of Directors in formulating Company objectives and assists the Company in developing the means for attaining those objectives. He presides over meetings of the Board of Directors and of stockholders. | The Chief Executive Officer/President administers and directs the day-to-day business affairs of the Company. He represents the Company in all functions and proceedings, and executes, on behalf of the Company, all contracts, agreements and instruments affecting the interests of the Company and requiring the approval of the Board of Directors. |
| Accountabilities | Ensure that independent Director is elected. | He is directly accountable to the Board of Directors for the overall operations of the business, current profitability and long-term growth of the Company. |
| Deliverables | Presiding Officer for annual stockholder's meeting. | Profitability and long term growth of the company. |

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

- If any of such positions becomes vacant by reason of death, disqualification or any other cause, the Board of Directors, by majority vote, may elect a successor who shall hold office for the unexpired term. The Board looks for suitable candidates within the organization and has identified candidates who would be qualified and eligible to fill positions that may become vacant.

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 board composed of Directors with diversity of experiences, proven competence and integrity. It is provided in the Corporate Governance manual that a Director of Metro Global Holdings Corporation shall possess such qualifications as may be provided in the By-Laws and the 2017 Manual on Corporate Governance. The Nomination Committee is responsible for the proper profiling of the skills and competencies of the currently serving directors to maintain a mix of proficient director, each whom is able to add value and bring prudent judgment to bear on the decision-making process.

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

Yes. The company has Non-Executive Directors, who are Independent Directors at the same time, who have experience in the industry the Company belongs to.

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

| | Executive | Non-Executive | Independent Director |
|------------------|--|--|---|
| Role | Represent the management | Represent major shareholder's interest | Provide neutral observations; represent interest of minority shareholders |
| Accountabilities | Provide the general business directions of the Company | Ensure sustainable growth | Set high standards for best practices |
| Deliverables | Meet corporate objectives | Monitor Company Progress | Safeguard interest of all shareholders |

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

- The Company follows the definition of "independence" under SEC Memorandum Circular No. 16, series of 2002 and the 2016 Code of Corporate Governance Thus, an independent director of the Company is a director who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the Company.

- An Independent Director refers to a person who, ideally:

1. Is not, or has not been a senior officer or employee of the company unless there has been a change in the controlling ownership of the company;
2. Is not, and has not been in the three years immediately preceding the election, a director of the company; a director, officer, employee of the company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the company's substantial shareholders and its related companies;
3. Has not been appointed in the company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the

Board in the performance of its duties and responsibilities within three years immediately preceding his election;

4. Is not an owner of more than two percent (2%) of the outstanding shares of the company, its subsidiaries, associates, affiliates or related companies;

5. Is not a relative of a director, officer, or substantial shareholder of the company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;

6. Is not acting as a nominee or representative of any director of the company or any of its related companies;

7. Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;

8. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the company, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election;

9. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;

10. Is not affiliated with any non-profit organization that receives significant funding from the covered company or any of its related companies or substantial shareholders; and

11. Is not employed as an executive officer of another company where any of the covered company's executives serve as directors.

Related companies, as used in this section, refer to (a) the covered entity's holding/parent company; (b) its subsidiaries; and (c) subsidiaries of its holding/parent company.

Does the company have a term limit for independent directors? Please explain.

The 2017 Revised Manual on Corporate Governance provides:

Independent directors should serve for a maximum cumulative term of nine years. After which, the independent director should be perpetually barred from re-election as such in the company, but may continue to qualify for nomination and election as a non-independent director. In the instance that the company wants to retain an independent director who has served for nine years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

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

(a) Resignation/Death/Removal

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

| Name | Position | Date of Cessation | Reason |
|-------------|-----------------|--------------------------|---------------|
| None | | | |

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

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

| Procedure | Process Adopted | Criteria |
|---------------------------------|--|--|
| a. Selection/Appointment | | |
| (i) Executive Directors | <p>Executive Directors are elected during annual shareholders' meetings of the Company.</p> <p>Nomination of directors for election is conducted by the Nomination Committee at least thirty (30) days prior to the date of the annual stockholders' meeting. The Nomination and Election Committee pre-screens the nominees and prepares a final list of candidates for directors. This final list will be made available to the SEC and to all stockholders through the filing and distribution of the information statement or proxy statement.</p> | <p>Each director must own, in his own right, at least one (1) share of the capital stock of the Company.</p> <p>He must not be engaged in any business which competes with or is antagonistic to that of the Company. He is considered engaged in such business if he is an officer, manager or controlling person of or the owner (either of record or as a beneficiary) of 10% or more of any outstanding class of shares of any corporation engaged in a business which the Board of Directors, by a majority vote, determines to be competitive or antagonistic to that of the Company, or a nominee thereof, unless such corporation is a parent, subsidiary or affiliate of the Company.</p> |
| (ii) Non-Executive Directors | <p>Non-Executive Directors are elected during annual shareholders' meetings of the Companies.</p> <p>Nomination of directors for election is conducted by the Nomination Committee at least thirty (30) days prior to the date</p> | <p>Each director must own, in his own right, at least one (1) share of the capital stock of the Company.</p> <p>He must not be engaged in any business which competes with or is antagonistic to that of</p> |

| | | |
|-----------------------------|--|--|
| | <p>of the annual stockholders' meeting. The Nomination and Election Committee pre-screens the nominees and prepares a final list of candidates for directors. This final list will be made available to the SEC and to all stockholders through the filing and distribution of the information statement or proxy statement.</p> | <p>the Company. He is considered engaged in such business if he is an officer, manager or controlling person of or the owner (either of record or as a beneficiary) of 10% or more of any outstanding class of shares of any corporation engaged in a business which the Board of Directors, by a majority vote, determines to be competitive or antagonistic to that of the Company, or a nominee thereof, unless such corporation is a parent, subsidiary or affiliate of the Company.</p> |
| (iii) Independent Directors | <p>Independent Directors are elected during annual shareholders' meetings of the Companies.</p> <p>Nomination of directors for election is conducted by the Nomination Committee at least thirty (30) days prior to the date of the annual stockholders' meeting. The Nomination and Election Committee pre-screens the nominees and prepares a final list of candidates for directors, specifying the nominated Independent Directors. This final list will be made available to the SEC and to all stockholders through the filing and distribution of the information statement or proxy statement.</p> | <p>Each director must own, in his own right, at least one (1) share of the capital stock of the Company.</p> <p>He must not be engaged in any business which competes with or is antagonistic to that of the Company. He is considered engaged in such business if he is an officer, manager or controlling person of or the owner (either of record or as a beneficiary) of 10% or more of any outstanding class of shares of any corporation engaged in a business which the Board of Directors, by a majority vote, determines to be competitive or antagonistic to that of the Company, or a nominee thereof, unless such corporation is a parent, subsidiary or affiliate of the Company.</p> |
| b. Re-appointment | | |
| (i) Executive Directors | <p>Election at Annual/Special Stockholders' Meeting and to hold office until a new director is elected</p> | <p>Each director must own, in his own right, at least one (1) share of the capital stock of the Company</p> |

| | | |
|--------------------------------------|---|--|
| | and qualified | |
| (ii) Non-Executive Directors | Election at Annual/Special Stockholders' Meeting and to hold office until a new director is elected and qualified | Each director must own, in his own right, at least one (1) share of the capital stock of the Company |
| (iii) Independent Directors | Election at Annual/Special Stockholders' Meeting and to hold office until a new director is elected and qualified | Each director must own, in his own right, at least one (1) share of the capital stock of the Company |
| c. Permanent Disqualification | | |
| (i) Executive Directors | Adoption and Implementation of Section 2.2.8 of the 2017 Revised Manual on Corporate Governance stating disqualifications from being directors of the Corporation | Grounds for Permanent disqualification are provided for in Section 2.2.8 of the 2017 Revised Manual |
| (ii) Non-Executive Directors | Adoption and Implementation of Section 2.2.8 of the 2017 Revised Manual stating disqualifications from being directors of the Corporation | Grounds for Permanent disqualification are provided for in Section 2.2.8 of the 2017 Revised Manual |
| (iii) Independent Directors | Adoption and Implementation of Section 2.2.8 of the 2017 Revised Manual stating disqualifications from being directors of the Corporation | Grounds for Permanent disqualification are provided for in Section 2.2.8 of the 2017 Revised Manual |
| d. Temporary Disqualification | | |
| (i) Executive Directors | Temporary disqualification is the discretion of the Board and requires a resolution of a majority of the Board. A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent. | Grounds for temporary disqualification are provided for in Section 2.2.8 of the 2017 Revised Manual |
| (ii) Non-Executive | Temporary disqualification | Grounds for temporary |

| | | |
|------------------------------|---|--|
| Directors | is the discretion of the Board and requires a resolution of a majority of the Board. A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent. | disqualification are provided for in Section 2.2.8 of the 2017 Revised Manual |
| (iii) Independent Directors | Temporary disqualification is the discretion of the Board and requires a resolution of a majority of the Board. A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent. | Grounds for temporary disqualification are provided for in Section 2.2.8 of the 2017 Revised Manual. |
| e. Removal | | |
| (i) Executive Directors | Occurrence of grounds for permanent disqualification as board of director | Grounds for temporary disqualification are provided for in Section 2.2.8 of the 2017 Revised Manual. |
| (ii) Non-Executive Directors | Occurrence of grounds for permanent disqualification as board of director | Grounds for temporary disqualification are provided for in Section 2.2.8 of the 2017 Revised Manual. |
| (iii) Independent Directors | Occurrence of grounds for permanent disqualification as board of director | Grounds for temporary disqualification are provided for in Section 2.2.8 of the 2-17 Revised Manual. |
| f. Re-instatement | | |
| (i) Executive Directors | Requires a resolution of a majority of the Board | Grounds for Temporary disqualification as member of the Board |

| | | |
|------------------------------|--|---|
| | | ceases to exist |
| (ii) Non-Executive Directors | Requires a resolution of a majority of the Board | Grounds for Temporary disqualification as member of the Board ceases to exist |
| (iii) Independent Directors | Requires a resolution of a majority of the Board | Grounds for Temporary disqualification as member of the Board ceases to exist |
| g. Suspension | | |
| (i) Executive Directors | Requires a resolution of a majority of the Board | Same grounds for temporary disqualification of director as provided for in Section 2.2.8 of the 2017 Revised Manual |
| (ii) Non-Executive Directors | Requires a resolution of a majority of the Board | Same grounds for temporary disqualification of director as provided for in Section 2.2.8 of the 2017 Revised Manual |
| (iii) Independent Directors | Requires a resolution of a majority of the Board | Same grounds for temporary disqualification of director as provided for in Section 2.2.8 of the 2017 Revised Manual |

Voting Result of the last Annual General Meeting

| Name of Director | Votes Received |
|-------------------------------------|---|
| Robert John L. Sobrepeña | 757,859,900 shares or 75.90% |
| Ferdinand T. Santos | 757,859,900 shares or 75.90% |
| Noel M. Cariño | 757,859,900 shares or 75.90% |
| Enrique A. Sobrepeña | 757,859,900 shares or 75.90% |
| Rafael Perez de Tagle, Jr. | 757,859,900 shares or 75.90% |
| Ruben R. Payumo (<i>Deceased</i>) | 757,859,900 shares or 75.90% |
| Francisco C. Gonzalez | Elected by majority of the Board to fill in a vacancy |
| Alice Odchigue-Bondoc | 757,859,900 shares or 75.90% |
| Roberto S. Roco | 757,859,900 shares or 75.90% |

6) Orientation and Education Program

The Compliance Officer requires its Directors and top level management to attend seminars on Good Corporate Governance and best corporate practices. For the at least the past three (3) years, the Company directors and officers attended the following in-house seminars and external courses:

| Name of Director/Officer | Date of Training | Program | Name of Training Institution |
|--------------------------|------------------|-----------------------|------------------------------|
| Robert John L. | November 10, | Corporate Governance: | Center for Global |

| | | | |
|----------------------------|--------------------------------|--|--|
| Sobrepeña | 2016 | Board Effectiveness Best Practices | Best Practices |
| | December 17, 2015 | Corporate Governance Seminar | Philippine Corporate Governance, Inc. |
| | January 29 to 30, 2015 | ERM: Concepts, Principles and Processes | Institute of Internal Auditors, Philippines Center for Professional Dev't. |
| | November 20, 2014 | Distinguished Corporate Governance Speaker Series | Institute of Corporate Directors |
| Atty. Ferdinand T. Santos | November 10, 2016 | Corporate Governance: Board Effectiveness Best Practices | Center for Global Best Practices |
| | December 17, 2015 | Corporate Governance Seminar | Philippine Corporate Governance, Inc. |
| | January 29 to 30, 2015 | ERM: Concepts, Principles and Processes | Institute of Internal Auditors, Philippines Center for Professional Dev't. |
| | February 28, 2014 | Corporate Governance & Risk Management (For Public Listed Companies) | Ateneo de Manila University |
| Atty. Enrique A. Sobrepeña | November 20, 2014 | Distinguished Corporate Governance Speaker Series | Institute of Corporate Directors |
| Noel M. Cariño | November 22, 2016 | 3 rd Annual SEC-PSE Corporate Governance Forum | Securities & Exchange Commission and The Philippine Stock Exchange, Inc. |
| | November 4 to 7, 2016 | Annual Realtors Conference | Chambers of Real Estate & Builders' Associations, Inc. |
| | October 12 to 15, 2016 | 25 th CREBA National Convention | Chambers of Real Estate & Builders' Associations, Inc. |
| | August 31 to September 3, 2016 | International Realtors Conference | Chambers of Real Estate & Builders' Associations, Inc. |
| | April 20, 2016 | IRM Forum 2 | Chambers of Real Estate & Builders' Associations, Inc. |
| | April 19, 2016 | IRM Forum 2 | Chambers of Real Estate & Builders' Associations, Inc. |
| | April 18, 2016 | IRM Forum 2 | Chambers of Real Estate & Builders' Associations, Inc. |
| | April 14, 2016 | IRM Forum 2 | Chambers of Real Estate & Builders' Associations, Inc. |
| | December 17, 2015 | Corporate Governance Seminar | Philippine Corporate Governance, Inc. |

| | | | |
|--------------------------|------------------------|--|---|
| | November 20, 2014 | Distinguished Corporate Governance Speaker Series | Institute of Corporate Directors |
| Rafael R. Perez de Tagle | November 10, 2016 | Corporate Governance: Board Effectiveness Best Practices | Center for Global Best Practices |
| | January 29 to 30, 2015 | ERM: Concepts, Principles and Processes | Institute of Internal Auditors, Philippines Center for Professional Dev't |
| | November 20, 2014 | Distinguished Corporate Governance Speaker Series | Institute of Corporate Directors |
| Francisco C. Gonzalez | November 10, 2016 | Corporate Governance: Board Effectiveness Best Practices | Center for Global Best Practices |
| | November 20, 2014 | Distinguished Corporate Governance Speaker Series | Institute of Corporate Directors |
| Eduardo R. Santos | November 10, 2016 | Corporate Governance: Board Effectiveness Best Practices | Center for Global Best Practices |
| | December 17, 2015 | Corporate Governance Seminar | Philippine Corporate Governance, Inc. |
| | August 15, 2014 | Corporate Governance Seminar | SGV |
| Alice O. Bondoc | May 18, 2017 | Round Table Discussion on the Code of Corporate Governance for Publicly Listed Companies | Securities & Exchange Commission |
| | November 24, 2016 | SIAC Rules 2016 Road Show | Singapore International Arbitration Centre |
| | November 22, 2016 | 3 rd Annual SEC-PSE Corporate Governance Forum | Securities & Exchange Commission and The Philippine Stock Exchange, Inc. |
| | December 17, 2015 | Corporate Governance Seminar | Philippine Corporate Governance, Inc. |
| | 12 November 2015 | Reforming the Asia-Pacific Financial Infrastructure | APEC |
| | August 15, 2014 | Corporate Governance Seminar | Sycip Gorres Velayo & Company |
| | April 2, 2014 | Asean Corporate Governance Scorecard Workshop for PLCs | Institute of Corporate Directors |
| | January 29, 2014 | 2014 Tax and Corporate Updates | KPMG and Manabat San Agustin & Co. |
| Roberto S. Roco | November 10, 2016 | Corporate Governance: Board Effectiveness Best Practices | Center for Global Best Practices |
| | December 17, 2015 | Corporate Governance Seminar | Philippine Corporate Governance, Inc. |

| | | | |
|---------------------|------------------------|--|--|
| | | | |
| | January 29 to 30, 2015 | ERM: Concepts, Principles and Processes | Institute of Internal Auditors, Philippines Center for Professional Dev't. |
| | August 15, 2014 | Corporate Governance Seminar | Sycip Gorres Velayo & Company |
| Ramon G. Jimenez | November 10, 2016 | Corporate Governance: Board Effectiveness Best Practices | Center for Global Best Practices |
| | December 17, 2015 | Corporate Governance Seminar | Philippine Corporate Governance, Inc. |
| | November 25, 2015 | How to Survive Your BIR Audit | Sycip Gorres Velayo & Company |
| | November 24, 2015 | Losing the Taxable Year: A Comprehensive Seminar on Year End Tax Requirement and Reconciliation Procedures | Sycip Gorres Velayo & Company |
| | March 19, 2015 | Workshop on Value Added Tax | Sycip Gorres Velayo & Company |
| | March 12, 2015 | Tax Compliance 101 | Sycip Gorres Velayo & Company |
| | February 5, 2015 | Seminar on Income Tax | Sycip Gorres Velayo & Company |
| | January 29 to 30, 2015 | ERM: Concepts, Principles and Processes | Institute of Internal Auditors, Philippines Center for Professional Dev't. |
| | August 15, 2014 | Corporate Governance Seminar | Sycip Gorres Velayo & Company |
| | April 2, 2014 | Asean Corporate Governance Scorecard Workshop for PLCs | Institute of Corporate Directors |
| | January 29, 2014 | 2014 Tax and Corporate Updates | KPMG and Manabat San Agustin & Co. |
| Solita S. Alcantara | December 8 to 9, 2016 | Determining Key Risk Indicator for Effective Audit Analytics | Philippine Institute of Certified Public Accountant |
| | November 23, 2016 | Simplified Audit Documentation | Philippine Institute of Certified Public Accountant |
| | July 2015 | Audit of Construction Project | Institute of Internal Auditors, Philippines Center for Professional Dev't |
| Solita S. Alcantara | July 8 to 10, 2015 | Audit Construction Project | Institute of Internal Auditors, Philippines Center |

| | | | |
|--|------------------------|--|---|
| | | | for Professional Dev't. |
| | January 29 to 30, 2015 | ERM: Concepts, Principles and Processes | Institute of Internal Auditors, Philippines Center for Professional Dev't |
| | August 15, 2014 | Corporate Governance Seminar | Sycip Gorres Velayo & Company |
| | April 2, 2014 | Asean Corporate Governance Scorecard Workshop for PLCs | Institute of Corporate Directors |
| | January 29, 2014 | 2014 Tax and Corporate Updates | KPMG and Manabat San Agustin & Co. |

Continuing education programs for directors: programs and seminars and roundtables attended during the year:

| Name of Director/Officer | Date of Training | Program | Name of Training Institution |
|---------------------------------|-------------------------|--|--|
| Robert John L. Sobrepeña | November 10, 2016 | Corporate Governance: Board Effectiveness Best Practices | Center for Global Best Practices |
| Atty. Ferdinand T. Santos | November 10, 2016 | Corporate Governance: Board Effectiveness Best Practices | Center for Global Best Practices |
| Noel M. Cariño | November 22, 2016 | 3 rd Annual SEC-PSE Corporate Governance Forum | Securities & Exchange Commission and The Philippine Stock Exchange, Inc. |
| Rafael R. Perez de Tagle | November 10, 2016 | Corporate Governance: Board Effectiveness Best Practices | Center for Global Best Practices |
| Francisco C. Gonzalez | November 10, 2016 | Corporate Governance: Board Effectiveness Best Practices | Center for Global Best Practices |
| Eduardo R. Santos | November 10, 2016 | Corporate Governance: Board Effectiveness Best Practices | Center for Global Best Practices |
| Alice O. Bondoc | May 18, 2017 | Round Table Discussion on the Code of Corporate Governance for Publicly Listed Companies | Securities & Exchange Commission |
| Alice O. Bondoc | November 24, 2016 | SIAC Rules 2016 Road Show | Singapore International Arbitration Centre |

| | | | |
|-----------------|-------------------|---|--|
| | November 22, 2016 | 3 rd Annual SEC-PSE Corporate Governance Forum | Securities & Exchange Commission and The Philippine Stock Exchange, Inc. |
| Roberto S. Roco | November 10, 2016 | Corporate Governance: Board Effectiveness Best Practices | Center for Global Best Practices |

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:

As a good corporate citizen, Metro Global Holdings Corporation has always endeavored to conduct its business in a manner conforming to the highest ethical standards. The company's reputation for unquestionable integrity is its most valuable asset in its relationships with its customers, employees, shareholders, and the communities in which its branches and projects are located.

The following statement of business principles has been prepared to guide the future conduct of company activities in an ethical and legal manner. It is not intended to supply answers for every business activity; rather, it is an effort to reiterate the continuing policies of the corporation on ethical business behavior, which must be observed by all Directors, Senior management, Metro Global employees and representatives throughout the world. It is essential that all employees and representative conform to these principles as they perform their activities on behalf of Metro Global.

| Business Conduct & Ethics | Directors | Senior Management | Employees |
|---|---|---|--|
| (a) Conflict of Interest | Directors are responsible for avoiding situations that present or create the appearance of a potential conflict between their interests and those of the Company. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company, should be disclosed promptly to the Board | To avoid conflict of interest, the Senior Management are prohibited from (a) taking for themselves personally opportunities that are properly within the scope of the Company's activities; (b) using corporate property, information or position for personal gain; or (c) competing with the Company. | The Company expects that employees will perform their duties conscientiously, honestly, and in accordance with the best interests of the company. Employees must not use their position or the knowledge gained as a result of their position for private or personal advantage. |
| (b) Conduct of Business and Fair Dealings | Directors must deal fairly with the Company's employees, customers, suppliers and competitors. No Director may take unfair advantage of the Company's employees, | The Senior Management should deal fairly with the Company's employees, customers and suppliers. The Senior Management should not take | When dealing with anyone outside the Company, including public officials, employees must take care not to compromise the integrity or damage the reputation of |

| | | | |
|---|---|--|--|
| | <p>customers, suppliers, or competitors through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice. The Directors are required to report their dealings in company shares, if any, within 3 business days.</p> | <p>unfair advantage of any of such employees, customers and suppliers through manipulation, concealment or abuse of privileged information, or misrepresentation of material facts. No actions shall be taken by the Senior Management that could undermine the Company's reputation of such fair dealing and integrity in the course of their performance of duties or in external communication.</p> | <p>either the Company, or any outside individual, business, or government body. In all matters relevant to customers, suppliers, government authorities, the public and others in the Company, all employees must make every effort to achieve complete, accurate, and timely communications — responding promptly and courteously to all proper requests for information and to all complaints.</p> |
| <p>(c) Receipt of gifts from third parties</p> | <p>Directors must not accept gifts from persons or entities who deal with the Company if the gifts might be perceived to influence the Director's decisions as a Director of the Company.</p> | <p>Acceptance by the Senior Management of gifts of a value that may tend to influence business decisions or compromise independent judgment is prohibited. The exchange of limited non-cash business courtesies by the Senior Management in business activities may be acceptable; however, such exchange shall not improperly influence the decisions of any business partner of the Company.</p> | <p>Employees must not accept entertainment, gifts, or personal favors that could, in any way influence, or appear to influence, business decisions in favor of any person or organization with whom or with which the Company has, or is likely to have, business dealings.</p> |
| <p>(d) Compliance with Laws & Regulations</p> | <p>Directors are expected to carry out their responsibilities in compliance with all laws, rules and regulations applicable to the Company and with the highest standards of business ethics. Directors shall also use all reasonable efforts to oversee compliance by</p> | <p>The Company requires strict compliance by all its Senior Management with applicable laws, rules and regulations. These include federal and other securities laws, including insider trading laws, and the Company's insider trading compliance policies.</p> | <p>It is the policy of Fil-Estate to comply with all valid laws and regulations that govern its operations in the various cities and municipalities in which it operates and conduct its affairs in keeping with the highest</p> |

| | | | |
|--|--|--|--|
| | <p>employees, officers and other Directors with all laws, rules and regulations through the receipt of reports on a regular basis to the Board or a Board Committee and other appropriate means.</p> | | <p>moral, legal, and ethical standards.</p> |
| <p>(e) Respect for Trade Secrets/Use of Non-public Information</p> | <p>Directors are required to protect and hold confidential all non-public information obtained due to their directorship position absent the express or implied permission of the Board of Directors to disclose such information. Accordingly, (1) No Director shall use Confidential Information for his or her own personal benefit or to benefit persons or entities outside the Company; and (2) No Director shall disclose Confidential Information outside the Company, either during or after his or her service as a Director of the Company, except with authorization of the Board of Directors or as may be otherwise required by law.</p> | <p>The Senior Management shall comply with the relevant rules of the Company relating to the protection of trade secrets, and shall not disclose or use any confidential information with respect to the Company without authorization, except as required in the performance of their duties.</p> | <p>When handling financial and personal information about customers or others with whom the Company has dealings, observe the following principles: (1) Collect, use, and retain only the personal information necessary for the Company's business. Whenever possible, obtain any relevant information directly from the person's concerned. Use only reputable and reliable sources to supplement this information. (2) Retain information only for as long as necessary or as required by law. Protect the physical security of this information. (3) Limit internal access to personal information to those with a legitimate business reason for seeking that information. Use only personal information for the purposes for which it was originally obtained. Obtain the consent of the person concerned before externally disclosing any personal</p> |

| | | | |
|--|---|--|---|
| | | | information, unless legal process or contractual obligation provides otherwise. |
| (f) Use of Company Funds, Assets and Information | Directors may not compete with the Company, or use opportunities that are discovered through the use of Company property, Company information or position, for their personal benefit or the benefit of persons or entities outside the Company. No Director may improperly use or waste any Company asset. | Senior Management who has access to Company funds in any form must follow the prescribed procedures for recording, handling, and protecting money as detailed in the Company's instructional manuals or other explanatory materials, or both. The Company imposes strict standards to prevent fraud and dishonesty. | Employees shall ensure that all of the Company's funds, assets and information should be used for legitimate business purposes, and shall protect the Company's assets and ensure their efficient use. |
| (g) Employment & Labor Laws & Policies | Directors shall encourage employees to report violations of laws, rules, regulations to appropriate personnel. Not to permit any form of violence, harassment or abuse at the workplace. | Senior Management shall be guided and to treat employees fairly in all matters and to pay them competitively. Fill-Estate and its subsidiaries are engaged in a program of full compliance with all national and local laws applicable to hiring and promoting people on the basis of demonstrated ability, experience, and training without regard to race, religion, sex, age, national origin, or other factors requiring affirmative action. | Fil-estate expects its employees to conduct themselves in a businesslike manner. Drinking, gambling, fighting, swearing, and similar unprofessional activities are strictly prohibited while on the job. Employees must not engage in sexual harassment, or conduct themselves in a way that could be construed as such, for example, by using inappropriate language, keeping or posting inappropriate materials in their work area, or accessing inappropriate materials on their computer. |
| (h) Disciplinary action | Every director is expected to comply with all of the provisions of this Code. The Code will be strictly enforced and violations will be dealt with promptly. | The Senior Management shall comply with the basic principle as required in this Code. Any violation of Code will lead to disciplinary action, up to and including | Any violation of Code will lead to disciplinary action, up to and including termination of employment pursuant to the regulations, in |

| | | | |
|-------------------------|--|--|---|
| | Violations of the Code that involve illegal behavior will be reported to the appropriate authorities, after consulting with counsel. | termination of employment pursuant to the regulations, in addition to the punishment under the laws. | addition to the punishment under the laws. |
| (i) Whistle Blower | Directors should promote ethical behavior and an environment in which the Company encourages employees to talk to supervisors, managers or other appropriate personnel about illegal and unethical behavior and, when in doubt, about the best course of action in a particular situation. | The Senior Management shall consult the appropriate personnel of the management at any time if they have doubt regarding compliance of their behavior with the Code. The Senior Management are required to report to the management and the Board of any violations of under the laws, internal rules of the Company and the Code caused by their own or others' conduct. The Company shall make every effort to ensure the confidentiality of those furnishing such reports and shall not take any retaliation in any form against any person for such reports. | Regardless of the circumstances, if employees sense that a course of action they have pursued, are presently pursuing, or are contemplating pursuing may involve them in a conflict of interest with their employers, they should immediately communicate all the fact to their superior. |
| (j) Conflict Resolution | Conflicts of interests involving the directors, or questions concerning potential conflicts, shall be brought to the Chair of the Corporate Governance Committee, who will consult with the Company's Chief Compliance Officer and legal counsel as appropriate. | Senior Management may be required to resolve a conflict in complying with the fundamental principles. When initiating either a formal or informal conflict resolution process, the following factors, individually may be relevant to the resolution process: (a) Relevant facts; (b) Ethical issues involved; (c) Fundamental principles related to the matter in question; (d) Established internal procedures; and | Where a matter involves a conflict with, or within, an organization, a professional employees shall determine whether to consult with those charged with governance of the organization, such as the board of directors or the internal audit division. |

| | | |
|--|------------------------------------|--|
| | (e) Alternative courses of action. | |
|--|------------------------------------|--|

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

Yes. The corporation requires continuous management attention at all corporate levels to assure compliance with the spirit and letter of this policy.

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

The Board of Directors of the Company supervise the compliance of this Code by the Senior Management of the Company, and authorize the President of the Company to be responsible for the implementation of this Code and observe the compliance hereof.

The Company's management evaluates the adequacy and effectiveness of this Manual periodically and amend this Manual according to the evaluation result or as required by the Board of Directors. It is the strict policy of the Company not to allow retaliation for reports of misconduct by others made in good faith by employees. Employees are expected to cooperate in internal investigations of misconduct.

- 4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

| Related Party Transactions | Policies and Procedures |
|--|---|
| (1) Parent Company | All related party transactions have to be on an arms-length basis if the Company is to get the most benefit out of the transaction. The Company pays interests for cash advances of the parent company, and if need be, provides collateral security for the transaction. |
| (2) Joint Ventures | All projects of the Company undertaken in joint venture with other companies are always undertaken on an arms-length basis so that the Company gets the most competitive product or service. |
| (3) Subsidiaries | All related party transactions are done on an arms-length basis. |
| (4) Entities Under Common Control | All related party transactions are done on an arms-length basis. |
| (5) Substantial Stockholders | All related party transactions are done on an arms-length basis. |
| (6) Officers including spouse/children/siblings/parents | N/A |
| (7) Directors including spouse/children/siblings/parents | N/A |
| (8) Interlocking director relationship | The member of the Board has to have knowledge of the industry if he or she is to serve in the board of |

| | |
|-----------------------|--------------------|
| of Board of Directors | related companies. |
|-----------------------|--------------------|

(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 | N/A |
| Name of Officer/s | N/A |
| Name of Significant Shareholders | N/A |

(ii) Mechanism

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

| | Directors/Officers/Significant Shareholders |
|---------|--|
| Company | No formal mechanism currently in place. |
| Group | No formal mechanism currently in place. |

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:

| Names of Related Significant Shareholders | Type of Relationship | Brief Description of the Relationship |
|--|-----------------------------|--|
| Atty. Enrique A. Sobrepeña | Affinity by blood | Father of Mr. Robert John L. Sobrepeña |
| | | |

(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:

| Names of Related Significant Shareholders | Type of Relationship | Brief Description |
|--|-----------------------------|--|
| Fil-Estate Management, Inc. | Contractual | In the normal course of business, the Company grants and obtains non-interest and interest-bearing cash advances to and from Fil-Estate Management, Inc. |

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

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

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

| | | |
|-----|-----|-----|
| N/A | N/A | N/A |
|-----|-----|-----|

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

| Alternative Dispute Resolution System | |
|---|-------------------------------------|
| Corporation & Stockholders | To be formulated |
| Corporation & Third Parties | Settlement Agreement |
| Corporation & Regulatory Authorities | Compliance and Payment of Penalties |

C. BOARD MEETINGS & ATTENDANCE

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

Board meetings are usually held before finalization of Annual report every January of each year, for finalization of Audited Financial Statements in April every year and for review of yearly performance every December of each year.

2) Attendance of Directors for the year 2016

| Board | Name | Date of Election | Number of meetings Held during the year | No. of Meetings Attended | % |
|--------------|----------------------------|-------------------------|--|---------------------------------|----------|
| Chairman | Robert John L. Sobrepeña | 1996 | 7 | 7 | 100% |
| Member | Ferdinand T. Santos | 1996 | 7 | 7 | 100% |
| Member | Noel M. Cariño | 1996 | 7 | 7 | 100% |
| Member | Enrique A. Sobrepeña | 1997 | 7 | 7 | 100% |
| Member | Rafael Perez de Tagle, Jr. | 2000 | 7 | 7 | 100% |
| Member | Alice Odchigue-Bondoc | 2004 | 7 | 7 | 100% |
| Independent | Roberto S. Roco | 2015 | 7 | 7 | 100% |
| Independent | Francisco C. Gonzalez | 2010 | 7 | 7 | 100% |
| Independent | Eduardo R. Santos | 2014 | 7 | 7 | 100% |

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? None for 2016

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

No. A majority of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business.

5) Access to Information

(a) How many days in advance are board papers⁴ for board of directors meetings provided to the board?

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.

Board papers are provided to the board of directors at least 5 business days in advance of the board meeting.

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

Yes. The board members have independent access to management and 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 the custodian of the corporate books and records. He records/sees to the proper recording of minutes and transactions of all meetings of the directors and of stockholders, keeps the corporate seal and attests to all corporate documents requiring the same, attends to the giving and serving of all notices of the Company that are required by law or by its by-laws to be given, including Board agenda, certifies to such corporate acts, countersigns corporate documents or certificates, makes reports/statements as may be required of him by law or by government rules and regulations and signs certificates of stock.
- During election of directors, he determines the number of shares of stocks outstanding and entitled to vote, the shares of stock represented at the meeting, the existence of a quorum and the validity and effect of proxies.
- The Corporate Secretary may, subject always to his supervision and control, delegate any or all of his powers, duties and functions to the Assistant Corporate Secretary.
- The Assistant Corporate Secretary of the Company is also the Corporate Governance Compliance Officer of the Company. As such, she furnishes the Board of Directors and top-level management with copies of new rules, regulations, circulars or orders of the SEC and the PSE to continuously update them of new requirements for compliance with leading practices on corporate governance. She requires the Company's directors and top-level management to attend seminars on good corporate governance.

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

- Yes, the Corporate Secretary and the Assistant Corporate Secretary are both lawyers.

(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 | Prior to meetings of the Committee, copies of presentation materials and minutes of previous meeting are provided by management at least 5 business days before the meeting of committee. |
| Audit | Prior to meetings of the Committee, copies of presentation materials and minutes of previous meeting are provided by management at least 5 business days before the meeting of committee. |
| Nomination | Prior to meetings of the Committee, copies of presentation materials and minutes of previous meeting are provided by management at least 5 business days before the meeting of committee. |
| Remuneration | Prior to meetings of the Committee, copies of presentation materials and minutes of previous |

| | |
|------------------|--|
| | meeting are provided by management at least 5 business days before the meeting of committee. |
| Others (specify) | No other committees |

6) External Advice

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

| Procedures | Details |
|--|--|
| No formal procedure but members can ask for external advice. | External advice not requested in the past. |
| | |
| | |
| | |

7) Change/s in existing policies

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

| Existing Policies | Changes | Reason |
|--|------------------------------------|--|
| SEC Memorandum Circular No. 19, Series of 2016 | New Manual on Corporate Governance | Directed by the Securities & Exchange Commission |

D. REMUNERATION MATTERS

1) Remuneration Process

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

| Process | CEO | Top 4 Highest Paid Management Officers |
|---------------------------|--|--|
| (1) Fixed remuneration | <p>Compensation was paid to the officers and directors of the Company for 2016.</p> <p>There is no existing arrangement or consulting contract pursuant to which directors of the Company are compensated, directly or indirectly, for any services provided as director, nor are there any additional amounts payable to any of the Directors for committee participation or special assignments.</p> | <p>1. Senior Vice President-Compliance Officer 2. VP-Accounting</p> <p>The management of the Company is currently being undertaken by the executive officers of the parent company who are seconded to the Company. For the seconded officers above-mentioned, the said officers receive fixed monthly compensation for their services to the Company.</p> |
| (2) Variable remuneration | See above. | See above. |

| | | |
|---|--|--|
| (3) Per diem allowance | <p>Section 8 of the By-Laws of the Company provides: “Each director shall receive a reasonable per diem allowance for his attendance at each meeting of the board. As a compensation, the Board shall receive and allocate an amount of not more than five (5%) percent of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper.”</p> <p>The directors receive a per diem of P10,000.00 per attendance at Board meetings. There is no provision in the above-quoted section that may be construed as precluding any director from serving in any other capacity and receiving any compensation therefor.</p> | N/A |
| (4) Bonus | N/A | N/A |
| (5) Stock Options and other financial instruments | The Company has not issued any warrant/option, and there is no outstanding warrant/option held by the CEO. | The Company has not issued any warrant/option, and there is no outstanding warrant/option held by the Company’s officers or directors. |
| (6) Others (specify) | N/A | N/A |

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company’s policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

- See above.

| | Remuneration Policy | Structure of Compensation Packages | How Compensation is Calculated |
|---------------------|----------------------------|---|---------------------------------------|
| Executive Directors | N/A | | |

| | | | |
|-------------------------|-----|--|--|
| Non-Executive Directors | N/A | | |
|-------------------------|-----|--|--|

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

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

3) Aggregate Remuneration

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

| Remuneration Item | Executive Directors | Non-Executive Directors (other than independent directors) | Independent Directors |
|--|---------------------|--|-----------------------|
| (a) Fixed Remuneration | P520,000.00 | N/A | N/A |
| (b) Variable Remuneration | N/A | N/A | N/A |
| (c) Per diem Allowance | N/A | N/A | P20,000.00 |
| (d) Bonuses | N/A | N/A | N/A |
| (e) Stock Options and/or other financial instruments | N/A | N/A | N/A |
| (f) Others (Specify) | N/A | N/A | N/A |
| Total | P520,000.00 | N/A | P20,000.00 |

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

| | | | |
|--------------|--|--|--|
| Total | | | |
|--------------|--|--|--|

4) Stock Rights, Options and Warrants

(a) Board of Directors

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

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

(b) Amendments of Incentive Programs

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

| Incentive Program | Amendments | Date of Stockholders' Approval |
|-------------------|------------|--------------------------------|
| N/A | N/A | N/A |
| | | |
| | | |

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

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

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

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

| Committee | No. of Members | | | Committee Charter | Functions | Key Responsibilities | Power |
|------------------|-------------------------|------------------------------|---------------------------|---|--|--|---|
| | Executive Director (ED) | Non-Executive Director (NED) | Independent Director (ID) | | | | |
| Executive | 2 | 1 | | Set general directions and business strategies of the company | Set the business direction of the company | Brief the management of the general business directions | Direct the business directions and strategies |
| Audit | 1 | 0 | 3 | Develop a transparent financial management system | Check all financial reports for compliance | Perform oversight financial management functions | Pre-approve audit plans and scope |
| Nomination | 3 | 0 | 1 | Attract investors who can act as guides to the Company's growth and expansion | Re-screen and shortlist candidates for directors of Company | Define roles, duties and responsibilities. Meet at least twice a year. | Decide if candidate possess the right qualifications |
| Remuneration | 2 | 0 | 2 | Compensate competent personnel adequately to retain their services | Establish procedures to develop policy on executive compensation | Provide oversight over remuneration of senior management and key officer | Designate amount of remuneration to attract personnel |
| Others (specify) | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

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 (ED) | Robert John L. Sobrepeña | Sept. 13, 2007 | 3 (2016) | 3 (2016) | 100 | 9 |
| Member (ED) | Ferdinand T. Santos | Sept. 13, 2007 | 3 (2016) | 3 (2016) | 100 | 9 |
| Member (NED) | Noel M. Carino | Sept. 13, 2007 | 3 (2016) | 3 (2016) | 100 | 9 |

(b) Audit Committee

| Office | Name | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|---------------|---------------------|---------------------|----------------------|--------------------------|-----|------------------------------------|
| Chairman (ID) | Francisco Gonzales | Dec. 3, 2010 | 6 (2016) | 6 (2016) | 100 | 6 |
| Member (ED) | Ferdinand T. Santos | Sept. 13, 2007 | 6 (2016) | 6 (2016) | 100 | 9 |
| Member (ID) | Roberto S. Roco | Dec. 18, 2015 | 6 (2016) | 6 (2016) | 100 | 1 |
| Member (ID) | Eduardo R. Santos | July 4, 2014 | 6 (2016) | 6 (2016) | 100 | 2 |
| Member | Solita S. Alcantara | Sept 1, 2012 | 6 (2016) | 6 (2016) | 100 | 4 |

(c) Nomination Committee

| Office | Name | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|---------------|----------------------------|---------------------|----------------------|--------------------------|---|------------------------------------|
| Chairman (ED) | Ferdinand T. Santos | Sept. 13, 2007 | 0 | 0 | 0 | 9 |
| Member (ED) | Rafael Perez de Tagle, Jr. | Sept. 13, 2007 | 0 | 0 | 0 | 9 |
| Member (ED) | Alice Odchigue-Bondoc | Sept. 13, 2007 | 0 | 0 | 0 | 9 |
| Member (ID) | Eduardo R. Santos | July 4, 2014 | 0 | 0 | 0 | 2 |

(d) Remuneration Committee

| Office | Name | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|---------------|--------------------------|---------------------|----------------------|--------------------------|-----|------------------------------------|
| Chairman (ED) | Robert John L. Sobrepena | Sept. 13, 2007 | 7 (2016) | 7 (2016) | 100 | 9 |
| Member (ED) | Ferdinand T. Santos | Sept. 13, 2007 | 7 (2016) | 7 (2016) | 100 | 9 |
| Member (ID) | Francisco Gonzales | December 3, 2010 | 7 (2016) | 7 (2016) | 100 | 9 |
| Member (ID) | Eduardo R. Santos | July 4, 2014 | 7 (2016) | 7 (2016) | 100 | 9 |

(e) Corporate Governance Committee (To be constituted)

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

| | | | | | | |
|--------|--|--|--|--|--|--|
| Member | | | | | | |
|--------|--|--|--|--|--|--|

(f) **Board Risk Oversight Committee (To be constituted)**

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

(g) **Related Party Transactions Committee (To be constituted)**

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

Disclose the profile or qualifications of the Audit Committee members.

Majority of the members of the Audit Committee have accounting and finance background. Each member has adequate understanding or competence of Company's financial management systems and environment

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

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

- Review of financial reports submitted by the external auditors against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements;
- Perform oversight functions over the corporation's external auditors. The Committee ensures that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.
- Pre-approve all audit plans, scope, expenses and frequency one (1) month before the conduct of external audit and ensure coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts
- Performing of direct interface functions with the external auditors.
- Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically review the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work,

if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;

3) Changes in Committee Members

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

| Name of Committee | Name | Reason |
|--------------------------|-------------|---------------|
| Executive | none | |
| Audit | none | |
| Nomination | none | |
| Remuneration | none | |
| Others (specify) | | |

4) Work Done and Issues Addressed

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

| Name of Committee | Work Done | Issues Addressed |
|--------------------------|---|---|
| Executive | Approval of corporate directions | Going concern status of Company |
| Audit | Approval of Annual Report and Audited Financial Statements | Strategies to address negative equity |
| Nomination | Pre-screen possible candidate for an Independent Director. | Still in process. |
| Remuneration | Deliberated on industry remuneration standards and recommend benefits | Attracting highly qualified individuals from outside to join the organization |
| Others (specify) | | |

5) Committee Program

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

| Name of Committee | Planned Programs | Issues to be Addressed |
|--------------------------|---|--|
| Executive | Finalize structuring of investments in other Companies | Negative equity status of Company and on-going concern issues |
| Audit | Information campaign of new taxation regime and how to address this | Negative equity status of Company |
| Nomination | Review and evaluate qualifications of all nominees | Attract well qualified Board members |
| Remuneration | Establish remuneration policies for management and directors | Dependence of management to officers and personnel of parent Company |
| Others (specify) | | |

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

- The Company's policy is to maintain risk at an acceptable level.

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

The management gathers all material information before committing funds. The BOD reviews and approves policies of managing liquidity and credit risks.

(c) Period covered by the review; CY 2016

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

The system is reviewed whenever necessary.

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

The company continuously conducts an internal review of its capital and financial risk management objectives and policies.

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 |
|-------------------------|--|--|
| Financial exposure risk | The Company discourages the use of foreign currency denominated obligations to avoid foreign currency risks and exchange losses. On the other hand, the Company encourages the creation of US dollar denominated assets to take advantage of potential gains arising from foreign exchange movements. On balance, the Company maintains a margin currency position in each asset and liability management. | To avoid foreign currency risks and exchange losses. |
| Liquidity risk | The Company coordinates and negotiates closely with its parent company, Fil-Estate Management, Inc. to manage cash flow risks by jointly identifying new sources of cash flows through potential future investment and/or cash flow infusions into the Company over the next five | To manage cash flow risks |

| | | |
|--------------------|--|--|
| | years. | |
| Credit risk | The Company's cash is deposited with a reputable bank that belonged to the top three banks in the Philippines and is approved by management. | To maintain a high grade of credit quality of the Company's financial assets |
| Equity price risk | Movement in share price of the Company is monitored regularly. | To determine the impact of the Company's share price on its financial position |
| Capital Management | The company's policy is to keep a gearing ratio of 60% or lower which is net debt divided by total capital. | To maintain a substantial capital base sufficient to support its long-term investment and holding company mandate. |

(b) Group

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

| Risk Exposure | Risk Management Policy | Objective |
|----------------|--|---------------------------|
| Liquidity risk | The Company coordinates and negotiates closely with its parent company, Fil-Estate Management, Inc. to manage cash flow risks by jointly identifying new sources of cash flows through potential future investment and/or cash flow infusions into the Company over the next five years. | To manage cash flow risks |

(c) Minority Shareholders

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

| Risk to Minority Shareholders |
|---|
| All shareholders have one vote per share; so minority shareholders voting power is not truncated. |
| |
| |

3) Control System Set Up

(a) Company

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

| Risk Exposure | Risk Assessment (Monitoring and Measurement Process) | Risk Management and Control (Structures, Procedures, Actions Taken) |
|------------------------------------|---|--|
| Integrity of financial information | Timely detection of financial error | Continuous improvement of information system and security access |
| | | |

| | | |
|--|--|--|
| | | |
| | | |
| | | |

(b) Group

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

| Risk Exposure | Risk Assessment (Monitoring and Measurement Process) | Risk Management and Control (Structures, Procedures, Actions Taken) |
|----------------------|--|---|
| Liquidity risk | Cash Flow Forecasting Financial Ratio Analysis Assessment of Funding Facilities. | Utilized Cash Flow Projections |
| | | Managed Liabilities from parent company (payable when the company's result of operations becomes positive.. |
| | | Fil-Estate Management, Inc. waived interests due from the company for the year 2013 |
| | | Provide for alternative resolutions – other sources of funds. |
| | | |

(c) Committee

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

| Committee/Unit | Control Mechanism | Details of its Functions |
|-----------------------|--------------------------|--|
| Audit Committee | Oversight control | Monitor integrity of financial information; monitor and access internal audit functions; monitor compliance with the new taxation regime; monitor compliance with new regulatory and compliance requirements |
| | | |

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

Internal controls encompass a set of rules, policies, and procedures an organization implements to provide reasonable assurance that: (a) its financial reports are reliable; (b) its operations are effective and efficient, and (c) its activities comply with applicable laws and regulations. The organization's board of directors, management, and other personnel are responsible for the internal control system.

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

In order to meet the effectiveness of the Internal Control System and to consider them effective and adequate the Audit Committee perform the following duties and responsibilities:

1. Monitor and evaluate the adequacy and effectiveness of the company's internal control system, including information technology security and control.
2. Understand the scope of internal and external auditor's review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
3. Review with management and the chief audit executive the charter, plans, activities, staffing, and organizational structure of the internal audit function.
4. Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the chief audit executive.
5. Review the effectiveness of the internal audit function, including compliance with Standards for the Professional Practice of Internal Auditing.
6. On a regular basis, meet separately with the chief audit executive to discuss any matters that the committee or internal audit believes should be discussed privately.

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.

| Role | Scope | Indicate whether In-house or Outsource Internal Audit Function | Name of Chief Internal Auditor/Auditing Firm | Reporting process |
|--|---|--|---|--|
| <p>The key role of internal audit is to assist the board and or its audit committee in discharging its governance responsibilities by delivering:</p> <ul style="list-style-type: none"> • An objective evaluation of the existing risk and internal control frameworks. • Review of the existence and value of assets. • Systematic analysis of business processes and controls. • Reviews of operational and | <p>The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal process as well as the quality of performance in carrying out assigned</p> | <p>Internal audit function is placed in-house on an executive and/or senior management level, giving the function the visibility, authority, and responsibility to independently evaluate management's assessment of the organization's systems of internal control and the organization's</p> | <p>Solita S. Alcantara</p> | <p>The CAE will periodically report to senior management and the Board on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan. At least annually, the CIA will submit to senior management</p> |

| | | | | |
|--|--|--|--|--|
| <p>financial performance.</p> <ul style="list-style-type: none"> • Review of the compliance framework and specific compliance issues. • A source of information on major frauds and irregularities. • Recommendations for more effective and efficient use of resources. • Assessment of the accomplishment of corporate goals and objectives • Feedback on adherence to the organization's values and code of conducts/code of ethics. | <p>responsibilities to achieve the organization's stated goals and objectives.</p> | <p>ability to achieve business objectives effectively and manage, monitor, and mitigate risks associated with the achievement of those objectives. It had been entrusted to oversee the effective execution and implementation of the approved plans, policies and procedures. In addition to assurance services, internal audit is commonly asked by management to provide consulting services in the form of initiatives or projects that allow management to use the professional expertise that the internal audit function possesses.</p> | | <p>and the Board an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next calendar year. The CIA will communicate the impact of resource limitations and significant interim changes to senior management and the Board.</p> |
|--|--|--|--|--|

(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?

Yes. Appointment and/or removal of the Internal Auditor require approval of the audit committee.

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

Yes. Internal Auditor reports to audit committee at least quarterly. As stated in the Internal Audit Charter, auditors are authorized to have unrestricted access to all records, properties and personnel of the company.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

| Name of Audit Staff | Reason |
|---------------------|--------|
| N/A | |
| | |
| | |

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

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

| Progress Against Plans | Regular on going audit. |
|-----------------------------|---|
| Issues⁵ | The Company's stockholders equity balance continues to be on the negative but this is expected to improve with the rental income it receives annually and the planned conversion to equity of the remaining liability to FEMI |
| Findings⁶ | Going concern is no longer a major audit issue with the improvement in the revenues of the Company due to the annual rental income it receives |
| Examination Trends | There are no known material trends, events and uncertainties known to management that would have adverse effect on the operations of the company |

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

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

(f) Audit Control Policies and Procedures

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

| Policies & Procedures | Implementation |
|---|-------------------|
| Segregation of Duties | Yes. Implemented. |
| Safeguard of Assets | Yes. Implemented. |
| Compliance to Company Policies and Procedures | Yes. Implemented. |

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the

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.

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 |
|---|---|--|---|
| Coordination of external audit effort with internal audit | Analysts must conduct themselves impartially, particularly when carrying out and analyzing their surveys. They must decline work if there is any doubt as to their impartiality in performing an assignment | Sending of direct audit confirmation to banks of company's financial assets and outstanding loans, if any. | The rating agency must not enter into commitments which prejudice or could prejudice its freedom of decision-making |

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

CEO Robert John L. Sobrepena and Independent Director Francisco Gonzales attested the company's full compliance with SEC Code of Corporate Governance last July 28, 2014. For the 2016 Code of Corporate Governance, the CEO and Compliance Officer shall attest to the company's compliance.

H. ROLE OF STAKEHOLDERS

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

| | Policy | Activities |
|--|---|---|
| Customers' welfare | The business of the Company arises from its investments in equity of other corporations. It has no customers. | |
| Supplier/contractor selection practice | The business of the Company arises from its investments in equity of other corporations. It has no suppliers/contractors. However, for a major supplier/contractor the company requires a request proposal to be submitted to the bids and rewards committee to review and evaluate the proposal and make recommendation for board consideration. | In purchasing we make sure to select from those suppliers that are the best suited to the company's needs. We do accreditation of suppliers and get quotations from 3 suppliers taking into account suppliers' capacity for innovation. |
| Environmentally friendly value-chain | Company shall protect the quality of the environment and endeavor to conserve energy | We secure ECC permit for all projects. |

| | | |
|--|--|---|
| | and other valuable resources. | |
| Community interaction | The corporation shall conduct its business in a manner that is socially responsible. It shall protect the quality of the environment and endeavor to conserve energy and other valuable resources. | The Company has yet to identify a community involvement program that is related to its business. Each of the corporation's offices is expected to make every effort to be an integral part of the community in which it operates, and to participate in its activities as a concerned and responsible citizen. Like individual citizens, it benefits from such activities as health, welfare, character-building, education, and culture. And like individuals, it has the responsibility to support and develop these social and civic activities. |
| Anti-corruption programmes and procedures? | Under formulation at the present. | Under formulation at the present. |
| Safeguarding creditors' rights | Creditors' rights in regards to repayment of debt are contractual. When a lender agrees to loan money to the Company, the two parties negotiate the terms of the agreement. | The Company acknowledge debt and settle it thru cash and/or property swap. |

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

- No. Corporate social responsibility initiatives are undertaken by the respective subsidiaries of the company.

3) Performance-enhancing mechanisms for employee participation.

The management of MGHC is currently being undertaken by the executive officers and employees of the parent company, FEMI, which officers and employees are seconded by FEMI

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

The health of every employee shall be maintained at its highest level:

1. With existing health plan coverage,
2. With emergency medicine kit complete with emergency medicines,
3. With company nurse to address employees' health needs; assessment and, or referral of employee/s health condition in the workplace.
4. Employees are required to consult a Physician if sick leave is more than two days and a medical certificate/ clearance is required before resumption to work.
5. Pre-employment physical examination to newly hired employees.
6. Annual Physical examination to all regular employees

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

1. Annual vaccination program with Influenza virus is maintained
2. Monthly purchase of first aid medications to include paracetamol, cough & cold medications, pain reliever, antihistamine, medicines for gastrointestinal pains and topical medications for cuts & bruises.
3. An employee is advised to go home or consult immediately a Physician if with presence of any symptoms of a suspected viral illness.
4. Maintains well ventilated and non-hazardous workplace through daily inspection and maintenance of facilities/supplies.

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

We are committed to having a workplace prepared to meet current and future business objectives by providing our employees, at all levels, with appropriate education and training opportunities.

- a. All employees will be oriented in the philosophy, ethics, values, principles and business priorities of the company, such as induction into their group/department.
 - i. Company Orientation Programme is conducted to all new employees.
 - ii. Job Induction/orientation is also facilitated by the Immediate Superior - where job standards are met.
- b. Our employees will only take up high job responsibilities when they have completed the minimum level of training specified for that job.
 - i. KSAs are defined per position.
 - ii. Attendance to public seminars and workshops are required to Address gap per KSA.
 1. Officers (Managers up) are also encouraged to attend such seminars to update their KSAs.
 - iii. In-house training is also provided which are customized to the job needs as well as personal needs.
- c. All first time managers shall successfully complete specified supervisory training within a specified period of appointment.
 - i. Promotional Program
 - i. Management Development Program
 - ii. Candidate must have attended a training program related to his present functions or to the operations of the department.

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

In order to attract and retain talents at all levels of the organization, it is the policy of the Company's parent company, whose officers and some employees are seconded to the Company, to maintain wage and salary standards and keep the pay or salary ranges consistent with the economic constraint and labor market in which we compete.

- Establish salary ranges that reflect the value of the various jobs, as determined by a system of continuing job evaluations and review.
- Establish and maintain justifiable differentials between job levels;
- Encourage superior performance by adjusting salary of each employee on the basis of the quality of individual performance, as maybe determined by performance evaluation;

Basis for Determination of Salary and Salary Changes

- Inflation rate, consumer price index (local), salary increases granted by comparable industries/employers within the established labor market
- Compensation survey (every 2-3 years) of benchmark positions

- To determine if any job classifications should be reviewed for equity adjustment in salary/compensation.

Internal Alignment

A minimum and maximum salary is established for each position/job classification based upon external market data and upon the internal alignment of job classifications.

Review of Performance and Salary

- Performance of each employee is reviewed regularly.
- The merit of employee performance shall determine salary increase to be given.
- Employees are eligible to receive salary increase based on the ff:
 - Compensation adjustment - when EXCOM determines that classifications and/or salary ranges should be adjusted.
 - Promotion
 - Reclassification
 - Upward - not automatic unless it is to bring the employee up to the minimum of the new salary range
 - Lateral - salary will remain unchanged
 - Downward - salary will remain unchanged until such time as general salary range adjustments increase the salary for the new classification

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

Employees' initially report their complaints to Human Resources Department then it will be referred to Internal Audit Dept. and/or Legal department for investigation. It is the strict policy of the Company not to allow retaliation for reports of misconduct by others made in good faith by employees. Employees are expected to cooperate in internal investigations of misconduct.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more (As of 31 December 2016)

| Shareholder | Number of Shares | Percent | Beneficial Owner |
|------------------------------------|------------------|---------|------------------|
| Fil-Estate Management, Inc. | 1,757,690,198 | 87.885% | |
| PCD Nominee Corporation (Filipino) | 100,721,633 | 5.036% | |

| Name of Senior Management | Number of Direct shares | Number of Indirect shares / Through (name of record owner) | % of Capital Stock |
|--|-------------------------|--|--------------------|
| N/A | N/A | N/A | N/A |
| No member of Senior Management has shareholdings in the Company amounting to 5% or more of its outstanding capital stock | | | |
| TOTAL | | | |

- 2) Does the Annual Report disclose the following:

| | |
|---|--|
| Key risks | Yes |
| Corporate objectives | Yes |
| Financial performance indicators | Yes |
| Non-financial performance indicators | Yes |
| Dividend policy | Yes |
| Details of whistle-blowing policy | No. Under formulation at the present |
| 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, this is contained in a separate report |
| Attendance details of each director/commissioner in respect of meetings held | No, these details are contained in a separate report |
| Details of remuneration of the CEO and each member of the board of directors/commissioners | Yes |

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

3) External Auditor's fee

| Name of auditor | Audit Fee | Non-audit Fee |
|---------------------|-------------|---------------|
| KL Siy & Associates | P168,000.00 | P50,000.00 |

4) Medium of Communication

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

Disclosures made through:

- Company Website
- Regulatory Disclosures (Securities and Exchange Commission and Philippine Stock Exchange)
- Electronic Mail Correspondences
- Round Table Discussion
- Investors Briefing
- Teleconferences

5) Date of release of audited financial report:

- None

6) Company Website

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

| | |
|--|-----|
| Business operations | YES |
| Financial statements/reports (current and prior years) | YES |

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

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

Other pertinent documents are also accessible thru the Philippine Stock Exchange and Securities & Exchange Commission website.

7) Disclosure of RPT

In 2016, there were no transactions or proposed transactions to which the Company was or is to be a party during which any director/executive officer of the Company, any nominee for election as director, any security holder or any member of the immediate family of any of the foregoing persons had or is to have a direct or indirect material interest.

The following table provides the summary of outstanding balances as of December 31, 2016 of transactions that have been entered into with related parties in prior years.

| RPT | Relationship | Nature | Value |
|-----------------------------|----------------|--|-----------------|
| Fil-Estate Management, Inc. | Parent company | Cash advance to the Company as of December 31, 2016. | P821,773,546.00 |
| MRTH I | Affiliate | Advances in prior years to be applied against Dividends. | P213,740,407.00 |
| MRTH II | Affiliate | Advances in prior years to be applied against Dividends. | P119,728,217.00 |

Details of related party transactions may be found under Note 6 of the Notes to the Financial Statements which is included in the Company's Annual Report and SEC Form 17A.

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

Under Audit Committee Charter, the committee is required to review the quarterly Financial Statements with management and the Annual Financial Statements with External Auditor focusing particularly on review of disclosures of material information related party transactions and subsequent events.

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 | Majority of the subscribed capital, present in person or represented by proxy, except in those cases in which the Corporation Code requires the affirmative vote of a greater proportion (Sec. 4, Art. V, By-Laws) |
|------------------------|--|

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

| | |
|--------------------|--|
| System Used | Approval of the Board of Directors |
| Description | A majority of the number of directors as fixed in the Articles of Incorporation of the Company shall constitute a quorum for the transaction of corporate business. Every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board of Directors. |

(c) Stockholders' Rights

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

| Stockholders' Rights under The Corporation Code | Stockholders' Rights <u>not</u> in The Corporation Code |
|--|---|
| <p>A special meeting of the stockholders or members of a corporation for the purpose of removal of directors or trustees, or any of them, must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a <u>majority of the outstanding capital stock</u>. Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders or members by any stockholder or member of the corporation signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in this Code. (Sec. 28, Corp Code)</p> <p>Special meetings of stockholders shall be held at any time deemed necessary or as provided in the by-laws: Provided, however, That at least 28 days written notice shall be sent to all stockholders or members, unless otherwise provided in the by-laws. Notice of any meeting may</p> | <p>Special meetings of stockholders may be held at any time by resolution of the Board of Directors or at the request of stockholders representing at least <u>one-third (1/3) of the subscribed and outstanding capital stock</u>, setting forth the purpose of such meeting in the notice. (Sec. 2, Art. V, By-Laws) Regular or special meetings of stockholders shall be called by written notice sent through the post office, or messengerial services, addressed to each stockholder at the latter's address appearing in the registry book of the Corporation, not less than <u>28 days</u> prior to the date of such meeting, provided, however, that this requisite may be waived in writing by the stockholders. Publication of notice of meeting in the newspaper in lieu of the written notice shall be allowed when necessary. Notices of regular or special meeting shall contain, in addition to the date, hour and place of the meeting, a statement of the matters to be taken up at such meeting. (Sec. 3, Art. V, By-Laws)</p> |

| | |
|---|--|
| <p>be waived, expressly or impliedly, by any stockholder or member. (Sec. 50, Corp. Code)</p> | |
| <p>Regular meetings of stockholders shall be held annually on a date fixed in the by-laws, or if not so fixed, on <u>any date in April of every year</u> as determined by the board of directors or trustees: Provided, That written notice of regular meetings shall be sent to all stockholders or members of record at least 28 days to the meeting, unless a different period is required by the by-laws. (Sec. 50, Corp. Code)</p> | <p>Annual regular meetings shall be held on the <u>first Thursday of March of each year</u>, if such day be not a holiday, otherwise, they shall be on the first working day after such date. (Sec. 2, Art. V, By-Laws)</p> <p>For the purpose of determining the stockholders entitled to notice of, or to vote at, any meeting of stockholders, or to receive payment of any dividend, or for any other purpose, the Board of Directors may provide that the stock and transfer books be closed for a stated period, which shall not be more than 60 days nor less than 30 days before the date of such meeting. In the event that the Board of Directors fails to specify such date, the closing date shall be the 30th calendar day prior to the intended date of the meeting. In lieu of closing the stock and transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of stockholders, which shall <u>not be less than 20 days prior</u> to the date on which the particular action requiring such determination of stockholders of record. (Sec.5, Art. I, By-Laws)</p> |
| | |

Dividends

| Declaration Date | Record Date | Payment Date |
|--|-------------|--------------|
| No dividends have been declared in 2016. | N/A | N/A |

(d) Stockholders' Participation

- 3) Does the company observe a minimum of 28 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

Yes, however no annual meeting of stockholders was held in 2016.

a. Date of sending out notices: N/A

b. Date of the Annual/Special Stockholders' Meeting: N/A

- 4) State, if any, questions and answers during the Annual/Special

Stockholders' Meeting. N/A; No Annual Stockholder's Meeting held in 2016.

- a. Result of Annual/Special Stockholders' Meeting's Resolutions. None for 2015 since no stockholders' meeting in 2016.

(i) Definitive Information Statements and Management Report

| | |
|---|---|
| Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials | No annual meeting of shareholders was conducted in 2016 |
| Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners | No annual meeting of shareholders was conducted in 2016 |
| Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders | No annual meeting of shareholders was conducted in 2016 |
| State whether CD format or hard copies were distributed | No annual meeting of shareholders was conducted in 2016 |
| If yes, indicate whether requesting stockholders were provided hard copies | No annual meeting of shareholders was conducted in 2016 |

(d) 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: N/A

| Modifications | Reason for Modification |
|---------------|-------------------------|
| N/A | N/A |
| | |
| | |

(e) 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 | N/A | N/A | N/A | N/A | N/A | N/A |
| Special | N/A | N/A | N/A | N/A | N/A | N/A |

No Annual Stockholder's Meeting held in 2016.

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

Generally, yes, if a stockholders meeting is held.

(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

(f) 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 | Proxies shall be in writing and signed by the stockholders, but no other formality is required. (Sec. 5, Art. V, By-Laws) |
| Notary | Not required |
| Submission of Proxy | Proxies for any annual meeting shall be filed and submitted to the Corporate Secretary at least 5 business days prior to the date of such meeting. (Sec. 5, Art. V, By-Laws) |
| Several Proxies | N/A |
| Validity of Proxy | Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it was intended. (Sec. 5, Art. V, By-Laws) |
| Proxies executed abroad | Not disallowed |
| Invalidated Proxy | N/A |
| Validation of Proxy | Proxies for any annual meeting shall be filed and submitted to the Corporate Secretary at least 5 business days prior to the date of such meeting. (Sec. 5, Art. V, By-Laws) |
| Violation of Proxy | N/A |

(g) Sending of Notices

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

| Policies | Procedure |
|-----------------|---|
| | Regular or special meetings of stockholders shall be called by written notice sent through the post office, or messengerial services, addressed to each stockholder at the latter's address appearing in the registry book of the Corporation, not less than 28 days prior to the date of such meeting, provided, however, that this requisite may be waived in writing by the stockholders. Publication of notice of meeting in the newspaper in lieu of the written notice shall be allowed when necessary. Notices of regular or special meeting shall contain, in addition to the date, hour and place of the meeting, a statement of the matters to be taken up at such meeting. (Sec. 3, Art. V, By-Laws) |

(h) Definitive Information Statements and Management Report

| | |
|---|---|
| Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials | No annual meeting of shareholders was conducted in 2016 |
| Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners | No annual meeting of shareholders was conducted in 2016 |
| Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders | No annual meeting of shareholders was conducted in 2016 |
| State whether CD format or hard copies were distributed | No annual meeting of shareholders was conducted in 2016 |
| If yes, indicate whether requesting stockholders were provided hard copies | No annual meeting of shareholders was conducted in 2016 |

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

| | |
|---|--|
| Each Resolution to be taken deals with only one item. | No annual meeting of shareholders was conducted in 2016. |
| Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election. | No annual meeting of shareholders was conducted in 2016. |
| The auditors to be appointed or re-appointed. | No annual meeting of shareholders was conducted in 2016. |
| An explanation of the dividend policy, if any dividend is to be declared. | No annual meeting of shareholders was conducted in 2016. |
| The amount payable for final dividends. | No annual meeting of shareholders was conducted in 2016. |
| Documents required for proxy vote. | No annual meeting of shareholders was conducted in 2016. |

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 minority stockholders must not be deprived of their right to representation. | <p>Each share of stock entitles the person in whose name it is registered in the books of the Company to one vote, provided that the share has not been declared delinquent. (Sec. 6, Art. V, By-Laws)</p> <p>Each stockholder entitled to vote may cast such number of votes for the number of Directors to be elected, multiplied by the number of his shares, or he may distribute them on the same principle among as many candidates as he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of directors to be elected. (Sec. 7, Art. V, By-Laws)</p> |

(b) Do minority stockholders have a right to nominate candidates for board of directors? Yes, as long as the names of their nominees are submitted to the Nomination and Election Committee for pre-qualification.

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 disseminates all material information to its investors through timely disclosures to the commission and the Philippine Stock Exchange and the Company Website

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 | Timely disclosure of material information |
| (2) Principles | Enable investors to make appropriate investment decisions |
| (3) Modes of Communications | Disclose information to the SEC/PSE, company website |
| (4) Investors Relations Officer | This function is presently undertaken by the Corporate Information Officer, Mr. Ramon Jimenez with contact details at +632-2341211 and email address at monjay@ymail.com |

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

These major decisions have to be approved by the Board of Directors and stockholders, as necessary.

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

There were no transactions the past year involving the acquisition of corporate control in the capital markets.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

| Initiative | Beneficiary |
|---|---|
| Sponsorship of “Kabise @ 90” Fun Golf Tournament @ The Manila Southwoods Golf & Country Club on June 30, 2016 | The Manila Southwoods Golf & Country Club |

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 | Periodic self-appraisal | Board discussions and participation |
| Board Committees | Periodic self-appraisal | Meeting targets/objectives set by the committees |
| Individual Directors | Periodic self-appraisal | Board discussions and participation |
| CEO/President | Periodic review of management | Meeting Company objectives and targets |

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

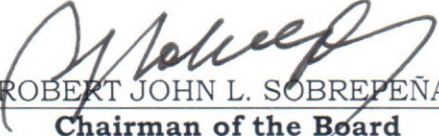
To strictly observe and implement the provisions stated in the Corporate Governance Manual, the following penalties shall be imposed after notice and hearing, on the corporation’s director, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of the manual.

| Violations | Sanctions |
|-------------------|--|
| First violation | Reprimand |
| Second violation | Suspension, Duration of suspension shall depend on the gravity of the violation. |
| Third violation | Removal from Office |


The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.

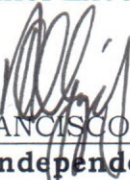
Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Pasig on MAY 30 2017.

SIGNATURES


ROBERT JOHN L. SOBREPENA
Chairman of the Board


ROBERT JOHN L. SOBREPENA
Chief Executive Officer


ROBERTO S. ROCO
Independent Director


FRANCISCO C. GONZALEZ
Independent Director


ALICE ODCHIGUE-BONDOC
SVP-Compliance Officer

MAY 30 2017

SUBSCRIBED AND SWORN to before me this _____ Affiants exhibited to me their competent of evidence of identities as follows:


Name

Robert John L. Sobrepeña
Francisco C. Gonzalez
Roberto S. Roco
Alice Odchigue-Bondoc

Government ID

Senior Citizens ID No. 81301, Pasig
SSS No. 03-1741698-9
Senior Citizens ID No. 21511, Parañaque
SSS No. 33-1923852-8.

Doc. No. 17 ;
Page No. 05 ;
Book No. CVII
Series of 2017.


EDWIN CONDAYA
NOTARY PUBLIC
PASIG, PATEROS, & SAN JUAN
UNTIL DEC. 31, 2018
PTR NO. 2506000/1-03-17
IBP NO. 1016995/12-29-16/UNTIL 2018
ROLL NO. 26683
TIN NO. 210-588-191-000
MCLE V-0004493
2ND FLOOR ARMAL BLDG. UREANO
VELASCO AVE. MALINAO, PASIG CITY