



May 30, 2017

PHILIPPINE STOCK EXCHANGE

3rd Floor, Tower One and Exchange Plaza

Ayala Triangle, Ayala Ave., Makati City

Attention: Mr. Jose Valeriano B. Zuño III
OIC – Head, Disclosure Department

Subject: Golden Haven Memorial Park Inc.: **Annual Corporate Governance
Report (ACGR) 2016**

Gentlemen:

In compliance with the SEC Memorandum Circular No. 20, series of 2016, we are submitting the Annual Corporate Governance Report of our Company for the year 2016.

Thank you.

Roy Joseph S. Fernandez
Officer-in-Charge

COVER SHEET

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| S.E.C. Registration Number | | | | | | | | | |

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(Company's Full Name)

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

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|--------------------------------|
| Roy Joseph S. Fernandez |
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Contact Person

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| +632 873 29 22 |
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Company Telephone Number

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| Calendar Year | | | | | |

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| ACGR for 2016 |
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FORM TYPE

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Secondary License Type, If Applicable

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Amended Articles Number/Section

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To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year 2016
2. Exact Name of Registrant as Specified in its Charter Golden Haven Memorial Park, Inc.
3. San Ezekiel, C5 Extension, Las Piñas City, Philippines 1746
Address of Principal Office Postal Code
4. SEC Identification Number 108270
5. (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number 769-991-000
7. (632) 873-2922 / (632) 873-2543
Issuer's Telephone number, including area code
8. N/A
Former name or former address, if changed from the last report



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A. BOARD MATTERS

1) Board of Directors

| | |
|---|-----|
| Number of Directors per Articles of Incorporation | [7] |
|---|-----|

| | |
|---|---|
| Actual number of Directors for the year | 7 |
|---|---|

(a) Composition of the Board

Complete the table with information on the Board of Directors:

| Director's Name | Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)] | If nominee, identify the principal | Nominator in the last election (if ID, state the relationship with the nominator) | Date first elected | Date last elected (if ID, state the number of years served as ID) | Elected when (Annual /Special Meeting) | No. of years served as director ¹ |
|---------------------------|---|------------------------------------|---|--------------------|---|--|--|
| Jerry M. Navarrete | ED | Not applicable | Fine Properties, Inc. | 9-11-13 | 01-30-16 | Annual Meeting | 1.75 |
| Frances Rosalie S. Coloma | NED | Not applicable | Fine Properties, Inc. | 7-29-16 | 07-29-16 | Special Meeting | 0.4 |
| Joy J. Fernandez | NED | Not applicable | Fine Properties, Inc. | 6-08-07 | 04-06-15 | Annual Meeting | 8.25 |
| Cynthia Marie S. Delfin | NED | Not applicable | Fine Properties, Inc. | 7-29-16 | 07-29-16 | Special Meeting | 0.4 |
| Maribeth C. Tolentino | ED | Not applicable | Fine Properties, Inc. | 3-16-07 | 01-30-16 | Annual Meeting | 8.25 |
| Garth F. Castañeda | ID | Not applicable | Ms. Rosario Javier | 05-31-16 | 05-31-16 | Special Meeting | 0.5 |
| Ana Marie V. Pagsibigan | ID | Not applicable | Ms. Rosario Javier | 05-31-16 | 05-31-16 | Special Meeting | 0.5 |

(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 essence of corporate governance is transparency. The more transparent the internal workings of the corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the corporation or misappropriate its assets.

It is therefore essential that all material information about the corporation, which could adversely affect its viability or the interests of the stockholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information should be disclosed through the appropriate Exchange mechanisms and submissions to the Commission.

The Company's Board has adopted a Manual on Corporate Governance on **March 18, 2016**. The Company's Manual on Corporate Governance describes the terms and conditions by which the Company intends to conduct sound corporate governance practices that are consistent with the relevant laws and regulations of the Republic of the Philippines, and which seek to enhance business transparency and build shareholder value.

Ultimate responsibility and oversight of the Company's adherence to superior corporate governance practices rests with the Board of Directors. As a policy matter, the Board will hold monthly meetings, at which any number of relevant corporate governance issues may be raised for discussion.

Practical oversight of the Company's corporate governance standards is exercised through the Board's three standing committees:

- The Audit Committee is charged with internal audit oversight over all of the Company's business transactions and the effective management of risk.
- The Nomination Committee is charged with ensuring that potential candidates for the Board are fully qualified as well as ensuring that the Board maintains adequate independent membership.

¹ As of December 31, 2016.

- The Compensation and Remuneration Committee is charged with ensuring that fair and competitive compensation policies are maintained.

The Company is committed to building a solid reputation for sound corporate governance practices, including a clear understanding by its Directors of the Company's strategic objectives, structures to ensure that such objectives are realized, systems to ensure the effective management of risks and the systems to ensure the Company's obligations are identified and discharged in all aspects of its business. Each January, the Company will issue a certification to the Philippines Securities and Exchange Commission and the Philippine Stock Exchange that it has fulfilled its corporate governance obligations.

As of December 31, 2016, there are no known material deviations from the Company's Manual of Corporate governance.

The Company is taking further steps to enhance adherence to principles and practices of good corporate governance.

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

The Board formulated the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance which is subject to quarterly review together with the Manual on Corporate Governance unless the same frequency is amended by the Board.

(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. |
|---------------------------|-------------------------------------|--|
| Jerry M. Navarrete | Fine Properties, Inc. | ED , Chairman & President |
| Maribeth C. Tolentino | None | None |
| Joy J. Fernandez | None | None |
| Frances Rosalie T. Coloma | None | None |
| Cynthia Marie S. Delfin | None | None |
| Garth F. Castañeda | N/A | N/A |
| Ana Marie V. Pagsibigan | N/A | N/A |

(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. |
|--------------------|------------------------|--|
| Jerry M. Navarrete | Starmalls, Inc. | Executive / President & CEO |

² The Group is composed of the company and its affiliates.

(iii) Relationship within the Company and its Group

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

| Director's Name | Name of the Significant Shareholder | Description of the relationship |
|-----------------|-------------------------------------|---------------------------------|
| none | none | n/a |

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or President 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:

No the company has not set a limit on the number of board seats in other companies that an individual director or President may hold simultaneously, but considers the adoption of an optimum number that takes into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.

| | Guidelines | Maximum Number of Directorships in other companies |
|------------------------|--|--|
| Executive Director | The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities. | |
| Non-Executive Director | | |
| President | | |
| | The President and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised. <i>(Item #2B, Board Governance. Manual on Corporate Governance, as of May 18, 2016)</i> | |

(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* |
|---------------------------|--------------------------|--|---------------------|
| Jerry M. Navarrete | n/a | 2,835,000 / through PCD Nominee Corporation | 0.57% |
| Maribeth C. Tolentino | n/a | 2,835,000 / through PCD Nominee Corporation | 0.57% |
| Joy J. Fernandez | n/a | 2,268,000 / through PCD Nominee Corporation | 0.46% |
| Frances Rosalie T. Coloma | n/a | 500 / through PCD Nominee Corporation | 0.00% |
| Cynthia Marie S. Delfin | n/a | 500 / through PCD Nominee Corporation | 0.00% |
| Ana Marie V. Pagsibigan | n/a | 1 / through PCD Nominee Corporation | 0.00% |
| Garth F. Castañeda | n/a | 1 / through PCD Nominee Corporation | 0.00% |
| TOTAL | - | 7,939,002 | 1.60% |

* Based on the Company's total outstanding and issued capital stocks of 494,117,649 common shares as of December 31, 2016

2) Chairman and President

(a) Do different persons assume the role of Chairman of the Board of Directors and President? 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 President:

| | |
|-----------------------|--------------------|
| Chairman of the Board | Jerry M. Navarrete |
| President | Jerry M. Navarrete |

The roles of Chair and President should, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. A clear delineation of functions should be made between the Chair and President upon their election.

If the positions of Chair and President are unified, the proper checks and balances should be laid down to ensure that the Board gets the benefit of independent views and perspectives.

(Item #2C. Manual on Corporate Governance, as of May 18, 2016)

(b) Roles, Accountabilities and Deliverables

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

| | Chairman | President |
|------------------|--|--|
| Role | <p>The roles of Chair and President should, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. A clear delineation of functions should be made between the Chair and President upon their election. If the positions of Chair and President are unified, the proper checks and balances should be laid down to ensure that the Board gets the benefit of independent views and perspectives.</p> <p><i>(Item #2C. Manual on Corporate Governance, as of May 18, 2016)</i></p> | |
| | The Chairman effectively acts as the senior representative of shareholders and is responsible for upholding shareholders' interests. | The President is the senior decision maker who is involved in the overseeing departmental managers and taking personal charge of major strategy decisions. |
| Accountabilities | <ol style="list-style-type: none"> 1. Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary; 2. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors; and 3. Maintain qualitative and timely lines of communication and information between the Board and Management. <p><i>(Item #2C. Manual on Corporate Governance, as of May 18, 2016)</i></p> | <p>The president elected by the Board from among its members shall preside at all meetings. He shall have the power to sign certificates of stock, to sign and execute all contracts and instruments of conveyance in the name of the corporation, to sign checks, drafts, notes, and orders for the approval of the Board of Directors. He shall have general and active management of the business of the corporation and shall perform all duties incident to the office of the President.</p> <p><i>(Article IV, Section 2. By-Laws as Amended March 21, 2016)</i></p> |
| Deliverables | <ul style="list-style-type: none"> - Preparation and conduct of Board and stockholders' meetings - Performance evaluation of President and other Board members' effectiveness - Special assignments in collaboration with the President and management or the Board of Directors | <ul style="list-style-type: none"> - Annual President's Report - Reports to the Board of Directors and Stockholders - Corporate Objectives and Policies - Long range projects, plans and programs including those for executive training, development, and compensation |

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

The Company's Board has established the following practices in terms of succession planning:

1. Identify those individuals with the potential to assume greater responsibility in the organization
2. Define the competencies and motivational profile required to undertake those key roles
3. Provide critical development experiences to those that can move into those key roles
4. Engage the leadership in supporting the development of high potential leaders
5. Build a database that can be used to make better staffing decisions for key jobs

The Company has additional objectives that are embedded in the succession process as follows:

1. Improve employee commitment and retention
2. Meet the career development expectations of existing employees
3. Counter the increasing difficulty and cost of recruiting employees externally

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.

The Board shall be composed of at least five (5), but not more than fifteen (15) members who are elected by the stockholders; and at least two (2) independent directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2).

The membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision making process. The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board. (Item#2A. Manual on Corporate Governance, as of May 18, 2016.)

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, so that such non-executive director is able to participate effectively and make sound decisions and informed judgment especially on items or transactions peculiar to the Company's industry. A director should also keep abreast with industry developments and business trends in order to promote the corporation's competitiveness.

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

| | Executive | Non-Executive | Independent Director |
|------------------|---|---------------|----------------------|
| Role | <p>It shall be the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.</p> <p>The Board shall formulate the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance. (Item#2,D,1. Manual on Corporate Governance, as of May 18, 2016)</p> <p>A director's office is one of trust and confidence. A director should act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress. (Item#2,D,3. Manual on Corporate Governance, as of May 18, 2016)</p> | | |
| Accountabilities | <p>Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the corporation.</p> | | |
| Deliverables | <p>The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his</p> | | |

position.

A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation.

Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.

A director should devote sufficient time to familiarize himself with the corporation's business. He should be constantly aware of and knowledgeable with the corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation

Act judiciously.

Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.

Exercise independent judgment.

A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollary, he should support plans and ideas that he thinks are beneficial to the corporation.

Have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.

A director should also keep abreast with industry developments and business trends in order to promote the corporation's competitiveness.

Observe confidentiality.

A director, or any company employee, should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.

(Item#2,D,3f. Manual on Corporate Governance, as of May 18, 2016.)

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

The company complies with SEC Memorandum Circular No. 16, Series of 2002 which defines Independent Director as a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any corporation that meets the requirements of Section 17.2 of the Securities Regulation Code and includes, among others, any person who:

- i. Is not a director or officer or substantial stockholder of the corporation or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);
- ii. Is not a relative of any director, officer or substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- iii. Is not acting as a nominee or representative of a substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders;
- iv. Has not been employed in any executive capacity by that public company, any of its related companies or by any of its substantial shareholders within the last five (5) years;

- v. Is not retained as professional adviser by that public company, any of its related companies or any of its substantial shareholders within the last five (5) years, either personally or through his firm;
- vi. Has not engaged and does not engage in any transaction with the corporation or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial or insignificant.

Independence refers to the independence from parties that may have a financial interest. It requires integrity and an objective approach. The concept requires the ability to carry out his or her work freely and in an objective manner.

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

The Company will adopt the Securities and Exchange Commission's Memorandum Circular NO. 9 Series of 2011 that sets the Term Limits of Independent Directors which states the following:

1. There shall be no limit in the number of covered companies that a person may be elected as Independent Director (ID), except in the business conglomerates where an ID can be elected to only five (5) companies of the conglomerate, i.e. parent company, subsidiary or affiliate;
2. ID can serve as such for five (5) consecutive years, provided in that service for a period of at least six (6) months shall be equivalent to one (1) year, regardless of the manner by which the ID position was relinquished or terminated;
3. After completion of the five-year service period, an ID shall be ineligible for election as such the same company unless the ID has undergone a "cooling off" period of two (2) years, provided, that during such period, the ID concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as ID in the same company; as such in the same company after the "cooling off" period can serve for another five (5) consecutive years under the conditions mentioned in paragraph 2 above;
4. An ID re-elected
5. After serving as ID for ten (10) years, the ID shall be perpetually barred from being elected as such the same company, without prejudice to being elected as ID in other companies outside of the business conglomerate, where applicable, under the same conditions provided for in the above mentioned Circular
6. The foregoing rules shall take effect on January 2, 2012. All previous terms served by existing IDs shall not be included in the application of the term limits subject of this Circular.

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:

Resignation of Rosario H. Javier as Corporate Secretary, election of Atty. Timothy Joseph M. Mendoza as the new Corporate Secretary.

Resignation of Michael G. Regino as Chairman of the Board and President, election of Jerry M. Navarrete as the new Chairman of the Board and President.

Resignation of Michael G. Regino and Rosario H. Javier as Directors, election of Frances Rosalie T. Coloma and Cynthia Marie S. Delfin as Directors.

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

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

| Procedure | Process Adopted | Criteria |
|---------------------------------|---|---|
| a. Selection/Appointment | | |
| (i) Executive Directors | The Nomination Committee shall have at least three (3) members, one (1) of whom shall be an independent director, to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require | Qualifications: 1) Holder of at least one (1) share of stock of the Corporation; 2) He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education; |
| (ii) Non-Executive Directors | | |
| (iii) Independent Directors | | |

| | | |
|--------------------------------------|--|---|
| | <p>Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.</p> <p>It shall pre-screen and shortlist all candidates nominated to become a member of the Board in accordance with the following qualifications and disqualifications <i>(Item #3.A. Board Committees – Nomination Committee. Manual on Corporate Governance, as of May 18, 2016.)</i></p> | <p>3) He shall be at least twenty one (21) years old;</p> <p>4) He shall have proven to possess integrity and probity; and</p> <p>5) He shall be assiduous. <i>(Item #3.A. Board Committees – Nomination Committee. Manual on Corporate Governance, As of May 18, 2016)</i></p> |
| b. Re-appointment | | |
| (i) Executive Directors | <p>The Nomination Committee shall pre-screen and shortlist all candidates nominated to become a member of the Board in accordance with the qualifications and disqualifications set forth in the Company’s Manual on Corporate Governance. <i>(Item #3.A. Board Committees – Nomination Committee. Manual on Corporate Governance, as of May 18, 2016.)</i></p> | <p>Qualifications:</p> <p>1) Holder of at least one (1) share of stock of the Corporation;</p> <p>2) He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;</p> <p>3) He shall be at least twenty one (21) years old;</p> <p>4) He shall have proven to possess integrity and probity; and</p> <p>5) He shall be assiduous. <i>(Item #3.A. Board Committees – Nomination Committee. Manual on Corporate Governance, as of May 18, 2016.)</i></p> |
| (ii) Non-Executive Directors | | |
| (iii) Independent Directors | | |
| c. Permanent Disqualification | | |
| (i) Executive Directors | <p>The following shall be grounds for the permanent disqualification of a director:</p> <p>a) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <p>b) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasibank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the Commission or an</p> | |
| (ii) Non-Executive Directors | | |
| (iii) Independent Directors | | |

| | |
|--------------------------------------|---|
| | <p>court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;</p> <p>c) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>d) Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;</p> <p>e) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;</p> <p>f) Any person judicially declared as insolvent;</p> <p>g) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above;</p> <p>h) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.</p> <p><i>(Item #3A. Board Committees – Nomination Committee. Manual on Corporate Governance, revised March 18, 2016.)</i></p> |
| d. Temporary Disqualification | |
| (i) Executive Directors | <p>The Board may provide for the temporary disqualification of a director for any of the following reasons:</p> <p>a) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.</p> <p>b) Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.</p> <p>c) Dismissal or termination for cause as director of any</p> |
| (ii) Non-Executive Directors | |
| (iii) Independent Directors | |

| | |
|------------------------------|---|
| | <p>corporation covered by the Code of Corporate Governance. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.</p> <p>d) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.</p> <p>e) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.</p> <p>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.</p> <p>In consultation with the executive or management committee/s, re-define the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.</p> <p><i>(Item #3.A. Board Committees – Nomination Committee. Manual on Corporate Governance, revised March 18, 2016.)</i></p> |
| e. Removal | |
| (i) Executive Directors | The Company follows Section 28 of the Corporation Code of the Philippines which states that “Any director or trustee of a corporation maybe removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the members entitled to vote: Provided, that such removal shall take place either at a regular meeting of the Corporation or at a special meeting called for the purpose, and in either case, after previous notice to stockholders or members of the Corporation of the intention to propose such removal at the meeting...” |
| (ii) Non-Executive Directors | |
| (iii) Independent Directors | |
| f. Re-instatement | |
| (i) Executive Directors | None. To be developed. |
| (ii) Non-Executive Directors | |
| (iii) Independent Directors | |
| g. Suspension | |
| (i) Executive Directors | None. To be developed. |
| (ii) Non-Executive Directors | |
| (iii) Independent Directors | |

Voting Result of the last Annual General Meeting – April 16, 2015

| Name of Director | Votes Received |
|-----------------------|----------------|
| Jerry M. Navarrete | 412,057,800 |
| Michael G. Regino | 412,057,800 |
| Rosario H. Javier | 412,057,800 |
| Maribeth C. Tolentino | 412,057,800 |
| Joy J. Fernandez | 412,057,800 |

Voting Result of the Special Meeting – May 31, 2016

| Name of Director | Votes Received |
|-------------------------|----------------|
| Garth C. Castañeda | 5 |
| Ana Marie V. Pagsibigan | 5 |

Voting Result of the Special Meeting – July 29, 2016

| Name of Director | Votes Received |
|----------------------------|----------------|
| Frances Rosalie T. Coloma* | 5 |
| Cynthia Marie S. Delfin** | 5 |

*replacing resigned director Michael G. Regino

**replacing resigned director Rosario H. Javier

6) *Orientation and Education Program*

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

- a) If necessary, funds shall be allocated by the CFO or its equivalent officer for the purpose of conducting an orientation program or workshop to operationalize this Manual.
- b) A director shall, before assuming as such, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute.
(Item #12. Training Process. Manual on Corporate Governance, as of May 18, 2016)

(b) *State any in-house training and external courses attended by Directors and Senior Management³ for the past three (3) years:*

Management Development Program (MDP) is a certificate course or an abridged version of a business school MBA. The MDP is a three-month highly intensive program comprised of 10 modules that, essentially, offers the same learning as an MBA.

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

| Name of Director/Officer | Date of Training | Program | Name of Training Institution |
|---------------------------|------------------|---|----------------------------------|
| Jerry M. Navarrete | 11/16/2016 | Corporate Governance and Strategic Management Seminar | Center for Global Best Practices |
| Maribeth C. Tolentino | | | |
| Joy J. Fernandez | | | |
| Frances Rosalie T. Coloma | | | |
| Cynthia Marie S. Delfin | | | |
| Ana Marie V. Pagsibigan | | | |
| Roy Joseph S. Fernandez | | | |
| Timothy Joseph Mendoza | | | |
| Mark Aurelio B. Dantes | | | |
| Garth F. Castañeda | 11/22/2016 | 3 rd Annual SEC-PSE Corporate Governance Forum | SEC-PSE |

B. CODE OF BUSINESS CONDUCT & ETHICS

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

| Business Conduct & Ethics | Directors | Senior Management | Employees |
|---------------------------|-----------|-------------------|-----------|
|---------------------------|-----------|-------------------|-----------|

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

| | | |
|---|---|--|
| (a) Conflict of Interest | <p>The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.</p> <p>A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation. (Item #2,D,3a. Manual on Corporate Governance, as of May 18, 2016)</p> | <p>Each employee has a responsibility to the Company to avoid situations where a conflict of interest might occur. Employees are required to disclose to the Company any interest or benefits they have that may conflict with the business or interests of the Company.</p> <p>Employees are expected to devote their full attention to the business interests of the Company. They are prohibited from engaging in any activity that interferes with the performance of their responsibilities to the Company or is otherwise in conflict with or prejudicial to the Company. Employees are prohibited from accepting simultaneous employment with another company, or with a supplier, customer, or competitor, and from taking part in any activity that enhances or supports a competitor's position.</p> <p>As a general rule, employees should also avoid conducting Company business with related parties. Willful withholding of information regarding a prohibited relationship may be subject to corrective action.</p> |
| (b) Conduct of Business and Fair Dealings | <p>The Company expects all employees to exercise good judgment to ensure the safety and welfare of the Company and to maintain a cooperative, efficient, and productive work environment and business organization. These standards apply while working on company premises, at offsite locations where company business is being conducted, at company-sponsored business and social events, or at any other place where the employee is a representative of the Company. Employees who engage in misconduct or whose behavior is unsatisfactory may be subject to corrective action.</p> | |
| (c) Receipt of gifts from third parties | <p>Under no circumstances may employees accept any offer, payment, money, gift, or anything of value from customers, vendors, consultants, etc. that is perceived as intended, directly or indirectly, to influence any business decision. Employees are required to disclose names of external parties who are engaged in these practices and to surrender to the company for proper disposition, any material object given to them arising from similar transactions.</p> | |
| (d) Compliance with Laws & Regulations | <p>Have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.</p> <p>A director should also keep abreast with industry developments and business trends in order to promote the corporation's competitiveness. (Item #2,D,3e. Manual on Corporate Governance, as of May 18, 2016)</p> | |
| (e) Respect for Trade Secrets/Use of Non-public Information | <p>A director, or any company employee, should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board. (Item #2,D,3f. Manual on Corporate Governance, as of May 18, 2016)</p> | |
| (f) Use of Company Funds, Assets and Information | <p>All employees are responsible for the proper use of Company assets, and must safeguard such assets against loss, damage, misuse or theft. Employees who violate this policy or who demonstrate poor judgment in the manner in which they use any Company asset may be subject to disciplinary action.</p> <p>Company equipment and assets are to be used for business purposes only. Employees may not use them for personal use, nor should they allow any other person to use Company assets.</p> <p>Every Company employee is personally responsible for all Company funds over which he or she exercises control. Company funds must be used only for business purposes.</p> | |

| | |
|--|---|
| | <p>Every employee must take reasonable steps to ensure that the Company receives good value for Company funds spent, and must maintain accurate and timely records of each and every expenditure. Expense reports must be accurate and submitted in a timely manner. Employees must not use Company funds for any personal purpose.</p> <p>The Company furnishes employees with equipment needed to efficiently and effectively do their jobs. Employees are expected to take care of that equipment and use it responsibly only for business purposes. They must take precautions to protect it from theft or damage, just as if it were their own. If they are no longer connected with the company, the same must be immediately returned.</p> |
| (g) Employment & Labor Laws & Policies | <p>Have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.</p> <p>A director should also keep abreast with industry developments and business trends in order to promote the corporation's competitiveness. (Item #2,D,3e. Manual on Corporate Governance, as of May 18, 2016)</p> |
| (h) Disciplinary action | <p>The HR Head is designated to take action he considers appropriate in order to investigate any actual or potential violations reported to him. If after such investigation, the officer believes that a violation has occurred, the HR Head shall report the matter to the Executive Committee. If the Committee concurs that a violation has occurred, it will consider appropriate action.</p> <p>Open-door policy. The open door is a voluntary process that allows the employee to talk with his/her immediate supervisor or to a higher level of management without fear of retaliation.</p> |
| (i) Whistle Blower | |
| (j) Conflict Resolution | |

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

All directors, executives, division and department heads are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process. (Item #11. Manual on Corporate Governance, as of May 18, 2016)

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

To ensure adherence to corporate principles and best practices, the Chairman of the Board shall designate a Compliance Officer who shall hold the position of a Senior Vice President or its equivalent. In the absence of such appointment, the Corporate Secretary, preferably a lawyer shall act as Compliance Officer. He shall have direct reporting responsibilities to the Chairman of the Board.

He shall perform the following duties:

- a) Monitor compliance with the provisions and requirements of this Manual and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation; and
- b) Appear before the Securities and Exchange Commission when summoned in relation to compliance with this Manual.

The appointment of the compliance officer shall be immediately disclosed to the Securities and Exchange Commission on SEC Form 17C. All correspondence relative to his functions as such shall be addressed to such Officer. (Item #5. Manual on Corporate Governance, as of May 18, 2016)

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 | The Company's policy with respect to related-party transactions is to ensure that these transactions are entered into on terms at least comparable to those available from unrelated third parties with transparency and integrity. There are no special risks or contingencies arising from these transactions and these transactions, being in the ordinary and regular course of business, do not materially affect the financial statements of the Company. |
| (2) Joint Ventures | |
| (3) Subsidiaries | |
| (4) Entities Under Common Control | |
| (5) Substantial Stockholders | |
| (6) Officers including spouse/children/siblings/parents | |
| (7) Directors including spouse/children/siblings/parents | |
| (8) Interlocking director relationship of Board of Directors | |

(b) *Conflict of Interest*

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

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

| | Details of Conflict of Interest (Actual or Probable) |
|----------------------------------|--|
| Name of Director/s | None |
| Name of Officer/s | None |
| Name of Significant Shareholders | None |

(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 | The Company follows the following steps in managing conflict of interest: 1. Identify relevant conflict of interest situations 2. Establish procedures to identify, manage, and resolve conflict of interest situations 3. Demonstrate leadership commitment 4. Create partnership with employees 5. Enforce conflict of interest policy |
| Group | |

5) *Family, Commercial and Contractual Relations*

(a) *Indicate, if applicable, any relation of a family,⁴ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:*

| Names of Related Significant Shareholders | Type of Relationship | Brief Description of the Relationship |
|---|----------------------|---------------------------------------|
| None. | | |

(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 |
|---|----------------------|-------------------|
| None. | | |

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

(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 |
|----------------------|---------------------------------------|--------------------------------------|
| None. | | |

6) *Alternative Dispute Resolution*

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

| | Alternative Dispute Resolution System |
|--------------------------------------|---------------------------------------|
| Corporation & Stockholders | 1. Negotiation |
| Corporation & Third Parties | 2. Mediation |
| Corporation & Regulatory Authorities | 3. Arbitration |

C. BOARD MEETINGS & ATTENDANCE

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

The regular meeting of the Board of Directors shall be held at the principal office of the corporation on the last Saturday of each month at ten o'clock a.m. if said day be not a legal holiday, but if legal holiday then on the next business day following. (*Article III, Section 3. By-Laws as Amended March 21, 2016*)

Special meetings of the Board of Directors shall be held in the principal office of the corporation and maybe called by the President at any time or by any three members of the Board, or such special meetings may be held at any time or place without notice by the unanimous written consent of all members of the Board. (*Article III, Section 4. By-Laws as Amended March 21, 2016*)

The annual meeting of stockholders of this corporation shall be held in the principal office of the corporation on the first Saturday of April of every year, at 4:00 o'clock in the afternoon. Special meetings of the stockholders may be called at the principal office of the corporation at any time by resolution of the Board of Directors or by order of the President, or upon the written request of stockholders registered as the owners of one third (1/3) of the total outstanding capital stock. (*Article II, Section 1-2. By-Laws as Amended March 21, 2016*)

2) *Attendance of Directors*

| Board | Name | Date of Election | No. of Meetings Held* | No. of Meetings Attended | % |
|----------|---------------------------|------------------|-----------------------|--------------------------|------|
| Chairman | Jerry M. Navarrete | 01-30-16 | 2 | 2 | 100% |
| Member | Maribeth C. Tolentino | 01-30-16 | 2 | 2 | 100% |
| Member | Joy J. Fernandez | 04-06-15 | 2 | 2 | 100% |
| Member | Frances Rosalie T. Coloma | 07-29-16 | 2 | 2 | 100% |
| Member | Cynthia Marie S. Delfin | 07-29-16 | 2 | 2 | 100% |
| ID | Ana Marie V. Pagsibigan | 05-31-16 | 2 | 2 | 100% |
| ID | Garth F. Castañeda | 05-31-16 | 2 | 2 | 100% |

*Meetings of the board since the Company was listed in the Philippine Stock Exchange on June 29, 2016

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

None.

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

A quorum at any meeting of the Board of Directors shall consist of a majority of the entire membership of the Board and unless otherwise provided or required by law, every decision of a majority of the quorum duly assembled as a Board shall be valid as a corporate act. Meetings may be attended by the Directors either in person or through video or teleconference or such other means as may subsequently be permitted by applicable law or requirement. (*Article III, Section 6 - Quorum. By-Laws as Amended March 21, 2016*)

5) *Access to Information*

- (a) *How many days in advance are board papers⁵ for board of directors meetings provided to the board?*

Notices of any meetings, regular or special, shall be mailed by the Secretary to each member of the Board of Directors not less than two (2) days before such meeting, and notices of special meetings shall state the object and purpose thereof. (*Article III, Section 5 - Notices. By-Laws as Amended March 21, 2016*)

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

Yes

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

The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, is an officer of the corporation. He should:

- a) Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Corporation;
- b) Be loyal to the mission, vision and objectives of the Corporation;
- c) Work fairly and objectively with the Board, Management stockholders and other stakeholders,
- d) Have appropriate administrative and interpersonal skills;
- e) If he is not at the same time the Corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- f) Have a working knowledge of the operations of the Corporation;
- g) Inform the members of the Board, in accordance with the bylaws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- h) Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;
- i) Ensure that all Board procedures, rules and regulations are strictly followed by the members; and
- j) If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Code.

(*Item #4. Manual on Corporate Governance, as of May 18, 2016*)

As stated in Article IV, Section 5 of the Corporation's By-Laws as amended May 18, 2016, the Secretary shall have the following powers and duties:

The Secretary, who must be a citizen of the Philippines, shall issue notices of all meetings, shall keep the minutes of all meetings, shall have charge of the seal, and the corporate books. He shall countersign the signatures, and shall make such reports and perform such duties as are incident to his office or are properly required of him by the Board of Directors.

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

Yes, the Company's Corporate Secretary is legal practice trained. Atty. Timothy Joseph M. Mendoza graduated from Ateneo de Manila University with a Bachelor's degree in Political Science and from the University of the Philippines with a Bachelors of Laws degree. He is currently a partner at the Picazo Buyco Tan Fider & Santos law offices and

⁵ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

serves as the Corporate Secretary of San Carlos Solar Energy, Inc., Negros Island Solar Power, Inc. and the First Greenmeadows Homeowners' Association, Inc.

(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 | For information not included in the Board Book, the following procedures shall apply 1. Send request of information to the relevant department head as endorsed by the Chairman of the Board 2. Relevant department head prepares the information requested |
| Audit | |
| Nomination | |
| Remuneration | |
| Others (specify) | Not applicable |

6) *External Advice*

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details: There is no such procedure.

| Procedures | Details |
|-----------------|---------|
| Not applicable. | |

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 |
|---|---------|--------|
| Not applicable. No changes were introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the Company. | | |

D. REMUNERATION MATTERS

1) *Remuneration Process*

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

| Process | President | Top 4 Highest Paid Management Officers |
|---|--|--|
| (1) Fixed remuneration | Performance based | Performance based |
| (2) Variable remuneration | Benefits (allowance) | Benefits (allowance) |
| (3) Per diem allowance | Not applicable | Not applicable |
| (4) Bonus | 13 th / 14 th month pays | 13 th / 14 th month pays |
| (5) Stock Options and other financial instruments | Not applicable | |
| (6) Others (specify) | Not applicable | |

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.

| | Remuneration Policy | Structure of Compensation Packages | How Compensation is Calculated |
|-------------------------|---|------------------------------------|--------------------------------|
| Executive Directors | <p>The Compensation and Remuneration Committee shall be composed of at least three (3) members, one of whom shall be an independent director, to establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Corporation's culture, strategy and the business environment in which it operates.</p> <p>The following shall be the duties and responsibilities of the Compensation and Remuneration Committee:</p> <ol style="list-style-type: none"> Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment. Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers. Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired. Disallow any director to decide his or her own remuneration. Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year. Review (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts. Or in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above. <p><i>(Item #3 B. Manual on Corporate Governance, as of May 18, 2016)</i></p> | | |
| Non-Executive Directors | | | |

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 |
|---------------------|--------------------------------|
| None | |

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 | ₱9.80 million for the ff. executive officers: (i) Jerry M. Navarrete, (ii) Maribeth C. Tolentino, (iii) Roy Joseph S. Fernandez, (iv) Karlo G. Magpayo, (v) Miles M. Teretit | | |
| (b) Variable Remuneration | | | |
| (c) Per diem Allowance | Not applicable | | |
| (d) Bonuses | ₱1.73 million for the ff. executive officers: (i) Jerry M. Navarrete, (ii) Maribeth C. Tolentino, (iii) Roy Joseph S. Fernandez, (iv) Karlo G. Magpayo, (v) Miles M. Teretit ₱1.73 million for all other officers and directors unnamed <i>(As disclosed in SEC Form 17-A for the year ended December 31, 2016)</i> | | |
| (e) Stock Options and/or other financial instruments | Not applicable | | |
| (f) Others (Specify) | Not applicable | | |
| Total | ₱ 11.53 million for the ff. executive officers: (i) Jerry M. Navarrete, (ii) Maribeth C. Tolentino, (iii) Roy Joseph S. Fernandez, (iv) Karlo G. Magpayo, (v) Miles M. Teretit ₱ 11.53 million for all other officers and directors unnamed <i>(As disclosed in SEC Form 17-A for the year ended December 31, 2016)</i> | | |

| Other Benefits | Executive Directors | Non-Executive Director (other than independent directors) | Independent Directors |
|---|-----------------------|---|-----------------------|
| 1) Advances | Not applicable | Not applicable | Not applicable |
| 2) Credit granted | Not applicable | Not applicable | Not applicable |
| 3) Pension Plan/s Contributions | Not applicable | Not applicable | Not applicable |
| (d) Pension Plans, Obligations incurred | Not applicable | Not applicable | Not applicable |
| (e) Life Insurance Premium | Not applicable | Not applicable | Not applicable |
| (f) Hospitalization Plan | Strictly Confidential | Not applicable | Not applicable |
| (g) Car Plan | Strictly Confidential | Not applicable | Not applicable |
| (h) Others (Specify) – Housing benefit | Strictly Confidential | Not applicable | Not applicable |
| Total | Strictly Confidential | Not applicable | Not applicable |

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 |
|--|---|---|-----------------------------|----------------------------|
| Not applicable. The Company does not have an employee stock option plan. | | | | |

(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 |
|-------------------|------------|--------------------------------|
| None. | | |

5) *Remuneration of Management*

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

| Name of Officer/Position | Total Remuneration |
|--------------------------|-----------------------|
| Roy Joseph S. Fernandez | Strictly Confidential |
| Karlo G. Magpayo | |
| Miles M. Teretit | |
| Bernadette Malbas | |
| Analyn Anero | |

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 | Not Applicable | | | | | | |
| Audit | 1 | 1 | 1 | Audit Committee Charter | The Audit Committee shall be composed of at least three (3) members of the Board, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director. | | |

| | | | | |
|--|--|--|--|---|
| | | | | <p>The Committee shall have the following functions:</p> <ul style="list-style-type: none"> a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations; b) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities; c) Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; d) Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it; e) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts; f) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal; g) Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security; h) Review the reports submitted by the internal and external auditors; i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with |
|--|--|--|--|---|

| | | | | | |
|------------|---|---|---|--------------------------------|--|
| | | | | | <p>particular focus on the following matters:</p> <ol style="list-style-type: none"> 1. Any change/s in accounting policies and practices 2. Major judgmental areas 3. Significant adjustments resulting from the audit 4. Going concern assumptions 5. Compliance with accounting standards 6. Compliance with tax, legal and regulatory requirements. <p>j) Coordinate, monitor and facilitate compliance with laws, rules and regulations;</p> <p>k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report;</p> <p>l) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee.</p> <p>The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.</p> <p>(Item #3C, Manual on Corporate Governance, revised December 31, 2017)</p> |
| Nomination | 1 | 1 | 1 | Manual on Corporate Governance | <p>The Nomination Committee shall have at least three (3) members, one (1) of whom shall be an independent director, to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.</p> <p>It shall pre-screen and shortlist all candidates nominated to become a member of the Board in accordance with the following qualifications and disqualifications:</p> <p>Qualifications:</p> <ol style="list-style-type: none"> 1. Holder of at least one (1) share of stock of the Corporation; 2. He shall be at least a college graduate or have |

| | | | | | |
|--------------|---|---|---|--------------------------------|--|
| | | | | | <p>sufficient experience in managing the business to substitute for such formal education;</p> <p>3. He shall be at least twenty one (21) years old;</p> <p>4. He shall have proven to possess integrity and probity; and</p> <p>5. He shall be assiduous.</p> <p>(Item #3A, Manual on Corporate Governance, revised December 31, 2017)</p> |
| Remuneration | 2 | - | 1 | Manual on Corporate Governance | <p>The Compensation and Remuneration Committee shall be composed of at least three (3) members, one of whom shall be an independent director, to establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Corporation's culture, strategy and the business environment in which it operates.</p> <p>The following shall be the duties and responsibilities of the Compensation and Remuneration Committee:</p> <p>a) Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.</p> <p>b) Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully.</p> <p>c) Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers.</p> <p>d) Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.</p> <p>e) Disallow any director to decide his or</p> |

| | | | | | |
|------------------|----------------|--|--|--|--|
| | | | | | <p>her own remuneration.</p> <p>f) Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year.</p> <p>g) Review (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.</p> <p>h) Or in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.</p> <p>(Item #3B, Manual on Corporate Governance, as of May 18, 2016)</p> |
| Others (specify) | Not Applicable | | | | |

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 | | | | | | None |
| Member (ED) | | | | | | |
| Member (NED) | | | | | | |
| Member (ID) | | | | | | |
| Member | | | | | | |

(b) *Audit Committee*

| Office | Name | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|--------------|-------------------------|---------------------|----------------------|--------------------------|-----|------------------------------------|
| Chairman | Cynthia Marie S. Delfin | 07-29-2016 | 1 | 1 | 100 | .4 yrs. |
| Member (ED) | Maribeth C. Tolentino | 01-30-2016 | 1 | 1 | 100 | .9 yrs. |
| Member (NED) | - | - | - | - | - | - |
| Member (ID) | Garth F. Castañeda | 05-31-2016 | 1 | 1 | 100 | .5 yrs. |

Disclose the profile or qualifications of the Audit Committee members.

CYNTHIA MARIE S. DELFIN, *Director*. Ms. Delfin graduated magna cum laude from the University of the Philippines Los Baños with a Bachelor's degree in Agribusiness. She holds a Master's degree in Business Management from the Asian Institute of Management. She has been with the Villar Group of Companies for 12 years and currently serves as the head of business development for Fine Properties, Inc. Ms. Delfin has been a director of the company since July 2016.

MARIBETH C. TOLENTINO, *Director and Chief Operations Officer*. Ms. Tolentino is a Certified Public Accountant and graduated from the University of the East with a Bachelor's degree in Business Administration. She previously served as the General Manager of the Company from 1999 to 2005. Ms. Tolentino currently serves as the President of Vista Residences, Inc., Camella Homes, Inc. and Household Development Corporation and as director of Vista Land & Lifescapes, Inc., Vista

Residences, Inc. and Camella Homes, Inc. Ms. Tolentino was appointed Chief Operations Officer of the Company in February 2016.

GARTH F. CASTANEDA, *Independent Director*. Atty. Castaneda graduated from the University of Sto. Tomas with a Bachelor's degree in Accountancy and from the University of the Philippines with a Bachelor's degree in Law. He previously served as a consultant of the Privatization Management Office. He is currently a partner at SYMECS Law and serves as a director and the Corporate Secretary of each of Phoenix Solar Philippines, Inc. and Communications Wireless Group (Philippines), Inc. Atty. Castaneda was appointed as independent director of the Company on May 2016.

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

The Company's Audit Committee charter provides the following relative to the external auditor:

- An external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the company, an external auditor shall be selected and appointed by the stockholders upon recommendation of the Audit Committee.
- The reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the company's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.
- The external auditor of the company shall not at the same time provide the services of an internal auditor to the same client. The Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor.
- The company's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier.
- If an external auditor believes that the statements made in the company's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.

(c) *Nomination Committee*

| Office | Name | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|--------------|---------------------------|---------------------|----------------------|--------------------------|-----|------------------------------------|
| Chairman | Frances Rosalie T. Coloma | 07-29-2016 | 1 | 1 | 100 | .4 yrs |
| Member (ED) | Jerry M. Navarrete | 01-30-2016 | 1 | 1 | 100 | .9 yrs |
| Member (NED) | - | - | - | - | - | - |
| Member (ID) | Ana Marie V. Pagsibigan | 05-31-2016 | 1 | 1 | 100 | .5 yrs. |

(d) *Compensation and Remuneration Committee*

| Office | Name | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|--------------|-------------------------|---------------------|----------------------|--------------------------|-----|------------------------------------|
| Chairman | Jerry M. Navarrete | 01-30-2016 | 1 | 1 | 100 | .9 yrs. |
| Member (ED) | Maribeth C. Tolentino | 01-30-2016 | 1 | 1 | 100 | .9 yrs. |
| Member (NED) | - | - | - | - | - | - |
| Member (ID) | Ana Marie V. Pagsibigan | 05-31-2016 | 1 | 1 | 100 | .5 yrs. |

(e) *Others (Specify)*

Provide the same information on all other committees constituted by the Board of Directors: Not applicable

| Office | Name | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|--------------|-----------------|---------------------|----------------------|--------------------------|---|------------------------------------|
| Chairman | Not applicable. | | | | | |
| Member (ED) | | | | | | |
| Member (NED) | | | | | | |
| Member (ID) | | | | | | |
| Member | | | | | | |

3) *Changes in Committee Members*

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

| Name of Committee | Name | Reason |
|-------------------|---|----------------------------------|
| Executive | none | none |
| Audit | Rosario H. Javier replaced by Cynthia Marie S. Delfin | Resignation of Rosario H. Javier |
| Nomination | Michael G. Regino replaced by Frances Rosalie T. Coloma | Resignation of Michael G. Regino |
| Remuneration | none | n/a |
| Others (specify) | none | n/a |

4) *Work Done and Issues Addressed*

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

| Name of Committee | Work Done | Issues Addressed |
|-------------------|--|--|
| Executive | Approval of major transactions | Viability issues |
| Audit | Inclusion of performance evaluation in the Audit Committee Charter; Quarterly/annual financial statements review | Audit Committee performance evaluation for the year 2016; Audit issues |
| Nomination | Review of board composition | Identification of Independent Directors |
| Remuneration | Review of compensation packages | Annual performance evaluation |
| Others (specify) | Not applicable | Not applicable |

5) *Committee Program*

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

| Name of Committee | Planned Programs | Issues to be Addressed |
|-------------------|------------------------------------|--|
| Executive | Approval of major transactions | Viability issues |
| Audit | Annual Financial Statements Review | Audit Committee performance evaluation for the year 2016 |
| Nomination | Review of board composition | Identification of Independent Directors |
| Remuneration | Review of compensation packages | Annual performance evaluation |
| Others (specify) | Not applicable | Not applicable |

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

Risk Management is an imperative part of the Company's overall business strategy and corporate governance. The Company adopts a risk philosophy intended at making the most of the business opportunities and reducing adverse results thus enhancing shareholders value by effectively and efficiently balancing risks and rewards.

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

Management is responsible for the preparation of consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

(c) Period covered by the review;

Annually. January 1, 2016 to December 31, 2016.

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

At least annually.

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

Not applicable.

2) Risk Policy

(a) Company

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

| Risk Exposure | Risk Management Policy | Objective |
|------------------------------|---|-----------------------------------|
| Financial Risk | The BOD reviews and approves with policies for managing each of these risks. The Group monitors market price risk arising from all financial instruments and regularly report financial management activities and the results of these activities to the BOD. | To mitigate or eliminate the risk |
| Cash flow interest rate risk | The Company's policy is to manage its interest cost by entering into fixed rate debts. The Group also regularly enters into short-term loans as it relates to its sold installment contracts receivables in order to cushion the impact of potential increase in loan interest rates | To mitigate or eliminate the risk |
| Credit risk | The Company transacts only with recognized and creditworthy third parties. The Group's receivables are monitored on an ongoing basis resulting to manageable exposure to bad debts. Real estate buyers are subject to standard credit check procedures, which are calibrated based on the payment scheme offered. The Group's respective credit management units conduct a comprehensive credit investigation and evaluation of each buyer to establish creditworthiness. | To mitigate or eliminate the risk |
| Liquidity Risk | The Company monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Company maintains a level of cash deemed sufficient to finance its cash requirements. Operating expenses and working capital requirements are sufficiently funded through | To mitigate or eliminate the risk |

| | | |
|---|--|-----------------------------------|
| | cash collections. The Company's loan maturity profile is regularly reviewed to ensure availability of funding through adequate credit facilities with banks and other financial institutions. | |
| Foreign exchange risk | The Company's foreign exchange risk results primarily from movements of the Philippine peso against the United States Dollar (USD). The Group performs analyses on the Company's sensitivity to a reasonably possible change in the US dollar exchange rate until its next annual reporting date, with all other variables held constant. | To mitigate or eliminate the risk |
| Risks relating to competition | To mitigate this risk, Golden Haven conducts regular market study and business intelligence updates in order to understand industry and market dynamics. | To mitigate or eliminate the risk |
| Risks relating to land acquisition and landbank management | The Company mitigates this risk by having an in-house group composed of senior managers whose primary responsibility is to search (for suitable properties), negotiate (including joint-venture options), acquire and manage its strategic land bank. The land bank management group is comprised of technical, finance and legal experts, and is aided by the Company's network of brokers. The Company also maintains goodwill amongst the owners of major tracts of land in the Philippines. Through the foregoing, the Company continually identifies attractive locations for future projects, prospective partners and negotiates joint venture arrangements to ensure a long-term pipeline of developmental projects. | To mitigate or eliminate the risk |
| Risk relating to joint venture agreements and transactions | To mitigate this risk, the Company as a standard policy ensures that a binding agreement/contract with any joint-venture partner is made at the start of any partnership. Further, a constant open communication is maintained with all business partners. | To mitigate or eliminate the risk |
| Risk relating to property development and construction management | To mitigate this risk, the Company continuously seeks to improve its internal control procedures and internal accounting and to enhance project management and planning. Further, the Company substantially finances its development projects through pre-sales and internally generated funds, which allows it to maintain some flexibility in timing the progress of its projects to match market conditions. | To mitigate or eliminate the risk |
| Risks relating to specific target markets | To mitigate the possible impact of a sudden downturn in the OFW market, it is Golden Haven's business strategy to diversify its product offerings to serve as wide a market as possible. Any adverse developments in any one property sector may be offset or mitigated by more positive developments in other sectors. The Company also closely monitors the factors that may affect the OFW market so that Golden Haven can take the necessary corrective measures. | To mitigate or eliminate the risk |
| Risks relating to external marketing groups | The Company mitigates this risk by establishing its own in-house sales force, who are tasked to market and sell only Company products. The Company also provides its brokers and sales agents with competitive commission schemes and other incentives. Beyond this, the Company gives its sales force skills-build-up programs as a way of planning and managing their career growth with the Company. A parallel effort is the continuous recruitment of competent brokers and sales agents. | To mitigate or eliminate the risk |
| Risks relating to project and end-buyer financing | In order to mitigate these risks, Golden Haven substantially finances its development projects through | To mitigate or eliminate the risk |

| | | |
|--|---|-----------------------------------|
| a) Fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on Golden Haven's and its customers' ability to obtain financing. | pre-sales and internally generated funds. In this way, Golden Haven maintains some flexibility in timing the progress of its development projects to match market conditions. Golden Haven attempts to keep its costs down and selling price stable by lowering material costs through purchasing in bulk. | |
| Risks relating to project and end-buyer financing b) Golden Haven is exposed to risks associated with its in-house financing activities, including the risk of customer default, and it may not be able to sustain its in-house financing program. | To mitigate these risks, the Company attempts to decrease the occurrence of financial defaults and sales cancellations due to the inability to pay by enforcing strict credit investigation policies and procedures. For ongoing in-house loans, the Company monitors each and every account to assist buyers and to provide immediate remedial measures in problem cases. The Company also spreads the financing risk by encouraging buyers to avail of commercial bank retail financing facilities. | To mitigate or eliminate the risk |
| Risks relating to project and end-buyer financing c) The Company's business and financial performance could be adversely affected by a material number of sales cancellations. | To mitigate this risk, the Company has a structured and standardized credit approval process, which includes conducting background and credit checks on prospective buyers using national credit databases and, where feasible, conducting physical verification of claims regarding residences and properties owned. From time to time, the Company utilizes its receivables rediscounting lines with banks and other financial institutions and sells installment contract receivables. The Company ensures that all buyers are made aware of their responsibilities and obligations, and the resulting penalties for non-compliance. Each and every account is monitored to assist buyers and to provide immediate remedial measures in problem cases. | To mitigate or eliminate the risk |
| Risk relating to management of growth | To mitigate this risk, the Company substantially finances its development projects through pre-sales and internally generated funds. In this way, the Company maintains some flexibility in timing the progress of its development projects to match market conditions. To mitigate this risk, Golden Haven conducts regular meetings and requires briefing from key departments. | To mitigate or eliminate the risk |
| Risks relating to natural catastrophes | Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property, as well as the anticipated future turnover from such property, while remaining liable for any project construction costs or other financial obligations related to the property. Any material uninsured loss could adversely affect the Company's business, financial condition and results of operations. | To mitigate or eliminate the risk |
| Risks relating to over-reliance on some key Company personnel | To mitigate this risk, the Company provides its technical personnel with competitive compensation and incentive programs. | To mitigate or eliminate the risk |
| Risks relating to the Company's reputation | The Company, through its corporate communications team maintains a clear, accurate brand and company image and perception in the market to mitigate this | To mitigate or eliminate the risk |

| | | |
|--|--|--|
| | risk. The legal team also monitors all intellectual ownership issues of the Company. | |
|--|--|--|

(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 |
|-------------------|------------------------|-----------|
| Same as (a) above | | |

(c) Minority Shareholders

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

| Risk to Minority Shareholders |
|--|
| Risk that the minority shareholders will always be outvoted. |

c) Control System Set Up

a. Company

3) 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) |
|---------------------------|--|--|
| Please refer to a) above. | <p>The control environment of the Corporation consists of</p> <p>(a) the Board which ensures that the Corporation is properly and effectively managed and supervised;</p> <p>(b) a Management that actively manages and operates the corporation in a sound and prudent manner;</p> <p>(c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and</p> <p>(d) an independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.</p> <p>The minimum internal control mechanisms for the performance of the Board's oversight responsibility shall include:</p> <p>a) Definition of the duties and responsibilities of the CEO who is ultimately accountable for the Corporation's organizational and operational controls;</p> <p>b) Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;</p> <p>c) Evaluation of proposed senior management appointments;</p> <p>d) Selection and appointment of qualified and competent management officers; and</p> <p>e) Review of the corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.</p> <p><i>(Item #2, D.4. Board Governance – Responsibilities, Duties and Functions of the Board. Manual on Corporate Governance)</i></p> | |

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) |
|-------------------|---|--|
| Same as (a) above | | |

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 | Please refer to item E, #1. | |
| Internal Audit | Please refer to Item G. | |

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;

The control environment of the Corporation consists of (a) the Board which ensures that the Corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

The minimum internal control mechanisms for the performance of the Board's oversight responsibility shall include:

- Definition of the duties and responsibilities of the President who is ultimately accountable for the Corporation's organizational and operational controls;
- Selection of the person who possesses the ability, integrity and expertise essential for the position of President;
- Evaluation of proposed senior management appointments;
- Selection and appointment of qualified and competent management officers; and
- Review of the corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.

(Manual on Corporate Governance)

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

Management is responsible for the preparation of consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

(c) Period covered by the review;

January 1, 2016 to December 31, 2016

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

At least annually

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

Not applicable.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

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

| Role | Scope | Indicate whether In-house or Outsource Internal Audit Function | Name of Chief Internal Auditor/ Auditing Firm | Reporting process |
|----------------|---|--|---|---|
| Internal Audit | The Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with. | In-house | Caren Kay B. Adolfo | The Internal Auditor shall report to the Audit Committee. |

(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

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

The Internal Auditor should submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management.

The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.

(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 |
|---------------------|--------|
| None. | |

(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 | In process |
| Issues ⁶ | No significant issues yet |
| Findings ⁷ | No significant findings yet |
| Examination Trends | None |

[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:

⁶ "Issues" are compliance matters that arise from adopting different interpretations.

⁷ "Findings" are those with concrete basis under the company's policies and rules.

- 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 |
|--|----------------|
| Setting of Committee Structure and Operation | 9 |
| Oversight on Financial Reporting and Disclosures | 8 |
| Oversight on Risk Management and Internal Controls | 8 |
| Oversight on Management and Internal Audit | 8 |
| Oversight on External Audit | 10 |

(g) *Mechanisms and Safeguards*

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

| Auditors (Internal and External) | Financial Analysts | Investment Banks | Rating Agencies |
|---|--|---|---------------------------------|
| <ul style="list-style-type: none"> • Rotation of Audit Partners (every 5 years) • Limit on non-audit services for external auditors • Policy on gift giving/accepting. All gifts given to an employee will be disclosed to the Human Resource Group. | <ul style="list-style-type: none"> • Timing of the data/information release to Financial analysts is the same as that of the public • Policy on gift giving/accepting. All gifts given to an employee will be disclosed to the Human Resource Group. | <ul style="list-style-type: none"> • Not limiting in transacting with one investment bank for various transactions • Policy on gift giving/accepting. All gifts given to an employee will be disclosed to the Human Resource Group. | Not applicable. No dealings yet |

(h) *State the officers (preferably the Chairman and the President) 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.*

President : Jerry M. Navarrete
 Compliance Officer : Timothy Joseph M. Mendoza

H. ROLE OF STAKEHOLDERS

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

| | Policy | Activities |
|--------------------|---|-----------------------|
| Customers’ welfare | If the job involves transactions with customers, employees are expected to act in a manner that creates value to customers and helps to build a relationship based on trust. The Company and its employees have provided products and services for many years and have built up significant goodwill through the years. Goodwill is one of our most important assets, thus every employee is expected to preserve and enhance our reputation. | Open Park/Buyer’s Day |

| | | |
|--|--|--|
| Supplier/contractor selection practice | The company requires minimum 3 bidders for a particular project. | Bids are opened with the presence of an accountant. |
| Environmentally friendly value-chain | The Company's Corporate Social Responsibility programs includes care of the environment which we consider as one of our core thrust as it a big part of our developments | In partnership with Villar Social Institute for Poverty Alleviation and Governance (SIPAG) |
| Community interaction | The Company's Corporate Social Responsibility programs includes community interaction since our developments are composed of various communities that we service | CSR Program/Property Management |
| Anti-corruption programmes and procedures? | The company upholds honesty value to all of its employees. Check and balance is in place. | Gifts and favors from third parties are discouraged. Disclosure is mandated. |
| Safeguarding creditors' rights | The company promotes transparency, good corporate governance and timely disclosure to all our stakeholders including our creditors | The Company's financial documents are made available for inspection and review by its creditors to enable the latter to assess the Company's financial and credit standing |

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

None.

3) *Performance-enhancing mechanisms for employee participation.*

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

Employees are provided with on-the-job-training and other development programs that assist them in effectively carrying out their jobs and that prepare them for career advancement in the Company.

The Company has no collective bargaining agreements with its employees and none of the Company's employees belong to a union. The Company believes it has a good relationship with its employees and there has been no turnover of key personnel during the past three years.

The Company considers itself as an employer of choice in the Philippine death care industry and offers competitive compensation plans to attract quality employees. The Company does not have an employee stock option plan. (SEC Form 17A 2016)

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

The Company recognizes the role of management in ensuring a safe and healthy work environment. Managers at all levels are accountable for managing workplace health and safety.

Employee involvement is likewise indispensable. Respect for safety principles, standards and procedures is a must. Employees are expected to challenge any unsafe acts, or seek advice on how to proceed if they judge that safety is not adequate. Employees are also expected to exert the necessary precautions in order to prevent injury to themselves, their fellow workers and other people.

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

Management Development Program (MDP) is a certificate course or an abridged version of a business school MBA. The MDP is a three-month highly intensive program comprised of 10 modules that, essentially, offers the same learning as an MBA.

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

The company is committed to responsible compensation practices.

The Company supports a performance culture that is based on merit. In addition, the reward system also takes into consideration subscription to company values and practices.

The company is able to attract and retain employees, as well as motivate them to achieve results with integrity and fairness. Teamwork and collaboration within the group is valued highly.

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

The HR Head is designated to take action he considers appropriate in order to investigate any actual or potential violations reported to him. If after such investigation, the officer believes that a violation has occurred, the HR Head shall report the matter to the President and the Compliance Officer. If the President and the Compliance Officer concurs that a violation has occurred, they will consider appropriate action.

I. DISCLOSURE AND TRANSPARENCY

- 1) *Ownership Structure*

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

| Shareholder | Number of Shares | Percent | Beneficial Owner |
|------------------------------------|------------------|---------|--------------------------------------|
| PCD Nominee Corporation (Filipino) | 412,057,800 | 83.39% | Fine Properties, Inc. |
| PCD Nominee Corporation (Filipino) | 74,077,647 | 14.99% | Record Owner is not Beneficial Owner |

| Name of Senior Management | Number of Direct shares | Number of Indirect shares / Through (name of record owner) | % of Capital Stock |
|---------------------------|-------------------------|--|--------------------|
| Jerry M. Navarrete | - | 2,835,000 / through PCD Nominee Corporation | 0.57% |
| Maribeth C. Tolentino | - | 2,835,000 / through PCD Nominee Corporation | 0.57% |
| Joy J. Fernandez | - | 2,268,000 / through PCD Nominee Corporation | 0.46% |
| Frances Rosalie T. Coloma | - | 500 / through PCD Nominee Corporation | 0.00% |
| Cynthia Marie S. Delfin | - | 500 / through PCD Nominee Corporation | 0.00% |
| Ana Marie V. Pagsibigan | - | 1 / through PCD Nominee Corporation | 0.00% |
| Garth F. Castañeda | - | 1 / through PCD Nominee Corporation | 0.00% |

- 2) *Does the Annual Report disclose the following:*

| | |
|---|-----|
| Key risks | Yes |
| Corporate objectives | Yes |
| Financial performance indicators | Yes |
| Non-financial performance indicators | Yes |
| Dividend policy | Yes |
| Details of whistle-blowing policy | n/a |
| Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners | Yes |
| Training and/or continuing education programme attended by each director/commissioner | Yes |
| Number of board of directors/commissioners meetings held during the year | Yes |
| Attendance details of each director/commissioner in respect of meetings held | Yes |

| | |
|--|-----|
| Details of remuneration of the President and each member of the board of directors/commissioners | Yes |
|--|-----|

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

The details of the Company's whistle-blowing policy are not a usual item disclosure in the annual report. However, the Company shall consider disclosing the same in its succeeding annual reports.

3) External Auditor's fee

| Name of auditor | Audit Fee | Non-audit Fee |
|-----------------------|-----------------------------|---------------|
| Punongbayan & Araullo | PhP 450,000.00 ⁸ | - |

4) Medium of Communication

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

- Quarterly Press and Analysts' Briefings
- Domestic and international roadshows and corporate access days
- Sending out of annual reports via mail and email
- Property tours with stockholders, analysts, investors, fund managers, brokers, employees, and other stakeholders
- Press releases
- Advertisements
- Press conferences
- Conference calls
- Interviews

5) Date of release of audited financial report: March 18, 2016

6) Company Website

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

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

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

7) **Disclosure of RPT**

The Company entered into transactions with associates and related parties, in its regular course of business, consisting mainly of advances, lease of properties and purchase and sale of real estate properties.

These transactions to and from related parties are made on arm's length basis and at current market prices at the time of transactions.

⁸ As of December 31, 2016

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 outstanding capital stock |
|------------------------|---|

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

| | |
|--------------------|------------------|
| System Used | 1 share = 1 Vote |
| Description | Show of hands |

(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 |
|--|--|
| None | |

Dividends

| Dividend Type | Declaration Date | Record Date | Payment Date |
|-----------------------|-------------------------|--------------------|---------------------|
| Special Cash Dividend | December 29, 2015 | December 29, 2015 | May 19, 2016 |
| Stock | March 8, 2016 | March 8, 2016 | March 17, 2016 |

(d) Stockholders' Participation

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

| Measures Adopted | Communication Procedure |
|--|--|
| The Chairman entertain a motion and should be seconded for every item in the agenda for it to be carried | At the start of the meeting, the Chairman informs the audience of such procedure |
| The Chairman also opens the floor for discussion of items that may be raised by any stockholder | |

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

- a. Amendments to the company's constitution
Any provision or matter stated in the articles of incorporation may be amended by a majority vote of the board of directors or trustees and the vote or written assent of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock, without prejudice to the appraisal right of dissenting stockholders in the accordance with the provisions of the Corporation Code of the Philippines (*Section 16. Corporation Code of the Philippines*)
- b. Authorization of additional shares
Any provision or matter stated in the articles of incorporation may be amended by a majority vote of the board of directors or trustees and the vote or written assent of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock, without prejudice to the appraisal right of dissenting

stockholders in the accordance with the provisions of the Corporation Code of the Philippines (*Section 16. Corporation Code of the Philippines*)

- c. Transfer of all or substantially all assets, which in effect results in the sale of the company
Any provision or matter stated in the articles of incorporation may be amended by a majority vote of the board of directors or trustees and the vote or written assent of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock, without prejudice to the appraisal right of dissenting stockholders in the accordance with the provisions of the Corporation Code of the Philippines (*Section 16. Corporation Code of the Philippines*)

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

There was no stockholders' meeting held during 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.

None

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

None

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

n/a

(e) Modifications

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

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

(f) Stockholders' Attendance

- (i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

N/A

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

N/A

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

Yes

(g) Proxy Voting Policies

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

| | Company's Policies |
|-------------------------------------|--|
| Execution and acceptance of proxies | At all meetings of stockholders, a stockholder may vote in person or by proxy. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the secretary. |
| Notary | The proxies need not be notarized. |
| Submission of Proxy | All proxies must be in the hands of the secretary at least six (6) days before the time set for the meeting. |
| Several Proxies | |
| Validity of Proxy | Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the secretary. |
| Proxies executed abroad | All proxies must be in the hands of the secretary at least six (6) days before the time set for the meeting. Proxies filed with the secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the secretary at least six (6) days prior to a scheduled meeting or by their personal presence at the meeting. (Article II, Section 7, By-Laws as Amended June 2016) |
| Invalidated Proxy | |
| Validation of Proxy | |
| Violation of Proxy | |

(h) Sending of Notices

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

| Policies | Procedure |
|--|---|
| Notices for regular or special meetings of stockholders should be sent at least two (2) weeks prior to the date of the meeting | Notices for regular or special meetings of stockholders may be sent by the Secretary by personal delivery or by mail at least two (2) weeks prior to the date of the meeting to each stockholder of record at his known last post office address. The notice shall state the place, date and hour of the meeting and the purpose or purposes for which the meeting is called. (Article II, Section 4, By-Laws as Amended May 2007) |

(i) Definitive Information Statements and Management Report

Annual Stockholders' Meeting – No meeting was held during 2016.

| | |
|---|------|
| Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials | n/a |
| Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners | n/a |
| Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders | n/a |
| State whether CD format or hard copies were distributed | n/a |
| If yes, indicate whether requesting stockholders were provided hard copies | n/a. |

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

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

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 |
|---|----------------|
| Item #10 of the Company's Manual on Corporate Governance as Revised June 2010 states the following STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTERESTS | |
| a) The Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely: | |
| 1. Right to vote on all matters that require their consent or Approval | |
| * Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. | |
| * Cumulative voting shall be used in the election of directors. | |
| * A director shall not be removed without cause if it will deny minority shareholders representation in the Board. | |
| 2. Pre-emptive right to all stock issuances of the Corporation | |
| All stockholders shall have per-emptive rights, unless the same is denied in the articles of incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation shall lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code. | |
| 3. Right to inspect corporate books and records | |
| All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions. | |
| 4. Right to information | |
| * The Shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the company's shares, dealings with the company, relationships among directors and key officers, and the aggregate compensation of directors and officers. | |
| * The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes. | |
| * The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders | |

shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

5. Right to dividends

* Shareholders shall have the right to receive dividends subject to the discretion of the Board.

* The company shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board or b) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

6. Appraisal right.

The shareholders' shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:

a) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and

c) In case of merger or consolidation.

b) The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the bylaws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.

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

Yes

K. INVESTORS RELATIONS PROGRAM

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

The company has an internal Corporate Communications Group (CCG) that is in charge of all external and internal communication activities. CCG has set communication plans based on target audience. The communication plan is being reviewed by the on a regular basis by the Management Committee and is from time to time presented to the Board.

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

| | Details |
|----------------------------------|--|
| (1) Objectives | To build understanding and relationships of trust with financial media, analysts and shareholders. |
| (2) Principles | Transparency, timely disclosure, openness, accessibility and relevance |
| (3) Modes of Communications | Interviews, Conference calls, Questionnaires, Corporate Access Days, Domestic and International Roadshows, Phone calls, Email, Property Tours |
| (4) Investors Relations Officers | Roy Joseph S. Fernandez, Chief Information Officer, Chief Information Officer, Compliance Officer : +63 2 873-2922 Mark Dantes, Investor Relations: : +63 2 873-2922 |
| | |

- 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?

Transparency is the key to all relevant transactions that the Company may undertake. This can be manifested through transparency in the valuation of a certain business transaction.

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

None.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

| Initiative | Beneficiary |
|---|--|
| Waste Segregation: Material Recovery Facilities | Group's Projects |
| Vermiculture | Group's Projects |
| Coco coir | Group's Projects and nearby communities |
| Church Building | Group's Projects and nearby communities |
| Environment Protection | Las Pinas-Paranaque Critical Habitat and Ecotourism Area (LPPCHEA) |

M. BOARD, DIRECTOR, COMMITTEE AND PRESIDENT'S APPRAISAL

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

| | Process | Criteria |
|-----------------------------|---|----------|
| Board of Directors | Self-assessment form is filled up on an annual basis. The results are tallied and presented to the Board for evaluation and appropriate action. | |
| Board Committees | | |
| Individual Directors | | |
| President | | |

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

| Violations | Sanctions |
|---|-----------|
| To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the company's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Manual: | |
| In case of first violation, the subject person shall be reprimanded. | |

Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation.

For third violation, the maximum penalty of removal from office shall be imposed.

The Board shall nevertheless have the discretion either to impose additional penalties or lessen the above penalties based on the presence of aggravating or mitigating circumstances accompanying the violation of this Manual.

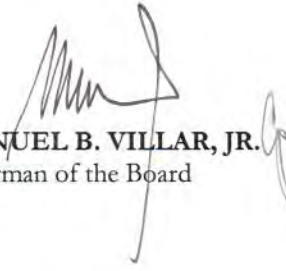
The commission of a third violation of this Manual by any member of the board of the company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.

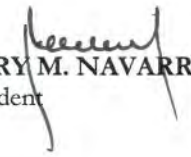
The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board. *(Item #17, Manual on Corporate Governance, as of May 18, 2016)*

SIGNATURES


Pursuant to the requirements of the Securities Regulation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in MANDALUYONG CITY on MAY 30 2017

By:


MANUEL B. VILLAR, JR.
Chairman of the Board


JERRY M. NAVARRETE
President

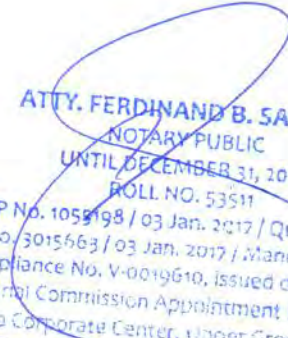

TIMOTHY JOSEPH M. MENDOZA
Compliance Officer


GARTH F. CASTAÑEDA
Independent Director

SUBSCRIBED AND SWORN to before me this MAY 30 2017 at MANDALUYONG CITY, affiants exhibiting to me their respective Passports, to wit:

| <u>Name</u> | <u>Passport No.</u> | <u>Date & Place of Issue</u> |
|---------------------------|---------------------|----------------------------------|
| Manuel B. Villar, Jr. | DE0011147 | 15 Oct 2014 / DFA Manila |
| Jerry M. Navarrete | EC4138755 | 11 May 2015 / DFA Manila |
| Timothy Joseph M. Mendoza | EB7903656 | 17 Apr 2015 / DFA Manila |
| Garth F. Castañeda | P0921667A | 16 Nov 2016 / DFA P. PRINCESSA |

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ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2018
ROLL NO. 53511
IBP No. 1055198 / 03 Jan. 2017 / Quezon City
PTR No. 3015663 / 03 Jan. 2017 / Mandaluyong City
MCLE Compliance No. V-0019610, Issued dated 21 April 2018
Notarial Commission Appointment No. 031417
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City