



May 30, 2017

**PHILIPPINE STOCK EXCHANGE**

The Disclosure Department  
3rd Floor, Tower One and Exchange Plaza  
Ayala Triangle, Ayala Ave., Makati City  
Attention: Mr. Jose Valeriano B. Zuño III  
Head, Disclosures Department

**PHILIPPINE DEALING AND EXCHANGE CORPORATION**

37<sup>th</sup> Floor, Tower 1, The Enterprise Center  
6766 Ayala Ave. cor Paseo de Roxas, Makati City  
Attention: Ms. Vina Vanessa S. Salonga  
Head, Issuer Compliance and Disclosure Department

Subject: Vista Land & Lifescapes, Inc.: **Annual Corporate Governance Report 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.

Very truly yours,

A handwritten signature in black ink, appearing to read 'B. Edang', is written over the typed name.

Brian N. Edang  
Officer-in-Charge

## COVER SHEET

C	S	2	0	0	7	0	3	1	4	5
S.E.C. Registration Number										

V	I	S	T	A		L	A	N	D		&		L	I	F	E	S	C	A	P	E	S	,	
I	N	C	.																					

(Company's Full Name)

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P	H	I	L	A	M	L	I	F	E		V	I	L	L	.		P	A	M	P	L	O	N	A
L	A	S		P	I	N	A	S		C	I	T	Y											

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

<b>Brian N. Edang</b>
Contact Person

<b>226-3552 ext. 0088</b>
Company Telephone Number

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3	1				
<i>Month</i>	<i>Day</i>				
Calendar Year					

<b>ACGR for 2016</b>
FORM TYPE

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Annual Meeting					

Secondary License Type, If Applicable

Dept. Requiring this Doc.		

Amended Articles Number/Section

Total Amount of Borrowings					
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Total No. of Stockholders	Domestic	Foreign			

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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. 2016  
Report Is Filed for the Year
2. VISTA LAND & LIFESCAPES, INC.  
Exact name of issuer as specified in its charter
3. 3rd Level Starmall Las Piñas C.V. Starr Avenue, Philamlife Village,  
Pamplona, Las Piñas City  
Address of principal office 1747  
Postal Code
4. CS200703145  
SEC Identification Number
5.   (SEC Use Only)  
Industry Classification Code:
6. BIR Tax Identification Number 006-652-678-000
7. (632) 874-5758 / (632) 872-6947 / (632) 226-3552  
Issuer's telephone number, including area code
8. LAS PIÑAS BUSINESS CENTER, NATIONAL ROAD, TALON, LAS PIÑAS CITY  
Former name or former address, if changed since last report

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## A. BOARD MATTERS

### 1) Board of Directors

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

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director <sup>1</sup>
Manuel B. Villar, Jr.	NED	Not applicable	Fine Properties, Inc.	9-11-13	6-15-16	Annual Meeting	3.25
Manuel Paolo A. Villar	ED	Not applicable	Fine Properties, Inc.	3-16-07	6-15-16	Annual Meeting	9.75
Cynthia J. Javarez	ED	Not applicable	Fine Properties, Inc.	6-08-07	6-15-16	Annual Meeting	9.75
Camille A. Villar*	NED	Not applicable		7-04-16	7-04-16	Special Meeting	0.50
Jerylle Luz C. Quismundo*	NED	Not applicable		7-04-16	7-04-16	Special Meeting	0.50
Marilou O. Adea	ID	Not applicable	Marilyn Javier, not related	3-16-07	6-15-16	Annual Meeting	9.75
Ruben O. Fruto	ID	Not applicable	Marilyn Javier, not related	6-16-08	6-15-16	Annual Meeting	8.50

\* Elected on 04 July 2016

- (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 31, 2007 and revised on June 21, 2010. 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.

<sup>1</sup> As of December 31, 2016.

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.
- 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.

In October 2012, in compliance with SEC Memo Circular No. 4 series of 2012, the Board approved and adopted the Audit Committee Charter.

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. In particular, the Company is undertaking a review of its Manual of Corporate Governance in light of the recommendations on corporate governance under SEC Memorandum Circular No. 19, series of 2016 re: Code of Corporate Governance for Publicly-Listed Companies.

(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 Group<sup>2</sup>

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Manuel B. Villar, Jr.	Starmalls, Inc. Fine Properties, Inc.	Non-executive Non-executive
Manuel Paolo A. Villar	Starmalls, Inc. Fine Properties, Inc. Crown Asia Properties, Inc. Brittany Corporation Camella Homes, Inc.	Non-executive Treasurer President-Chairman President Non-executive
Cynthia J. Javarez	Fine Properties, Inc. Vista Residences, Inc. Crown Asia Properties, Inc.	Corporate Secretary Treasurer Treasurer

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





(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.
Manuel B. Villar, Jr.	Starmalls, Inc. Golden Haven Memorial Park, Inc.	Non-Executive/Chairman Non-Executive/Chairman
Manuel Paolo A. Villar	Starmalls, Inc.	Non-Executive

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of 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
Manuel Paolo A. Villar	Manuel B. Villar, Jr. <sup>3</sup>	Parent
Camille A. Villar		

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines: NO

	Guidelines	Maximum Number of Directorships in other companies
<b>Executive Director</b>	<p>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.</p> <p>The Chief Executive Officer ("CEO") 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 Revised June 2010)</i></p>	
<b>Non-Executive Director</b>		
<b>CEO</b>		

<sup>3</sup> Through Fine Properties, Inc. and its subsidiaries, of which Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders. Mr. Manuel B. Villar, Jr. is also currently the Chairman of the Board of the Company.

(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*
Manuel B. Villar, Jr.	0	293,969,986 <sup>4</sup> 8,638,138,749 <sup>5</sup> 3,300,000,000 <sup>6</sup>	1.8% 53.5% 20.5%
Manuel Paolo A. Villar	200,000	222,596,324 <sup>4</sup>	1.4%
Cynthia J. Javarez	160	None	0.0%
Camille A. Villar	0	1,000 <sup>4</sup>	0.0%
Jerylle Luz C. Quismundo	3,865	None	0.0%
Marilou O. Adea	1	None	0.0%
Ruben O. Fruto	1,000	None	0.0%
<b>TOTAL</b>	<b>205,026</b>	<b>12,454,706,059</b>	<b>77.2%</b>

\*based on total outstanding shares (Common + Preferred) as of December 31, 2016 (net of treasury shares)

2) Chairman and CEO

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

Yes ☒

No ☐

Identify the Chair and CEO:

Chairman of the Board	Manuel B. Villar, Jr.
CEO/President	Manuel Paolo A. Villar

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	The roles of Chairman and CEO 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 Chairman and CEO upon their election. (Item #2C. Manual on Corporate Governance Revised 2010)	
	The Chairman effectively acts as the senior representative of shareholders and is responsible for upholding shareholders' interests.	The CEO is the senior decision maker who is involve in the overseeing departmental managers and taking personal charge of major strategy decisions.

<sup>4</sup> Shares lodged under PCD Nominee Corporation (Filipino)

<sup>5</sup> Includes 6,650,638,065 shares held thru Fine Properties, Inc., 1,235,292,469 shares held thru Althorp Holdings, Inc. and 752,208,215 shares held thru Manuela Corp.

<sup>6</sup> Consists of Preferred Shares held indirectly through Fine Properties, Inc. of which Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders.

Accountabilities	<ol style="list-style-type: none"> <li>1. Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary;</li> <li>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</li> <li>3. Maintain qualitative and timely lines of communication and information between the Board and Management.</li> </ol> <p><i>(Item #2C. Manual on Corporate Governance as Revised June 2010)</i></p>	<ol style="list-style-type: none"> <li>1. To preside at the meetings of the stockholders;</li> <li>2. To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation</li> <li>3. To supervise and manage the business affairs of the corporation upon the direction of the Board of Directors;</li> <li>4. To implement the administrative and operational policies of the corporation under his supervision and control;</li> <li>5. To appoint, remove, suspend or discipline employees of the corporation, prescribe their duties, and determine their salaries;</li> <li>6. To represent the corporation at all functions and proceedings;</li> <li>7. To execute on behalf of the corporation all contracts, agreements and other instruments affecting the interest if the corporation which require the approval of the Board of Directors;</li> <li>8. To make reports to the Board of Directors and stockholders</li> <li>9. To sign certificates of stock; and</li> <li>10. To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.</li> </ol> <p><i>(Article IV. Section 2. President – By-Laws as Amended May 2007)</i></p>
Deliverables	<ul style="list-style-type: none"> <li>- Preparation and conduct of Board and stockholders' meetings</li> <li>- Performance evaluation of CEO and other Board members' effectiveness</li> <li>- Special assignments in collaboration with the CEO and management or the Board of Directors</li> </ul>	<ul style="list-style-type: none"> <li>- Annual President's Report</li> <li>- Reports to the Board of Directors and Stockholders</li> <li>- Corporate objectives and policies</li> <li>- Long range projects, plans and programs including those for executive training, development and compensation</li> </ul>

3) Explain how the board of directors plans for the succession of the CEO/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 nomination committee formulates screening policies to enable the committee to effectively review the qualification of the nominees. Any person having at least one share of stock registered in his name in the books of the Corporation may be nominated and elected to the Board of Directors, provided, however, that no person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Corporation or any of its subsidiaries or affiliates.

The other executive, non-executive directors and independent director should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board and Management. *(Article III. Section 3. By-laws as Amended May 2007)*

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 secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities. <i>(Item#2,D,1. Manual on Corporate Governance as Revised June 2010.)</i></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.</p>		
Accountabilities	<p>a) Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the corporation</p> <p>b) Devote the time and attention necessary to properly and effectively perform his duties and responsibilities</p> <p>c) Act judiciously</p> <p>d) Exercise independent judgment</p> <p>e) 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>f) Observe confidentiality</p> <p><i>(Item#2,D,3. Manual on Corporate Governance as Revised June 2010.)</i></p>		
Deliverables			

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:

Name of Director	Position	Date of Cessation	Reason
Maribeth C. Tolentino	Director	July 4, 2016	Ms. Tolentino resigned to focus on Golden Haven Memorial Park, Inc., an affiliate of the Company, as Director and Chief Operating Officer therein
Marcelino C. Mendoza	Director	July 4, 2016	Mr. Mendoza resigned to focus on his private ventures

(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	It 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 #3A. Board Committees – Nomination Committee. Manual on Corporate Governance as Revised June 2010)</i>	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; 3) He shall be at least twenty one (21) years old; 4) He shall have proven to possess integrity and probity; and 5) He shall be assiduous. <i>(Item #3A. Board Committees – Nomination Committee. Manual on Corporate Governance as Revised June 2010)</i>
(ii) Non-Executive Directors		
(iii) Independent Directors		
b. Re-appointment		
(i) Executive Directors	It 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 #3A. Board Committees – Nomination Committee. Manual on Corporate Governance as Revised June 2010)</i>	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; 3) He shall be at least twenty one (21) years old; 4) He shall have proven to possess integrity and probity; and 5) He shall be assiduous. <i>(Item #3A. Board Committees – Nomination Committee. Manual on Corporate Governance as Revised June 2010)</i>
(ii) Non-Executive Directors		
(iii) Independent Directors		
c. Permanent Disqualification		
(i) Executive Directors	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	
(ii) Non-Executive Directors		
(iii) Independent Directors		

	<p>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 any 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</i></p>
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	Governance as Revised June 2010)
d. Temporary Disqualification	
(i) Executive Directors	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.  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.  c) Dismissal or termination for cause as director of any 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.  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.  e) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.  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.  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. <i>(Item #3A. Board Committees – Nomination Committee. Manual on Corporate Governance as Revised June 2010)</i>
(ii) Non-Executive Directors	
(iii) Independent Directors	
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	
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#### Voting Result of the last Annual General Meeting – June 15, 2016

Name of Director	Votes Received
Manuel B. Villar, Jr.	12,912,421,287
Manuel Paolo A. Villar	13,938,777,124
Cynthia J. Javarez	13,038,393,784
Marcelino A. Mendoza*	13,007,476,307
Maribeth C. Tolentino*	12,964,456,884
Marilou Adea (Independent)	14,132,833,740
Ruben O. Fruto (Independent)	14,134,207,940

\* resigned on July 4, 2016

#### 6) Orientation and Education Program

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

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 the Company's Manual on Corporate Governance.

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 Revised June 2010)*

- (b) State any in-house training and external courses attended by Directors and Senior Management<sup>7</sup> 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
Ruben O. Fruto	November 22, 2016	3 <sup>rd</sup> Annual SEC-PSE Corporate Governance Forum	Securities and Exchange Commission/Philippine Stock Exchange
Manuel Paolo A. Villar Cynthia J. Javarez Jerylle Luz C. Quismundo Ma. Nalen SJ Rosero Marilou O. Adea Fritzie V. Loayon	November 16, 2016	Corporate Governance and Strategic Management for Board of Directors	Center for Global Best Practices
Gemma M. Santos Brian N. Edang Camille A. Villar	August 3, 2016	Securities and Exchange Commission Corporate Governance Forum	Securities and Exchange Commission

<sup>7</sup> Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

## B. CODE OF BUSINESS CONDUCT & ETHICS

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<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,3. Manual on Corporate Governance as Revised June 2010)</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 and an employee should also keep abreast with industry developments and business trends in order to promote the corporation's competitiveness. (Manual on Corporate Governance as Revised June 2010)</p>		
(e) Respect for Trade Secrets/Use of	<p>A director or an employee should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director or as</p>		

Non-public Information	employee. He should not reveal confidential information to unauthorized persons without the authority of the Board. <i>(Manual on Corporate Governance as Revised June 2010)</i>
(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. 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 and an employee should also keep abreast with industry developments and business trends in order to promote the corporation's competitiveness. <i>(Manual on Corporate Governance as Revised June 2010)</i></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?

Yes. 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. Communication Process. Manual on Corporate Governance as Revised June 2010)*

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 Vice President or its equivalent. 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;

- b) Appear before the Securities and Exchange Commission when summoned in relation to compliance with this Manual; and
- c) Issue a certification every January 30th of the year on the extent of the Corporation's compliance with this Manual for the completed year, and, if there are any deviations, explain the reason for such deviation. *(Item #5. Compliance Officer. Manual on Corporate Governance as Revised June 2010)*

#### 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. 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	<p>The Company follows the following steps in managing conflict of interest:</p> <ol style="list-style-type: none"> <li>1. Identify relevant conflict of interest situations</li> <li>2. Establish procedures to identify, manage, and resolve conflict of interest situations</li> <li>3. Demonstrate leadership commitment</li> <li>4. Create partnership with employees</li> <li>5. Enforce conflict of interest policy</li> </ol>
Group	

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family<sup>8</sup>, commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
The Company is not aware of any relation of a family, commercial, or contractual or business nature that exists between the holders of significant equity (5% or more).		

- (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
The Company is not aware of any relation of a family, commercial, or contractual or business nature that exists between the holders of significant equity (5% or more).		

- (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?

Yes. Regular meetings of the Board of Directors shall be held once a month on such date and at places as may be called by the Chairman of the Board, or upon request of a majority of the Directors. *(Section 5. Meetings - By-Laws as Amended May 2007)*

<sup>8</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Manuel B. Villar, Jr.	06-15-16	14	14	100
Member	Manuel Paolo A. Villar	06-15-16	14	14	100
Member	Cynthia J. Javarez	06-15-16	14	14	100
Member	Camille A. Villar	07-04-16	7	7	100
Member	Jerylle Luz C. Quismundo	07-04-16	7	7	100
Independent	Marilou O. Adea	06-15-16	14	14	100
Independent	Ruben O. Fruto	06-15-16	14	14	100
Member	Marcelino C. Mendoza*	06-15-16	7	7	100
Member	Maribeth C. Tolentino*	06-15-16	7	7	100

\*resigned on July 4, 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 majority of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business and every decision of at least a majority of the directors present at a meeting which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all members of the Board. *(Article III. Section 7. Quorum - By-Laws as amended May 2007)*

Independent directors should always attend Board meetings. Unless otherwise provided in the by-laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one independent director in all its meetings. *(Item #2,E. Board Governance – Board Meetings and Quorum Requirement. Manual on Corporate Governance Revised 2010)*

- 5) Access to Information

- (a) How many days in advance are board papers<sup>9</sup> for board of directors meetings provided to the board?

Seven (7) days.

Notice of the regular or special meeting of the Board, specifying the date, time and place of the meeting, shall be communicated by the Secretary to each director personally, or by telephone, telegram, or by written message. A director may waive this requirement, either expressly or impliedly. *(Article III. Section 6. Notice – By-Laws as Amended May 2007)*

- (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?

<sup>9</sup> Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

As stated in Section 4 of the Corporation's By-Laws as amended May 2007, the Secretary shall have the following powers and duties:

- a) To record the minutes and transactions of all meetings of the directors and the stockholders to maintain minute books of such meetings in the form and manner required by law;
- b) To keep record books showing the details required by law with respect to the stock certificates of the corporation, including ledgers and transfer books showing all shares of the corporation subscribe, issued and transferred;
- c) To keep the corporate seal and affix it to all papers and documents requiring a seal, and to attest by his signature all corporate documents requiring the same;
- d) To attend to the giving and serving of all notices of the corporation required by law or these by-laws to be given;
- e) To certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of him by law or by government rules and regulations;
- f) To act as the inspector at the election of directors and, as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and to receive votes, ballots or consents, hear and to determine questions in connection with the right to vote, count and tabulate all votes, determine the result, and do such acts as are proper to conduct the election.
- g) To perform such other duties as are incident to his office or as may be assigned to him by the Board of Directors or the President.

The Manual on Corporate Governance as Revised on June 2010 states that - The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, is an officer of the corporation. He/She 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 and stockholders;
- d) Have appropriate administrative and interpersonal skills;
- e) If he/she 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/she is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Code.

*(Item #4. The Corporate Secretary. Manual on Corporate Governance as Revised June 2010)*

- (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. Gemma M. Santos, graduated cum laude with the degree of Bachelor of Arts, Major in History from the University of the Philippines in 1981, and with the degree of Bachelor of Laws also from the University of the Philippines in 1985. She is a practicing lawyer and Senior Partner of Picazo Buyco Tan Fider & Santos Law Offices.

- (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. There were no changes 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 CEO and the four (4) most highly compensated management officers:

Process	CEO	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 <sup>th</sup> / 14 <sup>th</sup> month pays	13 <sup>th</sup> / 14 <sup>th</sup> 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	The Compensation and Remuneration Committee shall be composed of at least		



Directors	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.
Non-Executive Directors	<p>The following shall be the duties and responsibilities of the Compensation and Remuneration Committee:</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>e) Disallow any director to decide his or her own remuneration.</li> <li>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.</li> <li>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.</li> <li>h) Or in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.</li> </ul> <p><i>(Item #3B. Board Committees – Compensation and Remuneration Committee. Manual on Corporate Governance as Revised June 2010)</i></p>

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	PhP34.7 million for the ff. executive officers: (i) Manuel Paolo. A. Villar, (ii) Cynthia J. Javarez, (iii) Maribeth C. Tolentino, (iv) Elizabeth M. Kalaw, (v) Jerry M. Navarrete, and (vi) Benjamarie Therese N. Serrano		
(b) Variable Remuneration			
(c) Per diem Allowance	Not applicable		
(d) Bonuses	PhP5.9 million for the ff. executive officers: (i) Manuel Paolo. A. Villar, (ii) Cynthia J. Javarez, (iii) Maribeth C. Tolentino, (iv) Elizabeth M. Kalaw, (v) Jerry M. Navarrete, and (vi) Benjamarie Therese N. Serrano  PhP20.9 million for all other officers and directors unnamed (As disclosed in SEC From 17-A for the year ended December 31, 2015)		
(e) Stock Options and/or other financial instruments	Not applicable		
(f) Others (Specify)	Not applicable		
<b>Total</b>	PhP40.6 million for the ff. executive officers (i) Manuel Paolo. A. Villar, (ii) Cynthia J. Javarez, (iii) Maribeth C. Tolentino, (iv) Elizabeth M. Kalaw, (v) Jerry M. Navarrete, and (vi) Benjamarie Therese N. Serrano  PhP174.6 million for all other officers and directors unnamed (As disclosed in SEC From 17-A for the year ended December 31, 2015)		

\* including Starmalls, Inc.'s directors and executive officers

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
<b>Total</b>	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
There were no amendments or discontinuation of any incentive programs introduced, including the criteria used in the creation of the program for the year ended December 31, 2016.		

#### 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
Mary Lee S. Sadiasa	Strictly Confidential
Ric A. Pallesco	
Rodel B. Racadio	
Rizalito J. Rosales	
Dante M. Julongbayan	

### 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	-	2	Audit Committee Charter	The Manual on Corporate Governance as Revised on June 2010 states the following:  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		

					<p>an independent director and another with audit experience. The chair of the Audit Committee should be an independent director.</p> <p>The Committee shall have the following functions:</p> <ul style="list-style-type: none"> <li>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;</li> <li>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;</li> <li>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;</li> <li>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;</li> <li>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;</li> <li>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;</li> <li>g) Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;</li> <li>h) Review the reports submitted by the internal and external auditors;</li> <li>i) Review the quarterly, half-year and annual financial statements before</li> </ul>
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					<p>their submission to the Board, with particular focus on the following matters:</p> <ol style="list-style-type: none"> <li>1. Any change/s in accounting policies and practices</li> <li>2. Major judgmental areas</li> <li>3. Significant adjustments resulting from the audit</li> <li>4. Going concern assumptions</li> <li>5. Compliance with accounting standards</li> <li>6. Compliance with tax, legal and regulatory requirements.</li> </ol> <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>
Nomination	1	1	1	Manual on Corporate Governance	<p>Article III. Section 3 of the Corporation's By-Laws as Amended May 2007 states that – The Nomination Committee shall have the following functions:</p> <p>(A) formulate screening policies to enable the committee to effectively review the qualification of the nominees for independent directors; and</p> <p>(B) conduct nominations for independent directors prior to the stockholders' meeting in accordance with the procedures set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code, as the same may be amended from time to time.</p> <p>Also, the Manual on Corporate Governance</p>

					<p>as Revised on June 2010 states the following:</p> <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 qualifications and disqualifications set forth in the Manual.</p>
Remuneration	1	1	1	Manual on Corporate Governance	<p>Article III. Section 11 of the Corporation's By-Laws as Amended May 2007 states that – The Compensation and Remuneration committee shall have the following functions:</p> <p>(A) establish a formal and transparent procedure for developing 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 the amount of remuneration of directors and officers, which shall be in a sufficient level to attract and retain directors and officers, who are needed to run the Corporation 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 her remuneration;</p> <p>(F) provide in the Corporation's annual</p>

					reports, information and proxy statement, a clear, concise, and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year; and (G) review of the human resources development or personnel handbook, if any, to strengthen provisions on conflict of interest, salaries and benefit 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 human resources development or personnel handbook, cause the development of such, covering the same parameters of governance as stated above.
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	Marilou O. Adea	06-15-2016	4	4	100	7 yrs.
Member (ED)	Cynthia J. Javarez	06-15-2016	4	4	100	7 yrs.
Member (NED)	-	-	-	-	-	-
Member (ID)	Ruben O. Fruto	06-15-2016	4	4	100	7 yrs.

Disclose the profile or qualifications of the Audit Committee members.

**Marilou O. Adea**, Ms. Adea is currently the Court Appointed Rehabilitation Receiver of Anna-Lynns, Inc. and Manuela Corporation. Ms. Aldea served previously as Project Director for Site Acquisition of Digital Telecommunications Phils. Inc. from 2000 to 2002, Executive Director for FBO Management Network, Inc. from 1989 to 2000 and BF Homes Inc. in Receivership from 1988 to 1994 and Vice President for Finance & Administration for L&H Resources Management Corporation from 1986 to 1988. Ms. Adea holds a Degree in Bachelor of Science in Business Administration Major in Marketing Management from the University of the Philippines.

**Cynthia J. Javarez**, Ms. Javarez graduated from the University of the East with a degree in Bachelor of Science in Business Administration major in Accounting. She is a Certified Public Accountant. She took a Management Development Program at the Asian Institute of Management. She is currently the Controller, Chief Financial Officer and Head of the Tax and Audit group of Vista Land after holding various other positions in the MB Villar Group of Companies since 1985.

**Ruben O. Fruto**, Mr. Fruto graduated with the degree of Bachelor of Laws from the Ateneo de Manila University in 1961. He was formerly a partner in the law firm of Feria, Feria, Lugtu & La O' and the Oben, Fruto & Ventura Law Office. In February 1987, he was the Chief Legal Counsel and Senior Vice President of the Development Bank of the Philippines. He was the Undersecretary of Finance from March 1990 to May 15, 1991. Presently aside from engaging in private law practice specializing in corporate and civil litigation, he is also General Counsel of Wallem Philippines Shipping, Inc. and Wallem Maritime Services, Inc.; Vice-Chairman of Toyota Balintawak, Inc.; Director and Vice-President of China Shipping Manila Agency, Inc. and Director and Treasurer of Padre Burgos Realty, Inc. He is also a Consultant and the designated Corporate Secretary of the Subic Bay Metropolitan Authority.

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	Manuel B. Villar, Jr.	06-15-2016	2	2	100	3 yrs
Member (ED)	Jerylle Luz C. Quismundo	07-04-2016	2	2	100	0.5 yrs
Member (NED)	-	-	-	-	-	-
Member (ID)	Ruben O. Fruto	06-15-2016	2	2	100	7 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	Manuel Paolo A. Villar	06-15-2016	2	2	100	7 yrs.



Member (ED)	-	-	-	-	-	-
Member (NED)	Camille A. Villar	07-04-2016	2	2	100	0.5 yrs.
Member (ID)	Marilou O. Adea	06-15-2016	2	2	100	7 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	-	
Audit	-	
Nomination	Maribeth C. Tolentino resigned on July 4, 2016 and was replaced by Jerylle Luz C. Quismundo	Ms. Tolentino will focus on Golden Haven Memorial Park, Inc., an affiliated company, as Director and Chief Operating Officer
Remuneration	Marcelino Mendoza resigned on July 4, 2016 and was replaced by Camille Villar	Mr. Mendoza will focus on his private ventures.
Others (specify)	-	

4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Executive	Approval of 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 2012; Audit issues
Nomination	Review of board composition	Nomination of Manuel B. Villar, Jr. as director
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	Improvement in the Audit Committee Charter; Quarterly/annual financial statements review	Audit Committee performance evaluation for the year 2013; Audit issues that may arise 2013
Nomination	Review of board composition	Identification of possible 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	To mitigate or eliminate the risk

	its sold installment contracts receivables in order to cushion the impact of potential increase in loan interest rates	
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 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.	To mitigate or eliminate the risk
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, Vista Land 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	To mitigate this risk, the Company continuously seeks to improve its internal control procedures and	To mitigate or eliminate the risk

and construction management	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.	
Risks relating to specific target markets	To mitigate the possible impact of a sudden downturn in the OFW market, it is Vista Land'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 Vista Land 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 a) Fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on Vista Land's and its customers' ability to obtain financing.	In order to mitigate these risks, Vista Land substantially finances its development projects through pre-sales and internally generated funds. In this way, Vista Land maintains some flexibility in timing the progress of its development projects to match market conditions. Vista Land attempts to keep its costs down and selling price stable by lowering material costs through purchasing in bulk.	To mitigate or eliminate the risk
Risks relating to project and end-buyer financing b) Vista Land 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	To mitigate this risk, the Company has a structured and standardized credit approval process, which	To mitigate or eliminate the risk

financing c) The Company's business and financial performance could be adversely affected by a material number of sales cancellations.	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.	
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, Vista Land 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 risk. The legal team also monitors all intellectual ownership issues of the Company.	To mitigate or eliminate the risk

(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

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> <ul style="list-style-type: none"> <li>(a) the Board which ensures that the Corporation is properly and effectively managed and supervised;</li> <li>(b) a Management that actively manages and operates the corporation in a sound and prudent manner;</li> <li>(c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and</li> <li>(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.</li> </ul> <p>The minimum internal control mechanisms for the performance of the Board's oversight responsibility shall include:</p> <ul style="list-style-type: none"> <li>a) Definition of the duties and responsibilities of the CEO who is ultimately accountable for the Corporation's organizational and operational controls;</li> <li>b) Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;</li> <li>c) Evaluation of proposed senior management appointments;</li> <li>d) Selection and appointment of qualified and competent management officers; and</li> <li>e) Review of the corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.</li> </ul> <p><i>(Item #2, D.4. Board Governance – Responsibilities, Duties and Functions of the Board. Manual on Corporate Governance as Revised June 2010)</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:

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

*(Manual on Corporate Governance as Revised June 2010)*

(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	Fritzie V. Loayon	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
There is no resignation/s or re-assignment of the internal audit staff during the year.	

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

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

<b>Progress Against Plans</b>	In process
<b>Issues<sup>10</sup></b>	No significant issues yet
<b>Findings<sup>11</sup></b>	No significant findings yet
<b>Examination Trends</b>	None

<sup>10</sup> "Issues" are compliance matters that arise from adopting different interpretations.

<sup>11</sup> "Findings" are those with concrete basis under the company's policies and rules.



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

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

(f) Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
Setting of Committee Structure and Operation	10*
Oversight on Financial Reporting and Disclosures	8*
Oversight on Risk Management and Internal Controls	8*
Oversight on Management and Internal Audit	10*
Oversight on External Audit	10*

*\*Score of 10 being the highest as disclosed on April 30, 2013 as the Results of the Audit Committee performance Self-Assessment Questionnaire for the year 2012*

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

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

President & CEO : Manuel Paolo A. Villar  
 Compliance Officer : Ma. Nalen SJ Rosero

## 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 House/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	Quarterly Briefings; Regular One-on-one meetings with Creditors

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

Yes. The Corporate Social Responsibility (CSR) Report and/or the CSR portion in the Annual Report.

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 real estate industry and offers competitive compensation plans to attract quality employees. The Company does not have an employee stock option plan. (SEC Form 17A 2015)

(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.

Vista Land Training Center developed a curriculum designed to build one of the country's top sales force and an organization of exceptionally skilled and highly competent individuals.

Currently, the center offers a competency-based curriculum that runs on four learning tracks: Power Sales & Marketing, Self-development, Communication and Excellence, and Leadership & Management Development. The programs under each learning track are carefully designed to inculcate the company's core values, as well as the key value of service. It runs on a centralized function based on a curriculum that is "ladderized" or designed by level.

Two of the center's more significant learning courses are the annual Team Building workshops and the recently launched Management Development Program. The team-building event is in essence a training-and-bonding program designed around the Company's core values conducted every summer and was designed to strengthen camaraderie, re-educate attendees on the corporate values leading to a recommitment to those values.

A new certificate course put together by the center is the Management Development Program (MDP). 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. *(2012 Annual Report)*

- (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 Executive Committee. If the Committee concurs that a violation has occurred, it 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
Fine Properties, Inc. (Common)	6,650,638,065	41.2%	Fine Properties, Inc.
Fine Properties, Inc. (Preferred)	3,300,000,00	20.4%	Fine Properties, Inc.
PCD Nominee Corporation (Foreign)	3,210,610,033	19.4%	Various
Althorp Holdings, Inc.	1,235,292,469	7.6%	Althorp Holdings, Inc.

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Manuel B. Villar, Jr. (common) (preferred)	-	293,969,016 <sup>12</sup>	1.8%
		8,638,138,749 <sup>13</sup>	53.5%
		3,300,000,000 <sup>14</sup>	20.5%
Marcelino C. Mendoza	206,690	None	0.0%
Manuel Paolo A. Villar	200,000	222,596,324 <sup>12</sup>	1.4%
Cynthia J. Javarez	160	None	0.0%
Marilou O. Adea	1	None	0.0%
Ruben O. Fruto	1,000	None	0.0%
Gemma M. Santos	1,000	None	0.0%
Ma. Nalen SJ Rosero	-	None	0.0%
Camille Lydia A. Villar	-	1,000 <sup>12</sup>	0.0%
Mary Lee S. Sadiasa	1,345	None	0.0%
Ric A. Pallesco	250	None	0.0%
Dante M. Julongbayan	200	None	0.0%
Jerylle Luz C. Quismundo	3,865	None	0.0%
Rizalito J. Rosales	-	None	0.0%
Elizabeth M. Kalaw	1,960	None	0.0%
Ma. Leni D. Luya	-	None	0.0%
Edgardo G. Santos	1,380	None	0.0%
Lorelyn D. Mercado	100	None	0.0%

2) Does the Annual Report disclose the following:

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

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

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.

<sup>12</sup> Shares lodged under PCD Nominee Corporation (Filipino)

<sup>13</sup> Includes 6,650,638,065 shares held thru Fine Properties, Inc., 1,235,292,469 shares held thru Althorp Holdings, Inc. and 752,208,215 shares held thru Manuela Corp.

<sup>14</sup> Consists of Preferred Shares held indirectly through Fine Properties, Inc. of which Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
SGV & Co.	PhP 19.878 million <sup>15</sup>	-

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 17, 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	Yes
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

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

7) Disclosure of RPT – as of December 31, 2016

RPT	Relationship	Nature	Value (PhP)
Fine Properties, Inc.	Ultimate Parent	Nontrade Receivables	245,474,309
All Value Group	Entities under Common Control	Nontrade Payables	23,020,397
Golden Haven Memorial Park, Inc.	Entities under Common Control	Nontrade Receivables	(1,115,430)
Althorp Holdings, Inc.	Entities under Common Control	Nontrade Payable	223,540,009

<sup>15</sup> As of December 31, 2016

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

## J. RIGHTS OF STOCKHOLDERS

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

#### (a) Quorum

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

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

#### (b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

<b>System Used</b>	1 share = 1 Vote
<b>Description</b>	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.

<b>Stockholders' Rights under The Corporation Code</b>	<b>Stockholders' Rights <u>not</u> in The Corporation Code</b>
None	

#### Dividends

<b>Declaration Date</b>	<b>Record Date</b>	<b>Payment Date</b>
September 28, 2016 (Regular)	October 13, 2016	October 28, 2016

#### (d) Stockholders' Participation

- 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.

<b>Measures Adopted</b>	<b>Communication Procedure</b>
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	

- 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?

a. Date of sending out notices: AGM - May 14, 2016

b. Date of the Annual Stockholders' Meeting: June 15, 2016

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

None

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

**Annual Stockholders' Meeting – June 15, 2016**

Resolution	Approving	Dissenting	Abstaining
Receive and Adopt the report of the President and the annual report of the Company for the year 2015	14,128,371,440	nil	186,546,900
Ratification of all acts and resolutions of the Board of Directors and Management for the year 2015 until 31 March 2016	14,126,416,140	1,955,300	186,546,900
Election of Board of Directors	12,912,421,287	1,237,090,053	165,407,000
1. Manuel B. Villar, Jr.	13,938,777,124	210,734,216	165,407,000
2. Manuel Paolo A. Villar	13,038,393,784	1,111,117,556	165,407,000
3. Cynthia J. Javarez	13,007,476,307	1,142,035,033	165,407,000
4. Marcelino C. Mendoza	12,964,456,884	1,185,054,456	165,407,000
5. Maribeth C. Tolentino	14,132,833,740	16,677,600	165,407,000
6. Marilou O. Adea	14,134,207,940	15,303,400	165,407,000
7. Ruben O. Fruto			
Approval of the listing of additional issued shares	14,035,984,766	113,526,574	165,407,000
Appointment of External Auditors for the year 2016	14,124,494,040	25,017,300	165,407,000

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

Annual Stockholders' Meeting – June 15, 2016

(e) Modifications

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

Modifications	Reason for Modification
There were no modifications made in the Annual Stockholders' Meeting regulations during the most recent year.	



(f) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	<b>Directors:</b> Manuel B. Villar, Jr. Manuel Paolo A. Villar Cynthia J. Javarez Maribeth C. Tolentino Marcelino C. Mendoza Ruben O. Fruto Marilou O. Adea <b>Officers:</b> Gemma M. Santos Ma. Nalen Rosero Jerry M. Navarrete Elizabeth M. Kalaw Mary Lee S. Sadiasa Brian N. Edang Dante M. Julongbayan Ric A. Pallesco Rizalito J. Rosales Rodel B. Racadio Edgardo G. Santos Jerylle Luz C. Quismundo	June 15, 2016	Show of hands	0.0000%	88.3%	88.3%

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

Yes, Securities Transfer and Services, Inc. (STSI)

(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)

Invalidated Proxy	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 May 2007)
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 – June 15, 2016

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	977 (as of record date of annual stockholders' meeting for the year 2016)
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	May 14, 2016 (for the annual stockholders' meeting for the year 2016)
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	May 14, 2016 (for the annual stockholders' meeting for the year 2016)
<b>State whether CD format or hard copies were distributed</b>	CD format were distributed
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	Stockholders were provided hard copies upon request.

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

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

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
<p>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</p> <p>a) The Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely:</p> <ol style="list-style-type: none"> <li>1. Right to vote on all matters that require their consent or Approval <ul style="list-style-type: none"> <li>* Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.</li> <li>* Cumulative voting shall be used in the election of directors.</li> <li>* A director shall not be removed without cause if it will deny minority shareholders representation in the Board.</li> </ul> </li> <li>2. Pre-emptive right to all stock issuances of the Corporation <p>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.</p> </li> <li>3. Right to inspect corporate books and records <p>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.</p> </li> <li>4. Right to information <ul style="list-style-type: none"> <li>* 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.</li> <li>* 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.</li> <li>* 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".</li> </ul> </li> <li>5. Right to dividends <ul style="list-style-type: none"> <li>* Shareholders shall have the right to receive dividends subject to the discretion of the Board.</li> <li>* 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.</li> </ul> </li> </ol>	

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	Ma. Nalen SJ Rosero, Assistant Corporate Secretary, Compliance Officer and CIO : +63 2 226-3552 ext. 0055 Brian N. Edang, Head Investor Relations : +63 2 226-3552 ext. 0088 Rachel C. Ardales, Investor Relations : +63 2 226-3552 ext. 0064

- 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.

The Board used MayBank ATR Kim Eng to issue a fairness opinion in its acquisition of Vista Residences in 2009. The Board also has asked CBRE to perform valuation of the company's land bank in 2007.

#### 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 Residential Projects
Vermiculture	Group's Residential projects
Coco coir	Group's Residential Projects and nearby communities
Church Building	Group's Residential Projects and nearby communities
Assistance to Overseas Filipino Workers (OFs)	OFs who are the majority buyers of the company, including their families
Environment Protection	Las Pinas-Paranaque Critical Habitat and Ecotourism Area (LPPCHEA)

You may refer to the Corporate Social Responsibility section of the Company's 2015 Annual Report.

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

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

	Process	Criteria
Board of Directors	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		
CEO/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:	
a) In case of first violation, the subject person shall be reprimanded.	

- b) Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation.
- c) For third violation, the maximum penalty of removal from office shall be imposed.
- d) 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 the Manual.

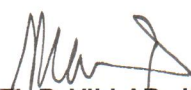
The commission of a third violation of this Manual by any member of the board of the company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.

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. *(Manual on Corporate Governance as Revised June 2010)*

## 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

  
**MANUEL PAOLO A. VILLAR**  
President and Chief Executive Officer

  
**MA. NALEN SJ ROSERO**  
Compliance Officer

  
**MARILOU O. ADEA**  
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 &amp; Place of Issue</u>
Manuel B. Villar, Jr.	DE0011147	15 Oct 2014 / DFA Manila
Manuel Paolo A. Villar	EB7324818	07 Feb 2013 / DFA Manila
Ma. Nalen SJ Rosero	EC5435543	22 Sep 2015 / DFA Manila
Marilou O. Adea	EC7032493	28 Dec 2012 / DFA Manila

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Series of 2017.

  
**ATTY. ARBIN O. MARIANO**  
NOTARY PUBLIC

UNTIL DECEMBER 31, 2018  
ROLL NO. 57146

IBP No. 1055199 / 03 Jan. 2017 / RSM  
PTR No. 3015664 / 03 Jan. 2017 / Mandaluyong City  
MCLE Compliance No. V-0019608, issued dated 21 April 2016  
Notarial Commission Appointment No. 0388-17  
Vista Corporate Center, Upper Ground Floor,  
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City