

**ANNUAL CORPORATE GOVERNANCE REPORT**  
**ROBINSONS RETAIL HOLDINGS INC.**  
**SUMMARY OF AMENDMENTS AS OF JULY 16, 2015**

SECTION	PAGE
<b>A. BOARD MATTERS</b>	
1. Board of Directors	
a. Composition of the Board (Date last elected)	4
• Provide a brief summary of the corporate governance policy (SEC 20-IS and RCGM)	4-5
• How often does the Board review and approve the vision and mission? (RCGM)	5
b. Directorship in other Companies	
• Directorship in other listed companies (SEC 20-IS)	7
• Limit on the number of Board seats in other companies (RCGM)	7-8
c. Shareholding in the Company (Public Ownership Report)	8
2. Chairman and CEO	
b. Roles, Accountabilities and Deliverables (RCGM)	9-10
4. Other Executive, Non-Executive and Independent Directors	
• Policy of ensuring diversity of experience and background of directors (RCGM)	10
• Experience of Non-Executive Directors (RCGM)	10
• Roles, Accountabilities and Deliverables of the Executive, Non-Executive and Independent Directors (RCGM)	11-13
5. Changes in the Board of Directors	
• Voting Results of the last Annual Stockholders' Meeting (SEC 20-IS)	21
<b>B. CODE OF BUSINESS CONDUCT AND ETHICS</b>	
1. Company's Policies on Code of Business Conduct and Ethics	
9. Whistle Blower (Reporting Channels for Whistleblowing)	23-24
3. Implementation and Compliance Monitoring (RCGM)	24
6. Alternative Dispute Resolution	26
<b>C. BOARD MEETINGS AND ATTENDANCE</b>	
2. Attendance of Directors	27
4. Minimum Quorum Requirement	27
5. Access to Information	27
(a) Provision of board papers before the meeting (RCGM)	28
(c) Corporate Secretary (RCGM)	29
6. External Advice	
<b>D. REMUNERATION MATTERS</b>	
2. Remuneration Policy and Structure for Executive and Non-Executive Directors	
• Opportunity of stockholders to approve total remuneration of BOD	30
3. Aggregate Remuneration	30-31
<b>E. BOARD COMMITTEES</b>	
1. Number of Members, Functions and Responsibilities (RCGM)	33-35
2. Committee Members	
(a) Executive Committee	36
(b) Audit and Risk Management Committee (RCGM)	37
(c) Governance, Nomination and Election Committee (RCGM)	38
(d) Remuneration and Compensation Committee (RCGM)	38
3. Changes in the Committee Members (RCGM)	39
4. Work Done and Issues Addressed (RCGM)	39
5. Committee Program (RCGM)	39-40

<b>F. RISK MANAGEMENT SYSTEM</b>	
1. Disclosure	
(b) Directors' review of the effectiveness of the risk management system (RCGM)	40
(c) Period covered by the review (RCGM)	40
(d) Frequency of the review of the effectiveness of the risk management system (RCGM)	40
3. Control System Set Up	46-47
(c) Committee (RCGM)	
<b>G. INTERNAL AUDIT AND CONTROL</b>	
1. Internal Control System	
(b) Statement of the effectiveness of the internal control system (RCGM)	48
(c) Period covered by the review (RCGM)	48
(d) Frequency of the review of the effectiveness of the internal control system (RCGM)	48-49
2. Internal Audit	
(a) Role, Scope and Internal Audit Function	49
(b) Approval of the Audit and Risk Management Committee to the appointment/removal of Internal Auditor/Auditing Firm (RCGM)	49
(c) Reporting relationship of the internal auditor with the Audit and Risk Management Committee (RCGM)	49
(f) Audit Control Policies and Procedures (RCGM)	50-51
(g) Mechanisms and Safeguard (RCGM)	51-52
(h) Attestation of the Company's full compliance with the SEC Code of Corporate Governance (RCGM)	52
<b>H. ROLE OF STAKEHOLDERS</b>	
1. Disclosure of Company's Policies related to:	
• Anti-Corruption programs and procedures	53
• Safeguarding Creditors' Rights	53
3. Performance-enhancing mechanisms for employee participation	
(a) Company's policy for its employees' safety, health, and welfare	54
(c) Company's training and development programs for its employees	54-55
(d) Company's reward/compensation policy	55
4. Procedures for handling employee complaints concerning illegal and unethical behavior (Reporting Channels for Whistleblowing)	56
<b>I. DISCLOSURE AND TRANSPARENCY</b>	
3. External Auditor's Fee (Annual Report 2014)	58
5. Date of Release of Audited Financial Report	58
7. Disclosure of RPT (Annual Report 2014)	58
<b>J. RIGHTS OF STOCKHOLDERS</b>	
1. Rights to participate effectively and vote in Annual/Special Stockholders' Meeting	
(c) Stockholders' Rights – Dividends	59
(d) Stockholders' Participation (RCGM)	
• Measures adopted to promote stockholder participation in the meeting (RCGM)	60
• Distribution of AGM Notices (RCGM)	60
• Result of Annual/Special Stockholders Meeting's Resolutions	61
• Date of Publishing of the result of the votes during the most recent AGM (SEC 20-IS)	61
(f) Stockholders' Attendance (SEC 20-IS)	61-62
(h) Sending of Notices	63
(i) Definitive Information Statements and Management Report (SEC 20-IS)	63
<b>M. RIGHTS OF STOCKHOLDERS</b>	
• Board Committees (RCGM)	67

**ROBINSONS RETAIL HOLDINGS, INC.**

**ANNUAL CORPORATE GOVERNANCE REPORT**

**as of July 16, 2015**

## TABLE OF CONTENTS

	<b>Page Number</b>
<b>A. BOARD MATTERS</b>	<b>4</b>
<hr/>	
1) BOARD OF DIRECTORS	
(a) Composition of the Board	4
(b) Directorship in Other Companies	5
(c) Shareholding in the Company	10
2) CHAIRMAN AND CEO	11
3) BOARD OF DIRECTORS SUCCESSION PLAN	12
4) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS	12
5) CHANGES IN THE BOARD OF DIRECTORS	16
6) ORIENTATION AND EDUCATION PROGRAM	24
<b>B. CODE OF BUSINESS CONDUCT &amp; ETHICS</b>	<b>25</b>
<hr/>	
1) POLICIES	25
2) DISSEMINATION OF CODE	27
3) COMPLIANCE WITH CODE	27
4) RELATED PARTY TRANSACTIONS	27
(a) Policies and Procedures	27
(b) Conflict of Interest	28
5) FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS	29
6) ALTERNATIVE DISPUTE RESOLUTION	29
<b>C. BOARD MEETINGS &amp; ATTENDANCE</b>	<b>30</b>
<hr/>	
1) SCHEDULE OF MEETINGS	30
2) DETAILS OF ATTENDANCE OF DIRECTORS	30
3) SEPARATE MEETING OF NON-EXECUTIVE DIRECTORS	30
4) QUORUM REQUIREMENT	30
5) ACCESS TO INFORMATION	31
6) EXTERNAL ADVICE	32
7) CHANGES IN EXISTING POLICIES	32
<b>D. REMUNERATION MATTERS</b>	<b>33</b>
<hr/>	
1) REMUNERATION PROCESS	33
2) REMUNERATION POLICY AND STRUCTURE FOR DIRECTORS	33
3) AGGREGATE REMUNERATION	34
4) STOCK RIGHTS, OPTIONS AND WARRANTS	35
5) REMUNERATION OF MANAGEMENT	35
<b>E. BOARD COMMITTEES</b>	<b>35</b>
<hr/>	
1) NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES	35
2) COMMITTEE MEMBERS	39
3) CHANGES IN COMMITTEE MEMBERS	41
4) WORK DONE AND ISSUES ADDRESSED	41
5) COMMITTEE PROGRAM	42
<b>F. RISK MANAGEMENT SYSTEM</b>	<b>42</b>
<hr/>	
1) STATEMENT ON EFFECTIVENESS OF RISK MANAGEMENT SYSTEM	42
2) RISK POLICY	43
3) CONTROL SYSTEM	46

## TABLE OF CONTENTS

	<b>Page Number</b>
<b>G. INTERNAL AUDIT AND CONTROL</b>	<b>51</b>
1) STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM	51
2) INTERNAL AUDIT	
(a) Role, Scope and Internal Audit Function	51
(b) Appointment/Removal of Internal Auditor	52
(c) Reporting Relationship with the Audit Committee	52
(d) Resignation, Re-assignment and Reasons	52
(e) Progress against Plans, Issues, Findings and Examination Trends	52
(f) Audit Control Policies and Procedures	53
(g) Mechanisms and Safeguards	54
<b>H. ROLE OF STAKEHOLDERS</b>	<b>56</b>
1) POLICIES AND ACTIVITIES	56
2) CORPORATE RESPONSIBILITY	57
3) EMPLOYEE PARTICIPATION MECHANISM	57
4) HANDLING EMPLOYEE COMPLAINTS	59
<b>I. DISCLOSURE AND TRANSPARENCY</b>	<b>60</b>
1) OWNERSHIP STRUCTURE	60
2) ANNUAL REPORT DISCLOSURE	60
3) EXTERNAL AUDITORS' FEE	61
4) MEDIUM OF COMMUNICATION	61
5) AUDITED FINANCIAL REPORT SUBMISSION	61
6) COMPANY WEBSITE	61
7) DISCLOSURE OF RPT	62
<b>J. RIGHTS OF STOCKHOLDERS</b>	<b>62</b>
1) RIGHT TO PARTICIPATE EFFECTIVELY IN STOCKHOLDERS' MEETINGS	62
2) TREATMENT OF MINORITY STOCKHOLDERS	68
<b>K. INVESTORS RELATIONS PROGRAM</b>	<b>69</b>
<b>L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES</b>	<b>70</b>
<b>M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL</b>	<b>70</b>
<b>N. INTERNAL BREACHES AND SANCTIONS</b>	<b>71</b>

**A. BOARD MATTERS**

**1) Board of Directors**

<b>Number of Directors per Articles of Incorporation</b>	9
<b>Actual number of Directors for the year</b>	9

**(a) Composition of the Board**

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) <sup>1</sup>	Elected when (Annual /Special Meeting)	No. of years served as director (as of 2014)
John L. Gokongwei, Jr.	ED	N/A	Ma. Luisa B. Aquino	February 4, 2002	<u>July 16, 2015</u>	Annual Meeting	12
James L. Go	ED	N/A	Ma. Luisa B. Aquino	February 4, 2002	<u>July 16, 2015</u>	Annual Meeting	12
Lance Y. Gokongwei	ED	N/A	Ma. Luisa B. Aquino	February 4, 2002	<u>July 16, 2015</u>	Annual Meeting	12
Robina Y. Gokongwei-Pe	ED	N/A	Ma. Luisa B. Aquino	February 4, 2002	<u>July 16, 2015</u>	Annual Meeting	12
Lisa Y. Gokongwei-Cheng	NED	N/A	Ma. Luisa B. Aquino	February 4, 2002	<u>July 16, 2015</u>	Annual Meeting	12
Faith Y. Gokongwei-Lim	ED	N/A	Ma. Luisa B. Aquino	February 4, 2002	<u>July 16, 2015</u>	Annual Meeting	12
Hope Y. Gokongwei-Tang	ED	N/A	Ma. Luisa B. Aquino	February 4, 2002	<u>July 16, 2015</u>	Annual Meeting	12
Antonio L. Go	ID	N/A	Ma. Luisa B. Aquino (no relationship with nominator)	July 4, 2013	<u>July 16, 2015</u>	Annual Meeting	1
Roberto R. Romulo	ID	N/A	Ma. Luisa B. Aquino (no relationship with nominator)	July 4, 2013	<u>July 16, 2015</u>	Annual Meeting	1

Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please

<sup>1</sup> Reckoned from the election immediately following January 2, 2012.

**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 Corporation adheres to the principles and practices of good corporate governance, as embodied in its Corporate Governance Manual, Code of Business Conduct and related SEC Circulars. In March 8, 2010, the Board of Directors approved the adoption of a revised Corporate Governance Manual, in accordance with SEC Memorandum Circular No.6 (Series of 2009) dated June 22, 2009. Continuous improvement and monitoring of governance and management policies have been undertaken to ensure that the Corporation observes good governance and management practices. This is to assure the shareholders that the Corporation conducts its business with the highest level of integrity, transparency and accountability. SEC Memorandum Circular No.5, Series of 2013 mandates all listed companies to submit an Annual Corporate Governance Report (ACGR). On July 30, 2013, the Corporation submitted its ACGR for the year 2012 to the SEC. Beginning January 30, 2011 in accordance with SEC Memorandum Circular No. 9, Series of 2014, the Corporation submits every year a Corporate Governance Disclosure Report to the PSE.*

The Board has adopted the Revised Corporate Governance Manual in June 2, 2015 for the Company. The Manual elaborates on the governance roles and responsibilities of the Board and its Directors. The Board ensures that all material information about the Company is disclosed to the public on a timely manner. The Board likewise is strongly committed to respect and promote the rights of stockholders in accordance with the Revised Corporate Governance Manual, the Company’s Articles of Incorporation, and By-Laws.

*The Board represents the shareholders’ interests in its objective to continuously improve the value of the Corporation and to achieve a successful and long-term business. The Board believes that it has to be actively responsible to ensure that the Corporation is properly managed to attain this result. In addition to fulfilling its obligations for increased shareholder value, the Board has responsibility to other stakeholders as well – customers, employees, suppliers, financiers, government, business partners, and to the communities and environment it operates in, all of whom are important to a successful business.*

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

The Board shall annually review and approve the vision and mission of the Company.

**(b) 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.
John L. Gokongwei, Jr.	Robinson’s Incorporated	Executive, Chairman Emeritus
	Robinsons Supermarket Corporation	Non-Executive
	Robinsons Convenience Stores, Inc.	Executive, Chairman Emeritus
	Consolidated Global Imports, Inc.	Non-Executive

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

	Robinsons Specialty Stores, Inc.	Non-Executive
	Robinsons Toys, Inc.	Non-Executive
	RRG Trademarks and Private Labels, Inc.	Non-Executive
	RRHI Trademarks Management, Inc.	Non-Executive
	RHMI Management and Consulting, Inc.	Non-Executive
	RRHI Management and Consulting, Inc.	Non-Executive
James L. Go	Robinson's Incorporated	Executive, Chairman
	Robinsons Venture Corp.	Non-Executive
	Angeles Supercenter, Inc.	Non-Executive
	Eurogrocer Corp.	Executive
	Robinsons Supermarket Corporation	Executive, Chairman
	Southstar Drug, Inc.	Non-Executive
	Robinsons Convenience Stores, Inc.	Executive , Chairman
	Consolidated Global Imports, Inc.	Executive
	Robinsons Handyman, Inc.	Executive, Chairman
	Handyman Express Mart, Inc.	Non-Executive
	Waltermart Handyman Inc.	Executive
	RHD Daiso-Saizen, Inc.	Non-Executive
	Robinsons Toys, Inc.	Non-Executive
	Robinsons Daiso Diversified Corp.	Non-Executive
	Robinsons Appliances Corp.	Non-Executive
	Robinsons Gourmet Food and Beverage, Inc.	Executive
	Robinsons Specialty Stores, Inc.	Non-Executive
	Robinsons Toys, Inc.	Non-Executive
	RRG Trademarks and Private Labels, Inc.	Non-Executive
	RRHI Trademarks Management, Inc.	Non-Executive
	RHMI Management and Consulting, Inc.	Non-Executive
	RRHI Management and Consulting, Inc.	Non-Executive
Lance Y. Gokongwei	Robinson's Incorporated	Executive
	Robinsons Venture Corp.	Executive, Chairman
	Angeles Supercenter, Inc.	Executive, Chairman
	Eurogrocer Corp.	Executive, Chairman
	Robinsons Supermarket Corporation	Executive
	Southstar Drug, Inc.	Executive, Chairman
	Robinsons Convenience Stores, Inc.	Executive



	Consolidated Global Imports, Inc.	Executive, Chairman
	Everyday Convenience Stores, Inc.	Executive, Chairman
	Robinsons True Serve Hardware Philippines, Inc.	Executive, Chairman
	Robinsons Handyman, Inc.	Executive
	Handyman Express Mart, Inc.	Executive, Chairman
	Waltermart Handyman Inc.	Executive, Chairman
	RHD Daiso-Saizen, Inc.	Executive, Chairman
	Robinsons Toys, Inc.	Executive, Chairman
	Robinsons Daiso Diversified Corp.	Executive, Chairman
	Robinsons Appliances Corp.	Executive, Chairman
	Robinsons Gourmet Food and Beverage, Inc.	Executive, Chairman
	Robinsons Specialty Stores, Inc.	Executive, Chairman
	Robinsons Toys, Inc.	Executive, Chairman
	RRG Trademarks and Private Labels, Inc.	Non-Executive
	RRHI Trademarks Management, Inc.	Non-Executive
	RHMI Management and Consulting, Inc.	Non-Executive
	RRHI Management and Consulting, Inc.	Non-Executive
Robina Y. Gokongwei-Pe	Robinson's Incorporated	Executive
	Robinsons Venture Corp.	Executive
	Angeles Supercenter, Inc.	Executive
	Eurogrocer Corp.	Executive
	Robinsons Supermarket Corporation	Executive
	Southstar Drug, Inc.	Executive
	Robinsons Convenience Stores, Inc.	Executive
	Consolidated Global Imports, Inc.	Executive
	Everyday Convenience Stores, Inc.	Executive
	Robinsons True Serve Hardware Philippines, Inc.	Executive
	Robinsons Handyman, Inc.	Executive
	Handyman Express Mart, Inc.	Executive
	Waltermart Handyman Inc.	Executive
	RHD Daiso-Saizen, Inc.	Executive
	Robinsons Toys, Inc.	Executive

	Robinsons Daiso Diversified Corp.	Executive
	Robinsons Appliances Corp.	Executive
	Robinsons Gourmet Food and Beverage, Inc.	Executive
	Robinsons Specialty Stores, Inc.	Executive
	Robinsons Toys, Inc.	Executive
	RRG Trademarks and Private Labels, Inc.	Non-Executive
	RRHI Trademarks Management, Inc.	Non-Executive
	RHMI Management and Consulting, Inc.	Non-Executive
	RRHI Management and Consulting, Inc.	Non-Executive
Lisa Y. Gokongwei-Cheng	N/A	N/A
Faith Y. Gokongwei-Lim	Eurogrocer Corp.	Non-Executive
	Southstar Drug, Inc.	Non-Executive
	Everyday Convenience Stores, Inc.	Non-Executive
	Robinsons True Serve Hardware Philippines, Inc.	Non-Executive
	Robinsons Gourmet Food and Beverage, Inc.	Non-Executive
Hope Y. Gokongwei-Tang	Eurogrocer Corp.	Non-Executive
	Southstar Drug, Inc.	Non-Executive
	Robinsons True Serve Hardware Philippines, Inc.	Non-Executive
	Robinsons Gourmet Food and Beverage, Inc.	Non-Executive
	RRG Trademarks and Private Labels, Inc.	Non-Executive
	RRHI Trademarks Management, Inc.	Non-Executive
	RHMI Management and Consulting, Inc.	Non-Executive
	RRHI Management and Consulting, Inc.	Non-Executive
Antonio L. Go	N/A	N/A
Roberto R. Romulo	N/A	N/A

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
John L. Gokongwei, Jr.	JG Summit Holdings, Inc.	Executive
	Universal Robina Corporation	Executive
	Robinsons Land Corporation	Executive
	Cebu Air, Inc.	Non-Executive
	Oriental Petroleum and Mineral Corporation	Non-Executive
	A. Soriano Corporation	Non-Executive
	Manila Electric Company	Non-Executive
James L. Go	JG Summit Holdings, Inc.	Executive, Chairman
	Universal Robina Corporation	Executive, Chairman
	Robinsons Land Corporation	Executive, Chairman
	Cebu Air, Inc.	Non-Executive
	Oriental Petroleum and Minerals Corporation	Executive, Chairman
	Philippine Long Distance and Telephone Company	Non-Executive
	Manila Electric Company	Non-Executive
Lance Y. Gokongwei	JG Summit Holdings, Inc.	Executive
	Universal Robina Corporation	Executive
	Robinsons Land Corporation	Executive
	Cebu Air, Inc.	Executive
	Oriental Petroleum and Minerals Corporation	Non-Executive
	Manila Electric Company	Non-Executive
Robina Gokongwei-Pe	JG Summit Holdings, Inc.	Non-Executive
	Robinsons Land Corporation	Non-Executive
	Cebu Air, Inc.	Non-Executive
Antonio L. Go	Cebu Air, Inc.	Non-Executive
	Oriental Petroleum and Minerals Corporation	Non-Executive
Roberto R. Romulo	A. Soriano Corporation	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
John L. Gokongwei, Jr.	JE Holdings, Inc.	Chairman
James L. Go	JE Holdings, Inc.	N/A
Lance Y. Gokongwei	JE Holdings, Inc.	Lance Y. Gokongwei is the

		Treasurer of JE Holdings, Inc.
Robina Gokongwei-Pe	JE Holdings, Inc.	Robina Gokongwei-Pe is a Director of JE Holdings, Inc.
Lisa Y. Gokongwei-Cheng	JE Holdings, Inc.	Lisa Y. Gokongwei-Cheng is the Director of JE Holdings, Inc.
Faith Y. Gokongwei-Lim	JE Holdings, Inc.	Faith Y. Gokongwei-Lim is the Director of JE Holdings, Inc.
Hope Y. Gokongwei-Tang	JE Holdings, Inc.	Hope Y. Gokongwei-Tang is the Director of JE Holdings, Inc.

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

*The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock Corporations.* Guidelines observed are stated in Article III Section A.8 of the Revised Corporate Governance Manual.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	A Director shall exercise due discretion in accepting and holding directorships and officerships in other corporations. A Director may hold any number of directorships or officerships outside the Company provided that, in the Director's opinion, these other positions do not detract or compromise the Director's capacity to diligently perform his duties as a Director of the Company <i>and compliant with the limit that may be set by the Board.</i>	<i>The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock Corporations.</i>
Non-Executive Director		
CEO		

(c) 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: *(as of June 30, 2015)*

Name of Director	Number of Direct Shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Lance Y. Gokongwei	126,727,500	0	9.15%
Lance Y. Gokongwei &/or Elizabeth Gokongwei	35,317,499		2.55%
Robina Y. Gokongwei-Pe	105,952,500	0	7.65%
James L. Go	41,550,000	0	3.00%
Lisa Y. Gokongwei-Cheng	35,317,500	0	2.55%

Faith Y. Gokongwei-Lim	35,317,500	0	2.55%
John L. Gokongwei, Jr.	1	0	0.00%
Hope Y. Gokongwei-Tang	1	0	0.00%
Antonio L. Go	1	0	0.00%
Roberto R. Romulo	1	0	0.00%
<b>TOTAL</b>	<b>380,182,503</b>	<b>0</b>	<b>27.45%</b>

## 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

The roles and responsibilities of the Chairman of the Board of Directors and CEO are defined in the By-Laws and Revised Corporate Governance Manual to ensure that the Board gets independent views and perspectives.

### Identify the Chairman and CEO:

<b>Chairman of the Board</b>	John L. Gokongwei, Jr.
<b>CEO</b>	John L. Gokongwei, Jr.

## (b) Roles, Accountabilities and Deliverables

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

The roles of Chairman and the Chief Executive Officer (CEO) may be separated in order 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.

If the roles of Chairman and CEO are unified, the proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspectives.

	<b>Chairman</b>	<b>Chief Executive Officer</b>
Role	<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 Chairman 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 Directors and Management.</li> <li>3. Maintain qualitative and timely lines of communication and information between the Board and Management.</li> <li>4. <u>Provide leadership to the Board and ensure that the Board works</u></li> </ol>	<ol style="list-style-type: none"> <li>1. <u>The CEO shall have general care, management and administration of the business operations of the Company. He shall ensure that: (a) the business and affairs of the Company are managed in a sound and prudent manner; and (b) operational, financial and internal controls are adequate and effective to ensure reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, rules, regulations and contracts.</u></li> </ol>

	<u>effectively and performs its duties responsibly.</u>	<u>2. The CEO shall provide leadership for Management in developing and implementing business strategies, plans and budgets to the extent approved by the Board. He shall provide the Board with a balanced and understandable account of the Company's performance, financial condition, results of operations and prospects on a regular basis.</u>
Accountabilities	See above	
Deliverables	<ol style="list-style-type: none"> <li>1. Agenda for the meetings</li> <li>2. Statement of Management's Responsibility for audited financial statements</li> <li>3. SEC Form 17-A and 17-Q</li> <li>4. Other reports required by law</li> </ol>	<ol style="list-style-type: none"> <li>1. Statement of Management's Responsibility for audited financial statements</li> <li>2. SEC Form 17-A and 17-Q</li> <li>3. Other reports required by law</li> </ol>

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

One of our Company's core organizational systems is the Advancement Planning (AP) system. The AP system is an on-going process of identifying, assessing, and developing talents to ensure leadership continuity for all key positions and providing opportunities for key talents to grow within the organization. We assess incumbents / identified successors on 2 elements: performance over time and potential. Moreover, each identified successor is assessed based on his/her level of readiness to occupy the higher role. Specific development interventions per successor are also identified as part of the process. Every year, the AP System is reviewed by HR and top management to check whether the planned development interventions took place, and if the level of readiness of identified successors has progressed, among others.

The Competency-Based System and Performance Management System are two other core organizational systems that we have in place which allow us to properly utilize the Advanced Planning System.

**4) Other Executive, Non-Executive and Independent Directors**

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

The Board, with the assistance of the Governance, Nomination and Election Committee, implements a nomination and election process to ensure that all shareholders are given the opportunity to nominate and elect directors and to ensure a mix of knowledge, expertise, experience and balance among independent, non-executive and executive competent Directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.

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

Qualification for directorship requires that the director must have a practical understanding of the business of the Corporation and must be a member of good standing in relevant industry, business or professional organizations. The Company has non-executive directors that are well experienced that allow them to give objective views, perspectives,

and decisions on matters raised to the Board.

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

	Executive	Non-Executive	Independent Director
Role	<p>A Director's Office is one of trust and confidence. A Director should act in the best interest of the Company in a manner characterized by transparency, accountability, and fairness. He should also exercise leadership, prudence, and integrity in directing the Company towards sustained progress.</p> <p>A Director should observe the following norms of conduct:</p> <ol style="list-style-type: none"> <li><b>Conduct fair business transactions with the Company, and ensure that his personal interest does not conflict with the interests of the Company.</b> 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. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company.</li> <li><b>Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.</b> A director should devote sufficient time to familiarize himself with the Company's business. He should be constantly aware of and knowledgeable with the Company's operations to enable him to meaningfully contribute to the Board's work. He should attend <i>at least 75% of the Board meetings</i> and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or</li> </ol>	Same	Same

	<p>seek explanation.</p> <p>3. <b>Act judiciously.</b> Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.</p> <p>4. <b>Exercise independent judgment.</b> A director should view each problem or situation objectively. If a disagreement with other Directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollary, he should support plans and ideas that he thinks are beneficial to the Company.</p> <p>5. <b>Have a working knowledge of the statutory and regulatory requirements that affect the Company, including its articles of incorporation and By-Laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.</b> A director should also keep abreast with industry developments and business trends in order to promote the Company's competitiveness.</p> <p>6. <b>Observe confidentiality.</b> A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board. <u>On the other hand, a Director should not take advantage for himself and/or his related interests or benefit from knowledge which is not generally available to the market.</u></p> <p>7. <b>Have a working knowledge of the Company's control systems.</b> A director shall ensure the continuing soundness, effectiveness, and adequacy of the Company's control environment.</p> <p>8. Disclose to the Philippine Stock Exchange (PSE) and the Securities and Exchange Commission (SEC) the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This shall also</p>		
--	--	--	--



	include the disclosure of the Corporation's purchase of its shares from the market (e.g. share buy-back program).		
Accountabilities	See above	See above	See above
Deliverables	<ol style="list-style-type: none"> <li>1. Exercises the powers of the Board of Directors as stated in the By-Laws</li> <li>2. Executes all resolutions and the minutes of the meetings of the Board of Directors</li> </ol>	Exercises the powers of the Board of Directors as stated in the By-Laws	<ol style="list-style-type: none"> <li>1. Exercises the powers of the Board of Directors as stated in the By-Laws</li> <li>2. Submits at the time of his election a certification confirming that he possesses the qualifications and none of the disqualifications to serve as an independent director of the Company.</li> </ol>

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

The Company adopts the definition of an "independent director" provided by SEC Memorandum Circular No. 16, Series of 2002, as well as the Company's By-laws. An independent director is 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 the Company and includes, among others, any person who:

1. Is not a director or officer or substantial stockholder of the Company or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;
2. Does not own more than two percent (2%) of the shares of the Company and/or its related companies or any of its substantial shareholders;
3. Is not a relative of any director, officer or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
4. Is not acting as a nominee or representative of any director or substantial shareholder of the Company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;
5. Has not been employed in any executive capacity by the Company, any of its related companies and/or by any of its substantial shareholders within the last two (2) years.
6. Is not retained, either personally or through his firm or any similar entity, as professional adviser, by the Company, any of its related companies and/or any of its substantial shareholders, within the last two (2) years; or
7. Has not engaged and does not engage in any transaction with the Company and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial.

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 comply with the term limits for independent directors prescribed under SEC Memorandum Circular No. 9, Series of 2011.

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

**(a) Resignation/Death/Removal**

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

Name	Position	Date of Cessation	Reason
Not applicable			

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

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

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors	The directors of the Company shall be elected by plurality vote at the annual meeting of the stockholders for the year at which a quorum is present. At each election for directors, every stock holder shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of shares shall equal, or by distributing such votes as the same principle among any number of candidates.	<ul style="list-style-type: none"> <li>• Must own at least one share of the capital stock of the Company in his own name.</li> <li>• A majority of the directors must be residents of the Philippines.</li> <li>• He must not have been convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years or a violation of the Corporation Code, committed within five years before the date of his election.</li> <li>• He must be of legal age.</li> </ul>
(ii) Non-Executive Directors	The directors of the Company shall be elected by plurality vote at the annual meeting of the stockholders for the year at which a quorum is present. At each election for directors, every stock holder shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected,	<ul style="list-style-type: none"> <li>• Must own at least one share of the capital stock of the Company in his own name.</li> <li>• A majority of the directors must be residents of the Philippines.</li> <li>• He must not have been convicted by final judgment of an offense punishable by</li> </ul>

	<p>or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of shares shall equal, or by distributing such votes as the same principle among any number of candidates.</p>	<p>imprisonment for a period exceeding six (6) years or a violation of the Corporation Code, committed within five years before the date of his election.</p> <ul style="list-style-type: none"> <li>• He must be of legal age.</li> </ul>
(iii) Independent Directors	<p>1. The Nomination Committee (the "Committee") shall have at least three (3) members, one of whom is an independent director. It shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be properly disclosed in the Company's information or proxy statement or such other reports required to be submitted to the Commission.</p> <p>2. Nomination of independent director/s shall be conducted by the Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.</p> <p>3. The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.</p> <p>4. After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Company is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.</p> <p>5. Only nominees whose names appear on</p>	<p>An independent director shall have the following qualifications:</p> <p>1.1 He should be a holder of at least at least one (1) share of stock of the Company;</p> <p>1.2 He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education</p> <p>1.3 He shall be at least twenty one (21) years old</p> <p>1.4 He must have a practical understanding of the business of the Corporation</p> <p>1.5 He shall have been proven to possess integrity and probity;</p> <p>1.6 He shall be diligent and assiduous in the performance of his functions; and</p> <p>1.7 He must be a member in good standing in relevant industry, business or professional organizations</p>

	<p>the Final List of Candidates shall be eligible for election as independent director/s. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained nor allowed on the floor during the actual annual stockholders' meeting.</p> <p>6. Election of Independent Director/s</p> <p>6.1 Except as those required under this Rule and subject to pertinent existing laws, rules and regulations of the Commission, the conduct of the election of independent director/s shall be made in accordance with the standard election procedures of the company or its by-laws.</p> <p>6.2 It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent director/s. He shall ensure that independent director/s is elected during the stockholders' meeting.</p> <p>6.3 Specific slot/s for independent directors shall not be filled-up by unqualified nominees.</p> <p>6.4 In case of failure of election for independent director/s, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.</p>	
<b>b. Re-appointment</b>		
(i) Executive Directors	Same process as stated above for selection/appointment of Executive Directors	Same criteria as stated above for selection/appointment of Executive Directors
(ii) Non-Executive Directors	Same process as stated above for selection/appointment of Non-Executive Directors	Same criteria as stated above for selection/appointment of Non-Executive Directors
(iii) Independent Directors	Same process as stated above for selection/appointment of Independent Directors	Same criteria as stated above for selection/appointment of Independent Directors

c. Permanent Disqualification		
(i) Executive Directors		<p>Any of the following shall be a ground for the permanent disqualification of a Director:</p> <p>1.1. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them.</p> <p>1.2. 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 a director or officer of a bank, quasi-bank, trust company, investment house or as investment company; or (c) engaging in or continuing any conduct or practice in any of the capacities mentioned 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,</p>

		<p>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>1.3. 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>1.4. 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 Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any of its rule, regulation or order;</p> <p>1.5. Any person judicially declared to be insolvent;</p> <p>1.6. 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 listed in the foregoing paragraphs; and</p> <p>1.7 Any person convicted by final judgment of an offense punishable</p>
--	--	--

		by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.
(ii) Non-Executive Directors		Same
(iii) Independent Directors		Same. In addition, any person earlier elected as Independent Director who becomes an officer, employee or consultant of the same corporation shall likewise be permanently disqualified.
<b>d. Temporary Disqualification</b>		
(i) Executive Directors		<p>The Board may provide for the temporary disqualification of a Director for any of the following reasons:</p> <p>1.1. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;</p> <p>1.2. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family, or serious accident. This disqualification applies for purposes of the succeeding election;</p> <p>1.3. Dismissal/termination for cause as Director of any Company covered by this Code. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination.</p> <p>1.4. If the beneficial equity ownership of an Independent Director in the Company or its subsidiaries and affiliates exceeds</p>

		<p>two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.</p> <p>1.5. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.</p> <p>A temporarily disqualified Director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>
(ii) Non-Executive Directors		Same
(iii) Independent Directors		<p>He shall be disqualified during his tenure under the following instances or causes:</p> <p>2.1 He becomes an officer or employee of the corporation where he is such member of the board of directors/trustees, or becomes any of the persons enumerated under letter (A) hereof;</p> <p>2.2 His beneficial security ownership exceeds two percent (2%) of the outstanding capital stock of the Company where he is such director;</p> <p>2.3 Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family;</p> <p>Such other disqualifications that the Corporate Governance Manual provides likewise apply.</p>



<b>e. Removal</b>		
(i) Executive Directors	<p>1. Removal must take place either at a regular meeting of the Company or at a special meeting called for that purpose;</p> <p>2. There must be previous notice to the stockholders or members of the intention to propose such removal at the meeting;</p> <p>3. The removal must be by a vote of the stockholders holding or representing 2/3 of Outstanding Capital Stock;</p> <p>4. Removal may be with or without cause: Provided, that removal must always be with cause when a Director was elected by the minority.</p>	
(ii) Non-Executive Directors	Same	
(iii) Independent Directors		In case of resignation, disqualification or cessation of independent directorship and only after notice has been made with the Commission within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, upon the nomination of the Committee otherwise, said vacancies shall be filled by the stockholders in a regular or special meeting called for that purpose. An independent director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office.
<b>f. Re-instatement</b>		
(i) Executive Directors	Same process as stated above for selection/appointment of Executive Directors	Same criteria as stated above for selection/appointment of Executive Directors
(ii) Non-Executive Directors	Same process as stated above for selection/appointment of Non-Executive Directors	Same criteria as stated above for selection/appointment of Non-Executive Directors
(iii) Independent Directors	Same process as stated above for selection/appointment of Independent Directors	Same criteria as stated above for selection/appointment of Independent Directors
<b>g. Suspension</b>		
(i) Executive Directors	Same process as stated above for selection/appointment of Executive Directors	Same criteria as stated above for selection/appointment of Executive Directors
(ii) Non-Executive Directors	Same process as stated above for selection/appointment of Non-Executive Directors	Same criteria as stated above for selection/appointment of Non-Executive Directors

(iii) Independent Directors	Same process as stated above for selection/appointment of Independent Directors	Same criteria as stated above for selection/appointment of Independent Directors
-----------------------------	---	--

**Voting Result of the last Annual General Meeting (*as of July 16, 2015*)**

Name of Director	Votes Received
John L. Gokongwei	<i><u>RRHI's AGM voting result is more than the majority vote.</u></i>
James L. Go	
Lance Y. Gokongwei	
Robina Y. Gokongwei-Pe	
Lisa Y. Gokongwei-Cheng	
Faith Y. Gokongwei-Lim	
Hope Y. Gokongwei-Tang	
Antonio L. Go	
Roberto R. Romulo	

**6) Orientation and Education Program**

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

Every director shall receive appropriate orientation when he is first appointed when first appointed to the Board of Directors, in order to ensure that incoming Directors are familiar with the Company's business and governance processes. If necessary, a new Director may be required to attend a seminar on corporate governance that shall be conducted by a duly recognized private or government institute.

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

The John Gokongwei Institute for Leadership and Enterprise Development or JG-ILED is the integrated leadership platform for systematic and sustainable development programs of the conglomerate. JG-ILED was established in 2005 with the following objectives: to demonstrate the enterprise commitment to continued learning, organizational growth and career development; to enable leaders to develop strategies for competitiveness, and to develop and grow our employees and create a deep bench of talents.

Under JG-ILED is the Management Development Program (MDP) which aims to enhance the leadership capability and business acumen of all JGS leaders. The following are programs under MDP: Finance for Senior Executives, Strategic Communication Program, Executive Coaching Program, and Advanced Negotiation Skills. Our leadership core has attended these programs. Three new programs were launched recently, namely: Leading and Managing Change, Strategy Planning and Execution and Becoming People Leaders.

Aside from JG-ILED, key business units implement their respective and targeted continuing education programs for their key executives / managers.

---

<sup>3</sup> Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

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

<b>Name of Director/Officer</b>	<b>Date of Training</b>	<b>Program</b>	<b>Name of Training Institution</b>
John L. Gokongwei, Jr.	June 17, 2014	Creating Advantage Through Governance	SGV & Co.
James L. Go	June 17, 2014	Creating Advantage Through Governance	SGV & Co.
Lance Y. Gokongwei	June 17, 2014	Creating Advantage Through Governance	SGV & Co.
Robina Y. Gokongwei-Pe	June 17, 2014	Creating Advantage Through Governance	SGV & Co.
Antonio L. Go	June 17, 2014	Creating Advantage Through Governance	SGV & Co.
Roberto R. Romulo	June 17, 2014	Creating Advantage Through Governance	SGV & Co.
Bach Johann M. Sebastian	June 17, 2014	Creating Advantage Through Governance	SGV & Co.
Diosdado Felix A. Zapata III	June 17, 2014	Creating Advantage Through Governance	SGV & Co.
Katheryn T. Lim	June 17, 2014	Creating Advantage Through Governance	SGV & Co.
Rosalinda F. Rivera	June 17, 2014	Creating Advantage Through Governance	SGV & Co.
Gilbert S. Millado, Jr.	June 17, 2014	Creating Advantage Through Governance	SGV & Co.

**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:**

<b>Business Conduct &amp; Ethics</b>	<b>Directors</b>	<b>Senior Management</b>	<b>Employees</b>
1. Conflict of Interest	The Company's Code of Business Conduct and Conflicts of Interest Policy require employees to make a conscious effort to avoid conflict of interest situations; that his judgment and discretion is not influenced by considerations of personal gain or benefit. A conflict of interest may also occur because of the actions, employment, or investments of an immediate family member of an employee.	Same	Same
2. Conduct of Business and Fair Dealings	The Company's employees that recommend, endorse, or approve the procurement or / sale of goods and services should make a conscious effort to avoid any conflict of interest situation in transactions that they are involved in.	Same	Same
3. Receipt of gifts from third parties	The Company allows the acceptance of gift only during the Christmas Season. There is no restriction in the value of the gift accepted.	Same	Same

	However, accepted gift with estimated value over Php2,000 must be disclosed to the Conflicts of Interest Committee.		
4. Compliance with Laws & Regulations	The Company ensures that all transactions comply with relevant laws and regulations. Any deficiencies are immediately rectified.	Same	Same
5. Respect for Trade Secrets/Use of Non-public Information	The Company has policies that ensure proper and authorized disclosure of confidential information. Disclosures to the public can only be done after disclosure to the SEC and PSE by the Company's authorized officers.	Same	Same
6. Use of Company Funds, Assets and Information	Employees are required to safeguard Company resources and assets with honesty and integrity. Employees must ensure that these assets are efficiently, effectively, and responsibly utilized.	Same	Same
7. Employment & Labor Laws & Policies	The Company's Human Resources Unit ensures compliance with employment and labor laws and policies.	Same	Same
8. Disciplinary action	Violation of any provision of the Code of Business Conduct may result to disciplinary action, including dismissal and reimbursement for any loss to the Company that results from the employee's action. If appropriate, a violation may result in legal action against the employee or referral to the appropriate government authorities.	Same	Same
9. Whistle Blower	<p><u>Any employee may discuss or disclose in writing any concern on potential violation of the Code of Business Conduct with the Conflicts of Interest Committee. Reports or disclosures can be made in writing or by email using the following contact details:</u></p> <p><u>a. email address CICOM@jgsummit.com.ph</u>  <u>b. fax number 395-2890</u>  <u>c. mailing address</u>  <u>Must be sent in a sealed envelope clearly marked</u>  <u>"Strictly Private and Confidential-To Be Opened by Addressee Only". CICOM</u>  <u>JG Summit Holdings, Inc.</u>  <u>44th Flr. Robinsons Equitable Tower</u>  <u>ADB Avenue, Cor., Poveda Road,</u>  <u>Pasig City</u></p> <p><u>The complaint shall be filed using the Complaint/Disclosure Form (CDF) available in the company website.</u></p> <p><u>All information received in connection with the reports or disclosures shall be strictly</u></p>	Same	Same

	<i>confidential and shall not be disclosed to any person without prior consent of CICOM.</i>		
10. Conflict Resolution	The Conflicts of Interest Committee submits recommendations on courses of action to be taken on conflicts of interest situations. Decision is done by the Executive Committee.	Same	Same

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

Yes. The Company's Code of Business Conduct has been disseminated to all directors, senior management, and employees.

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

All new employees undergo an orientation program to familiarize themselves with the Code. Relevant disclosure and compliance statements are likewise secured prior employment or engagement with the Company. Further, all concerned employees of the Conglomerate are required to comply with the Annual Self-Disclosure Activity on an annual basis. Employees with the position levels or functions are required to accomplish and submit the Handwritten Self-Disclosure Form (HSDF) to the Business Unit or Corporate Human Resources within fifteen (15) days after the end of each calendar year:

- All employees in the managerial and executive levels;
- All employees with procurement, retail merchandising, CAPEX project management, and leasing functions;
- Technical specialists involved in CAPEX projects
- All employees involved in engineering fabrications (whether OPEX or CAPEX)

Employees may also submit new HSDF anytime during the year if they would like to disclose new information to avoid potential conflict of interest.

**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	Not applicable. RRHI is the Parent Company.
(2) Joint Ventures	Treated as arm's-length transaction
(3) Subsidiaries	Treated as arm's-length transaction
(4) Entities Under Common Control	Treated as arm's-length transaction
(5) Substantial Stockholders	Treated as arm's-length transaction
(6) Officers including spouse/children/siblings/parents	Treated as arm's-length transaction
(7) Directors including spouse/children/siblings/parents	Treated as arm's-length transaction
(8) Interlocking director relationship of Board of Directors	The Company, adopts by law, the rules pertaining to interlocking directors, as follows: a) If the interests of the interlocking director in the corporations are both substantial (stockholdings exceed 20% of outstanding capital stock)

	<p>General Rule: A contract between two or more corporations having interlocking directors shall not be invalidated on that ground alone.</p> <p>Exception: If the contract is fraudulent or not fair and reasonable.</p> <p>b) If the interest of the interlocking director in one of the corporations is nominal while substantial in the other (stockholdings 20% or more), the contract shall be valid provided the following conditions are present:</p> <ol style="list-style-type: none"> <li>1) The presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting;</li> <li>2) That the vote of such director was not necessary for the approval of the contract;</li> <li>3) That the contract is fair and reasonable under the circumstances.</li> </ol> <p>Where (1) and (2) are absent, the contract can be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock or by the vote of the stockholders representing at least 2/3 of the members in a meeting called for the purpose. Provided that:</p> <ol style="list-style-type: none"> <li>1) Full disclosure of the adverse interest of the directors/trustees involved is made on such meeting;</li> <li>2) The contract is fair and reasonable under the circumstances.</li> </ol>
--	---

**(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.

None.

	<b>Details of Conflict of Interest (Actual or Probable)</b>
Name of Director/s	Not applicable
Name of Officer/s	Not applicable
Name of Significant Shareholders	Not applicable

**(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.

	<b>Directors/Officers/Significant Shareholders</b>
Company	The Corporate Governance Manual provides that a Director 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

	<p>material conflict of interest should consider resigning from his position. A conflict of interest shall be considered material if the Director's personal or business interest is antagonistic to that of the Company, or stands to acquire or to gain financial advantage at the expense of the Company.</p> <p>The Company employs enhanced measures such as the creation of a Remuneration and Compensation Committee, which ensures that Full Business Interest Disclosure is part of the pre-employment requirements for all incoming Management Officers, which among others compel all Management Officers to declare under the penalty of perjury all of their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.</p> <p>The same Committee reviews recommendations concerning the existing Human Resources Development Handbook, with the objective of strengthening provisions on conflict of interest,</p>
Group	Same as above.

#### 5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,<sup>4</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
None		

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
None		

- (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		

---

<sup>4</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity.

**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.

	<b>Alternative Dispute Resolution System</b>
<b>Corporation &amp; Stockholders</b>	<i>The Board shall establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including regulatory authorities.</i>
<b>Corporation &amp; Third Parties</b>	The Company has adopted standard contracts some of which incorporate dispute resolution methods outside the courts.
<b>Corporation &amp; Regulatory Authorities</b>	None. Regulatory matters are subject to strict adherence and compliance by corporations as they are governed by laws, rules, and regulations.

**C. BOARD MEETINGS & ATTENDANCE**

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

These are scheduled at the beginning of the year

**2) Attendance of Directors**

Board	Name	Date of Election (date of last election)	No. of Meetings Held during the year*	No. of Meetings Attended*	%
Chairman/ CEO	John L. Gokongwei, Jr.	<u>July 16, 2015</u>	7	7	100%
Vice Chairman/ Deputy CEO	James L. Go	<u>July 16, 2015</u>	7	7	100%
Vice Chairman	Lance Y. Gokongwei	<u>July 16, 2015</u>	7	7	100%
President/ COO	Robina Y. Gokongwei-Pe	<u>July 16, 2015</u>	7	7	100%
Member	Lisa Y. Gokongwei-Cheng	<u>July 16, 2015</u>	7	7	100%
Member	Faith Y. Gokongwei-Lim	<u>July 16, 2015</u>	7	7	100%
Member	Hope Y. Gokongwei-Tang	<u>July 16, 2015</u>	7	6	85.71%
Independent	Antonio L. Go	<u>July 16, 2015</u>	7	7	100%
Independent	Roberto R. Romulo	<u>July 16, 2015</u>	7	7	100%

\*Fiscal year 2014 of RRHI is from January 1, 2014 to December 31, 2014.

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

No.



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

A quorum of two-thirds of board members is not required. A majority of the board members constitute a quorum and every decision of a majority of the quorum duly assembled as a Board shall be a valid corporate act, except for the instances cited by the Corporation Code requiring the vote of a majority of all the members of the Board. Actual attendance of the Board of Director for each of the meeting for the fiscal year 2014 exceeded two-thirds of the board members.

**5) Access to Information**

**(a) How many days in advance are board papers<sup>5</sup> for board of directors meetings provided to the board?**

The notice and agenda of the meeting and other relevant meeting materials shall be furnished to the Directors at least five (5) business days prior to each meeting.

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

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

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

The Secretary shall attend all meetings of the stockholders and Board of directors and shall act as Secretary thereof and record the minutes of all proceedings in a book to be kept for that purpose. He shall perform similar duties for any Committee of the Board when required. The Secretary shall cause to be given notice of all meetings of the Board of Directors and the stockholders, and shall perform such other duties as may pertain to his office. He shall keep in safe custody the seal of the Company, and, when authorized by the Board, affix it when required to any instrument,

The Corporate Secretary shall:

1. Be loyal to the mission, vision, and objectives of the Company.
2. Work fairly and objectively with the Board, Management, and stockholders.
3. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meeting of the Board and its Committees, as well as other official records of the Company.
4. Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Company.
5. Provide the Board of Directors the schedule of meetings before the start of the financial year and provide notice before every meeting.
6. As to agenda, get a complete schedule thereof and put the Board on notice at least five (5) business days before every meeting.
7. Inform the members of the Board, in accordance with the By-Laws, of the agenda of their meetings together with the rationale and explanation of each item in the agenda 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.
8. Release to the Exchange the notice of Annual Shareholders' Meeting (ASM) with detailed agendas and explanatory circulars, at least twenty eight (28) days before the date of the

---

<sup>5</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.

- meeting.
9. Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so.
  10. Ensure that all Board procedures, rules, and regulations are strictly followed by the members.
  11. Submit within five (5) business days from the end of the Corporation's fiscal year an advisement letter on the attendance of the Directors during Board meetings.

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

Yes.

**(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	<p>To enable the Directors to properly fulfill their duties and responsibilities, Management should provide the Directors with complete, adequate and timely information about the matters to be taken in their meetings.</p> <p>Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a Director to enable him to properly perform his duties and responsibilities. Hence, the Directors are given independent access to Management and to the Corporate Secretary.</p> <p>The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts, and internal financial documents.</p>
Audit	
Nomination	
Remuneration	

**6) External Advice**

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

Procedures	Details
The Directors, either individually or as a Board, and in furtherance of their duties and responsibilities, shall have access to independent professional advice at the Company's expense.	Same

**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
None		

**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	Based on the compensation structure and policies of the Company on salary adjustments, promotions and performance assessments.	
(2) Variable remuneration	None	
(3) Per diem allowance	Each director shall receive a reasonable per diem for his attendance at meetings	
(4) Bonus	Determined upon achievement of performance based matrix	
(5) Stock Options and other financial instruments	None	
(6) Others (specify)	Rice, medicine allowance and leave credits	

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

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

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Performance based matrices		
Non-Executive Directors	Each director shall receive a reasonable per diem for his attendance at meeting		

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
<i>Ratification of acts of the Board of Directors, its Committees, officers and Management</i>	<u>July 16, 2015</u>
Ratification of acts of the Board of Directors, its Committees, officers and Management	June 25, 2014
Ratification of acts of the Board of Directors, its Committees, officers and Management	June 7, 2013

### 3) Aggregate Remuneration

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

(in ₱ million)

<b>ACTUAL</b>	<u>Year</u>	<u>Salaries</u>	<u>Bonuses</u>	<u>Total</u>
<i>President and Chief Operating Officer and four (4) most highly compensated senior officers of certain business segments of the Corporation:</i>	<u>2011</u>	<u>25.43</u>	<u>2.16</u>	<u>27.59</u>
	<u>2012</u>	<u>28.90</u>	<u>2.45</u>	<u>31.36</u>
	<u>2013</u>	<u>34.45</u>	<u>2.37</u>	<u>36.82</u>
	<u>2014</u>	<u>36.61</u>	<u>2.52</u>	<u>39.13</u>
	<u>2011</u>	<u>24.58</u>	<u>2.17</u>	<u>26.75</u>
<i>Aggregate compensation paid to all other general managers, heads for shared services and directors as a group unnamed</i>	<u>2012</u>	<u>37.65</u>	<u>3.24</u>	<u>40.89</u>
	<u>2013</u>	<u>45.06</u>	<u>3.29</u>	<u>48.35</u>
	<u>2014</u>	<u>48.30</u>	<u>3.57</u>	<u>51.86</u>

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	See above	See above	See above
(b) Variable Remuneration	See above	See above	See above
(c) Per diem Allowance	See above	See above	See above
(d) Bonuses	See above	See above	See above
(e) Stock Options and/or other financial instruments	See above	See above	See above
(f) Others (Specify)	See above	See above	See above
<b>Total</b>			

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
(a) Advances			
(b) Credit granted			
(c) Pension Plan/s Contributions			
(d) Pension Plans, Obligations incurred			
(e) Life Insurance Premium			
(f) Hospitalization Plan	Healthcare coverage and benefits are provided by the Company through a health maintenance organization.		
(g) Car Plan			
(h) Others (Specify)			
<b>Total</b>			

**(d) 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				

**(b) Amendments of Incentive Programs**

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

Incentive Program	Amendments	Date of Stockholders' Approval
None		

**(e) 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
None	

**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				N/A			
<u>Audit and Risk Management</u>			1	<p>The <u>Audit and Risk Management</u> Committee shall have the following functions:</p> <ol style="list-style-type: none"> <li>1. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal controls, audit process and monitoring of compliance with applicable laws, rules and regulations.</li> <li>2. Provide oversight over Management’s activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function may include regular receipt from Management of information on risk exposures and risk management activities.</li> <li>3. Perform oversight functions over the Company’s Internal and External Auditors. It should ensure that the Internal and External Auditors are given reasonable access to all material records, properties and personnel to enable them to perform their respective audit functions.</li> <li>4. Review the Annual Internal Audit Plan to ensure its conformity with the objectives of the Company. The Plan shall include the audit scope, resources and budget necessary to implement it.</li> <li>5. <u>Recommend the appointment, re-appointment and removal of External Auditor.</u></li> <li>6. 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>7. Ensure the establishment of an Internal Audit Department and the appointment of a Corporate Auditor</li> </ol>			

				<p>and the terms and conditions of its engagement and removal.</p> <p>8. Monitor, evaluate <i>and confirm</i> the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security.</p> <p>9. Review the reports submitted by the Internal and External Auditors.</p> <p>10. Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following:</p> <ul style="list-style-type: none"> <li>• any change/s in accounting policies and practices;</li> <li>• major judgmental areas;</li> <li>• <i>significant related party transactions</i></li> <li>• significant adjustments resulting from the audit;</li> <li>• going concern assumptions;</li> <li>• compliance with accounting standards; and</li> <li>• compliance with tax, legal and regulatory requirements.</li> </ul> <p>11. Coordinate, monitor and facilitate compliance with laws, rules and regulations.</p> <p>12. 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 Company'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. If the non-audit work is allowed, this should be disclosed in the Company's Annual Report.</p> <p>13. Establish and identify the reporting line of the Corporate Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the <i>Audit and Risk Management Committee</i>.</p> <p>14. The <i>Audit and Risk Management Committee</i> shall ensure that, in the performance of the work of the Corporate Auditor, he shall be free from interference by outside parties.</p>
<u>Governance, Nomination and Election</u>			1	<u>The Governance, Nomination and Election Committee shall be responsible for overseeing the development and implementation of corporate governance principles and policies and ensuring that the nomination and election of new members of the Board is transparent with the end</u>

				<p><u>objective of having the Board increase shareholder value and aligned with the Corporation's strategic direction. For this purpose, the Governance, Nomination and Election Committee shall:</u></p> <p>:</p> <ol style="list-style-type: none"> <li>1. Pre-screen, evaluate the qualifications and shortlist all candidates nominated to become a Director in accordance with pertinent provisions of the Articles of Incorporation and By Laws of the Company, as well as established guidelines on qualifications, disqualifications <u>and succession planning.</u></li> <li>2. Recommend guidelines in the selection of nominee/s for Director/s which may include the following based on the perceived needs of the Board at a certain point in time: <ul style="list-style-type: none"> <li>• Nature of the business of the Corporations which he is a Director of</li> <li>• Age of the Director nominee</li> <li>• Number of directorships/active memberships and officerships in other corporations or organizations</li> <li>• Possible conflict of interest</li> </ul> </li> <li>3. Recommend guidelines in the determination of the optimum number of directorships/ active memberships and officerships in other corporations allowable for Directors. The capacity of Directors to serve with diligence shall not be compromised.</li> <li>4. Recommend to the Board regarding the size and composition of the Board in view of long term business plans, and the needed appropriate skills and characteristics of Directors.</li> <li>5. Assess the effectiveness of the Board's processes and procedures in the election or replacement of Directors.</li> <li>6. <u>Assist the Board of Directors in performing the corporate governance duties in compliance with the Corporation's Manual, the Revised Code of Corporate Governance, the Corporate Governance Guidelines and the listing rules of the Philippines Stock Exchange.</u></li> <li>7. <u>Monitor, evaluate and confirm the Corporation's full compliance with the code of corporate governance and where there is non-compliance, identify and explain reasons for each such issue.</u></li> <li>8. <u>Use professional search firms or other external sources of candidates when searching for candidates to the Board or Management as deemed necessary.</u></li> </ol>
Remuneration			1	The Remuneration and Compensation Committee



<u>and Compensation</u>			<p>recommends for Board approval a formal and transparent policy and system of remuneration and evaluation of the Directors and Management Officers. For this purpose, the Committee shall:</p> <ol style="list-style-type: none"> <li>1. Recommend a formal and transparent procedure for developing a policy on executive remuneration and evaluation and for fixing the remuneration packages of Directors and Management Officers that is consistent with the Company's culture, strategy, and business environment.</li> <li>2. Recommend the amount of remuneration, which shall be in a sufficient level to attract and retain Directors and Management Officers who are needed to run the company successfully.</li> <li>3. Disallow any Director to decide his remuneration.</li> <li>4. Ensure that Full Business Interest Disclosure is part of the pre-employment requirements for all incoming Management Officers, which among others compel all Management Officers to declare under the penalty of perjury all of their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.</li> <li>5. Review recommendations concerning the existing Human Resources Development Handbook, with the objective of strengthening 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>6. Provide in the Company's Annual Reports, information and proxy statements a clear, concise and understandable disclosure of aggregate compensation of its Executive Officers for the previous fiscal year and the ensuing year as prescribed by the Commission or other regulatory agency.</li> </ol>
Others (specify)	None		

**2) Committee Members**

**(a) Executive Committee**

Office	Name	Date of last Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee*
N/A						

(b) **Audit and Risk Management Committee**

Office	Name	Date of Appointment ( <u>last appointment date</u> )	No. of Meetings Held*	No. of Meetings Attended *	%	Length of Service in the Committee *
Chairman (ID)	Antonio L. Go	<u>July 16, 2015</u>	4	4	100%	1 year
Member (ED)	John L. Gokongwei, Jr.	<u>July 16, 2015</u>	4	4	100%	1 year
	James L. Go	<u>July 16, 2015</u>	4	4	100%	1 year
	Lance Y. Gokongwei	<u>July 16, 2015</u>	4	4	100%	1 year
	Robina Gokongwei-Pe	<u>July 16, 2015</u>	4	4	100%	1 year
Member (ID)	Roberto R. Romulo	<u>July 16, 2015</u>	4	4	100%	1 year

Note: \* as of 2014

**Disclose the profile or qualifications of the Audit Committee members.**

1. The Board establishes the Audit and Risk Management Committee and appoints the members of the Committee.
2. This Audit and Risk Management Committee reports functionally to the Board.
3. The Audit and Risk Management Committee shall be composed of at least three (3) members from the Board, at least one (1) of whom shall always be an Independent Director. The Board shall ensure that each member should have adequate competence and/or experience on accounting, finance and audit to enable them to discharge their responsibilities.
4. The Board shall appoint an Independent Director as Committee Chairman.
5. The Audit and Risk Management Committee, as a body, shall have neither executive nor managerial powers and duties in the Company except those relating to the management of the Corporate Auditor.

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

Following are the responsibilities of the Audit and Risk Committee relative to the external auditor:

1. Perform oversight functions over the Corporation's Internal and External Auditors. It should ensure that the Internal and External Auditors are given reasonable access to all material records, properties and personnel to enable them to perform their respective audit functions.
2. Recommend the appointment, re-appointment and removal of External Auditor.
3. 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.
4. Review the reports submitted by the Internal and External Auditors.
5. 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. If the non-audit work is allowed, this should be disclosed in the Company's Annual Report.

(c) **Governance, Nomination and Election Committee**

Office	Name	Date of Appointment ( <u>last appointment date</u> )	No. of Meetings Held*	No. of Meetings Attended *	%	Length of Service in the Committee *
Chairman (ED)	John L. Gokongwei, Jr.	<u>July 16, 2015</u>	1	1	100%	1 year
Member (ED)	James L. Go	<u>July 16, 2015</u>	1	1	100%	1 year
	Lance Y. Gokongwei	<u>July 16, 2015</u>	1	1	100%	1 year
	Robina Gokongwei-Pe	<u>July 16, 2015</u>	1	1	100%	1 year
Member (ID)	Roberto R. Romulo	<u>July 16, 2015</u>	1	1	100%	1 year

Note: \* as of 2014

(d) **Remuneration and Compensation Committee**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	John L. Gokongwei, Jr.	<u>July 16, 2015</u>	Discussed at Board Meetings			1 year
Member (ED)	James L. Go	<u>July 16, 2015</u>				1 year
	Lance Y. Gokongwei	<u>July 16, 2015</u>				1 year
	Robina Gokongwei-Pe	<u>July 16, 2015</u>				1 year
Member (ID)	Antonio L. Go	<u>July 16, 2015</u>				1 year

(e) **Others (Specify)**

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
There are no other committees constituted by the Board of Directors.						

3) **Changes in Committee Members**

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

Name of Committee	Name	Reason
Executive	None	
Audit <u>and</u> Risk Management		
<u>Governance, Nomination and Election Committee</u>		
Remuneration <u>and</u>		

<u>Compensation</u>	
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	N/A	N/A
Audit <u>and Risk Management</u>	Review of the following areas: cash management and revenue, inventory management, asset management, operating expenses, special projects, unreleased checks, leave balances, scrap disposal.	No significant issues that would put the Company at major risk.
Nomination <u>and Election Committee</u>	Recommendation of nominees to be included in the final list of independent directors.	No significant issues that would put the Company at major risk.
Remuneration <u>and Compensation</u>	Recommendation of budgets for merit increase and salary adjustments.	No significant issues that would put the Company at major risk.
Others (specify)	None	

#### 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	N/A	N/A
Audit <u>and Risk Management</u>	Internal audit plan for the coming fiscal year	No significant issues that would put the Company at major risk
Nomination <u>and Election Committee</u>	Pre-screen qualifications of nominees for independent directors	No significant issues that would put the Company at major risk
Remuneration <u>and Compensation</u>	Review and evaluate existing remuneration policies and procedures	No significant issues that would put the Company at major risk

#### F. RISK MANAGEMENT SYSTEM

##### 1) Disclose the following:

###### (a) Overall risk management philosophy of the company;

The Company aims to create a systematic, disciplined approach to evaluate and improve the effectiveness of risk management. For that purpose, an Internal Audit Committee is formed to examine and evaluate whether the Company's risk management, controls, and processes, as designed by Management, are adequate, efficient, and functioning.

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

At the end of each calendar year, the Chief Executive Officer (CEO) and Chief Audit Executive (CAE) executes a written attestation that a sound internal audit, control and compliance system is in place and working effectively. The attestation is presented to and confirmed by the Audit and Risk Management during the meeting.

**(c) Period covered by the review;**

The *Audit and Risk Management Committee* periodically reviews the risk management system of the company through its meetings and review of required reports. The functions of the Audit Committee may include regular receipt from Management of information on risk exposures and risk management activities.

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

This is done on an annual basis. In consultation with the Chief Executive Officer and Management Officers, the Internal Audit Committee prepares a detailed and flexible Annual Internal Audit Plan using risk-based, process focused methodology. This Annual Internal Audit Plan is submitted to the *Audit and Risk Management Committee* for approval.

**(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
<p><i>Credit risk</i></p>	<p>Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.</p> <p>The Group's trade and other receivables are actively monitored by the Collection Services Department to avoid significant concentrations of credit risk.</p> <p>The Group has adopted a no-business policy with customers lacking an appropriate credit history where credit records are available.</p> <p>The Group manages the level of credit risk it accepts through a comprehensive credit risk policy setting out the assessment and determination of what constitutes credit risk for the Group. The Group's policies include the following:</p>	<p>The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities.</p> <p>Key management recognizes the critical importance of having efficient and effective risk management systems in place.</p>

	setting up of exposure limits by each counterparty or group of counterparties; right of offset where counterparties are both debtors and creditors; reporting of credit risk exposures; monitoring of compliance with credit risk policy; and review of credit risk policy for pertinence and the changing environment.	
<i>Market risk</i>	N/A	N/A
<i>Foreign currency risk</i>	<p>Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.</p> <p>The Group manages its foreign currency risk exposure by matching, as much as possible, receipts and payments in each individual currency.</p>	<p>The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities.</p> <p>Key management recognizes the critical importance of having efficient and effective risk management systems in place.</p>
<i>Interest rate risk</i>	<p>Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.</p> <p>The Group's exposure to market risk for interest rates relates primarily to the amounts due to related parties at current market rates.</p> <p>The Group manages its interest rate risk by using current rates of money market placements when computing for interest rates that will be charged to the related party.</p>	
<i>Liquidity risk</i>	<p>Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.</p> <p>The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows.</p>	

(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
<i>Credit risk</i>	<p>Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.</p> <p>The Group's trade and other receivables are actively monitored by the Collection Services Department to avoid significant concentrations of credit risk.</p> <p>The Group has adopted a no-business policy with customers lacking an appropriate credit history where credit records are available.</p> <p>The Group manages the level of credit risk it accepts through a comprehensive credit risk policy setting out the assessment and determination of what constitutes credit risk for the Group. The Group's policies include the following: setting up of exposure limits by each counterparty or group of counterparties; right of offset where counterparties are both debtors and creditors; reporting of credit risk exposures; monitoring of compliance with credit risk policy; and review of credit risk policy for pertinence and the changing environment.</p>	<p>The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities.</p> <p>Key management recognizes the critical importance of having efficient and effective risk management systems in place.</p>
<i>Market risk</i>	N/A	N/A
<i>Foreign currency risk</i>	<p>Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.</p> <p>The Group manages its foreign currency risk exposure by matching, as much as possible, receipts and payments in each individual currency.</p>	<p>The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities.</p> <p>Key management recognizes the critical importance of having efficient and effective risk management</p>
<i>Interest rate risk</i>	Interest rate risk is the risk that the value	and effective risk management

	<p>or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.</p> <p>The Group's exposure to market risk for interest rates relates primarily to the amounts due to related parties at current market rates.</p> <p>The Group manages its interest rate risk by using current rates of money market placements when computing for interest rates that will be charged to the related party.</p>	systems in place.
<i>Liquidity risk</i>	<p>Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.</p> <p>The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows.</p>	

**(c) Minority Shareholders**

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

<b>Risk to Minority Shareholders</b>
<p>Due to statutory limitations on the obligations of majority shareholders with respect to minority shareholders, minority shareholders are subject to the risk of the exercise by the majority shareholders of their voting power. However, the Corporation Code provides for minority shareholders' protection in certain instances wherein a vote by the shareholders representing at least two-thirds of the Company's outstanding capital stock is required. The Corporation Code also grants shareholders an appraisal, right allowing a dissenting shareholder to require a corporation to purchase his shares in certain instances.</p>

**3) Control System Set Up**

**(a) Company**

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

<b>Risk Exposure</b>	<b>Risk Assessment (Monitoring and Measurement)</b>	<b>Risk Management and Control (Structures, Procedures, Actions)</b>



	<b>Process)</b>	<b>Taken)</b>
<i>Credit risk</i>	Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.	<p>The Company's trade and other receivables are actively monitored by the Collection Services Department to avoid significant concentrations of credit risk.</p> <p>The Company has adopted a no-business policy with customers lacking an appropriate credit history where credit records are available.</p> <p>The Group manages the level of credit risk it accepts through a comprehensive credit risk policy setting out the assessment and determination of what constitutes credit risk for the Group. The Group's policies include the following: setting up of exposure limits by each counterparty or group of counterparties; right of offset where counterparties are both debtors and creditors; reporting of credit risk exposures; monitoring of compliance with credit risk policy; and review of credit risk policy for pertinence and the changing environment.</p>
<i>Market risk</i>	N/A	N/A
<i>Foreign currency risk</i>	Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.	The Group manages its foreign currency risk exposure by matching, as much as possible, receipts and payments in each individual currency.
<i>Interest rate risk</i>	<p>Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.</p> <p>The Group's exposure to market risk for interest rates relates primarily to the amounts due to related parties at current market rates.</p>	The Group manages its interest rate risk by using current rates of money market placements when computing for interest rates that will be charged to the related party.
<i>Liquidity risk</i>	Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet	The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and

	commitments associated with financial instruments.	operations. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows.
--	--	--

**(b) Group**

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

<b>Risk Exposure</b>	<b>Risk Assessment (Monitoring and Measurement Process)</b>	<b>Risk Management and Control (Structures, Procedures, Actions Taken)</b>
<i>Credit risk</i>	Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.	<p>The Company's trade and other receivables are actively monitored by the Collection Services Department to avoid significant concentrations of credit risk.</p> <p>The Company has adopted a no-business policy with customers lacking an appropriate credit history where credit records are available.</p> <p>The Group manages the level of credit risk it accepts through a comprehensive credit risk policy setting out the assessment and determination of what constitutes credit risk for the Group. The Group's policies include the following: setting up of exposure limits by each counterparty or group of counterparties; right of offset where counterparties are both debtors and creditors; reporting of credit risk exposures; monitoring of compliance with credit risk policy; and review of credit risk policy for pertinence and the changing environment.</p>
<i>Market risk</i>	N/A	N/A
<i>Foreign currency risk</i>	Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.	The Group manages its foreign currency risk exposure by matching, as much as possible, receipts and payments in each individual currency.
<i>Interest rate risk</i>	Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate	The Group manages its interest rate risk by using current rates of money market placements when computing

	<p>because of changes in market interest rates.</p> <p>The Group's exposure to market risk for interest rates relates primarily to the amounts due to related parties at current market rates.</p>	<p>for interest rates that will be charged to the related party.</p>
<i>Liquidity risk</i>	<p>Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.</p>	<p>The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows.</p>

**(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:**

<b>Committee/Unit</b>	<b>Control Mechanism</b>	<b>Details of its Functions</b>
Board of Directors (BOD)	<p>The BOD of the Company and the respective BOD of each subsidiary are ultimately responsible for the oversight of the Group's risk management processes that involve identifying, measuring, analyzing, monitoring and controlling risks. Each BOD has created the board-level <u>Audit and Risk Management Committee</u> to spearhead the managing and monitoring of risks.</p>	<p><u>The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:</u></p> <ol style="list-style-type: none"> <li><u>1. Definition of the duties and responsibilities of the CEO;</u></li> <li><u>2. Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;</u></li> <li><u>3. Evaluation of proposed Senior Management appointments;</u></li> <li><u>4. Evaluation of appointments of Management Officers; and</u></li> <li><u>5. Review of the Corporation's human resource policies, conflict of interest situations, compensation program for employees and management succession plan.</u></li> </ol>

<p><u>Audit and Risk Management Committee</u></p>	<p>The <u>Audit and Risk Management Committee</u> shall assist the Group's BOD in its fiduciary responsibility for the over-all effectiveness of risk management systems, and both the internal and external audit functions of the Group. Furthermore, it is also the AC's purpose to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes.</p>	<p>The <u>Audit and Risk Management Committee</u> aims to ensure that:</p> <ul style="list-style-type: none"> <li>a. financial reports comply with established internal policies and procedures, pertinent accounting and auditing standards and other regulatory requirements;</li> <li>b. risks are properly identified, evaluated and managed, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks, and crisis management;</li> <li>c. audit activities of internal and external auditors are done based on plan, and deviations are explained through the performance of direct interface functions with the internal and external auditors; and</li> <li>d. the Group's BOD is properly assisted in the development of policies that would enhance the risk management and control systems.</li> </ul>
<p>Enterprise Risk Management Group (ERMG)</p>	<p>The ERMG was created to be primarily responsible for the execution of the enterprise risk management framework.</p>	<p>The ERMG's main concerns include:</p> <ul style="list-style-type: none"> <li>a. recommending risk policies, strategies, principles, framework and limits;</li> <li>b. managing fundamental risk issues and monitoring of relevant risk decisions;</li> <li>c. providing support to management in implementing the risk policies and strategies;</li> </ul>

		and d. developing a risk awareness program.
Compliance Officer	The Compliance Officer assists the BOD in complying with the principles of good corporate governance.	He shall be responsible for monitoring actual compliance with the provisions and requirements of the Corporate Governance Manual and other requirements on good corporate governance, identifying and monitoring control compliance risks, determining violations, and recommending penalties on such infringements for further review and approval of the BOD, among others.

## G. INTERNAL AUDIT AND CONTROL

### 1) Internal Control System

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

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

Internal Control System covers systematic measures which include reviews, checks and balances, methods and procedures. The company conducts its business in an orderly and efficient manner, safeguards its assets and resources, deters and detects errors and fraud, ensures the accuracy and completeness of its accounting data, prepares reliable and timely financial and management information and complies with the Company policies and procedures.

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

*The Board through the Audit and Risk Committee monitors, evaluates and annually confirms the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security.*

The company understands that the primary responsibility for the design, implementation and maintenance of internal control rest on Management; while the Board and its Audit and Risk Management Committee oversee actions of Management and monitor the effectiveness of controls put in place.

Audit and Risk Management Committee's purpose is to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes. Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security. And this committee meets quarterly and as often as necessary.

**(c) Period covered by the review;**

*Preceding financial year.*

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

*Every quarter, the Corporate Internal Audit reports to the Audit and Risk Management Committee the summary of results of audit engagements / reviews and audits covering operational units of the Company and specific areas identified by Management. Material issues and its remedial measures, as reported by the Corporate Internal Audit group are monitored by Management and Audit and Risk Committee.*

- (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
Corporate Internal Audit's role is to provide an independent and objective assurance and consulting services within the Company, designed to add value and improve the Corporation's operations.	-Scope of internal audit includes the examination and evaluation of the Company's risk management, controls, and processes.	In-house	Mr. Emmanuel B. De Pano	Corporate Internal Audit, headed by Corporate Audit Executive, reports functionally to the <u>Audit and Risk Management</u> of the Board of Directors

- (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?

*Ensure the establishment of an Internal Audit Department and the appointment of a Corporate Auditor and the terms and conditions of its engagement and removal.*

- (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 Corporate Internal Auditor functionally reports directly to the Audit and Risk Management Committee. As such, the Audit and Risk Management Committee establishes and identifies the reporting line of the Internal Auditor to enable the Internal Audit Group to properly fulfill its duties and responsibilities. The Audit and Risk Management ensures that, in the performance of the work of the Internal Audit, said group shall be free from interference by outside parties.*

**(d) Resignation, Re-assignment and Reasons**

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

Name of Audit Staff	Reason
N/A	N/A

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

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

<b>Progress Against Plans</b>	On-going
<b>Issues<sup>6</sup></b>	No significant issues that would put the Company at major risk.
<b>Findings<sup>7</sup></b>	No significant findings that would put the Company at major risk.
<b>Examination Trends</b>	No significant examination trends were noted.

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
1. Prepare a forward Strategic Audit Plan to set the direction and approach of audits in the long term.  2. In consultation with the Chief Executive Officer and Management Officers, prepare a detailed and flexible Annual Internal Audit Plan using risk-based, process focused methodology. This Annual Internal Audit Plan is submitted to	

<sup>6</sup> "Issues" are compliance matters that arise from adopting different interpretations.

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

the Audit and Risk Management Committee for approval.

3. Implement the approved Annual Internal Audit Plan in an effective, professional, and timely manner.

4. Report in a timely manner significant issues noted during the audit relating to the adequacy, efficiency, and effectiveness of policies, controls, processes, and activities of the Corporation. As directed by or under the policies of the Audit Committee, furnishes auditees and/or any other member of Management copies of the reports.

5. Recommend any improvement in policies and procedures, systems of controls, processes, and other financial and operational matters to assist Management in the effective discharge of their responsibilities, in order to minimize or prevent waste, extravagance, negative image, and fraud. Management is responsible to implement specific recommendations.

6. Draw attention to any failure to take remedial actions

7. Report quarterly to the Audit and Risk Management Committee on the performance of the Internal Audit, which includes the status of audits, compliance with Annual Internal Audit Plan, significant interim changes, and the sufficiency of available resources to Internal Audit.

8. Keep informed the Audit and Risk Management Committee of emerging trends and successful practices in the field of internal audit.

9. Coordinate with External Auditors and ensure that the audit works are complementary to optimize coverage at a reasonable cost.

10. Comply with standards that are promulgated by the relevant professional and regulatory bodies.

11. At the end of each calendar year, the Chief Executive Officer (CEO) and Chief Audit Executive (CAE) executes a written attestation that a sound internal audit, control and compliance system is



<p>in place and working effectively. The attestation will be presented by the CAE during the Audit Committee meeting. <u>The attestation is presented to and confirmed by the Audit and Risk Management Committee during the meeting.</u></p>	
---	--

**(g) Mechanism 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):

<b>Auditors (Internal and External)</b>	<b>Financial Analysts</b>	<b>Investment Banks</b>	<b>Rating Agencies</b>
<p>To provide independence of the Internal Audit Group, the Chief Audit Executive reports directly to the <u>Audit and Risk Management Committee</u> in a manner outlined in the Audit Charter.</p> <p>The <u>Audit and Risk Management Committee</u> performs oversight functions over the Company's internal and external auditors. It should act independently from each other and that both auditors are given unrestricted access to records, properties and personnel to enable them to perform their respective audit functions.</p> <p><u>The Board evaluates and determines 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</u></p>	<p>The Company and its officers, staff and any other person who are privy to the material non-public information are prohibited to communicate material non-public information about the Company to any person, unless the Company is ready to simultaneously disclose the material non-public information to the Commission and to the Exchanges except if the disclosure is made to:</p> <ul style="list-style-type: none"> <li>• A person who is bound by duty to maintain trust and confidence to the Company such as but not limited to its auditors, legal counsels, investment bankers, financial advisers; and</li> <li>• A person who agrees in writing to maintain in strict confidence the disclosed material</li> </ul>	<p>The Company and its officers, staff and any other person who are privy to the material non-public information are prohibited to communicate material non-public information about the Company to any person, unless the Company is ready to simultaneously disclose the material non-public information to the Commission and to the Exchanges except if the disclosure is made to:</p> <ul style="list-style-type: none"> <li>• A person who is bound by duty to maintain trust and confidence to the Company such as but not limited to its auditors, legal counsels, investment bankers, financial advisers; and</li> <li>• A person who agrees in writing to maintain in strict confidence the disclosed material</li> </ul>	<p>The Company and its officers, staff and any other person who are privy to the material non-public information are prohibited to communicate material non-public information about the Company to any person, unless the Company is ready to simultaneously disclose the material non-public information to the Commission and to the Exchanges except if the disclosure is made to:</p> <ul style="list-style-type: none"> <li>• A person who is bound by duty to maintain trust and confidence to the Company such as but not limited to its auditors, legal counsels, investment bankers, financial advisers; and</li> <li>• A person who agrees in writing to maintain in strict confidence the disclosed material</li> </ul>

<u>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. If the non-audit work is allowed, this should be disclosed in the Corporation's Annual Report.</u>	information and will not take advantage of it for his personal gain.	information and will not take advantage of it for his personal gain.	information and will not take advantage of it for his personal gain.
--	--	--	--

- (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.**

Compliance with the principles of good governance is one of the objectives of the Board of Directors. To assist the Board in achieving this purpose, the Board has designated a Compliance Officer, who reports to the Chairman, who shall be responsible for monitoring the actual compliance of the Company with the provisions and requirements of good governance, identifying and monitoring control compliance risks, determining violations, and recommending penalties for such infringements for further review and approval of the Board, among others. The Governance, Nomination and Election Committee shall monitor, evaluate and confirm the Corporation's full compliance with the code of corporate governance and where there is non-compliance, identify and explain reasons for each such issue.

## H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	The Company has Customer Relations Policy and procedures to ensure that customers' welfare are protected and questions addressed	Customers are informed with the Company's customer relations contacts to ensure that their welfare and questions are addressed.
Supplier/contractor selection practice	We have Supplier Accreditation Policy to ensure that the Company's suppliers and contractors are qualified to meet its commitments to the company.	Suppliers and contractors undergo accreditation and orientation on company policies.
Environmentally friendly value-chain	The Company complies with government mandated policies on the environment.	Required environment management systems and energy management are rigidly complied with by the company.

Community interaction	The Company focuses on uplifting the socio-economic condition of the country through education.	The Company partners with organizations that promote education of Filipinos through grants, endowments, scholarships, and educational facilities.
Anti-corruption programmes and procedures?	The Company has policies that cover Business Conduct, Conflict of Interest Policy, Offenses Subject to Disciplinary Action Policy, among others.	New employees are oriented regarding policies and procedures related to Business Conduct and similar policies. All employees are given periodic reminders. <i>Further, all concerned employees of the Conglomerate are required to comply with the Annual Self-Disclosure Activity on an annual basis.</i>
Safeguarding creditors' rights	<i><u>The Company upholds creditors' right by honoring contracted obligations and providing information required under the Revised Disclosure Rules and the Securities Regulation Code, if applicable, audited financial statements prepared compliant with applicable financial reporting standards, and other periodic reports compliant with the provisions of law, loan covenants and other regulatory requirements.</u></i>  <i><u>This policy aims to:</u></i>  <i><u>1. Provide the guiding principles to ensure protection of creditors' rights.</u></i> <i><u>2. To identify the duties of responsible departments in protecting the rights of creditors.</u></i>  <i><u>This policy shall cover the documentation, reporting and disclosure requirements to promote transparency for the protection of the rights of creditors of the Company.</u></i>	There is regular communication with creditors through briefings and the like.

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

No. The Company's Corporate Responsibility Report is part of the Annual Report.

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

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

The Company abides by safety, health, and welfare standards and policies set by the Department of Labor and Employment. Likewise, the Company has Security and Safety Manuals that are implemented and regularly reviewed to ensure the security, safety, health, and welfare of the employees in the work place.

*Moreover, the Company has the following policies in placed to promote the advocacy of employees' safety, health and welfare:*

- Drug-Free Workplace
- Workplace Policy on the Prevention and Control of HIV and AIDS, Hepatitis B and Tuberculosis
- Retirement Program
- Company and Government Mandated Leaves

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

To ensure that the employees of the Company maintain a healthy balance between work and life, health and wellness programs are organized for these employees. Professionals are invited to conduct classes of Zumba, Tai Chi, and other activities in our work site. The Company has also partnered with fitness gyms to offer special membership rates to employees. This is in addition to the free use of gym facilities in the different installations.

Year on year, the Company has facilitated vaccinations such as against flu and cervical cancer that are offered not only to employees but to their dependents as well. The Company has worked with healthcare providers in identifying top diseases based on utilization report and has invited resource speakers to talk about preventive measures.

To ensure the safety of the Company's employees, a Corporate Emergency Response Team (CERT) has been created that will be activated and will become the "command center", orchestrating initiatives across the conglomerate during a crisis. Also, the CERT shall be responsible for the periodic review of contingency plans and the institution's emergency preparedness and response procedures to ensure that effective responses and responsible policies are in place to deal with crisis or emergency situations.

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

The Company continuously provides learning and development opportunities for its employees through the John Gokongwei Institute for Leadership and Enterprise Development or what is commonly known as JG-ILED.

JG-ILED is the leadership platform for systematic and sustained development programs across the conglomerate. Its mission is to enable a high performing organization that will facilitate the learning process and develop the intellectual and personal growth of all employees through targeted and customized trainings and development programs.

JG-ILED curriculum comprises of the following:

Core Program – programs designed to ensure employees have the foundation needed to perform job effectively. It also covers key people skills training that will help supervisors and managers in leading their teams to perform to the optimum level.

- Basic Management Program (BMP)
- Coaching for Effectiveness (CFE)
- Problem Solving and Decision Making (PSDM)
- Employee Discipline Program (EDP)
- Achieving Customer Service Excellence (ACE)

Management Development Program – programs that aims to enhance the leadership capability and business acumen of all JGS leaders.

- Finance for Senior Executives
- Strategic Communication Program
- Executive Coaching Program
- Advanced Negotiation Skills

- Leading and Managing Change
- Strategy Planning and Execution
- Becoming People Leaders

Human Resources Development Program – courses designed to ensure employees have a common understanding of the HR processes and systems by which the company operates.

- Job Evaluation
- Competency-Based System
- Organization Design and Manpower Planning
- Labor Relations Management
- Performance Management System
- Targeted Selection – Competency Based Interviewing

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

The Company has polices on annual merit increase, promotion and salary adjustments that are tied-up to the employees’ performance assessments.

The Company promotes a culture of recognition and value for key and high performing employees who demonstrate excellence at the workplace. Recognition programs are maximized to promote and reinforce behavior that are consistent with the values and desired culture of the company.

Performance will be the main driver for total rewards. Rewards programs are therefore differentiated across businesses and among employees according to their contributions and levels of performance with a significant share given to high performers.

The Company provides adequate benefits to cover the needs of its employees, where possible, through shared accountability between the Company and its employees.

The rewards philosophy adopts an integrated approach, embodied by the 3Ps in compensation: Pay for the Position, Pay for the Performance, and Pay for the Person. The Company Pays for the Position through its job evaluation system. It Pays for Performance through its performance management system which is linked to its merit increases. The Company Pays for the Person through its competency-based and succession planning systems.

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

Employees can submit complaints to the Conflict of Interest Committee (CICOM) or any officer of the Company who would relay said complaints to the Committee. Reports or disclosures can be made in writing or by email using the following contact details:

	<u>Details</u>
<u>a. email address</u>	<a href="mailto:CICOM@jgsummit.com.ph">CICOM@jgsummit.com.ph</a>
<u>b. fax number</u>	<u>395-2890</u>

<u>c. mailing address</u>	<u>CICOM</u> <u>JG Summit Holdings, Inc.</u> <u>44th Flr. Robinsons Equitable Tower</u> <u>ADB Avenue, Cor., Poveda Road, Pasig</u> <u>City</u>
<u>Must be sent in a sealed envelope clearly marked "Strictly Private and Confidential-To Be Opened by Addressee Only"</u>	

The complaint shall be filed using the Complaint/Disclosure Form (CDF) which will be available in the Company Website. All information received in connection with the reports or disclosures shall be strictly confidential and shall not be disclosed to any person without prior consent of CICOM.

### **Protection from Retaliation**

The Company commits to protect those who report in good faith from retaliation, harassment and even informal pressures. It will take the necessary and appropriate action to do so in its enforcement. A Whistleblower, who on account of his Complaint, is subjected to actual or threatened retaliation or harassment, shall be afforded protection in accordance with the applicable company policies.

## **I. DISCLOSURE AND TRANSPARENCY**

### **1) Ownership Structure**

#### **(a) Holding 5% shareholding or more (as of June 30, 2015)**

Shareholder	Number of Shares	Percent	Beneficial Owner
JE Holdings, Inc.	484,749,997	35.00%	Same as record owner
PCD Nominee Corporation (Non-Filipino)	386,202,953	27.88%	PCD Participants & their clients
Lance Y. Gokongwei	126,727,500	9.15%	Same as record owner
Robina Y. Gokongwei-Pe	105,952,500	7.76%	Same as record owner
PCD Nominee Corporation (Filipino)	98,541,642	7.11%	PCD Participants & their clients

Name of Director	Number of Direct Shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Lance Y. Gokongwei	126,727,500	0	9.15%
Lance Y. Gokongwei &/or Elizabeth Gokongwei	35,317,499	0	2.55%
Robina Y. Gokongwei-Pe	105,952,500	0	7.65%
James L. Go	41,550,000	0	3.00%
Lisa Y. Gokongwei-Cheng	35,317,500	0	2.55%
Faith Y. Gokongwei-Lim	35,317,500	0	2.55%
John L. Gokongwei, Jr.*	1	0	0.00%
Hope Y. Gokongwei-Tang	1	0	0.00%
Antonio L. Go	1	0	0.00%
Roberto R. Romulo	1	0	0.00%
<b>TOTAL</b>	<b>380,182,503</b>	<b>0</b>	<b>27.45%</b>

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	No
Number of board of directors/commissioners meetings held during the year	No
Attendance details of each director/commissioner in respect of meetings held	No
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

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

The number of Board meetings and attendance details are reported annually to the Commission in a separate disclosure. Details of remuneration are indicated in the Definitive Information Statement that is likewise disclosed annually or as needed.

3) **External Auditor's fee**

Name of Auditor	Audit Fee	Non-Audit Fee
SyCip, Gorres, Velayo & Co.	6,248,400	0

4) **Medium of Communication**

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

The following modes of communication are being used by the company to disseminate information:

- Electronic and regular mail
- Telecommunication facilities
- Hard copy of documents
- Website

5) **Date of release of audited financial report:**

The Audited Consolidated Financial Statements for fiscal year ended December 31, 2014 was submitted to the SEC on April 15, 2015.

6) **Company Website**

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

Business operations	Yes, for companies under RRHI
Financial statements/reports (current and prior years)	Yes, under Investor Relations tab
Materials provided in briefings to analysts and media	Yes, under Investor relations tab
Shareholding structure	Yes, under Disclosures tab found under the Investor Relations tab
Group corporate structure	Yes
Downloadable annual report	Yes, under Annual Reports tab found under Investor Relations tab
Notice of AGM and/or EGM	Yes, under Investor Relations tab
Company's constitution(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**

RPT	Relationship	Nature	Value
Please refer to Note 25 of the Notes to the Audited Consolidated Financial Statements as of December 31, 2014.			

**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?**

The Company policy with respect to related party transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties.

Outstanding balances for RPTs at year-end are unsecured, interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party payables or receivables. The Group has not recognized any impairment losses on amounts due from related parties for the years ended December 31, 2012, 2011 and 2010. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

**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>	A majority of the subscribed capital, present in person or represented by proxy, shall be sufficient at a stockholders' meeting to
------------------------	--



	constitute a quorum for the election of directors and for the transaction of any business whatsoever, except in those cases in which the Corporation Code requires the affirmative vote of a greater proportion.
--	--

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

Explain the system used to approve corporate acts.

<b>System Used</b>	Included in the agenda of the stockholders' meeting
<b>Description</b>	Every stockholder shall be entitled to vote for each share of stock held by him, which shall be by viva voce or show of hands

**(c) Stockholders' Rights**

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

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
Stockholders' Rights concerning Annual/Special Stockholders Meeting are in accordance with provisions stated in the Corporation Code.	The stockholders' rights concerning Annual/Special Stockholders' Meeting are consistent with those laid down in the Corporation Code.

**Dividends**

Declaration Date	Record Date	Payment Date
<u>July 16, 2015</u>	<u>August 7, 2015</u>	<u>September 4, 2015</u>

**(d) Stockholders' Participation**

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

Measures Adopted	Communication Procedure
Stockholders are given the opportunity to ask questions during the stockholders' meeting	<ol style="list-style-type: none"> <li>1. Stockholders are provided with the disclosures, announcements and reports filed with SEC, PSE through public records, press statements and the Company's website.</li> <li>2. <u>The Corporate Secretary shall:</u> <ol style="list-style-type: none"> <li>a) <u>Inform the members of the Board, in accordance with the By-Laws, of the agenda of their meetings together with the rationale and explanation of each item in the agenda and</u></li> </ol> </li> </ol>

	<p><u>ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.</u></p> <p><u>b) Release to the Exchange the notice of Annual Shareholders' Meeting (ASM) with detailed agendas and explanatory circulars, at least twenty eight (28) days before the date of the meeting. The notice of the meeting includes the date, time, venue and agenda of the meeting, the record date of stockholders entitled to vote, and the date and place of proxy validation.</u></p>
--	---

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
- Amendments to the company's constitution
  - Authorization of additional shares
  - Transfer of all or substantially all assets, which in effect results in the sale of the company

The Company complies with the Corporation Code and the Securities Regulations Code on the above matters.

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?

The Company released to the Exchange the notice of Annual Shareholders' Meeting (ASM) with detailed agendas and explanatory circulars, at least twenty eight (28) days before the date of the meeting. The company complies with the SRC Rule 20 (Disclosures to stockholders prior to meeting) which provides that the information statement, including the notice of meeting, shall be distributed to stockholders at least 15 business days before the date of the stockholders' meeting. The shares of the Company were listed in the Philippine Stock Exchange on November 11, 2013. The relevant date pertaining to the last joint special meeting of the Board of Directors and Stockholders of the company is set forth below:

- Date of sending out notices: June 11, 2015
- Date of the Annual/Special Stockholders' Meeting: July 16, 2015

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

The usual questions during the Annual Stockholders' meeting pertain to dividends of the Company.

5. Result of Annual/Special Stockholders' Meeting's Resolutions – July 16, 2015

Resolution	Approving	Dissenting	Abstaining
Election of Board of Directors	More than a majority vote	N/A	Less than 2%
Election of external auditor	More than a majority vote	N/A	Less than 1%

Name of Director	Votes Abstain
John L. Gokongwei, Jr.	

James L. Go	Less than 2%
Lance Y. Gokongwei	
Robina Gokongwei-Pe	
Lisa Y. Gokongwei-Cheng	
Faith Y. Gokongwei-Lim	
Hope Y. Gokongwei-Tang	
Antonio L. Go	
Roberto R. Romulo	

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

The results of the resolutions approved by the stockholders at the annual meeting of the stockholders of the company held on July 16, 2015 were disclosed to the Philippine Stock Exchange on July 20, 2015 and to the Securities and Exchange Commission on July 20, 2015.

**(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
None	

**(f) Stockholders' Attendance**

**(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held: June 25, 2014**

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	John L. Gokongwei, Jr.	<u>July 16, 2015</u>	By Viva voce or show of hands	<u>63.32%</u>	<u>19.97%</u>	<u>83.28%</u>
	James L. Go					
	Lance Y. Gokongwei					
	Robina Gokongwei-Pe					
	Lisa Y. Gokongwei-Cheng					
	Faith Y. Gokongwei-Lim					
	Hope Y. Gokongwei-Tang					

	Antonio L. Go					
	Roberto R. Romulo					
	Bach Johann M. Sebastian					
	Diosdado Felix A. Zapata III					
	Katheryn T. Lim					
	Rosalinda F. Rivera					
	Gilbert S. Millado Jr.					

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

Yes, the stock transfer agent of the Company.

**(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	The stockholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy, duly given in writing and duly presented to and received by the Secretary for inspection and recording not later than five (5) working days before the time set for the meeting, except such period shall be reduced to one (1) working day for meetings that are adjourned due to lack of the necessary quorum. No proxy bearing a signature which is not legally acknowledged by the Secretary shall be honored at the meetings.
Notary	Not required
Submission of Proxy	See above
Several Proxies	Not applicable
Validity of Proxy	The proxies shall be valid and effective for five (5) years, unless the proxy provides for a shorter period, and shall be suspended for any meeting wherein the stockholder appears in person.

Proxies executed abroad	Not applicable
Invalidated Proxy	
Validation of Proxy	Validation of proxies shall be held at the date, time and place as may be stated in the Notice of stockholders' meeting which in no case shall be five calendar days prior to the date of stockholders meeting.
Violation of Proxy	Any violation of this rule on proxy shall be subject to the administrative sanctions provided for under Section 144 of the Corporation Code and Section 54 of the Securities Regulation Code, and shall render the proceedings null and void.

**(h) Sending of Notices**

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

Policies	Procedure
The Company complies with the SRC Rule 20 (Disclosures to stockholders prior to meeting) which provides that the information statement, including the notice of meeting, shall be distributed to stockholders at least 15 business days before the date of the stockholders' meeting.	By courier and mail <u><i>The Notice of Annual Stockholders' Meeting with agenda explanation was posted in the Exchange on May 14, 2015.</i></u>

**(i) Definitive Information Statements and Management Report**

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	<u>235</u>
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	<u>June 11, 2015</u>
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	<u>June 11, 2015</u>
<b>State whether CD format or hard copies were distributed</b>	CD format
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	There were no requests made for hard copies

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

Each resolution to be taken up deals with only one item.	Yes
--	-----

Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	The Company does not solicit proxy votes

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>The Company recognizes that the strongest proof of good corporate governance is what is publicly seen and experienced by its stockholders. Therefore, the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the Company and all its stockholders.</p> <p>The Board shall be committed to respect the following rights of the stockholders in accordance with the Corporation Code and the Company's Articles of Incorporation and By-Laws:</p> <ul style="list-style-type: none"> <li>• Right to Vote on All Matters that Require Their Consent or Approval</li> <li>• Right to Inspect Corporate Books and Records</li> <li>• Right to Information</li> <li>• Right to Dividends</li> <li>• Appraisal Right</li> </ul> <p>The Board shall be transparent and fair in the conduct of the annual and special stockholders meetings of the Company. The stockholders shall be encouraged to personally attend such meetings. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, 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.</p>	Implemented

<p>It shall be 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 violation of their rights.</p> <p>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.</p>	
---	--

**(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.**

RRHI makes use of its local area network to email and inform employees of new developments in the company (ie. hiring of new senior officers, promotions, accolades/awards received by the company and its subsidiaries and affiliates, etc). Usually, it is Corporate HR which is in charge of this, after securing clearance from Senior Management.

For communications outside of the company, usually it is the Investor Relations Officer and Corporate Secretary's Office which discloses the information to the public through disclosure to the SEC, PSE, and to the media, after securing clearance and approval from the Corporate Planning Vice President and the senior management.

- 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 provide timely, relevant and accurate information to the public
(2) Principles	Transparency to shareholders and the general public
(3) Modes of Communications	Via disclosures to PSE, press releases, meetings with investors, presentations to shareholders, etc
(4) Investors Relations Officer	Bach Johann M. Sebastian SVP for Corporate Planning Telephone # 395-2182 Fax # 395-2253 <a href="mailto:bj.sebastian@jgsummit.com">bj.sebastian@jgsummit.com</a>

	Gina R. Dipaling Corporate Planning Manager and Investor Relations Officer Telephone # 631-1490 Fax # 635-0751 to 64 ext. 555 <a href="mailto:gina.dipaling@robinsonsretail.com.ph">gina.dipaling@robinsonsretail.com.ph</a>
--	--

**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?**

- the transaction must create value to the market
- the transaction must be value-accretive and have synergies with JG and/or its subsidiaries

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

The Company actively evaluates potential mergers and acquisitions. Once management believes that the transaction is in-line with the Company’s strategies and will be value-accretive based on internal valuation and analysis, the board appoints an independent party to evaluate the fairness of the transaction price.

**L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

Initiative	Beneficiary
<ul style="list-style-type: none"> <li>▪ Agreements with local government agencies and non-governmental organizations such as partnership with WWF.</li> <li>▪ Agreements with local government agencies and non-governmental organizations such as the Solid Waste Management Association of the Phil. (SWAPP).</li> </ul>	

**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
<b>Board of Directors</b>	The Board may create an internal self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for in the Corporate Governance Manual. The creation and implementation of such self-rating system, including its salient features,	



	may be disclosed in the Company's Annual Report.	
<b>Board Committees</b>	<i>Audit and Risk Management Committee</i> conducts annual performance evaluation in compliance with SEC Memorandum Circular No.4, Series of 2012.	Guidelines for the assessment of the performance of audit committees of companies listed on the exchange under SEC Memorandum Circular No. 4, Series of 2012.
<b>Individual Directors</b>	The Board may create an internal self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for in the Corporate Governance Manual. The creation and implementation of such self-rating system, including its salient features, may be disclosed in the Company's Annual Report.	
<b>CEO/President</b>		

#### N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees.

To strictly observe and implement the provisions on corporate governance, the following penalties shall be imposed, after notice and hearing, on the company's Directors, Management, Officers, and employees:

Violations	Sanctions
First Violation	The subject person shall be reprimanded.
Second Violation	Suspension from office shall be imposed to the subject person. The duration of the suspension shall depend on the gravity of the violation.
Third Violation	The maximum penalty of removal from office shall be imposed. The commission of a third violation of this by any Director of the Corporation or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.