

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM – ACGR**

**ANNUAL CORPORATE GOVERNANCE REPORT**

1. Report is Filed for the Year **2015**
2. Exact Name of Registrant as Specified in its Charter **PHILWEB CORPORATION**
3. **The Penthouse, Alphaland Southgate Tower,**  
**2258 Chino Roces Avenue corner EDSA, Makati City** **1232**  
Address of Principal Office Postal Code
4. SEC Identification Number **0000039121**
5.  (SEC Use Only)  
Industry Classification Code
6. BIR Tax Identification Number **000-141-527-000**
7. **(+632) 338-55-99**  
Issuer's Telephone number, including area code
8. **N/A**  
Former name or former address, if changed from the last report

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## A. BOARD MATTERS

### 1) Board of Directors

Number of Directors per Articles of Incorporation	15
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Actual number of Directors for the year	14
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#### (a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director
Roberto V. Ongpin	ED	N/A		January 2000	11 August 2015	Annual Meeting	16
Anna Bettina Ongpin	NED	N/A		16 August 2013	11 August 2015	Annual Meeting	3
Dennis. O. Valdes	ED	N/A		July 2006	11 August 2015	Annual Meeting	10
Tomas I. Alcantara	ID	N/A		May 2002	11 August 2015	Annual Meeting	14
Crisanto Roy B. Alcid	ID	N/A		April 2015	11 August 2015		1
Sen. Edgardo J. Angara	ID	N/A		26 May 2014	11 August 2015	Annual Meeting	2
Gregorio Ma. Araneta III	ID	N/A		26 May 2014	11 August 2015	Annual Meeting	2
Michael Angelo Patrick M. Asperin	NED	N/A		28 August 2014	11 August 2015	Annual Meeting	2
Victor C. Macalincag	ID	N/A		26 May 2014	11 August 2015	Annual Meeting	2
Edgar Brian K. Ng	ED	N/A		26 May 2014	11 August 2015	Annual Meeting	2
Rafael B. Ortigas	NED	N/A		April 2002	11 August 2015	Annual Meeting	14
Cliburn Anthony A. Orbe	ED	N/A		26 May 2014	11 August 2015	Annual Meeting	2
Zaldy M. Prieto	ED	N/A		26 May 2014	11 August 2015	Annual Meeting	2
Rodolfo Ma. A. Ponferrada	ED	N/A		2 April 2013	11 August 2015	Annual Meeting	3

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

*The Board of Directors and Management of the Company recognize that good corporate governance is key to achieving the Company's objective of maximizing shareholder value. The institution of the Code on Corporate Governance seeks to provide the process and structure by which the business and affairs of the Company are directed and managed, in order to enhance long-term shareholder value through the enhancement of corporate performance and accountability.*

*Compliance with the Code of Corporate Governance is ensured by the Corporate Compliance Officer in coordination with the Chairman and President of the Company. Regular meetings are made between Management and the Board of Directors, to review and evaluate the Company's performance and address key policy matters. The Board is provided with timely and complete information for each meeting. Each director has direct access to the advice and services of management and the corporate secretary, and in appropriate*

circumstances, seek independent professional advice concerning the Company's affairs.

All directors are required to submit themselves for re-election every year. In consideration for their re-election, the nomination committee reviews and presents attendance and participation in meetings of the Company.

All directors are briefed by Management on the Company's business operations as well as a regular tour of the Company's manufacturing operations.

The audit committee first reviews the Company's audited financials, who then recommends approval from the board of directors before they are presented to the stockholders of the Company. It is also the audit committee which ensures independence and objectivity of the external auditors.

The Company is continually seeking measures of improving its corporate governance to further enhance corporate performance and accountability. The Directors and Management have been encouraged to regularly attend corporate governance seminars and corporate governance consultants on methods by which it can enhance its corporate performance and accountability.

Since its adoption, no deviation from the Company's Manual Code of Corporate Governance has been noted.

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

Since its adoption in 2010, the vision and mission have not been reviewed. It has been implemented thru its projects.

- (d) Directorship in Other Companies

- (i) Directorship in the Company's Group<sup>1</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:

(ii) Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
<b>Roberto V. Ongpin</b>	PhilWeb Tourism & Entertainment Corporation	Executive - Chairman
	Philweb International Gaming Corporation	Executive - Chairman
	Easy eBingo, Inc.	Executive - Chairman
	Philweb Mobile Lottery Corporation	Executive - Chairman
	PhilWeb Casino Corporation	Executive- Chairman
	PhilWeb Leisure & Tourism Corporation	Executive – Chairman
	Premyo Sa Resibo, Inc.	Executive - Chairman
<b>Dennis O. Valdes</b>	PhilWeb Tourism & Entertainment Corporation	Executive
	Philweb International Gaming Corporation	Executive
	Easy eBingo, Inc.	Executive
	PhilWeb Asia-Pacific Corporation	Executive – Chairman
	Philweb Mobile Lottery Corporation	Executive
	PhilWeb Casino Corporation	Executive
	e-Magine Gaming Corporation	Executive – Chairman
	PhilWeb Leisure & Tourism Corporation	Executive
	Best Choice Holdings, Inc.	Executive
Go Biggame, Inc.	Executive - Chairman	

<sup>1</sup> The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

	Biggame, Inc.	Executive - Chairman
	Premyo Sa Resibo, Inc.	Executive
<b>Edgar Brian K. Ng</b>	PhilWeb Mobile Lottery Corporation	Executive
	PhilWeb International Gaming Corporation	Executive
	BigGame, Inc.	Executive
	Easy e-Bingo, Inc.	Executive
	Go BigGame, Inc.	Executive
	e-Magine Gaming Corporation, Inc.	Executive
<b>Zaldy M. Prieto</b>	PhilWeb Tourism & Entertainment Corporation	Executive
	PhilWeb Asia-Pacific Corporation	Executive
	Premyo Sa Resibo, Inc.	Executive
	PhilWeb Mobile Lottery Corporation	Executive
	PhilWeb Leisure & Tourism Corporation	Executive
	PhilWeb International Gaming Corporation	Executive
	PhilWeb Casino Corporation	
	BigGame, Inc.	Executive
	Easy e-Bingo, Inc.	Executive
	Go BigGame, Inc.	Executive
	e-Magine Gaming Corporation, Inc.	Executive
<b>Rodolfo Ma. A. Ponferrada</b>	Metro Manila Jai-Alai Corporation	Executive
	Manila Bay Tourism & Jai-Alai Corporation	Executive
	Manila Cesta Holding Corporation	Executive

(iii) 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:

<b>(iv) Director's Name</b>	<b>Name of Listed Company</b>	<b>Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.</b>
<b>Roberto V. Ongpin</b>	Atok-Big Wedge Co., Inc.	Executive - Chairman
<b>Dennis O. Valdes</b>	Atok-Big Wedge Co.	Non-Executive
<b>Tomas I. Alcantara</b>	Alsons Consolidated Resources, Inc.	Executive - Chairman
	Holcim Philippines, Inc.	Executive
	Philippine Bank of Communications	Independent
<b>Gregorio Ma. Araneta III</b>	Araneta Properties, Inc.	Executive – Chairman
<b>Victor C. Macalincag</b>	Crown Equities, Inc.	Independent
	Semirara Mining and Power Corporation	Non-Executive
	Republic Glass Holdings Corp.	Non-Executive
<b>Anna Bettina Ongpin</b>	Atok-Big Wedge Co.	Non-Executive

(v) 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:

<b>Director's Name</b>	<b>Name of the Significant Shareholder</b>	<b>Description of the relationship</b>
Anna Bettina Ongpin	Roberto V. Ongpin	Daughter-father
Dennis O. Valdes	Roberto V. Ongpin	Nephew-uncle

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- (vi) 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:

	Guidelines	Maximum Number of Directorships in other companies
<b>Executive Director</b>	Under the Manual on Corporate Governance of the Company, the Board of Directors may impose guidelines for the number of directorships held by its members. To date, the Board has elected not to fix a maximum. However, one of the considerations for each nominee for election to Board is his/her directorship in other companies to guide the Board in determining whether the nominee will have the time to perform his/her functions as a director of the Company.	None
<b>Non-Executive Director</b>		None
<b>CEO</b>		None

(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:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
<b>Roberto V. Ongpin</b>	21,840,000	745,739,396/ various companies	53.54
<b>Dennis O. Valdes</b>	2,443,200	21,223,565/HKPirate Holdings Inc.	1.65
<b>Anna Bettina Ongpin</b>	100	-	-
<b>Tomas I. Alcantara</b>	372,000	-	0.03
<b>Rafael B. Ortigas</b>	1,200	-	-
<b>Edgardo J. Angara</b>	100	-	-
<b>Gregorio Ma. Araneta III</b>	100	13,043,578/Gregorio Araneta Inc.	0.91
<b>Zaldy M. Prieto</b>	190,700	-	-
<b>Rodolfo Ma. A. Ponferrada</b>	236,000	-	0.02
<b>Victor C. Macalincag</b>	10,000	-	-
<b>Edgar Brian K. Ng</b>	151,500	-	0.01
<b>Cliburn Anthony A. Orbe</b>	202,800	-	0.01
<b>Michael Angelo Patrick M. Asperin</b>	1	-	-
<b>Crisanto Roy B. Alcid</b>	100	-	-

<b>TOTAL</b>	<b>25,447,801</b>	<b>780,006,539</b>	<b>56.17%</b>
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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

*While the same person assumes the position of Chairman and CEO, a separate person assumes the roles and responsibilities of the President. All actions of management are submitted to the stockholders for their ratification.*

Identify the Chair and CEO:

Chairman of the Board and CEO	<b>Roberto v. Ongpin</b>
President	<b>Dennis O. Valdes</b>

- (b) Roles, Accountabilities and Deliverables

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

	<b>Chairman and CEO</b>	<b>President</b>
Role	Presides over the meetings of the Board of Directors and the Executive Committee	Direct day to day supervision and administration of the business affairs of the corporation
Accountabilities	To the shareholders	To the CEO
Deliverables	Acts as principal executive officer and head of management	Profitable performance of the Company

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

*For all senior positions, including that of the CEO, there is a key deputy assigned who can take over whenever there is a vacancy.*

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

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

*Yes. All qualifications of the members of the Board are reviewed by the Nominations Committee.*

*Under the Company's Manual on the Corporate Governance Manual, the membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process. The non-executive directors should possess such qualifications and statute that would enable them to effectively participate in the deliberations of the Board.*

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

*There is no express rule requiring that the Board include at least one non-executive director. However, in practice, the Nominations Committee ensures that there is at least one non-executive director who has experience in the sector or industry the company belongs to.*

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

	Executive	Non-Executive	Independent Director
Role	<p>The Manual doesn't distinguish between executive and non-executive directors.</p> <p>It is the Board's responsibility to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.</p> <p>The Board should formulate the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.</p>		<p>The independent director is subject to the same general responsibilities and specific duties and responsibilities of a director.</p>
Accountabilities	<p>To the shareholders</p> <p>In their capacity as executive officers of the Company, they are accountable to the Board of Directors.</p>	To the shareholders	To the shareholders
Deliverables	<p>To:</p> <p>a. Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly-motivated management officers. Adopt an effective succession planning program for Management;</p> <p>b. Provide sound strategic policies and guidelines to the corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies,</p>	-do-	-do-

	<p>including the business plans, operating budgets and Management's overall performance.</p> <p>c. Ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices.</p> <p>d. Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Company. If feasible, the Company's CEO or chief financial officer shall exercise oversight responsibility over this program;</p> <p>e. Identify the sectors in the community in which the Company operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.</p> <p>f. Adopt a system of checks and balances within the Board. A regular review of the effectiveness of such system should be conducted to ensure integrity of the decision-making and reporting processes at all times. There should be a continuing review of the Company's internal control system in order to maintain its adequacy and effectiveness;</p> <p>g. Identify key risks areas and performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible</p>		
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	<p>threats to its operations and financial viability;</p> <p>h. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company and its joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;</p> <p>i. Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.</p> <p>j. Establish and maintain an alternative dispute resolution system that can amicably settle conflicts or differences between the Company and its stockholders, and between the Company and third parties, including regulatory authorities; and</p> <p>k. Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration.</p> <p>l. Keep the activities and decision of the Board within its authority under the Articles of Incorporation, By-laws and in existing laws, rules and regulations.</p>		
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	<p>m. Appoint a Compliance Officer who shall have the rank of at least vice president. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.</p>		
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Provide the company's definition of "independence" and describe the company's compliance to the definition.

*Section 2.2.1.5 of the Manual provides that 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 Corporation.*

*The independent director is subject to the same general responsibilities and specific duties and responsibilities of a regular director. While an independent director should always attend Board meetings, his absence shall not affect the quorum requirement.*

*This definition is consistent with the Corporate Governance Code.*

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 adheres to and adopts the term limits set down in 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
Mario A. Oreta	Director	December 31, 2015	Attend to business matters

(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	Any shareholder can submit a nomination for election to the board to be submitted prior to the conduct of the stockholders' meeting. The Nomination Committee evaluates then submits its	a. Holder of at least one (1) share of stock of the Company; b. He shall have at least a college education or equivalent academic degree; c. Practical understanding of the business of the Company; d. He shall be at least twenty one
(ii) Non-Executive Directors		

	recommendation to the shareholders for election.	(21) years old; e. Membership in good standing in relevant industry, business or professional organizations; and f. Previous business experience.
(iii) Independent Directors		Same as the above qualifications, in addition:  He shall, apart from his fees and shareholdings, be independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with this exercise of independent judgment in carrying out his responsibilities as a director of the Company.  Likewise observing the provisions of SEC Memorandum Circular No. 9, Series of 2011
<b>b. Re-appointment</b>		
(i) Executive Directors	- same -	- same-
(ii) Non-Executive Directors		
(iii) Independent Directors		Subject to term limitations
<b>c. Permanent Disqualification</b>		
(i) Executive Directors	Any shareholder can notify the Board of the existence of any criteria for permanent disqualification. This will be evaluated by the Nominations Committee. Upon recommendation of the Nominations Committee, the director concerned will no longer be included in the roster of directors for election.	i. Any person convicted by final judgment or order by a competent judicial or competent 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; ii. 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
(ii) Non-Executive Directors		
(iii) Independent Directors		

		<p>advisor or floor broker; or  (b)acting as director or officer of a bank, quasi-bank, trust company, investment house or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraph a and b above, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or the Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or the 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>iii. Any person convicted by final judgment or order by a competent judicial 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>iv. Any person who has been adjudged by final judgment or order of the Commission, or a court or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Corporation Code, the Securities Regulation Code, or any other law administered by the Commission or BSP, or any rule, regulation or order of the Commission or the BSP;</p> <p>v. Any person earlier elected as independent director who becomes an officer, employee or</p>
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		<p>consultant of the same corporation;</p> <p>vi. Any person judicially declared to be insolvent;</p> <p>vii. Any person finally found guilty by 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>viii. Conviction 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 (5) years prior to the date of his election or appointment.</p>
<b>d. Temporary Disqualification</b>		
(i) Executive Directors		
(ii) Non-Executive Directors		
(iii) Independent Directors	<p>Any shareholder can notify the Board of the existence of any criteria for temporary disqualification. This will be evaluated by the Nominations Committee. Upon recommendation of the Nominations Committee, the director concerned will temporarily disqualified.</p> <p>A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>	<p>i. 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>ii. Absence in more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his/her 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>iii. Dismissal/termination for cause as in another corporation covered by the Code of Corporate Governance. 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>iv. If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with; and</p> <p>v. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.</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.
<b>e. Removal</b>		
(i) Executive Directors	Any shareholder can notify the Board of the existence of any criteria for permanent disqualification. This will be evaluated by the Nominations Committee. Upon recommendation of the Nominations Committee, the director can be removed in accordance with the procedure laid down in Section 22 of the Corporation Code.	1. Any ground for permanent disqualification 2. Loss of any qualification for election
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>f. Re-instatement</b>		
(i) Executive Directors	To be evaluated by the Nominations Committee if the disqualification no longer exists or has been amply remedied.	A temporarily disqualified director takes the appropriate action to remedy or correct the disqualification.
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>g. Suspension</b>		
(i) Executive Directors	Any shareholder can notify the Board of the existence of any criteria for permanent disqualification. This will be evaluated by the Nominations Committee. Upon recommendation of the Nominations Committee, the director can be removed in accordance with the procedure laid down in Section 22 of the Corporation Code.	Violation of the Company's Manual of Corporate Governance
(ii) Non-Executive Directors		
(iii) Independent Directors		

#### Voting Result of the last Annual General Meeting

Name of Director	Votes Received
<b>Roberto V. Ongpin</b>	During the last stockholders' meeting, all votes of the stockholders present and represented were distributed equally among the 15 nominees.
<b>Mario A. Oreta</b>	
<b>Dennis O. Valdes</b>	
<b>Anna Bettina Ongpin</b>	
<b>Tomas I. Alcantara</b>	
<b>Rafael B. Ortigas</b>	
<b>Edgardo J. Angara</b>	
<b>Gregorio Ma. Araneta III</b>	

Zaldy M. Prieto	
Rodolfo Ma. A. Ponferrada	
Victor C. Macalincag	
Edgar Brian K. Ng	
Cliburn Anthony A. Orbe	
Michael Angelo Patrick M. Asperin	
Crisanto Roy B. Alcid	

6) Orientation and Education Program

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

*The Corporate Secretary furnishes all directors a copy of the Company’s Manual on Corporate Governance. He also reminds the directors to attend the seminar on corporate governance.*

(b) State any in-house training and external courses attended by Directors and Senior Management<sup>2</sup> for the past three (3) years:

*On January 12, 2012, some of the Company’s directors and officers attended a seminar on corporate governance conducted by the Bankers Institute of the Philippines, Inc.*

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Rafael B. Ortigas	November 16, 2015	Corporate Governance Seminar	Philippine Corporate Enhancement and Governance, Inc.
None	N/A	N/A	N/A
None	N/A	N/A	N/A

**B. CODE OF BUSINESS CONDUCT & ETHICS**

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	Disclosure of possible conflict of interest is required. The existence of a conflict of interest or the appearance of conflict can be a ground for removal from office.	Disclosure of possible conflict of interest is required. The existence of a conflict of interest or the appearance of conflict can be a ground for removal from office and for termination from employment.	It is the obligation of every employee to declare to declare and disclose in writing to the Company his own involvement in any endeavor, which is in conflict to the interests of the Company. The existence of a conflict of interest <i>per se</i> is not a punishable act as per the Company’s Code of Discipline. However, failure, whether deliberate or through neglect, to disclose the same to the

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

			Company shall be meted out the penalty of 5 days suspension or dismissal, depending on the impact or effect to the Company's interest.
(b) Conduct of Business and Fair Dealings	All directors are expected to exhibit fair play in dealing with and for the Company.	Honesty and transparency is mandated. Any violation can be a ground for disciplinary action, depending on the gravity.	Honesty and transparency is mandated. Any violation can be a ground for disciplinary action, depending on the gravity.
(c) Receipt of gifts from third parties	This is discouraged.	This is highly discouraged to avoid conflicts in interest. The Company has a policy providing guidelines for receiving gifts.	This is highly discouraged to avoid conflicts in interest. The Company has a policy providing guidelines for receiving gifts.
(d) Compliance with Laws & Regulations	All directors are required to disclose any pending litigation or proceeding.	All officers are required to disclose any pending litigation or proceeding.	All employees are required to disclose any pending litigation or proceeding.
(e) Respect for Trade Secrets/Use of Non-public Information	All directors are required to keep confidential the Company's trade secrets and private information. Insider trading is not allowed.	All are required to keep confidential the Company's trade secrets and private information. Violation of confidentiality can be a ground for disciplinary action, depending on the gravity.	All are required to keep confidential the Company's trade secrets and private information. Violation of confidentiality can be a ground for disciplinary action, depending on the gravity.
(f) Use of Company Funds, Assets and Information	Use of Company assets is highly monitored and is only allowed for legitimate business purpose.	Use of Company assets is highly monitored and is only allowed for legitimate business purpose. Misuse of company assets can be a ground for disciplinary action, depending on the gravity.	Use of Company assets is highly monitored and is only allowed for legitimate business purpose. Misuse of company assets can be a ground for disciplinary action, depending on the gravity.
(g) Employment & Labor Laws & Policies	N/A	N/A	The Company strictly observes compliance with existing employment and labor law standards and policies.
(h) Disciplinary action	Subject to disqualification from office (permanent or temporary)	Discretion of the Board and/or the Management Committee	Every employee who has been alleged to have committed a violation of the Company's Code of Discipline shall be accorded his right to due process.
(i) Whistle Blower	No formal policy is adopted.	The Company has designated e-mail address to report any whistle blowing regarding fraud, misappropriations, discrimination, sexual harassment, and other wrongful conduct or	The Company has designated e-mail address to report any whistle blowing regarding fraud, misappropriations, discrimination, sexual harassment, and other wrongful conduct or illegal

		illegal acts. All procedure and information obtained is kept confidential.	acts. All procedure and information obtained is kept confidential.
(j) Conflict Resolution	This is in accordance with the Manual on Corporate Governance.	Members of Senior Management are encouraged to discuss and settle conflict among themselves. The Chairman or higher officer can intervene to settle the conflict.	All employees must report to their respective supervisors any conflict for resolution.

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

*Yes. The Company's Code of Discipline has been disseminated to all executives, senior management and the employees.*

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

*The Company has enforced the provisions of its Code of Discipline in cases involving infractions and offenses committed by its employees. The Company makes sure that affected employees are given all the rights available under existing laws and regulation.*

*The Company monitors compliance with its Code of Discipline through regular assessments and reports accomplished by the employees and their superiors.*

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	Transactions from any related party are evaluated on arm's length commercial terms and subject to bidding against third party suppliers. Purchases and services are usually awarded on the basis of lowest cost provider.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	All are disclosed to the stockholders in the Company's annual reports.
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	Whenever applicable, the concerned director inhibits himself from voting on the approval/consideration of the transaction.
(8) Interlocking director relationship of Board of Directors	
	All material information about the Company, which could adversely affect its viability or the interests of the stockholders, shall be publicly and timely disclosed. Such information shall include related party transactions, among others.
	It is the duty of the Board to formulate and implement

	<p>policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company and its joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board</p> <p>A director/officer should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He shall avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director/officer, he shall fully and immediately disclose it and shall not participate in the decision-making process. A director/officer who has a continuing material conflict of interest shall seriously consider resigning from his position.</p>
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(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.

*N/A. There is no actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.*

<b>Details of Conflict of Interest (Actual or Probable)</b>	
Name of Director/s	-
Name of Officer/s	-
Name of Significant Shareholders	-

(ii) Mechanism

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

Directors/Officers/Significant Shareholders	
Company	All interest is required to be disclosed. The necessary due diligence will be conducted before a transaction is closed.
Group	

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,<sup>3</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		
None		

*There are no voting trust agreements or any other similar agreement that may result in a change in control of the Company of which the Company has any knowledge. No change in control of the Registrant has occurred since the beginning of its last fiscal year.*

6) Alternative Dispute Resolution

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

Alternative Dispute Resolution System	
Corporation & Stockholders	Some contract entered into by the Corporation provide for arbitration.
Corporation & Third Parties	
Corporation & Regulatory Authorities	

<sup>3</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity.

### C. BOARD MEETINGS & ATTENDANCE

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

*Meetings of the Board of Directors are held quarterly.*

- 2) Attendance of Directors

3) Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	<b>Roberto V. Ongpin</b>	11 August 2015	5	5	100
Member	<b>Mario A. Oreta</b>	11 August 2015	5	3	60
Member	<b>Dennis O. Valdes</b>	11 August 2015	5	5	100
Member	<b>Anna Bettina Ongpin</b>	11 August 2015	5	5	100
Member	<b>Tomas I. Alcantara</b>	11 August 2015	5	5	100
Member	<b>Rafael B. Ortigas</b>	11 August 2015	5	4	80
Member	<b>Edgardo J. Angara</b>	11 August 2015	5	3	60
Member	<b>Gregorio Ma. Araneta III</b>	11 August 2015	5	5	100
Member	<b>Zaldy M. Prieto</b>	11 August 2015	5	5	100
Member	<b>Rodolfo Ma. A. Ponferrada</b>	11 August 2015	5	5	100
Member	<b>Victor C. Macalincag</b>	11 August 2015	5	5	100
Member	<b>Edgar Brian K. Ng</b>	11 August 2015	5	4	80
Member	<b>Cliburn Anthony A. Orbe</b>	11 August 2015	5	5	100
Member	<b>Michael Angelo Patrick M. Asperin</b>	11 August 2015	5	5	100
Member	<b>Cristanto Roy B. Alcid</b>	11 August 2015	5	4	80

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

*No.*

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

*As per the By-Laws of the Company, a majority of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business. And a majority of the directors present in a meeting (provided there is a quorum) shall be valid to pass a corporate act.*

- 6) Access to Information

- (a) How many days in advance are board papers<sup>4</sup> for board of directors meetings provided to the board?

*At least one day in advance.*

<sup>4</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.

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

Yes.

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

*The following are the duties and responsibilities of the Company's Corporate Secretary:*

*a. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Company;*

*b. Be loyal to the mission, vision and objectives of the Company;*

*c. Work fairly and objectively with the Board, Management and stockholders;*

*d. Have appropriate administrative and interpersonal skills;*

*e. If he is at the same time the Company's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;*

*f. Have a working knowledge of the operations of the Company;*

*g. Inform the members of the Board, in accordance with the by-laws of the Company, the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;*

*h. Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;*

*i. Ensure that all Board procedures, rules and regulations are strictly followed by the members; and*

*j. If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Manual*

*k. Submit to the Commission, on or before January 30 of the following year, an annual certification as to 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. The Company's Corporate Secretary is a member of the Integrated Bar of the Philippines.*

(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	The Corporate Secretary ensures that the agenda and documents needed for the scheduled committee meeting are sent to the members at least one (1) day before. Each member of the committee is likewise free to contact the Corporate

	Secretary at any time to obtain any relevant information.
Audit	-do-
Nominations	-do-
Compensation	-do-
Others (specify) – <i>Stock Option Committee</i>	-do-

7) External Advice

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

Procedures	Details
No procedure, but directors are free to secure external advice at their own expense.	

8) 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	Management recommends the rate. This is deliberated upon by the Compensation Committee then forwarded to the Executive Committee or to the full Board of Directors for approval.	Management recommends the rate. This is deliberated upon by the Compensation Committee then forwarded to the Executive Committee or to the full Board of Directors for approval.
(2) Variable remuneration	Not applicable	Not applicable
(3) Per diem allowance		
(4) Bonus		

(5) Stock Options and other financial instruments	In accordance with the stock option plan
(6) Others (specify)	Not applicable

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

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

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	As per Article III, Section 9 of the By-Laws	Per diem	<p>The per diem is calculated based on an estimate of how much is the reasonable expense necessary to attend the board meetings. This is submitted to the stockholders for their ratification during stockholders' annual meeting.</p> <p>For their additional compensation, this is calculated based on management's recommendation, subject to the prior approvals of the Compensation Committee and the Board of Directors.</p>
Non-Executive Directors		Per diem	<p>The per diem is calculated based on an estimate of how much is the reasonable expense necessary to attend the board meetings. This is submitted to the stockholders for their ratification during stockholders' annual meeting.</p> <p>For their additional compensation, this is calculated based on management's recommendation, subject to the prior approvals of the Compensation Committee and the Board of Directors.</p>

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

*Yes. Stockholders are given this opportunity.*

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

3) Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	None	None	None
(b) Variable Remuneration	None	None	None
(c) Per diem Allowance	None	None	None
(d) Bonuses	None	None	None
(e) Stock Options and/or other financial instruments	None	None	None
(f) Others (Specify)	None	None	None
<b>Total</b>	None	None	None

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	None	None	None
2) Credit granted	None	None	None
3) Pension Plan/s Contributions	None	None	None
(d) Pension Plans, Obligations incurred	None	None	None
(e) Life Insurance Premium	None	None	None
(f) Hospitalization Plan	None	None	None
(g) Car Plan	None	None	None
(h) Others (Specify)	None	None	None
<b>Total</b>			

4) Stock Rights, Options and Warrants

(a) Board of Directors

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

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
Dennis O. Valdes	1,250,000		1,250,000	.09%
Edgar Brian K. Ng	1,200,000		1,200,000	.08%
Zaldy M. Prieto	950,000		950,000	.07%

Cliburn Anthony A. Orbe	250,000		250,000	.02%
Rodolfo Ma. A. Ponferrada	200,000		200,000	.01%

(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	N/A	N/A
None	N/A	N/A
None	N/A	N/A

5) Remuneration of Management

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

Name of Officer/Position	Total Remuneration
Alexander C. Manabal	Php10,272,000.00
Maria Lourdes A. De Guzman	
Raymund S. Aquino	
Antonio Jose K. Garcia	
Mona Liza I. Navarro	

**E. BOARD COMMITTEES**

1) Number of Members, Functions and Responsibilities

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	3	0	0	By-laws of the Company	Oversees the management of the Company; Grants the necessary corporate approval for transactions done in the ordinary	Acts as the Board of Directors, as regards approvals and transactions of the Company in the ordinary	The Executive Committee may act, by majority vote of all its members, on such specific matters within the competence of, and as may

					course of business	course of its business.	be delegated by the Board of Directors.
Audit	0	0	3		<p>Under the Audit Committee Charter, the Committee shall have the following functions and responsibilities:</p> <ul style="list-style-type: none"> <li>a. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process and monitoring of compliance with applicable laws, rules and regulations;</li> <li>b. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include regular receipt from Management of information on risk exposures and risk management activities. The Committee shall also promote risk awareness in the Company;</li> <li>c. Perform oversight functions over the Company's internal and external auditors. It shall ensure that the internal and external auditors act independently from each other and that both</li> </ul>		<ul style="list-style-type: none"> <li>a. Over see the work of the external auditor of the Company in the conduct of its annual audit.</li> <li>b. Resolve any disagreements between management and the external auditor regarding financial reporting.</li> <li>c. Pre-approve all auditing and permitted non-audit services performed by the Company's external auditor.</li> <li>d. Whenever necessary, retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation. After such investigations, the Committee shall have</li> </ul>

					<p>auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective functions;</p> <p>d. 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;</p> <p>e. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts. The Committee shall review and approve management's representation letter before submission to the external auditor;</p> <p>f. Organize an internal audit department and consider the appointment of an independent internal auditor and the terms and conditions of its</p>	<p>the authority to implement the appropriate remedies to address any finding of wrongdoing or inaccurate reporting and whenever necessary institute the appropriate legal actions to protect the best interest of the Company.</p> <p>e. Seek any information it requires from employees--all of whom are directed to cooperate with the committee's requests--or external parties.</p> <p>f. Meet with company officers, external auditors, or outside counsel, as necessary.</p>
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					<p>engagement and removal;</p> <p>g. Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;</p> <p>h. Review the reports submitted by the internal and external auditors;</p> <p>i. Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:</p> <ul style="list-style-type: none"> <li>i. Any changes in accounting policies and practices</li> <li>ii. Major judgmental areas</li> <li>iii. Significant adjustments resulting from audit</li> <li>iv. Going concern assumptions</li> <li>v. Compliance with accounting standards</li> <li>vi. Compliance with tax, legal and</li> </ul>	
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					<p>regulatory requirements</p> <p>vii. Unusual or complex transactions including all related party transactions</p> <p>j. Coordinate, monitor and facilitate compliance with laws, rules and regulations</p> <p>k. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the 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. The non-audit work, if allowed, shall be disclosed in the Company's annual report.</p> <p>l. Establish and identify the reporting line of</p>	
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					the Internal Auditor to enable to properly fulfill his duties and responsibilities. He shall functionally report directly to the Committee. The Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties		
Nomination	0	1	2	Manual on Corporate Governance; By-laws of the Company	Ensures that all candidates for directorships possess all the necessary qualifications	Reviews the qualifications of all nominations for directorships and makes its recommendation to the Board of Directors	Recommends to the Board all qualified nominees for directorships
Remuneration	0	1	2	Manual on Corporate Governance; By-laws of the Company	Reviews the compensation, benefits and incentives provided by the Corporation	Approves level of pay and benefits consistent with the policies of the Corporation.	Recommends to the Board the level of pay and benefits to be given to officers and employees of the Corporation
Stock Option Committee	2	1	0	Manual on Corporate Governance; By-laws of the Company	Reviews stock options to be granted by the Corporation	Approves stock options to be awarded by the Corporation	Recommends to the Board the level of stock options to be awarded by the Corporation

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Roberto V. Ongpin	11 August 2015	8	8	100	16
Member (ED)	Dennis O. Valdes	11 August 2015	8	8	100	10

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Victor C. Macalincag	11 August 2015	2	2	100	2
Member (ID)	Edgardo J. Angara	11 August 2015	2	2	100	2
Member (ID)	Tomas I. Alcantara	11 August 2015	2	2	100	14

Disclose the profile or qualifications of the Audit Committee members.

*Members of the Committee shall preferably have adequate accounting and finance backgrounds, as such qualifications are interpreted by the Board in its business judgment. They shall have the competence to understand the Company's business, financial systems, management and environment in order to fulfill the purpose of the Committee. At least one member of the Committee shall have audit experience, which may include any of the following skills:*

- i. understanding of accounting principles applicable to the Company and its financial statements;*
- ii. experience in preparing, auditing or reviewing and/or analyzing financial statements of at least of the same scope as that required for the Company;*
- iii. experience in actively overseeing a finance and accounting team in the preparation of financial statements;*
- iv. understanding of internal controls and procedures for financial reports.*

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

*As part of its oversight functions, the Audit Committee –*

- a. Oversees the work of the external auditor of the Company in the conduct of its annual audit.*
- b. Resolves any disagreements between management and the external auditor regarding financial reporting.*
- c. It shall ensure that the internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective functions;*
- d. 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. The Committee shall review and approve management's representation letter before submission*

to the external auditor;

- e. Reviews the reports submitted by the internal and external auditors;
- f. 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 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.

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

*Perform oversight functions over the Company's internal and external auditors. It shall ensure that the internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective functions.*

*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.*

*Review the reports submitted by the internal and external auditors.*

*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. The non-audit work, if allowed, shall be disclosed in the Company's annual report.*

(c) Nominations Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Member (ID)	Tomas I. Alcantara	11 August 2015	1	1	100	14
Member (NED)	Anna Bettina Ongpin	11 August 2015	1	1	100	3

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Roberto V. Ongpin	11 August 2015	1	1	100	16
Member (ID)	Tomas I. Alcantara	11 August 2015	1	1	100	14
Member (ID)	Gregorio Ma. Araneta III	11 August 2015	1	1	100	2

(e) Others (Specify) – *Stock Option Committee*

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
Chairman	Roberto V. Ongpin	11 August 2015	1	1	100	16
Member (ED)	Dennis O. Valdes	11 August 2015	1	1	100	10

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	Mario A. Oreta	resigned as director
Audit	None	N/A
Nomination	Mario A. Oreta	resigned as director
Remuneration	None	N/A
Stock Option	Mario A. Oreta	resigned as director

4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Executive	Approval of all corporate acts done in the ordinary course of business.	No significant or controversial issue arose during the year.
Audit	Approval of Audit Committee Charter and financial statements of the Company and the internal audit program.	
Nomination	Submitted the short-list of nominees for election to the Board of Directors of the Company.	
Remuneration	Approved the compensation package recommended by the human resource department and management.	
Others (specify)		

5) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
Executive	None	No significant controversial issues that needs to be addressed has arose.
Audit	None	No significant controversial issues that needs to be addressed has arose.
Nomination	None	No significant controversial issues

		that needs to be addressed has arose.
Remuneration	None	No significant controversial issues that needs to be addressed has arose.
Others (specify)	None	No significant controversial issues that needs to be addressed has arose.

## F. RISK MANAGEMENT SYSTEM

### 1) Disclose the following:

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

*The main purpose of the Corporation's dealings in financial instruments is to fund its operations and capital expenditures.*

*The Corporation's risk management policies are established to identify and analyze the risks faced by it, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Corporation's activities. All risks faced by the Corporation are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Corporation's operations and detriment forecasted results. The Corporation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.*

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

*After reviewing the financial statements and management report of the Company for the fiscal year, the Board of Directors believe that the Corporation has an adequate risk management system.*

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

*Fiscal Year ended December 31, 2015*

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

*The risk management system is regularly reviewed annually.*

And

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

### 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:

<b>Risk Exposure</b>	<b>Risk Management Policy</b>	<b>Objective</b>
Strategic	The Management provides continuous developing a framework that integrates into the culture of the organization and ensure of the overall objectives of the Company are achieve.	To identify and mitigate any risk which has a direct impact on achieving the overall goals and objective of the Company.
	Ensure that the organization's audit committee, board of directors as a whole or other board committee is giving appropriate attention to the organization's catastrophic and strategic risks and related risk management activities.	
Operational	Risks are prioritized, depending on the impact to the overall business and the effectiveness by which these are managed. Risk mitigation strategies are developed, updated, and continuously reviewed for effectiveness, and also monitored through various control mechanism.	Managing the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.
Hazard	<i>The senior management and key leaders created a back-up recovery plan if in case there will be technology downtime to support the operation.</i>	To minimized the effect of technology shut down due to unforeseen event.
Knowledge Management	The Management is constantly training its people to enhance more their technical abilities while developing rewarding system that will attract, retain and motivate highly competent people and add value to the company.	To keep the best assets of the Company, its people.
Compliance	In order to comply with the law, rules and regulation, the Management ensure that the all requirements were met before any sites operate.	To maintain adherence to law, rules and regulation.
Accounting Controls	The Audit Committee through the internal audit department reviews the fairness of the financial information on the regular basis.	Conformity to accounting standards and report reliable information to its intended users.
Information System	Technology plays critical role in the enabling the flow of the information in the Organization. The management invested into information system that enables to integrate the company's online gaming business.	To ensure that the information system is efficient and effective.

(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:

<b>Risk Exposure</b>	<b>Risk Management Policy</b>	<b>Objective</b>
Credit Risk	Credit risk represents the risk of loss the Company would incur if credit customers and counterparties fail to perform their contractual obligations. The Company's credit risk arises principally from the Company's cash in banks and cash equivalents, trade receivables and refundable deposits.	To limit the Company's credit risk.
Liquidity Risk	Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.	To limit the Company's liquidity risk.
Market Risk	<p>Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will adversely affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.</p> <p>The Company is subject to transaction and translation exposures resulting from currency exchange fluctuations. The Company regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the current</p>	To limit the Company's market risk.

	exchange rates so as to minimize the risks related to these foreign currency denominated assets and liabilities.	
Capital Management	<p>The Company monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses, other current liabilities and due to related parties. Total equity comprises all components of equity including capital stock and deficit.</p> <p>There were no changes in the Company's approach to capital management during the year.</p>	To constantly monitor and regulate the Company's capital management.
Credit Risk	Credit risk represents the risk of loss the Company would incur if credit customers and counterparties fail to perform their contractual obligations. The Company's credit risk arises principally from the Company's cash in banks and cash equivalents, trade receivables and refundable deposits.	To limit the Company's credit risk.

(c) Minority Shareholders

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

<b>Risk to Minority Shareholders</b>
While management believes that it does everything it can to protect its minority shareholders by placing the proper checks and balances on its Board of Directors and officers, one potential risk is a conflict of interest arises between the majority and the minority, especially when it comes to profit/revenue/dividend distribution.

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 Process)</b>	<b>Risk Management and Control (Structures, Procedures, Actions Taken)</b>
Strategic	Review and approve the company key risk policies on the establishment of risk limits.	The Management is religiously monitoring the compliance to PAGCOR requirements of significant limits, laws, rules and regulations.
Operations	Cases consider "suspicious" based on the risk alerts, unusual betting and or wagering play by the customers.	The company invested in the computer technology and hire competent people that will monitor and protect the company's system against any suspicious items.

Hazard	The company implements measures to ensure its full capacity once there will be there will be technology shutdown.	A recovery back up plan is being practiced for better maintenance and operations are implemented for the continuity of services and operations.
Knowledge Management	The management decides on check and balance key roles or in order to maintain the knowledge flow of the company.	
Compliance	The company designates a compliance function to oversee any changes in regulatory environment.	The compliance function monitors the content and information on the changes on risk and regulatory environment and communicate to the management on its impact

(b) Group

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
None		

(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:

*There is no risk management committee. The responsibilities of the risk management committee are shared by the Executive Committee, Audit Committee and the internal audit unit.*

Committee/Unit	Control Mechanism	Details of its Functions
N/A		

## G. INTERNAL AUDIT AND CONTROL

### 1) Internal Control System

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

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

*The control environment of the Company consists of (a) the Board which ensures that the Company is properly and effectively managed and supervised; (b) the Management that actively manages and operates the Corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit*

*mechanism to monitor the adequacy and effectiveness of the Company's governance, operations and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules and regulations, and contracts*

- (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 of Directors has reviewed the effectiveness of the internal control system. The Board finds that the system is effective and adequate.*

- (c) Period covered by the review;

2015

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

*Once a year.*

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

## 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.

<b>Role</b>	<b>Scope</b>	<b>Indicate whether In-house or Outsource Internal Audit Function</b>	<b>Name of Chief Internal Auditor/Auditing Firm</b>	<b>Reporting process</b>
The mission of Internal Audit is to provide independent and objective assurance and consulting services designed to assist the company in achieving its objectives by striving to provide a positive impact on the efficiency and effectiveness of operations. Internal Audit helps the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and	Internal Audit coverage includes all aspects of the company's activities in accordance with the Internal Audit Charter approved by the Audit Committee. The extent and frequency of internal audits will depend upon varying circumstances such as the results of previous audits, relative risk associated with activities, materiality, the adequacy of the system of internal controls and	In-house	Maria Lourdes Arroyo-De Guzman	Internal Audit reports to the Audit Committee once every quarter, during the Audit Committee's quarterly meeting.

improve the effectiveness of risk management, internal controls, and governance processes.	resources available at the Internal Audit Function.			

- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Yes.

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

*Internal Audit reports to the Audit Committee once every quarter, during the Audit Committee's quarterly meeting. Yes, internal auditor has unfettered access to the board of directors and the audit committee and to all records, properties and personnel of the Company.*

- (d) Resignation, Re-assignment and Reasons

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

Name of Audit Staff	Reason
Daniel Hamoy	Career move / greener pastures

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

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

Progress Against Plans	Issues	Findings	Examination Trends
Audit of company owned eGames are undertaken based on the approved Audit Plan by the Audit Committee	Branch Audits focusing on the following audit areas:  - Cash Handling, Collection, Deposit and Reconciliation  - Petty Cash Fund, Expense and Payroll Testing  - Personnel Management  - Commission Income	Issues and observations were noted in the audit areas enumerated; however, these issues were properly communicated and rectified by management.	The issues identified do not have a material impact on the fairness and reliability of the financial and non-financial reports submitted to regulatory agencies/stakeholders.

	Computation  - Supplies Management  - Compliance Requirements: (a) Philweb (b) PAGCOR (c) CCTV (d) Security Logbook (e) System Access (f) Fraud Awareness\		
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[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.”

<b>Policies &amp; Procedures</b>	<b>Implementation</b>
<i>Audit Program for Site Audit</i>	<ol style="list-style-type: none"> <li>1. To ensure that cash funds and collections are intact.</li> <li>2. To determine completeness of the fixed assets.</li> <li>3. To check if the site personnel are playing the online games.</li> <li>4. To review compliance with regulatory requirements and operational policies</li> </ol>
<i>Audit Program for Review of Bank Reconciliation Statements</i>	<ol style="list-style-type: none"> <li>1. To ensure that the balances per bank and per record are the same.</li> <li>2. To determine that the bank reconciliation statement is updated.</li> </ol>
<i>Audit Program for Betting Credit Fund and Security Guarantee Deposit</i>	<ol style="list-style-type: none"> <li>1. To ensure that the betting credit fund and security guarantee deposit are collected.</li> <li>2. To determine that the betting credit fund and security guarantee deposit are properly recorded in the books.</li> </ol>
<i>Audit Program for Review of Security and Rental Deposit</i>	<ol style="list-style-type: none"> <li>1. To ensure that the security and rental deposits per books is in accordance with the lease contracts.</li> <li>2. To determine that the security and rental deposits per books is updated and accurate.</li> </ol>
<i>Audit Program for Review of Cash Advance</i>	<ol style="list-style-type: none"> <li>1. To ensure that the cash advances are valid</li> </ol>

	<p><i>and properly authorized.</i></p> <p>2. <i>To determine that the cash advances are liquidated within the prescribed period.</i></p>
<i>Audit Program for Cash Count- Cash Fund</i>	<p>1. <i>To ensure that the cash on hand of the custodian tallies per record.</i></p> <p>2. <i>To ensure that the cash fund per custodian is intact.</i></p>
<i>Audit Program for Cash Count- Collection</i>	<p>1. <i>To ensure that the collection of the custodian is intact</i></p> <p>2. <i>To ensure that the cash per custodian tallies with the record.</i></p>
<i>Audit Program for Fixed Assets Count- Company Vehicles</i>	<p>1. <i>To ensure physical existence of the company vehicles.</i></p> <p>2. <i>To determine condition of the company vehicles.</i></p> <p>3. <i>To check that all company vehicles are properly documented.</i></p>
<i>Audit Program for Fixed Assets Count</i>	<p>1. <i>To ensure physical existence of the fixed assets.</i></p> <p>2. <i>To determine condition of the fixed assets.</i></p> <p>3. <i>To check that all fixed assets in the site/department are properly documented.</i></p> <p>4. <i>To ensure accuracy of the record of the fixed assets.</i></p>
<i>Audit Program for Process Review</i>	<p>1. <i>To determine that internal controls are in place.</i></p> <p>2. <i>To check that the internal controls are adequate.</i></p> <p>3. <i>To review appropriateness of the process in place.</i></p>
<i>Audit Program for Review of Disbursements</i>	<p>1. <i>To ensure that the expenses are valid, reasonable, business related and properly authorized.</i></p> <p>2. <i>To determine that the expenses are in compliance with policy and procedures.</i></p>
<i>Audit Program for Accounts Receivable</i>	<p>1. <i>Accounts receivable are authentic obligations owed to the company at the balance sheet.</i></p> <p>2. <i>Accounts receivable include all amounts owed to the company at the balance sheet date</i></p> <p>3. <i>The allowance for doubtful accounts is adequate but not excessive</i></p>
<i>Audit Program Guide for Human Resources</i>	<p>1. <i>To review the HR system in comparison with other organizations and modify them to meet the challenges of human resource management.</i></p> <p>2. <i>To evaluate the effectiveness of various HR policies and practices</i></p> <p>3. <i>To propose appropriate strategies and corrective action, in case of performance and efficiency gaps.</i></p>
<i>Audit Program Guide for Inventory</i>	<p>1. <i>Inventory reflected in the accounts represents a complete listing of inventory by the company, and such assets are physically on hand, in transit, or stored at outside locations at the balance sheet date</i></p>

	<ol style="list-style-type: none"> <li>2. <i>Inventory listings are accurately compiled, extended, footed, and summarized, and the totals are properly reflected in the accounts</i></li> <li>3. <i>Excess, slow-moving, obsolete, and defective inventory is reduced to net realizable value</i></li> <li>4. <i>Inventory is properly classified in the balance sheet, and disclosure is made of pledged or assigned inventory, major categories of inventory, and the methods used to value inventory</i></li> </ol>
<i>Audit Program Guide for Property</i>	<ol style="list-style-type: none"> <li>1. <i>Property, plant, and equipment is valued at cost in accordance with GAAP</i></li> <li>2. <i>The costs and related depreciation applicable to all sold, abandoned, damaged, or obsolete property have been properly removed from the accounts.</i></li> <li>3. <i>The balances in the depreciation allowance accounts are reasonable, considering the expected useful lives of the property units and estimated salvage value</i></li> </ol>

(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>
<ul style="list-style-type: none"> <li>• Issuance of Conflict of Interest Statement, Assessment of possible Threat to Independence for engagements conducted by auditors.</li> </ul>	Issuance of Conflict of Interest Statement.	Issuance of Conflict of Interest Statement.	Issuance of Conflict of Interest Statement.

(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.

***Dennis O. Valdes – President***

**Rodolfo Ma. A. Ponferrada – Corporate Secretary and Compliance Officer**

**H. ROLE OF STAKEHOLDERS**

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

	<b>Policy</b>	<b>Activities</b>
Customers' welfare	It is our responsibility to uphold a fair and safe gaming experience to	eGames cafes are members-only and we restrict access to the

	all our eGames members.	<p>general public. Members are screened to ensure that regulatory requirements are met. Vulnerable citizens (underage, etc) are not allowed to play. We strongly advocate healthy, sustainable, and responsible gaming practices in our network and are committed to a holistic approach in dealing with compulsive gaming behavior. A responsible gaming campaign is currently in its first phase of implementation. A customer-help line will be integrated into our contact center offerings.</p> <p>We work with regulatory agencies and third party testing and certification groups to ensure fair gameplay and accurate reporting across all gaming components. Players' rights are upheld.</p>
Supplier/contractor selection practice	<p>Managed by the General Services unit of the Human Resources &amp; Administration Department.</p> <p>Canvassing (companies owned in full or in part by employees or their relatives may be included, but must be declared at the onset), bidding (need to at least three accredited suppliers), selection based on quality and price witnessed by Finance and Audit, management approval, awarding.</p>	Canvassing, bidding, selection, management approval, awarding.
Environmentally friendly value-chain	None	Sorting, recycling
Community interaction	U.P. scholarship for deserving students (taking I.T. courses) from low-income families; computer labs built in selected public schools.	U.P. screens and selects students, PhilWeb Foundation sponsors two of them. Company studies and selects communities in need of computer labs (first one was set up was in the Balesin community school).
Anti-corruption programs and procedures?	Employees and officers must disclose, if any, associations, affiliations, and activities which might be construed as comprising conflict of interest.	A thorough screening process, even for employee referrals, is conducted.
Safeguarding creditors' rights	All transactions entered into by the Company are governed by Terms and Conditions of Agreement	Negotiate on Terms and Conditions of Agreement

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

*Yes, the activities of PhilWeb Foundation are reported separately in the annual report.*

3) Performance-enhancing mechanisms for employee participation.

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

*The Company employs a corporate doctor who works on site. Regular employees are enrolled in an HMO and a life and accident insurance plan, with the premiums paid by the Company. Regular employees are also given an annual physical exam and invited to participate in health seminars conducted by the HMO provider. In excess of the maximum benefit limit, the Company extends a guaranteed limit to cover health costs that are otherwise not covered or cannot be covered by the health insurance provider. Regular security checks are also conducted, as well as annual fire and earthquake drills. Regular inspection of physical facilities as well as installation of sprinklers, fire extinguishers with clear access to fire exits are provided. Biometric access to doorways are implemented to increase security. Regular notices relating to safety and building admin issues are circulated by email to employees.*

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

*274 employees are currently enrolled under Maxicare and Cocolife. 240 employees availed of the annual physical exam. No accidents or harmful incidents on Company premises.*

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

*The Company has an in-house Management Training Program that has been running for six years. It is a year-long rotational program where top graduates are assigned to different departments and trained to be the future leaders of PhilWeb Corporation. At least 40 young people have graduated from the program and 20 have leadership roles in the Company here and abroad. Other training and development programs offered are conducted outside. In April 2013, 25 employees were sent to the Ateneo Center for Continuing Education's Essentials for Supervision, a four day course tailored to PhilWeb's specific needs to strengthen its leadership pool.*

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

*The Company has a competitive pay-for-performance remuneration package that allows it to attract, retain and motivate a highly skilled workforce. Salary adjustments form part of the Company's overall budget, and these adjustments are determined by one's performance, behavior, leadership skills, and place in the salary grade. Reviews and approvals are conducted by division/department heads, Human Resources and the President.*

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

*The Company has a Code of Discipline in place as well as final draft of a whistle-blowing policy pending management approval. Employees approach the Human Resources unit directly with any of their concerns. Complaints are investigated with the assistance of the Security Officer. Notices to Explain are issued to employees when necessary. Employees may be placed under preventive suspension for their protection during an investigation.*

## I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Azurestar Corporation	147,868,248	10.31%	Roberto V. Ongpin
Dominion Equities, Inc.	90,842,400	6.33%	Roberto V. Ongpin
Compact Holdings, Inc.	95,574,500	6.66%	Roberto V. Ongpin
Deltaventure	90,001,797	6.27%	Roberto V. Ongpin

Resources, Inc.			
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Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
<b>Roberto V. Ongpin</b>	21,840,000	745,739,396	53.54
<b>Dennis O. Valdes</b>	2,443,200	21,223,565	1.65
<b>Zaldy M. Prieto</b>	190,700	-	0.01
<b>Rodolfo Ma. A. Ponferrada</b>	236,000	-	0.02
<b>Edgar Brian K. Ng</b>	151,500	-	0.01
<b>TOTAL</b>	<b>24,861,400</b>	<b>766,962,961</b>	<b>55.23</b>

2) Does the Annual Report disclose the following:

Key risks	No
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	Yes
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education program attended by each director/commissioner	Not applicable. The company does not have this program
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	No

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

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
R.G. Manabat & Co.	P1,262,150	None

4) Medium of Communication

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

1. Email
2. Posting of notices in designated places in the Office Premises
3. When necessary, SMS
4. Personal delivery of hardcopies of documents to the intended recipient

5) Date of release of audited financial report:

*April 14, 2016*

6) Company Website

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

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

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

*The Corporation's Articles of Incorporation and By-Laws are part of public record and lodged with the Securities and Exchange Commission, and are readily available to the public.*

7) Disclosure of RPT

RPT	Relationship	Nature	Value
BigGame Inc.	Subsidiary	Advances to for working capital requirement	8,096,265
PhilWeb Casino Corporation	Subsidiary	Advances to for working capital requirement	2,504,160
PhilWeb Asia Pacific Corp.	Subsidiary	Advances to for working capital requirement	19,883,962
Alphaland Corporation	Under common control	Share in common personnel and rental expenses	22,733,174
Best Choice Holdings, Inc.	Subsidiary	Advances to for working capital requirement	6,941,510
Easy eBingo, Inc.	Subsidiary	Advances to for working capital requirement	2,156,610
eMagine Gaming Corporation	Subsidiary	Advances to for working capital requirement	36,138,197
		Total	98,453,878
PhilWeb Leisure & Tourism Corporation	Subsidiary	Advances from for working capital requirement	64,743,516
PhilWeb International Gaming Corporation	Subsidiary	Advances from for working capital requirement	40,242,021

PhilWeb Mobile Lottery Corp.	Subsidiary	Advances from for working capital requirement	58,080,208
PhilWeb Tourism and Entertainment Corporation	Subsidiary	Advances from for working capital requirement	13,659,901
Premyo Sa Resibo, Inc.	Subsidiary	Advances from for working capital requirement	5,919,567
Pure Corporate Management Ltd	Subsidiary	Advances from for working capital requirement	81,417,837
		Total	263,063,050

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?

*Transactions from any related party are evaluated on arm's length commercial terms and subject to bidding against third party suppliers. Purchases and services are usually awarded on the basis of lowest cost provider.*

*When such transactions are submitted to the Board for approval, the concerned director abstains from voting.*

#### J. RIGHTS OF STOCKHOLDERS

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

###### (a) Quorum

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

<b>Quorum Required</b>	Majority of the outstanding capital stock must be represented.
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###### (b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

<b>System Used</b>	Cumulative system
<b>Description</b>	Every stockholder entitled is entitled to one vote. However, with respect to the election of directors, the stockholders may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the number of directors to be elected.

###### (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
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Dividends

Declaration Date	Record Date	Payment Date
(d) January 14, 2015	January 30, 2015	February 16 2015
April 17, 2015	May 7, 2015	May 21, 2015
July 30, 2015	August 14, 2015	August 28, 2015
October 22, 2015	November 12, 2015	November 26, 2015

(e) 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
During the stockholders' meeting, the Chairman ensures that there is an open forum for any of the stockholders present to raise any issue which he/she wishes to discuss	During the meeting, the Chairman informs the stockholders at the onset that there will be an open forum at the later part of the meeting wherein they can raise any matter they want with the Board or to the body.

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
  - a. Amendments to the company's constitution – *In accordance with the Corporation Code.*
  - b. Authorization of additional shares – *The stockholder's approval is secured only in instances required by law.*
  - c. Transfer of all or substantially all assets, which in effect results in the sale of the company – *In accordance with the Bulk Sales Law, stockholder's approval shall be secured.*
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?

*No. 15 business days in accordance with SEC rules.*

- a. Date of sending out notices: *At least 21 business days before the Annual Stockholder's meeting.*
- b. Date of the Annual/Special Stockholders' Meeting: *Month of May (as per By-Laws)*

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

*None of the stockholders present or represented asked any questions.*

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

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of the Annual Stockholders' Meeting held on 28 August 2014	Unanimous	-	-

Approval of the Management Report and Audited Financial Statements as of 31 December 2014	Unanimous	-	-
Ratification and Approval of Corporate Acts	Unanimous	-	-
Election of Directors	unanimous	-	-
Appointment of External Auditor	unanimous	-	-

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

*The results are immediately disclosed to the PSE on the same date of the meeting after it has adjourned.*

(f) Modifications

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

Modifications	Reason for Modification
N/A	N/A
N/A	N/A
N/A	N/A

(g) Stockholders' Attendance

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

Type of Meeting	Names of Board Members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Roberto V. Ongpin Dennis. O. Valdes Mario A. Oreta Rafael B. Ortigas Tomas I. Alcantara Anna Bettina Ongpin Michael Angelo Patrick M. Asperin Edgar Brian K. Ng Cliburn Anthony A. Orbe Zaldy M. Prieto Gregorio Ma. Araneta III Victor C. Macalincag Rodolfo Ma. A. Ponferrada Ricardo Roy B. Alcid	11 August 2015	By show of hand	-		75.76
Special	N/A	N/A	N/A	N/A	N/A	N/A

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

*No. If necessary votes shall be validated by the office of the Corporate Secretary.*

(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. One share is equivalent to one vote.*

(h) Proxy Voting Policies

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

	<b>Company's Policies</b>
Execution and acceptance of proxies	The Company does not solicit proxies. But shareholders are free to attend by proxies.
Notary	None.
Submission of Proxy	10 business days prior to the scheduled meeting
Several Proxies	Allowed
Validity of Proxy	Maximum of 5 years
Proxies executed abroad	Allowed
Invalidated Proxy	If submitted late or not properly executed or cannot be validated
Validation of Proxy	5 business days prior to the scheduled meeting
Violation of Proxy	Company will not honor.

(i) Sending of Notices

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

<b>Policies</b>	<b>Procedure</b>
Immediately upon setting of the meeting, this is publicly disclosed thru the PSE.	Submission to the PSE for publication
Notices are sent to each shareholder 15 business days prior to the date of the annual stockholders meeting	Registered mail

(j) Definitive Information Statements and Management Report

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	All stockholders as of stated record date
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	
<b>State whether CD format or hard copies were distributed</b>	CD format were distributed to the stockholders

<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	Hard copies of the reports were made available during the stockholders' meeting. Each stockholder was also given the option of making a request to the Office of the Corporate Secretary for the provision of hard copies of the reports.
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(k) Does the Notice of Annual/Special Stockholders' Meeting include the following:

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

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

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
<b>Policies</b>	<b>Implementation</b>
Voting rights	<p>Each share of stock is entitled to one vote during stockholders' meetings. However, at all elections of directors, every stockholder entitled to vote may vote such number of stocks for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit.</p> <p>Section 5, Article I of the By-Laws provide in part:</p> <p>"At every meeting of the stockholders of the Company, every stockholder entitled to vote shall be entitled to one vote for each share of stock standing in his name on the books of the Company; provided, however, that in the case of the election of directors, every stockholder entitled to vote shall be entitled to accumulate his vote in accordance with the provisions of law in such case made and provided. Xxx"</p>

	<p>Sec. 7.1.2 of the Manual provides:</p> <p>“7.1.2.1 Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.</p> <p>7.1.2.2 Cumulative voting shall be used in the election of directors.</p> <p>7.1.2.3 A director shall not be removed without cause if it will deny minority shareholders representation in the Board.”</p>
<p>Right of Appraisal</p>	<p>Pursuant to Sections 81 and 42 of the Corporation Code, shareholders of the Corporation constituting at least two-thirds (2/3) of the outstanding capital stock, may exercise their right of appraisal in the following instances:</p> <ul style="list-style-type: none"> <li>(i) an amendment of the articles of incorporation which has the effect of changing or restricting the rights of any stockholder or class of share, or of authorizing preferences in respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (Section 81);</li> <li>(ii) sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the property or assets of the corporation;</li> <li>(iii) incurring, creating or increasing bonded indebtedness;</li> <li>(iv) increase or decrease of capital stock;</li> <li>(v) merger or consolidation of the corporation with another corporation or other corporations;</li> <li>(vi) dissolution of the corporation;</li> <li>(vii) declaration of stock dividends;</li> <li>(viii) removal of directors;</li> <li>(ix) extension or limitation of corporate term;</li> <li>(x) investment of corporate funds in another corporation or business or for any purpose other than the primary purpose for which the corporation was organized;</li> <li>(xi) delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws.</li> </ul> <p>A shareholder who shall have voted against any proposed action may exercise his appraisal right by making a written demand on the Corporation within thirty (30) days after the date of the Shareholders’ Meeting. Failure to make the demand within the prescribed period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the Corporation shall pay the dissenting stockholder</p>

	<p>upon surrender of the stock certificates representing his shareholdings in the Corporation based on the fair value thereof as of the day prior to the date of the shareholders' meeting, excluding any appreciation or depreciation in anticipation of such corporate actions, provided that no payment shall be made to the dissenting shareholder unless the Corporation has unrestricted retained earnings to cause such payment.</p> <p>If within a period of sixty (60) days from the date of the corporate action was approved by the stockholders, the withdrawing stockholder and the Corporation cannot agree on the fair value of shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the shareholder, another by the Corporation and the third by the two thus chosen. The findings of the majority of the appraiser shall be final and their award shall be paid by the Corporation within thirty (30) days after such award is made.</p>
Power of inspection (Sec. 7.1.3 of the Manual)	All shareholders shall be allowed to inspect Company's books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.
Right to Information	<p>Sec. 7.1.4 of the Manual provides:</p> <p>"7.1.4.1 The Shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Company's shares, dealings with the Company, relationships among directors and key officers, and the aggregate compensation of directors and officers.</p> <p>7.1.4.2 The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.</p> <p>7.1.4.3 The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes"."</p>
Right to Dividends	Sec. 7.1.5 of the Manual provides:

	<p>“7.1.5.1 Shareholders shall have the right to receive dividends subject to the Company’s dividend policy.</p> <p>7.1.5.2 The Company shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite Company expansion projects or programs approved by the Board or b) when the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies as required by regulatory bodies.”</p>
<p>Sec. 7.2 of the Manual provides:</p> <p>“It shall be the duty of the directors to promote shareholders’ rights, remove impediments to the exercise of shareholders’ rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders’ voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting 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. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.”</p>	
<p>Sec. 7.3 of the Manual provides:</p> <p>“The Board should be transparent and fair in the conduct of the annual and special stockholders’ meetings of the Company. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the 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 stockholders’ favor.”</p>	
<p>Right to propose the holding of meetings</p>	<p>Sec. 7.4 of the Manual provides:</p>

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

*Corporate Information Office and the Corporate Communications Department*

- 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.

*The Company doesn’t have a dedicated investor relations program. The Corporate Information Officer serves as the officer responsible for investor relations program.*

	Details
(1) Objectives	-
(2) Principles	-
(3) Modes of Communications	-
(4) Investors Relations Officer	-

- 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 Company will comply with the applicable rules and regulations.*

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

N/A

**L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

Initiative	Beneficiary
Donations of computers to select public schools and other non-profit organizations	Mariano Sabarino Elementary School Poyopoy Elementary School San Pascual Elementary School Sioco Carino Elementary School Toybongan Elementary School ChildHope Asia ERDA Tech Foundation Makati City Jail Manhain Elementary School Lorenzo Ramos Elementary School

	Napico Elementary School New Bilibid Prison Don Domingo Capistrano Memorial Elementary School Dona Paz Elementary School Rawang Elementary School Rizal High School Sagad High School St. Peter Apostle Parish
Tree Planting	Haribon Foundation

#### 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.

Annual appraisal

	Process	Criteria
<b>Board of Directors</b>	None.	None.
<b>Board Committees</b>	None.	None.
<b>Individual Directors</b>	The Nominations Committee annually evaluates the eligibility of the directors for re-election. The stockholders, based on the reports provided to them, have the right to elect these directors.	Practical understanding of the business of the Company; Membership in good standing in relevant industry, business or professional organizations; Previous business experience. Doesn't possess any ground for disqualification
<b>CEO/President</b>	The Board of Directors have the discretion in evaluating the CEO and the President.	

#### N. INTERNAL BREACHES AND SANCTIONS

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

Violations	Sanctions
For any violation of the Corporation's Manual on Corporate Governance	Sec. 9 of the Manual provides:  "9 PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL  To strictly observe and implement the provisions of this manual, the following penalties shall be imposed, after notice and hearing, on the Company's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Manual:  9.1 In case of first violation, the subject person shall be reprimanded.  9.2 Suspension from office shall be imposed in case of second violation. The duration of the

	<p>suspension shall depend on the gravity of the violation.</p> <p>9.3 For third violation, the maximum penalty of removal from office shall be imposed.</p> <p>9.4 The commission of a third violation of this manual by any member of the Board of the Company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.</p> <p>9.5 The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.”</p>
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Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on June\_\_\_\_, 2013.

**SIGNATURES**

\_\_\_\_\_  
**ROBERTO V. ONGPIN**  
Chairman of the Board and CEO

\_\_\_\_\_  
**DENNIS O. VALDES**  
President

\_\_\_\_\_  
**MARIO A. ORETA**  
Independent Director

\_\_\_\_\_  
**TOMAS I. ALCANTARA**  
Independent Director

\_\_\_\_\_  
**RODOLFO MA. A. PONFERRADA**  
Compliance Officer

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of May 2013, affiant(s) exhibiting to me their TIN, as follows:

NAME/NO.	DATE OF ISSUE	PLACE OF ISSUE
Roberto V. Ongpin	TIN 130-725-714	
Dennis O. Valdes	TIN 141-808-056	
Rodolfo Ma. A. Ponferrada	TIN 215-793-472	
Mario A. Oreta		
Tomas A. Alcantara		

**NOTARY PUBLIC**

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Series of \_\_\_\_\_