

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM ACGR**

**ANNUAL CORPORATE GOVERNANCE REPORT**

1. Report is Filed for the Year  
Dec 31, 2016
2. Exact Name of Registrant as Specified in its Charter  
EMPIRE EAST LAND HOLDINGS, INC.
3. Address of principal office  
21/F The World Centre 330 Sen. Gil J. Puyat Avenue Makati City, Philippines  
Postal Code  
1227
4. SEC Identification Number  
AS094-006430
5. Industry Classification Code(SEC Use Only)
  
6. BIR Tax Identification No.  
003-942-108
7. Issuer's telephone number, including area code  
(632) 867-8351 to 55
8. Former name or former address, if changed from the last report  
N/A

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**Empire East**

**Empire East Land Holdings, Inc.**

**ELI**

**PSE Disclosure Form ACGR-1 - Annual Corporate Governance Report**  
*Reference: Revised Code of Corporate Governance of the  
Securities and Exchange Commission*

**Description of the Disclosure**

In compliance with SEC Memorandum Circular No.20 Series of 2016, attached herewith is the Annual Corporate Governance Report (SEC Form-ACGR) of ELI for the year 2016.

**Filed on behalf by:**

<b>Name</b>	Gwendle Ann Docena
<b>Designation</b>	Authorized Representative




# **EMPIRE EAST LAND HOLDINGS, INC.**

ANNUAL CORPORATE GOVERNANCE REPORT  
SEC FORM – ACGR  
FOR THE YEAR 2016

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

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3. 21<sup>st</sup> Floor, The World Centre Bldg., 330 Sen. Gil Puyat Avenue, Makati City **1234**  
**Address** **Postal Code**
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**A. BOARD MATTERS**

**1) Board of Directors**

Number of Directors per Articles of Incorporation	7
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Actual number of Directors for the year	7
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**(a) Composition of the Board (updated as of June 14, 2016)**

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) <sup>1</sup>	Elected when (Annual /Special Meeting)	No. of years served as director
ANDREW L. TAN	ED	Megaworld Corporation		July 15, 1994	<u>14 June 2016</u>	Annual Stockholders Meeting	<u>22</u>
ANTHONY CHARLEMAGNE C. YU	ED	Megaworld Corporation		January 1998	<u>14 June 2016</u>	Annual Stockholders Meeting	<u>18</u>
GERARDO C. GARCIA	ID		Carmelo J. Canto III (not related to ID)	October 1994	<u>14 June 2016</u>	Annual Stockholders Meeting	<u>22</u>
ALEJO L. VILLANUEVA, JR.	ID		Maria Rosario Justo (not related to ID)	June 13, 2007	<u>14 June 2016</u>	Annual Stockholders Meeting	<u>9</u>
ENRIQUE SANTOS L. SY	NED	Megaworld Corporation		April 1996	<u>14 June 2016</u>	Annual Stockholders Meeting	<u>20</u>
KEVIN ANDREW L. TAN	NED	Megaworld Corporation		June 09, 2015	<u>14 June 2016</u>	Annual Stockholders Meeting	<u>1</u>
EVELYN G. CACHO	ED	Megaworld Corporation		February 20, 2009	<u>14 June 2016</u>	Annual Stockholders Meeting	<u>7</u>

**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.**

**Answer:** The Company has adopted a Manual of Corporate Governance following the guidelines set by the Securities and Exchange Commission in SEC Memorandum Circular No. 6 Series of 2009 (the "Code"). The Code encapsulates the Company's best practices commitment and highlights the duties and obligation of the Board of Directors, the

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

Board Committees and officers of the Company. The Code further highlights the Company's commitment to protect the rights of its stockholders and provides, in Section 3 thereof, that the right of its stockholders to the following matters shall at all times be respected: (i) to vote on all matters that require their consent and approval, (ii) pre-emptive right to all stock issuances of the Corporation; (iii) to inspect the corporate books and records, including the Code, which shall be made available for inspection by any stockholder of the Company at reasonable hours on business days; (iv) right to information; (v) dividends; and (vi) appraisal right.

Stockholders are invited to attend the annual and special stockholders' meetings of the Company and are encouraged to personally attend such meetings. If they cannot attend, they are informed ahead of time of their right to appoint a proxy in accordance with the by-laws of the Company.

Although all stockholders are treated equally, the Code also directs the Company's Board of Directors to give minority stockholders the right to propose the holding of meetings and items for discussion in the agenda that relate directly to the business of the Company.

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

**Answer:** The Board, as may be necessary, may conduct an evaluation of the Company's mission and vision, in keeping with the strategic direction set by the Board for the Company.

**(b) Directorship in Other Companies**

**(i) Directorship in the Company's Group<sup>2</sup> (updated as of December 31, 2016)**

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
ANDREW L. TAN	<ol style="list-style-type: none"> <li>Megaworld Corporation</li> <li>Gilmore Property Marketing Associates, Inc.</li> <li>Megaworld Central Properties, Inc.</li> <li>Sherman Oak Holdings, Inc.</li> <li>Sonoma Premier Land, Inc.</li> <li>Valle Verde Properties, Inc.</li> </ol>	<ol style="list-style-type: none"> <li>Executive Director &amp; Chairman</li> <li>Executive Director &amp; Chairman</li> <li>Executive Director &amp; Chairman</li> <li>Executive Director &amp; Chairman</li> <li>Executive Director &amp; Chairman</li> <li>Executive Director &amp; Chairman</li> </ol>
GERARDO C. GARCIA	<ol style="list-style-type: none"> <li>Megaworld Corporation</li> </ol>	<ol style="list-style-type: none"> <li>Independent Director</li> </ol>
KEVIN ANDREW L. TAN	<ol style="list-style-type: none"> <li>Megaworld Corporation</li> </ol>	<ol style="list-style-type: none"> <li>Non-Executive Director</li> </ol>
ANTHONY CHARLEMAGNE C. YU	<ol style="list-style-type: none"> <li>Empire East Communities, Inc.</li> <li>Laguna Bel Air School, Inc.</li> <li>Megaworld Central Properties, Inc.</li> <li>Sherman Oak Holdings, Inc.</li> <li>Sonoma Premier Land, Inc.</li> <li>Valle Verde Properties, Inc.</li> </ol>	<ol style="list-style-type: none"> <li>Executive Director &amp; Chairman Executive Director &amp; Chairman</li> <li>Non-Executive Director</li> <li>Non-Executive Director</li> <li>Non-Executive Director</li> <li>Non-Executive Director</li> </ol>
EVELYN G. CACHO	<ol style="list-style-type: none"> <li>Empire East Communities, Inc.</li> <li>Laguna Bel Air School, Inc.</li> <li>Sherman Oak Holdings, Inc.</li> <li>Sonoma Premier Land, Inc.</li> <li>Valle Verde Properties, Inc.</li> </ol>	<ol style="list-style-type: none"> <li>Non-Executive Director</li> <li>Non-Executive Director</li> <li>Non-Executive Director</li> <li>Non-Executive Director</li> <li>Non-Executive Director</li> </ol>

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



ENRIQUE SANTOS L. SY	1. Megaworld Corporation	1. Non-Executive Director
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**(ii) Directorship in Other Listed Companies (updated as of December 31,2016)**

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

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Andrew L. Tan	Alliance Global Group, Inc. Global-Estate Resorts, Inc. Emperador Inc.	Executive Director/Chairman Executive Director/Chairman Executive Director/Chairman
Kevin Andrew L. Tan	Alliance Global Group, Inc. Emperador Inc.	Non-Executive Director Non-Executive Director
Alejo L. Villanueva, Jr.	Alliance Global Group, Inc. Suntrust Home Developers, Inc.	Independent Director Independent Director
Gerardo C. Garcia	Global-Estate Resorts, Inc.	Independent Director
Evelyn G. Cacho	Suntrust Home Developers, Inc.	Executive Director
Enrique Santos L. Sy	Megaworld Corporation	Non-Executive Director

**(iii) Relationship within the Company and its Group (updated as of December 31, 2016)**

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
Andrew L. Tan	Megaworld Corporation  Gilmore Property Marketing Associates, Inc. Megaworld Central Properties, Inc. Sherman Oak Holdings, Inc. Sonoma Premier Land, Inc. Valle Verde Properties, Inc.	Director, Chairman & CEO Director Director Director Director
Kevin Andrew L. Tan	Megaworld Corporation	Director
Gerardo C. Garcia	Megaworld Corporation	Independent Director
Enrique Santos L. Sy	Megaworld Corporation	Director
Anthony Charlemagne C. Yu	Empire East Communities, Inc. Laguna Bel Air School, Inc. Megaworld Central Properties, Inc. Sherman Oak Holdings, Inc. Sonoma Premier Land, Inc. Valle Verde Properties, Inc.	Director Director Director Director Director Director
Evelyn G. Cacho	Empire East Communities, Inc. Laguna Bel-Air School, Inc. Sherman Oak Holdings, Inc. Sonoma Premier Land, Inc. Valle Verde Properties, Inc.	Director Director Director Director Director



## Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	<ul style="list-style-type: none"> <li>(i) Provides leadership to the Board and participates in the formulation of the Company's business plans;</li> <li>(ii) Ensures that communication lines between the CEO and the Board is open and fosters the flow of information between Management and the Board;</li> <li>(ii) Spearheads the meetings of the Board which are held in accordance with the Corporation's By – Laws.</li> </ul>	<ul style="list-style-type: none"> <li>(i) Manages the business and affairs of the Company;</li> <li>(ii) Implements the corporate plans approved by the Board and as may be necessary, provide operational guidance to ensure implementation of targets;</li> <li>(iii) Communicates to the Board information which may aid in the performance by the Board of its duties and as may be appropriate, recommends to the Board strategic directions and/or policies.</li> </ul>
Accountabilities	<ul style="list-style-type: none"> <li>(i) Ensures that Company policies are consistent with its commitments in the Code;</li> <li>(ii) Ensures that the corporate actions approved by the Board are in line with the plans, objectives and goals set by the Company for the relevant period.</li> <li>(iii) Supervises the preparation of the agendas in meetings, in consultation with the CEO, Corporate Secretary and Management;</li> </ul>	<ul style="list-style-type: none"> <li>(i) Effective Implementation of the plans and resolutions approved by the Board of Directors;</li> <li>(ii) Identify issues affecting the business of the Company and informs the Board according;</li> </ul>
Deliverables	<ul style="list-style-type: none"> <li>(i) Board approvals consistent with the business plans of the Company.</li> </ul>	<ul style="list-style-type: none"> <li>(i) Management Report conveyed to the Board of Directors and stockholders, which details the report of the operations of the Company for the preceding year, and the state of its affairs.</li> </ul>

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

**Answer:** The Amended By-Laws of the Company, particularly Article III. Section 2 thereof, provides for the mode of succession of key officers of the Company, who shall be elected by every newly constituted Board at its organizational meeting. The Board, in making appointments, is guided by the standards, more particularly the definition of the roles and responsibilities to be assumed by said officers as set forth in the Code and in the Company's By-laws, in evaluating the merit of each appointee. Unless removed from office, said officers shall hold office until their successors are appointed and qualified. Vacancies are filled by the Board of Directors.

**3) 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.**

**Answer:** Yes. Aside from meeting the qualifications prescribed in the Code of Corporate Governance, the Securities Regulation Code and other relevant laws, the members of the Board maybe composed of both Executive and Non-Executive Directors (which include independent directors) who have business experience, practical understanding of the business of the Company and are members in good standing in relevant professional industry, business and professional organizations, to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.

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

**Answer:** Yes. The Company ensures that a non- executive director possesses a practical understanding of the business of the Company and has business experience to aid in securing the Company’s objectives, independent judgement on corporate affairs as well as to ensure checks and balances.

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

	<b>Executive</b>	<b>Non-Executive</b>	<b>Independent Director</b>
<b>Role</b>	<ul style="list-style-type: none"> <li>(i) Responsible for the formulation of the Company’s strategic direction to foster success and long term growth;</li> <li>(ii) Ensure the effective implementation of the corporate plans and strategies formulated by the Board.</li> </ul>	<ul style="list-style-type: none"> <li>(i) Responsible for the formulation of the Company’s strategic direction to foster success and long term growth;</li> <li>(ii) Act as an independent adviser and decision maker on matters brought before the Board.</li> </ul>	<ul style="list-style-type: none"> <li>(i) Responsible for the formulation of the Company’s strategic direction to foster success and long term growth;</li> <li>(ii) Bring an independent judgment on matters brought before the Board.</li> <li>(iii) Promote the Company’s commitment to transparency and in this regard, is a member of the Company’s Compensation and Remuneration Committee as well as the Audit Committee, which must be chaired by an independent director.</li> </ul>
<b>Accountabilities</b>	<ul style="list-style-type: none"> <li>(i) Ensure that the Board conducts itself with honesty and integrity in the performance of all actions according to a high standard of best practices for the Company and its stockholders;</li> <li>(ii) Implement the process for the selection of directors who can add value and</li> </ul>	<ul style="list-style-type: none"> <li>(i) Ensure that the Board conduct itself with honesty and integrity in the performance of all actions according to a high standard of best practices for the Company and its stockholders;</li> <li>(ii) implement the process for the selection of</li> </ul>	<ul style="list-style-type: none"> <li>(i) Ensure that the Board conduct itself with honesty and integrity in the performance of all actions according to a high standard of best practices for the Company and its stockholders;</li> <li>(ii) implement the process for the selection of directors who can add value and</li> </ul>

	<p>contribute independent judgment to the formulation of corporate policies;</p> <p>(iii) Appoint competent, professional, honest and highly motivated management officers;</p> <p>(iv) Provide strategic policies and guidelines to the Company on major capital expenditures and programs that can sustain long-term viability and strength;</p> <p>(v) Ensure that the Company faithfully complies with all applicable laws, regulations and best business practices;</p> <p>(vi) Formulate and implement policies and procedures that ensure integrity and transparency of related party transactions between and among the Company and its parent company, joint ventures, subsidiaries, associates, affiliates, and other related parties;</p> <p>(vii) Participation in the Relevant Board Committees.</p>	<p>directors who can add value and contribute independent judgment to the formulation of corporate policies;</p> <p>(iii) Appoint competent, professional, honest and highly motivated management officers;</p> <p>(iv) Provide strategic policies and guidelines to the Company on major capital expenditures and programs that can sustain long-term viability and strength;</p> <p>(v) Ensure that the Company faithfully complies with all applicable laws, regulations and best business practices;</p> <p>(vi) Formulate and implement policies and procedures that ensure integrity and transparency of related party transactions between and among the Company and its parent company, joint ventures, subsidiaries, associates, affiliates, and other related parties;</p> <p>(vii) Participation in the relevant Board Committees.</p>	<p>contribute independent judgment to the formulation of corporate policies;</p> <p>(iii) Appoint competent, professional, honest and highly motivated management officers;</p> <p>(iv) Provide strategic policies and guidelines to the Company on major capital expenditures and programs that can sustain long-term viability and strength;</p> <p>(v) Ensure that the Company faithfully complies with all applicable laws, regulations and best business practices;</p> <p>(vi) Formulate and implement policies and procedures that ensure integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, and other related parties;</p> <p>(vii) Participation in the Relevant Board Committees. More particularly in, the Compensation and Remuneration Committee and in the Audit Committee.</p>
Deliverables	<p>(i) Board Actions, approvals and strategic direction in line with corporate goals and the Company's best practices commitment;</p> <p>(ii) Internal control system that ensures adequacy and effectiveness of the Company's checks and balances.</p>	<p>(i) Board Actions, approvals and strategic direction in line with corporate goals and the Company's best practices commitment;</p> <p>(ii) Internal control system that ensures adequacy and effectiveness of the Company's checks and balances.</p>	<p>(i) Board Actions, approvals and strategic direction in line with corporate goals and the Company's best practices commitment;</p> <p>(ii) Internal control system that ensures adequacy and effectiveness of the Company's checks and balances.</p>

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

**Answer:** The Company defines "Independence" as freedom from the control or influence of others in the exercise of judgement in the carrying out of responsibilities. Independent Director is a person who helps the company in improving corporate credibility and governance standards. He is independent of management and free of material or pecuniary relationship with the Company which can materially affect the exercise of independent judgment in the conduct of his responsibilities to the Company. The Company adheres to the said standard and has applied the same in the election of its Independent Directors. There are two (2) independent directors who are members of the Board.

**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.**

**Answer:** The Company complies with the term limits for Independent Directors prescribed by the Securities and Exchange Commission in SEC Memorandum Circular No. 4, Series of 2017 which states that "A company's independent director shall serve for a maximum cumulative term of nine (9) years; after which, the independent director shall be perpetually barred from the re-election as such in the same company, but may continue to qualify as a non-independent director; in the instance that a company wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting; and reckoning of the cumulative nine-year term is from 2012."

**4) 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:**

**Answer:** There are no changes in the composition of the Board of Directors during the period.

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

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

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors	The stockholders send their nomination to the Nomination Committee. The Nomination Committee determines if a nominee possesses the qualifications and none of the disqualifications for the position. Qualified Nominees are entitled to be voted upon during the Annual Stockholders Meeting.	The directors shall have such qualifications prescribed in the Corporation Code, the Securities Regulation Code and other relevant laws, as well as (i) a college degree; (ii) business experience; (iii) practical understanding of the business of the Corporation, and (iv) Membership in good standing in a relevant industry, business or professional organization.
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>b. Re-appointment</b>		

(i) Executive Directors	<p>For Executive and Non-Executive Directors, re-appointment is allowed, following the above-enumerated process for the selection of the members of the Board of Directors.</p> <p>For Independent Directors, re-appointment is allowed as long as the term limits for Independent Directors in SEC Memorandum Circular No. 9, Series of 2011 is observed. The appointment process follows the above-enumerated selection process.</p>	<p>The same criteria is imposed for appointment and re-appointment, to wit: The directors shall have such qualifications prescribed in the Corporation Code, the Securities Regulation Code and other relevant laws, as well as</p> <ul style="list-style-type: none"> <li>(i) a college degree;</li> <li>(ii) business experience;</li> <li>(iii) practical understanding of the business of the Corporation, and</li> <li>(iv) membership in good standing in a relevant industry, business or professional organization.</li> </ul>
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>c. Permanent Disqualification</b>		
(i) Executive Directors	<p>All matters pertaining to the qualification and/or disqualification of a director are referred to the Nomination Committee. The Nomination Committee reviews and evaluates the qualifications of all persons nominated to the Board.</p>	<p>Any of the following shall be a ground for permanent disqualification of a director:</p> <ul style="list-style-type: none"> <li>(i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that <ul style="list-style-type: none"> <li>(a) involves the purchase or sale of securities, as defined in the Securities Regulation Code;</li> <li>(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;</li> <li>(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;</li> </ul> </li> <li>(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 <ul style="list-style-type: none"> <li>(a) acting as underwriter, broker,</li> </ul> </li> </ul>
(ii) Non-Executive Directors		
(iii) Independent Directors		

		<p>dealer, investment adviser, principal distributor, mutual fund dealer, futures, commission merchant, commodity trading advisor, or floor broker,</p> <p>(b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company;</p> <p>(c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs above, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engaged 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 administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent act or transgression;</p> <p>(iv) Any person who has been adjudged by final judgment or order of the Commission or a court or other competent administrative body to have willfully violated, or willfully</p>
--	--	--



		<p>aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;</p> <p>(v) Any independent director who becomes an officer, employee or consultant of the Corporation shall cease to be an independent director until such time that his disqualification is lifted pursuant to the Securities Regulation Code and the rules and regulations of the Commission;</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>
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<b>d. Temporary Disqualification</b>		
(i) Executive Directors	<p>A temporarily disqualified director is given 60 business days to take appropriate actions that will remedy or correct such disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>	<p>Any of the following shall be a ground for the temporary disqualification of a director:</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</p>
(ii) Non-Executive Directors		
(iii) Independent Directors		

		<p>the Board during his incumbency, unless the absence is due to justifiable causes such as, illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election;</p> <p>(iii) Dismissal or termination for cause from directorship in another corporation covered by the Revised 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 Company or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock, he shall cease to be an independent director. The disqualification shall be lifted if the limit is later complied with, or</p> <p>(v) Conviction that has not yet become final referred to in the grounds for the permanent disqualification of directors.</p>
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**e. Removal**

(i) Executive Directors	The Company follows the procedure for the removal of directors provided in the Corporation Code.	Removal of a director from office may be due to death, voluntary resignation and/or permanent disqualification from office consistent with the criteria enumerated in sub-section c (Permanent Disqualification) of this Table.
(ii) Non-Executive Directors		
(iii) Independent Directors		

**f. Re-instatement**

(i) Executive Directors	A temporarily disqualified director is given 60 business days to take appropriate actions that will remedy or correct such disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall	Satisfactory corrective action performed by the director within the 60 day period, addressing the specific cause for disqualification.
(ii) Non-Executive Directors		
(iii) Independent Directors		

	become permanent	
<b>g. Suspension</b>		
(i) Executive Directors	The Company follows the procedure provided for in the Corporation Code.	Suspension is based on the grounds provided for in the Company's Manual of Corporate Governance.
(ii) Non-Executive Directors		
(iii) Independent Directors		

**Voting Result of the last Annual General Meeting held on 14 June 2016 (updated as of 14 June 2016)**

Name of Director	Votes Received
Andrew L. Tan	12,835,011,283
Anthony Charlemagne C. Yu	12,835,011,283
Gerardo C. Garcia	12,835,011,283
Alejo L. Villanueva, Jr.	12,835,011,283
Enrique Santos L. Sy	12,835,011,283
Kevin Andrew L. Tan	12,835,011,283
Evelyn G. Cacho	12,835,011,283

**5) Orientation and Education Program**

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

**Answer:** The Company has no formal orientation program for new directors, but all directors are required to take a Corporate Governance Orientation course conducted by the Institute of Corporate Directors. They are also encouraged to attend the continuing education program on Corporate Governance.

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

**Answer:** The Directors and Officers attended the *Corporate Governance: Fraud Awareness Seminar* as well as the Mandatory Continuing Legal Education.

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

**Answer:** The Directors and Officers attended the Advanced Corporate Governance training entitled *Corporate Governance: Fraud Awareness* conducted by Center for Training and Development, Inc.

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

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

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p>All directors should conduct themselves with honesty and integrity in the performance of their duties and functions to ensure a high standard of best practices for the Company (Section 2.2.6, Code).</p> <p>A director should conduct fair business transaction with the Company and ensure that his personal interest does not conflict with the interests of the company [Section 2.2.7 (i), Code].</p>	<p>The Company expects each employee to observe the highest standards of business ethics. An employee cannot engage in any activity that will create conflict or interfere with the performance of his responsibilities (Company Code of Discipline).</p>	<p>The Company expects each employee to observe the highest standards of business ethics. An employee cannot engage in any activity that will create conflict or interfere with the performance of his responsibilities (Company Code of Discipline).</p>
(b) Conduct of Business and Fair Dealings	<p>All directors should conduct themselves with honesty and integrity in the performance of their duties and functions to ensure a high standard of best practices for the Company (Section 2.2.6, Code).</p>	<p>The Company expects each employee to observe the highest standards of business ethics. An employee cannot engage in any activity which would create conflict or interfere with the performance of his responsibilities (Code of Discipline).</p>	<p>The Company expects each employee to observe the highest standards of business ethics. An employee cannot engage in any activity which would create conflict or interfere with the performance of his responsibilities (Code of Discipline).</p>
(c) Receipt of gifts from third parties	N/A	Receipt of gifts from third parties is not allowed.	Receipt of gifts from third parties is not allowed.
(d) Compliance with Laws & Regulations	<p>The Board shall ensure the Company’s faithful compliance with all applicable laws, regulations and best business practices (Section 2.2.6, Code).</p>	<p>The Company, thru the Board, shall ensure the Company’s faithful compliance with all applicable laws, regulations and best business practices (Section 2.2.6, Code).</p>	<p>The Company, thru the Board, shall ensure the Company’s faithful compliance with all applicable laws, regulations and best business practices (Section 2.2.6, Code).</p>
(e) Respect for Trade Secrets/Use of Non-public Information	<p>The Company respects the proprietary ownership of trade secrets and observes the confidentiality of non-public information.</p> <p>A director should keep</p>	<p>The Company respects the proprietary ownership of trade secrets and observes the confidentiality of non-public information.</p>	<p>The Company respects the proprietary ownership of trade secrets and observes the confidentiality of non-public information.</p>

	secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without authority of the Board [2.2.7 (vi), Code].		
(f) Use of Company Funds, Assets and Information	The Board shall provide sound strategic policies and guidelines to the Company on major capital expenses and, establish programs that can sustain its long term viability and strength. The Board shall periodically monitor the implementation if such policies and strategies, including the business plans and operating budget (Section 2.2.6, Code).	All employees are advised to take care of the property of the Company and treat it like his own asset. Careless use or intentional damage to Company property shall make an employee liable for damages (Code of Discipline).	All employees are advised to take care of the property of the Company and treat it like his own asset. Careless use or intentional damage to Company property shall make an employee liable for damages (Code of Discipline).
(g) Employment & Labor Laws & Policies	The Board shall ensure the Company's faithful compliance with all applicable laws, regulations and best business practices (Section 2.2.6, Code).		
(h) Disciplinary action	The Code provides the grounds for permanent and temporary disqualification of a member of the Board.	Disciplinary actions are initiated, processed and violations of Company rules and regulations are handled in accordance with the Company's Code of Conduct.	Disciplinary actions are initiated, processed and violations of Company rules and regulations are handled in accordance with the Company's Code of Conduct.
(i) Whistle Blower	All information received from whistle blowers and/or anonymous sources are referred to the Grievance Committee of the Company which consists of the HR, Audit, and the Legal Department Head.		
(j) Conflict Resolution	One of the functions of the Board is to establish and maintain an alternative dispute resolution system in the Company that can amicably settle conflicts or differences between the Company and its stockholders and third parties (Section 2.2.6, Code).	Misunderstandings, differences in opinion and disputes among members of the Company are referred to the Grievance Committee (Code of Conduct).	Misunderstandings, differences in opinion and disputes among members of the Company are referred to the Grievance Committee (Code of Conduct).

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

**Answer:** Yes. To ensure that all directors, senior management and employees of the Company has access to the Code of Conduct at all times, the Code was disseminated online through the intranet system of the Company, which may be accessed by all employees.

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

**Answer:** Compliance with the Company's Code of Conduct is lodged with the Human Resources Department. The said department is in charge of processing all complaints for violations thereof, in accordance with established due process standards.

**4) Related Party Transactions**

**(a) Policies and Procedures**

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

Related Party Transactions	Policies and Procedures
(1) Parent Company	The Company, in the normal course of business, enters into transaction with related companies primarily consisting of lease of properties and advances for real estate transactions, working capital requirements and other business related purposes. Rental for lease properties and interest on interest-bearing advances are within market rates.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	The Company has no related party transaction with a director/officer, their family, siblings or parents.
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

**(b) Conflict of Interest**

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

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

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	The Company has no knowledge of a conflict of interest situation between the Company and its significant shareholders and officers. In any case the Code and the Code of Conduct provisions on Conflict of Interest shall serve as basis in handling the issue.
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	The Company has no knowledge of a conflict of interest situation between the Company and its significant shareholders and officers. In any case the Code and the Code of Conduct provisions on Conflict of Interest shall serve as basis in handling the issue.
Group	

5) Family, Commercial and Contractual Relations

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
ANDREW L. TAN and KEVIN ANDREW L. TAN	Family	FATHER & SON

(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	n/a	n/a

(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
The management of the Company is not aware of any shareholder agreement that may impact on the control, ownership and strategic direction of the Company.		

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

**6) Alternative Dispute Resolution**

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

<b>Alternative Dispute Resolution System</b>	
<b>Corporation &amp; Stockholders</b>	The Company abides by and adheres to the judicial dispute resolution processes adopted by judicial and regulatory authorities.
<b>Corporation &amp; Third Parties</b>	The Company abides by and adheres to the judicial dispute resolution processes adopted by judicial and regulatory authorities.
<b>Corporation &amp; Regulatory Authorities</b>	The Company abides by and adheres to the judicial dispute resolution processes adopted by judicial and regulatory authorities.

**C. BOARD MEETINGS AND ATTENDANCE (updated as of June 14, 2016)**

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

**Answer:** The meetings of the Board of Directors are scheduled at the beginning of the year. The Board may, from time to time, be convened for special meetings, as may be necessary to address operational exigencies.

**2) Attendance of Directors**

<b>Board</b>	<b>Name</b>	<b>Date of Election</b>	<b>No. of Meetings Held during the year</b>	<b>No. of Meetings Attended</b>	<b>%</b>
Chairman	Andrew L. Tan	<u>14 June 2016</u>	<u>2</u>	<u>2</u>	<u>100%</u>
Member	Anthony Charlemagne C. Yu	<u>14 June 2016</u>	<u>2</u>	<u>2</u>	<u>100%</u>
Member	Gerardo C. Garcia	<u>14 June 2016</u>	<u>2</u>	<u>2</u>	<u>100%</u>
Member	Alejo L. Villanueva, Jr.	<u>14 June 2016</u>	<u>2</u>	<u>2</u>	<u>100%</u>
Member	Enrique Santos L. Sy	<u>14 June 2016</u>	<u>2</u>	<u>2</u>	<u>100%</u>
Independent	Kevin Andrew L. Tan	<u>14 June 2016</u>	<u>2</u>	<u>2</u>	<u>100%</u>
Independent	Evelyn G. Cacho	<u>14 June 2016</u>	<u>2</u>	<u>2</u>	<u>100%</u>

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

**Answer:** No

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

**Answer:** The Company complies with the quorum requirement of the Corporation Code.

**5) Access to Information**

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

**Answer:** Board papers are provided to the Board, together with the notices, in accordance with the Company’s By-Laws

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



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

**Answer:** 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?**

**Answer:** Yes. The Corporate Secretary's function includes assisting the Chairman in the preparation of the board agenda, safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its Committees, as well as the other official records of the Corporation. The Corporate Secretary keeps all directors informed and updated of the agenda of their meetings and ensures that the members have before them accurate information that will enable them to come up with intelligent decisions on matters that require their approval.

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

**Answer:** Yes. Mr. Dennis E. Edaño is a lawyer by profession.

**(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	Reports and other data relevant to a committee are available to the Board upon request.
Audit	Reports and other data relevant to a committee are available to the Board upon request.
Nomination	Reports and other data relevant to a committee are available to the Board upon request.
Remuneration	Reports and other data relevant to a committee are available to the Board upon request.
Others (specify)	N/A

**6) External Advice**

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

Procedures	Details
The Board may seek the advice or counsel of professional advisers as may be necessary in the performance of its mandate.	

**7) Change/s in existing policies**

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

Existing Policies	Changes	Reason
The Board has not introduced amendments to existing policies which may have an effect on its business.		

**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	The remuneration and compensation package are determined by, among others, the annual performance evaluation results, industry salary bench marks, tenure, level of responsibility and the position held.	
(2) Variable remuneration	NONE	
(3) Per diem allowance	NONE	
(4) Bonus	Bonuses are discretionary. This may depend on the profitability, productivity and fund availability.	
(5) Stock Options and other financial instruments	NONE	
(6) Others (specify)	NONE	

**2) Remuneration Policy and Structure for Executive and Non-Executive Directors (updated as of December 31, 2015)**

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	The remuneration and compensation package are determined by, among others, the annual performance evaluation results, industry salary bench marks, tenure, level of responsibility and the position held.		
Non-Executive Directors	Non-Executive Directors are not entitled to remuneration other than per diem for attendance in Board meetings.		

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

Remuneration Scheme	Date of Stockholders' Approval
There is no change in the Company's remuneration policy and scheme mentioned above, and the same has been approved during the respective annual stockholders' meetings.	<u>14 June 2016</u>
	14 June 2016
	14 June 2016

### 3) Aggregate Remuneration (updated as of December 31, 2016)

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	<b><u>P200,000.00</u></b>	<b><u>P300,000.00</u></b>	<b><u>P200,000.00</u></b>
(d) Bonuses	VARIABLE	NONE	NONE
(e) Stock Options and/or other financial instruments	NONE	NONE	NONE
(f) Others (Specify)	N/A	N/A	N/A
<b>Total</b>			

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
NONE				

**(b) Amendments of Incentive Programs**

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

Incentive Program	Amendments	Date of Stockholders' Approval
NONE		

**5) Remuneration of Management (updated as of December 31, 2016)**

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
Senior Management as a group (Executive Vice President, First Vice Presidents and Vice Presidents)*	<b><u>Php13,130,263.00</u></b>

\*includes the following officers:

- a. Mr. Ricky S. Libago, Senior Vice President for Property Development
- b. Mr. Ricardo B. Gregorio, First Vice President for Human Resources and General Administrative Services
- c. Ms. Jhoanna Lyndelou T. Llaga, First Vice President for Marketing
- d. Mr. Dennis E. Edaño, Vice President for Legal and Corporate Affairs
- e. Mr. Franemil T. Ramos- Vice President for Management Information System

**E. BOARD COMMITTEES**

**1) Number of Members, Functions and Responsibilities**

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	2	1	-		To act, by majority vote of all its members, on specific matters within the competence of the Board, as may be delegated in the By-Laws or on a majority vote of the Board, except in those instances expressly provided under Section 35 of the Corporation Code.	Acts on all matters that may be assigned by the Board	Acts on all matters that may be assigned by the Board
Audit	1	-	2	Audit Committee Charter	Oversight responsibilities for the financial reporting process, internal control, risk management, internal audit, external audit, management and legal, tax and regulatory compliance	Financial Reporting Risk Management Internal Audit External Audit	Conduct investigation on matters within the scope of its responsibilities
Nomination	-	1	2				
Remuneration	-	1	2				
Others (specify)	-	-	-				

## 2) Committee Members

### (a) Executive Committee (updated as of December 31, 2016)

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	ANDREW L. TAN	<u>14 June 2016</u>	<u>26</u>	<u>26</u>	100	3 years
Member (ED)	ANTHONY CHARLEMAGNE C. YU	<u>14 June 2016</u>	<u>26</u>	<u>26</u>	100	3 years
Member (ED)	EVELYN G. CACHO	<u>14 June 2016</u>	<u>26</u>	<u>26</u>	100	3 years

### (b) Audit Committee (updated as of December 31, 2016)

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	GERARDO C. GARCIA	<u>14 June 2016</u>	4	4	100	3 years
Member (ED)	EVELYN G. CACHO	<u>14 June 2016</u>	4	4	100	3 years
Member (ID)	ALEJO L. VILLANUEVA, JR.	<u>14 June 2016</u>	4	4	100	3years

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

**Answer:** The Audit Committee is chaired by Mr. Gerardo C. Garcia, an Independent Director, who has extensive background in finance.

Members of the Audit Committee are Ms. Evelyn G. Cacho and Mr. Alejo L. Villanueva, Jr.

Ms. Evelyn G. Cacho is a Certified Public Accountant and is currently the Corporation's Senior Vice President for Finance.

Mr. Alejo L. Villanueva, Jr. is a professional consultant who has more than twenty years of experience in the fields of training and development, public relations, community relations, institutional communication, and policy advocacy, among others. He has done consultancy work for the Office of the Vice President, the Office of the Senate President, the Commission on Appointments, the Securities and Exchange Commission, the Home Development Mutual Fund, the Home Insurance Guaranty Corporation, Department of Agriculture and World Bank (Subic Conversion Program).

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

**Answer:** The Audit Committee has an oversight function over the Company's internal and external auditors. It ensures that both auditors act independently of each other, and that both auditors are given unrestricted access to all records, properties, and personnel to enable them to effectively perform their function.

The Audit Committee reviews the reports submitted by the internal and external auditors and may conduct investigations on matters within the scope of its responsibilities.

(c) **Nomination Committee (Updated as of December 31, 2016)**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	ENRIQUE SANTOS L. SY	<u>14 June 2016</u>	1	1	100	3 years
Member (ID)	ALEJO L. VILLANUEVA, JR.	<u>14 June 2016</u>	1	1	100	3years
Member (ID)	GERARDO C. GARCIA	<u>14 June 2016</u>	1	1	100	3years

(d) **Remuneration Committee (Updated as of December 31, 2016)**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	ANDREW L. TAN	<u>14June 2016</u>	1	1	100	3 years
Member (ID)	GERARDO C. GARCIA	<u>14 June 2016</u>	1	1	100	3 years
Member (ID)	ALEJO L. VILLANUEVA, JR.	<u>14 June 2016</u>	1	1	100	3 years

(e) **Others (Specify)**

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

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	THERE ARE NO OTHER BOARD COMMITTEES ASIDE FROM THE ABOVE-IDENTIFIED COMMITTEES.					
Member (ED)						

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	THERE IS NO CHANGE IN COMMITTEE MEMBERSHIP FOR THE COVERED PERIOD.	
Audit		
Remuneration		
Nomination		

#### 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	Acted on all matters delegated by the Board.	Issued operational approvals within the scope of the Executive Committee's authority, as provided in the Company's By-Laws.
Audit	Implementation of the Company's Audit Committee Charter	Compliance with the Audit Committee Charter.
Nomination	Prepared the final list of candidates for election at the annual meeting of stockholders	Qualification of Nominees and finalization of the list of candidates.
Remuneration	Reviewed compensation of directors and officers	Determination of Industry Compensation and remuneration trends.

#### 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	Implement the strategic direction set by the Board	Operational concerns vis-à-vis strategic direction set by the Board
Audit	Review of Risk Management System	Adherence to internal control policies
Nomination	Review of existing qualification and disqualification standards	Ensure compliance with new rules and regulations
Remuneration	Review of Organizational Structure and Company Benefits Program	Industry compensation/remuneration benchmarking
Others (specify)	NONE	NONE

#### F. RISK MANAGEMENT SYSTEM

##### 1) Disclose the following:

- (a) Overall risk management philosophy of the company;
- (b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;
- (c) Period covered by the review;
- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and
- (e) Where no review was conducted during the year, an explanation why not.

**Answer:** The Board, thru the Audit Committee, periodically reviews the effectiveness of the Company's risk management systems with emphasis on monitoring of existing and emerging risks as well as risk mitigation measures. Risk management review is conducted annually with the Internal Audit Department. A review for the period 2016 was conducted in the first quarter of the year. Criteria used for review are compliance with controls and accuracy of identified risks and



appropriateness of risk treatment plans.

## 2) Risk Policy

### (a) Company

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

Risk Exposure	Risk Management Policy	Objective
Country Risk relating to the continued performance of the Philippine economy and political stability.	Use of pre-selling as a project financing tool.  Entering into joint development agreements from the acquisition of land.	Minimize cash outlays for projects, control development costs and maintain a new cash position.  Maximize cost efficiencies and resources.
Project Cost and Completion Risk	Establish linkages with a broad base of supplies. Efficient project management and monitoring.	On-time completion of projects, efficient sourcing of construction materials.
Customer Default Risk	Maintaining a diversified earnings base from a product mix of middle-income residential and commercial spaces. Constant product innovation.	Revenue and property diversification.

### (b) Group

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

Risk Exposure	Risk Management Policy	Objective
Country Risk relating to the continued performance of the Philippine economy and political stability.	Use of pre-selling as a project financing tool.  Entering into joint development agreements from the acquisition of land.	Minimize cash outlays for projects, control development costs and maintain a new cash position.  Maximize cost efficiencies and resources.
Project Cost and Completion Risk	Establish linkages with a broad base of supplies. Efficient project management and monitoring.	On-time completion of projects, efficient sourcing of construction materials.
Customer Default Risk	Maintaining a diversified earnings base from a product mix of middle-income residential and commercial spaces. Constant product innovation.	Revenue and property diversification.

### (c) Minority Shareholders

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

Risk to Minority Shareholders
Megaworld's voting power in the Company poses a risk to the ability of minority shareholders to influence corporate strategy.

### 3) Control System Set Up

#### (a) Company

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Country Risk relating to the continued performance of the Philippine economy and political stability.	Institutional reviews of the Philippine economy particularly the real property sector	Minimize each outlay for projects, control development costs and maintain a new each position.  Maximize cost efficiencies and resources.
Project Cost and Completion Risk	Project monitoring teams	On-time completion of projects, efficient sourcing of construction materials.
Customer Default Risk	Customer Satisfaction/Default reports	Revenue and property diversification.

#### (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)
Country Risk relating to the continued performance of the Philippine economy and political stability.	Institutional reviews of the Philippine economy particularly the real property sector.	Minimize each outlay for projects, control development costs and maintain a new each position.  Maximize cost efficiencies and resources.
Project Cost and Completion Risk	Project monitoring teams	On-time completion of projects, efficient sourcing of construction materials.
Customer Default Risk	Customer Satisfaction/Default reports	Revenue and property diversification.

#### (c) Committee

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

Committee/Unit	Control Mechanism	Details of its Functions
Board Audit Committee	The mechanism established by the company to safeguard the independence of internal auditors is such that the auditors report directly to the Board of Directors through the President. It has a duly approved Audit Charter as well as a duly approved Audit Manual of Policies and Procedures. The department annually declares/undertake a non-conflict of interests by its auditors.	Provides oversight over Management's risk management process, financial reporting process and reviews internal audit plans.

**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;**

**Answer:** Internal Control System refers to the management’s ability to control particular risks or business activities that the Company is exposed to. Internal Control is effected by the board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations.

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

**Answer:** January to December of each year

**(c) How often internal controls are reviewed and the directors’ criteria for assessing the effectiveness of the internal control system; and**

**Answer:** Internal controls are reviewed annually. The Internal Audit Group submits a post-audit report assessing the effectiveness of the internal control system of the Company to the Audit Committee of the Board.

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

**Answer:** 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.**

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Internal audit's role is to provide an independent, objective assurance and consulting services designed to add value and improve the Company's operations. It assists the Company in achieving its objectives by bringing a systematic approach to evaluate and improve the effectiveness of internal control.	The scope of work of internal audit is to determine whether the company's internal control systems, procedures and processes is adequate and functioning to ensure that significant financial, managerial and operating information is accurate, reliable and timely; that employees' actions are in compliance with policies, standards, procedures, and	The Internal Audit function in the company is done in-house.		i) Initial Planning; ii) Evaluation Process; iii) Compliance Tests and Analysis of Data Gathered; iv) Reporting; v) Review and Supervision of Audit Work/Report; vi) Follow-up of Reported Issues.

	applicable laws and regulations; and resources are acquired economically, used efficiently, and adequately protected.			
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**(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?**

**Answer:** Yes, as stated in the Audit Committee Charter of the Company.

**(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?**

**Answer:** Yes

**(d) Resignation, Re-assignment and Reasons (updated as of December 31, 2016)**

**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.**

**Answer:**

NAME	POSITION	REASON FOR RESIGNATION/ RE-ASSIGNMENT
LLANTADA, ANTONIO E.	VP-Internal Audit	Retirement
LLENA, ARNEL C.	Manager II	Transfer to Finance
DOMINGO, BRYNNER R.	Junior Auditor	Career Advancement
CAMPOS, ROXANNE JANE	Junior Auditor	Career Advancement
DE QUINA, LYKA G.	Senior Auditor	Career Advancement
DOCENA, BRENN JAYSON L.	Senior Auditor	Migration to Canada

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

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

<b>Progress Against Plans</b>	The progress of the annual internal audit plan is being monitored monthly and is reported to the President.
<b>Issues<sup>6</sup></b>	Issues are discussed with the Auditor during closing meetings and their responses are incorporated in the internal audit report.
<b>Findings<sup>7</sup></b>	Findings are reported to the President and concerned management through the internal audit report.
<b>Examination Trends</b>	Examinations are being done on the different departments of the Company and its subsidiaries regularly.

[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;

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

<sup>7</sup>“Findings” are those with concrete basis under the company’s policies and rules.

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

**(f) Audit Control Policies and Procedures**

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

Policies & Procedures	Implementation
Internal Audit	Internal Audit is guided by a manual of internal control systems, policies and procedures as well as audit programs which it uses in its review and evaluation of the different departments of the Company and its subsidiaries.

**(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):**

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
The mechanism established by the Company to safeguard the independence of internal auditors is such that, the auditor’s report directly to the Board of Directors through the President. It has a duly approved Audit Charter as well as a duly approved Audit Manual of Policies and Procedures.			

**(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.**

Name	Position in the Company
Andrew L. Tan	Chairman of the Board of Directors
Gerardo C. Garcia	Vice Chairman/ Independent Director
Anthony Charlemagne C. Yu	Director/ President
Alejo J. Villanueva, Jr.	Independent Director
Evelyn G. Cacho	Director/Senior Vice President
Enrique Santos L. Sy	Director
Kevin Andrew L. Tan	Director
Ricky S. Libago	Executive Vice President
Ricardo B. Gregorio	First Vice President for Human Resources and General and Administration Services
Jhoanna Lyndelou T. Llaga	First Vice President for Marketing
Kim Camille B. Manansala	Assistant Vice President for Audit

Giovanni C. Ng	Treasurer
Dennis E. Edaño	Corporate Secretary
Celeste Z. Sioson	Assistant Corporate Secretary

## H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	The Company values its customers and it commits utmost satisfaction by delivering innovative, responsive and high quality products. We continuously aim to provide best service to our customers.	Product innovation to meet market trends and focus on skill enhancement of key people to ensure positive customer experience.
Supplier/contractor selection practice	The Company selects its suppliers and contractors on the basis of quality and pricing. It also intends to build a long-term and mutually-beneficial relationship through fair dealings and observance of moral and ethical standards in its activities.	Canvassing and bid processes are observed to ensure quality and price competitiveness for the supply chain. Focuses on building relationships with trade partners and adherence to ethical standards.
Environmentally friendly value-chain	Incorporate environmentally friendly practices as a form of corporate social responsibility.	Preference for suppliers with environmental advocacy, keeping the specific supply requirements of the Company in mind.
Community interaction	Responsible, innovative and responsive business practices with the well-being, safety and satisfaction of its clients and the community in mind.	The Company focuses on developing transit-oriented projects to maximize access to public transport, thereby reducing carbon-footprint.  The Company also utilizes an intranet system for all communications within the organization in order to reduce paper consumption.  The Company encourages the use of recycled paper in its communications.
Anti-corruption programmes and procedures?	The Company implements a corporate culture which gives emphasis on honesty, integrity and professionalism.	Ensure compliance through the Code of Conduct. Instill honesty and integrity in its workplace and in its dealings with stakeholders.
Safeguarding creditors' rights	The Company maintains a good credit standing with its creditors, It honors its financial obligations and loan covenants.	Ensures prompt settlement of the Company's obligations and faithful compliance with loan covenants.

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

**Answer:** Yes, the Annual Report has a corporate responsibility report.

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

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

**Answer:** The Company values the health and safety of its employees and provides in its Code of Conduct, standards for health and safety which must be observed by its employees.

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

**Answer:** There have been no reported work-related accidents or health concerns in the Company.

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

**Answer:** The Company encourages its officers and employees to avail of continuing education programs to further enhance and/or complement their technical knowledge.

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

**Answer:** NONE

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

**Answer:** Complaints concerning misunderstandings and differences among members of the Company are handled by the Company’s Grievance Committee, which spearheads investigations concerning such complaints.

**I. DISCLOSURE AND TRANSPARENCY**

1) **Ownership Structure (updated as of December 31, 2016)**

**(a) Holding 5% shareholding or more**

Shareholder	Number of Shares	Percent	Beneficial Owner
<b>Megaworld Corp.</b>	11,994,426,438	81.7271%	Megaworld Corporation
<b>PCD Nominee Corp.</b>	1,514,810,997	10.3215%	The shares registered in the name of PCD Nominee Corporation (Filipino) are either beneficially owned by the participants of the PCD composed of custodian banks and brokers or held by them in trust for their clients. No PCD participants owns 5% or more of the Company’s shares of common stocks.

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
<b>NONE</b>			

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

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes

Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	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 programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

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

**3) External Auditor's fee (updated as of December 31, 2016)**

Name of auditor	Audit Fee	Non-audit Fee
Punongbayan & Araullo	<u>Php1,740,000.00</u>	NONE

**4) Medium of Communication**

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

**Answer:** Annual Report (both in printed and in digital format), Online Website.

**5) Date of release of audited financial report: April 27,2017 (for the period ended December 31,2016)**

**6) Company Website: <http://www.empire-east.com>**

**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)	No

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



7) Disclosure of RPT

RPT	Relationship	Nature	Value
The Company's Annual Financial Statements provide a disclosure of its related party transactions. In the normal course of business, the Company enters into transactions with related companies primarily consisting of lease of properties and advances for real estate transactions, working capital requirements and other business-related purposes.			

**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?**

**Answer:** The Company, in the normal course of business, enters into transactions with related companies primarily consisting of lease of properties and advances for real estate transactions, working capital requirements and other business-related purposes. Rental for leased properties and interest on interest-bearing advances are within market rates. Related parties are able to settle their obligations in connection with transactions with the Company and the Company does not foresee risks or contingencies arising from these transactions.

J. RIGHTS OF STOCKHOLDERS

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

(a) Quorum

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

Quorum Required	
	The Company follows the quorum requirement of the Corporation Code.

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Corporate acts except those requiring stockholders' approval are approved by the Board.
Description	At least a majority vote of the directors present in a meeting is required to approve corporate acts.

(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
The Company complies with and follows the Corporation Code provisions for Stockholders' Rights concerning Annual and/or Special Stockholders' Meeting.	

Dividends

Declaration Date	Record Date	Payment Date
N/A	N/A	N/A

**(d) Stockholders' Participation (updated as of December 31, 2016)**

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
Open forum during Annual Stockholders Meeting	Verbal communication
Information Statement, Notice of Meeting	Written Communication

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

- a. Amendments to the company's constitution
- b. Authorization of additional shares
- c. Transfer of all or substantially all assets, which in effect results in the sale of the company

**Answer:** The Company complies with the requirements of the Corporation Code and requires a 2/3 vote of stockholders for amendments to the Company's Articles of Incorporation and sale of all or substantially all of the Company's assets.

Pre-emptive rights to subscribe to all stock issuances of the Company are waived in the Company's Articles of Incorporation.

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?

**Answer:** Yes

- a. Date of sending out notices: May 19, 2016
- b. Date of the Annual/Special Stockholders' Meeting: 14 June 2016

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

Question: I would just like to know and also for everyone. There has been a lot of talk regarding a bubble in the property market, is the country experiencing such a bubble and is Empire East affected by it? If so, "Paano po kaya kami mapoprotektahan from that" or rather I say how do we secure ourselves from such a bubble?

Answer: I'm glad you asked that question. If a developer gives you an answer, it would always be considered as one that is self-serving. It would be best for us to listen to independent people, like independent government agencies come up with their own assessment of the matter because they are able to objectively quantify the different variables that are affecting the economy and derived therefrom a conclusion supported by facts.

Last week, I remember the Bangko Sentral ng Pilipinas (BSP) Deputy Governor Diwa Guinigundo came up with the results of the new residential real estate price index (RREPI) which showed that there was an increase in price. According to Dep. Gov. Guinigundo, this increase in price represents a very vibrant housing industry and is not a cause for worry. His boss, BSP Governor Tetangco on the other hand, categorically stated that the economy is doing very

well, there is no alarm and there is no bubble in the property market. In fact, Gov. Tetangco said that based on the figures that they have, this supply that we see is actually fueled by the actual demands and supported with a fact that we have a backlog of about 4 million housing units in the country because of the lack of government housing projects. And as you can see the trend, the response of the developers today is to fill up this backlog not only in Metro Manila but it is now dispersed even in the provinces. So to answer your question, according to independent government agencies, there is no bubble, there is backlog that is yet to be filled and many of the developers are now more going to areas outside the Metro Manila, so you have developments that are more dispersed than those that we have before which are concentrated only in Metro Manila.

Question: I just want to ask, since we all know that as the Company grows, it needs to invest the money back to the Company for it to expand. But I just want to ask, are there any plans of declaring dividends in the near future?

Answer: You are correct in saying that as the Company grows, it has to allocate more funds back to the Company for it to be able to expand. In a highly competitive market that we have today, with all the developers expanding all over the country throughout the different segments, it is important for a company like ours to sustain our leadership in the sector that we are in. It is for this reason that it is more prudent to plough back the funds that we have, for us to invest and continue to expand. It may not also be practical to declare dividends at this particular point in time because the company still sources its funds from loans in order to meet the rapid expansion. We are hopeful that all these steps that we are taking today, all these efforts will redound ultimately to the benefit of the stockholders and will increase the shareholders' value.

Question: I would just like to ask, do you foresee an economic crisis under a Duterte presidency? Will the country collapse?

Answer: Even before the elections were held in May, we were already of the firm belief that the Philippine economy will remain very robust regardless of who wins the election in May. This is the sentiment not only of ours but of many multi-lateral agencies just like the World Bank, the Asian Development Bank and other institutions. If you look at the recent pronouncements of the President-elect with respect to his firm resolve to fight corruption, his firm resolve to fight crime and his intent to wipe out the drug menace in the country, I think all of these factors would certainly be a big boost in the Philippine Business since such decisive actions have a stabilizing effect. And if you look at the pronouncements of his Finance Secretary designate Sonny Dominguez in several statements, committed that the government under the Duterte administration will not under-spend insofar as infrastructure and other projects are concerned. That is a very welcome news to us in the business sector. All these measures, we feel, are very promising developments and positive developments. Therefore we are very optimistic that the economy will continue to be good, things will continue to do well in the years to come.

Question: From your message a while ago, the Company has been declaring more than 10Billion of reservation sales each year, which is very good compared to other companies. My question is, why are these sales not reflected in the financial results?

Answer: Our booking of sales is based on the percentage of collection. Following the standard payment terms of most major developers in the country, these reservation sales are not booked on the same year, they are booked on the 3<sup>rd</sup> or 4<sup>th</sup> year later depending on the terms of payment. The reservation sales are continually monitored by an in-house team in order for us to determine when it reaches that threshold and to be able to book them as sales. So, the answer to your question is, you will not immediately see these reservation sales reflected in the financial reports because of the manner it is being paid, because of terms of payment.

Question: I know that Empire East is one of the big players in the industry. But what are the risks you face and how stable is the Company?

Answer: Your Company is very stable. It has assets worth 37.27-billion, it has 5.2-billion worth of receivables, we have 404 hectares of property in our landbank, we are currently developing and constructing 8 multi-tower projects. We have Pioneer Woodlands, San Lorenzo Place, Little Baguio Terraces, Rochester, Kasara, Cambridge Village, South Science Park and Covent Garden, all of these are multi-tower developments. We have also registered, as we reported earlier, a healthy growth in sales from 3.48Billion in 2014 to 4.02Billion in 2015, and majority of the stocks of the company is owned by one of the biggest, if not the biggest, the most prestigious developer in the country, Megaworld Corporation. So your company is very stable.

In so far as risk are concerned, any company around the world would face normal risk scenarios. However, because of the manner we manage the business, what we do is we either take away the risks or minimize these risks. What are some of the risks that all of the companies around the world would think of? For instance, people are talking about interest rate risk. Your Company does not have such interest rate risk because the loan that we have, it is in a fixed interest basis. Another possible risk that people talk about is accounting risk. Accounting risk is present only when you based it on estimates. We based it in cost so there is no such risk. Another possible risk is foreign currency risk. Foreign currency risk is not existent in this company because we do not have any foreign currency denominated loans and our importation is kept to the minimum. So your company is very stable and we are able to manage the normal risks that the company would face in order for us to be able to sustain the growth of your Company.

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

Resolution	Approving	Dissenting	Abstaining
Engagement of External Auditor	All stockholders in attendance	None	none

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

Answer: Results were published on **14 June 2016** or on the day the Annual Stockholders' Meeting was held.

#### (e) Modifications

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

Modifications	Reason for Modification
NONE	

#### (f) Stockholders' Attendance (updated as of June 14, 2016)

##### (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	- Andrew L. Tan - Gerardo C. Garcia - Anthony Charlemagne C. Yu - Kevin Andrew L. Tan - Evelyn G. Cacho	<b>14 June 2016</b>	By nomination	<u>0.165</u> <u>0.004</u> <u>0.000</u> <u>0.000</u> <u>0.000</u>	<b>87.45%</b>	<b>87.45%</b>

	- Enrique Santos L. Sy - Alejo L. Villanueva, Jr.			<u>0.000</u>		
Special	NONE					

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

Answer: Yes

(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.

Answer: Yes

**(g) Proxy Voting Policies**

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

	Company's Policies
Execution and acceptance of proxies	Must be signed by authorized signatory of the stockholder with accompanying resolutions designating the proxy/representative
Notary	Not necessary
Submission of Proxy	Must be submitted at least 10 days before the scheduled meeting
Several Proxies	Yes. Multiple proxies is allowed.
Validity of Proxy	Appointments shall not exceed 5 years from date of grant and may be revoked by the stockholder at any time before the right granted is exercised.
Proxies executed abroad	Allowed
Invalidated Proxy	Share/s shall not be counted for quorum
Validation of Proxy	At least 10 days before scheduled meeting
Violation of Proxy	Vote/s shall not be counted

**(h) Sending of Notices**

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

Policies	Procedure
The Company complies with the procedure provided in the Corporation Code and the Securities Regulation Code.	

**(i) Definitive Information Statements<sup>8</sup> and Management Report (updated as of June 14, 2016)**

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	<u>12,655<sup>9</sup> stockholders</u>
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial	<u>24 May 2016</u>

<sup>8</sup> Based on Definitive Information Statement for 2016 Annual Stockholders Meeting.

<sup>9</sup> Figure as of 31 May 2016

owners	
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	<u>24 May 2016</u>
State whether CD format or hard copies were distributed	<u>CD format</u>
If yes, indicate whether requesting stockholders were provided hard copies	

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

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	The Company opted to reinvest its earnings and profits, and no dividend has been declared since year 2006.
The amount payable for final dividends.	
Documents required for proxy vote.	Yes

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

Answer: NONE

**2) Treatment of Minority Stockholders**

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

Policies	Implementation
All stockholders are treated equally and without discrimination.	All stockholders are given the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation (Section 3(B), Manual of Corporate Governance)

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

Answer: 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.**

Answer: All external and internal communications are being reviewed by the Compliance Officer, endorsed by the President/Chief Executive Officer, and approved by the Board of Directors prior to information distribution.

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

	Details
(1) Objectives	To keep shareholders informed of important development in the Company.
(2) Principles	Transparency and accessibility to investors
(3) Modes of Communications	Communication may be done through corporate disclosures, press release and company statements.
(4) Investors Relations Officer	Johann R. Quiazon/Tel. No. 8678048/ Email add: jquiazon@megaworldcorp.com

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

**Answer:** The Company takes guidance from the Corporation Code and the rules and regulations of the Securities and Exchange Commission and the Philippine Stock Exchange with respect to the approval, pricing and the disclosures of acquisitions of corporate control in the capital markets and extraordinary transactions.

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

**Answer:** None. The Company may engage an independent appraiser as the need arises.

#### L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
Feeding Program	Church kids in Cabuyao, Laguna
Contribute to the reduction of carbon footprint by focusing on developing transit-oriented projects	Environment, stakeholders and the general public
Cash donations	Habitat for Humanity Philippines Foundation, Inc.

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

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

	Process	Criteria
<b>Board of Directors</b>	Self -Assessment	No formal performance evaluation is in place but the Board, through its Audit Committee, conducts an evaluation process to ensure that the Company's corporate governance practices are compliant with the best business practice guidelines.
<b>Board Committees</b>	Board Review	Performance of delegated functions
<b>Individual Directors</b>	Self-Assessment	No formal performance evaluation is in place but the Board, through its Audit Committee, conducts an evaluation process

		to ensure that the Company's corporate governance practices are compliant with the best business practice guidelines.
<b>CEO/President</b>	Board Review	Results of Operations

**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
The Company designated a Compliance Officer who is tasked with monitoring compliance with the provisions and requirements of its Manual on Corporate Governance. The Compliance Officer has established an evaluation system, patterned after the CG Scorecard of the Institute of Corporate Director to measure or determine the level of compliance by the Company with its Manual.	



**SECRETARY'S CERTIFICATE**

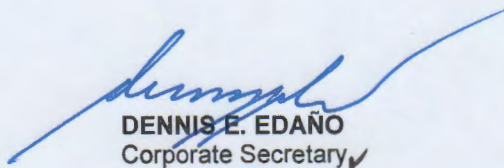
I, **DENNIS E. EDAÑO**, of legal age, Filipino, with office address at 24<sup>th</sup> Floor, The World Centre, 330 Sen. Gil Puyat Avenue, Makati City, Philippines, after having been sworn in accordance with law, depose and state that:

1. I am the Corporate Secretary of **EMPIRE EAST LAND HOLDINGS, INC.** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with principal place of business at 21<sup>st</sup> Floor, The World Centre, 330 Sen. Gil Puyat Avenue, Makati City, Philippines;

2. The resolutions approved by the Board of Directors of the Corporation that resulted in the changes and/or updates to the Annual Corporate Governance Report of the Corporation are set out in the attached as Annex "A" hereof.

3. This Certification is issued in compliance with the requirements of SEC Memorandum Circular No. 12 dated 26 May 2014.

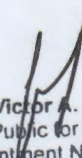
Signed this \_\_\_\_\_ at Makati City.

  
**DENNIS E. EDAÑO**  
Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this MAY 31 2017 at Makati City, Metro Manila, Philippines, affiant exhibiting to me his Tax Identification No. 207-906-709 issued at Metro Manila, Philippines.

Doc. No. 146 ;  
Page No. 020 ;  
Book No. XI ;  
Series of 2017.



  
Amiel Victor A. Asuncion  
Notary Public for Makati City  
Appointment No. M-194  
Until Dec. 31, 2018  
Roll of Atty. No. 59612  
MCLE Compliance No. V-0016478 Mar 14, 2016  
IBP OR No. 1054509 Dec 27, 2016  
PTR No. 5916017 Jan. 6, 2017 Makati City  
24/F The World Centre Building  
330 Sen. Gil. Puyat Ave., Makati City

## ANNEX "A"

I. At the Special Meeting of the Board of Directors of the Corporation held on 15 April 2016, the following resolutions were approved:

"RESOLVED, that the Corporation hold its Annual Meeting of Stockholders on Tuesday, 14 June 2016, 9:00 AM, at the Grand Ballroom, Eastwood Richmond Hotel located at 17 Orchard Road, Eastwood City, Bagumbayan, Quezon City, Metro Manila, Philippines with the following agenda:

1. Call to Order
2. Proof of Notice and Determination of Quorum
3. Approval of Minutes of the Previous Annual Meeting
4. Annual Report of Management
5. Appointment of External Auditors
6. Ratification of Acts and Resolutions of the Board of Directors, Board Committees and Management
7. Election of Directors
8. Other Matters
9. Adjournment

"RESOLVED, FURTHER, that all stockholders of record as of 29 April 2016 be entitled to notice of, and to vote at, the Annual Meeting."

II. The following are the excerpts of the Minutes of Meeting of and resolutions approved during the Annual Stockholders' Meeting held on 14 June 2016:

a. Engagement of External Auditors

The Presiding Officer informed the stockholders that the Audit Committee of the Board of Directors has recommended to the Board the engagement of Punongbayan & Araullo as external auditors of the Company for the audit of the Company's financial statements for the year ending 31 December 2016 and that the Board has approved such engagement.

Upon motion made and duly seconded, the stockholders approved the following resolution:

"RESOLVED, that the engagement of Punongbayan & Araullo as external auditors of the Company for the audit of the Company's financial statements for the year ending 31 December 2016, be approved."

b. Election of Directors

The Chairman of the Meeting informed the stockholders that the Company would be electing seven (7) directors. He added that pursuant to the Securities Regulation Code, SRC Rule 38 and in relation to the SEC Memorandum Circular No. 6, Series of 2009 and its Manual of Corporate Governance, the Company is required to have at least two (2) independent directors out of seven directors.

Mr. Ricardo B. Gregorio, on behalf of the Nomination Committee, presented the Final List of Nominees to the Board of Directors, as follows: Mr. Gerardo C. Garcia and Mr. Alejo L. Villanueva, Jr. for independent directors, and Andrew L. Tan, Anthony Charlemagne C. Yu, Enrique Santos L. Sy, Kevin Andrew L. Tan and Evelyn G. Cacho for regular directors.

It was then moved and duly seconded that the nominees for independent directors, namely Alejo L. Villanueva, Jr. and Gerardo C. Garcia be elected as independent directors of the Company, and that Andrew L. Tan, Anthony Charlemagne C. Yu, Enrique Santos L. Sy, Kevin Andrew L. Tan and Evelyn G. Cacho, be elected as regular directors of the Company.



Since there were only seven nominees to the Board and considering the absence of objections, all the seven (7) nominees were declared elected to the Board of Directors.

III. At the Organizational Meeting of the Board of Directors of the Corporation held on 14 June 2016, the following were elected as officers of the Corporation:

The Board, upon motion duly made and seconded, re-elected the following officers of the Corporation:

Anthony Charlemagne C. Yu	-	President
Ricky S. Libago	-	Senior Vice President for Property Development
Evelyn G. Cacho	-	Senior Vice President/ Corporate Information Officer and Compliance Officer
Ricardo B. Gregorio	-	First Vice President for Human Resources and General and Administration Services
Jhoanna Lyndelou T. Liaga	-	First Vice President for Marketing
Kim Camille Manansala	-	Senior Audit Manager
Giovanni C. Ng	-	Treasurer
Dennis E. Edaño	-	Corporate Secretary
Celeste Z. Sioson	-	Assistant Corporate Secretary

Pursuant to the Company's Manual on Corporate Governance and SEC Memorandum Circular No. 06, Series of 2004, the Board constituted the following board committees for the current year:

#### Executive Committee

Chairman: Andrew L. Tan  
Members: Anthony Charlemagne C. Yu  
Evelyn G. Cacho

#### Nomination Committee

Chairman: Enrique Santos L. Sy  
Members: Gerardo C. Garcia  
Alejo L. Villanueva, Jr.

#### Compensation and Remuneration Committee

Chairman: Andrew L. Tan  
Members: Gerardo C. Garcia  
Alejo L. Villanueva, Jr.

#### Audit Committee

Chairman: Gerardo C. Garcia  
Members: Alejo L. Villanueva, Jr.  
Evelyn G. Cacho