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SECURITIES AND EXCHANGE COMMISSION

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27 September 2016

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Mandaluyong City

Attention: **MS. JUSTINA F. CALLANGAN**
Director, Corporation & Finance Department

THE PHILIPPINE STOCK EXCHANGE, INC.
3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue,
Makati City

Attention: **MR. JOSE VALERIANO B. ZUÑO III**
OIC-Head, Disclosure Department

Gentlemen:

In compliance with the Commission's requirements under SEC Memorandum Circular No. 12 , Series of 2014, to send an advisement letter for updates and changes in the Annual Corporate Governance Report (ACGR) that are not reportable under Section 17 of the Securities Regulations Code, please be informed that Phinma Corporation has made updates and changes in the ACGR as of 16 August 2016 as follows :

1. Composition of the Board under BOARD MATTERS
2. Review of the Company's Mission and Vision Statement under BOARD MATTERS
3. Limit of board seats under BOARD MATTERS
4. Shareholding in the Company under BOARD MATTERS
5. Succession planning under BOARD MATTERS
6. Other Executive/ Non-Executive and Independent Directors under BOARD MATTERS
7. Changes in the Board under BOARD MATTERS
8. Orientation and Education Programs under BOARD MATTERS
9. Company policies under CODE OF BUSINESS CONDUCT AND ETHICS
10. Compliance monitoring under CODE OF BUSINESS CONDUCT AND ETHICS
11. Policies and procedures on Related-Party Transactions under CODE OF BUSINESS CONDUCT AND ETHICS

12. Detection mechanism for conflict of interest under CODE OF BUSINESS CONDUCT AND ETHICS -
13. Effectiveness of risk management under RISK MANAGEMENT SYSTEM -
14. Risk review under RISK MANAGEMENT SYSTEM -
15. Review of internal controls under INTERNAL AUDIT AND CONTROL -
16. Resignation/Reassignment and Reasons under INTERNAL AUDIT AND CONTROL -
17. Company Policy under ROLE OF STAKEHOLDERS -
18. Performance Enhancing Mechanism under ROLE OF STAKEHOLDERS -
19. Training and development under ROLE OF STAKEHOLDERS -
20. Quorum requirement under RIGHTS OF SHAREHOLDERS -
21. System used to approve corporate acts under RIGHTS OF SHAREHOLDERS -
22. Stockholder's participation under RIGHTS OF SHAREHOLDERS -
23. Initiatives taken under Corporate Social Responsibility Initiatives -

Thank you.

Very truly yours,



CECILLE B. ARENILLO

Vice President- Treasury & Compliance Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT


1. Report is Filed for the Year 2012
2. Exact Name of Registrant as Specified in its Charter PHINMA CORPORATION
3. 12F Phinma Plaza, 39 Plaza Drive, Rockwell Center, Makati City 1200
Address of Principal Office Postal Code
4. SEC Identification Number 12397 5. (SEC Use Only)
Industry Classification Code 
6. BIR Tax Identification Number 000-107-026-000
7. 632 8700100
Issuer's Telephone number, including area code
8. NA
Former name or former address, if changed from the last report

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	Eleven (11)
Actual number of Directors for the year	Eleven (11)

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	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) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
Oscar J. Hilado	NED	RRR	1969	Apr 14, 2016	ASM	47
Ramon R. del Rosario, Jr.	ED	OJH	1979	Apr 14, 2016	ASM	37
Roberto M. Laviña	ED	OJH	May 2004	Apr 14, 2016	ASM	12
Magdaleno B. Albarracin, Jr.	NED	OJH	1980	Apr 14, 2016	ASM	36
Victor J. del Rosario	ED	OJH	1987	Apr 14, 2016	ASM	29
Jose L. Cuisia, Jr.	NED	OJH	1994	Apr 14, 2016	ASM	22
Eric S. Lustre	NED	OJH	Nov 2013	Apr 14, 2016	ASM	2
Francisco L. Viray	NED	OJH	March 2013	Apr 14, 2016	ASM	3
Filomeno G. Francisco	NED	RRR	April 2012	Apr 14, 2016	ASM	4
Guillermo D. Luchangco	ID	OJH – none	April 2005	Apr 14, 2016 (serving as ID for 4 years)	ASM	11
Roberto F. de Ocampo	ID	RRR - none	April 2009	Apr 14, 2016 (serving as ID for 4 years)	ASM	7

¹ Reckoned from the election immediately following January 2, 2012.

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

The company subscribes to corporate governance policies adopted by the board thru its Manual on Good Corporate Governance in August 19, 2002 and subsequently amended to adapt to mandatory changes from the regulating agencies and to correspond to best practices last March 29, 2004, February 5, 2008, March 3, 2011 and finally on May 28, 2014. The Manual institutionalizes the Board of Directors and Management's commitment to the principles and best practices of good corporate governance. The Board's dedication to upholding shareholders' rights is embedded in their responsibility to encourage the exercise of voting rights by providing shareholders adequate and timely information which allows them to make sound business decisions. The board further supports the dissemination of information and embolden the inspection of the same to ensure truth and transparency in the company's disclosures and raise its reporting standards.

Minority shareholders are further empowered by the board by granting the right to assembly as well as the right to propose items in the agenda for the shareholder's meeting provided that these bear legitimate business purpose and in accordance with law, jurisprudence and best practice. Lastly, minority shareholders, as stated in the Manual, shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose such matters in the agenda of the shareholders' meeting, being within the definition of "legitimate purposes", and in accordance with law, jurisprudence and best practice.

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

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

The Board, upon the recommendation of senior management, reviews the vision and mission of the Company as it deems appropriate. The Board, during its review ensures that the plans and actions of the Company are aligned with its vision and mission. The last review of the vision and mission was held June 2016.

- (d) Directorship in Other Companies**

- (i) Directorship in the Company's Group²**

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the
Oscar J. Hilado	Phinma , Inc. Trans-Asia Oil and Energy Development Corporation Phinma Property Holdings Corporation Union Galvasteel Corporation Trans-Asia Power Generation Corporation Araullo University Cagayan de Oro College University of Pangasinan University of Iloilo Microtel Inns & Suites (Pilipinas), Inc. Trans-Asia Renewable Energy Corporation Asian Plaza, Inc. Trans-Asia Gold and Minerals Trans-Asia Petroleum Corp Palawan 55 Exploration and Production Corp. One Subic Power Generation Corp.	Non-Executive (Chairman) Non-Executive (Chairman) Non-Executive (Chairman) Non-Executive (Chairman) Non-Executive (Chairman) Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive
Ramon R. del Rosario, Jr.	Phinma, Inc. Trans-Asia Oil and Energy Development Corporation Phinma Property Holdings Corporation Union Galvasteel Corporation Trans-Asia Power Generation Corporation Araullo University Cagayan de Oro College University of Pangasinan University of Iloilo Microtel Inns & Suites (Pilipinas), Inc. Trans-Asia Renewable Energy Corporation Asian Plaza, Inc Microtel Development Corp. Fuld & Company, Inc. Fuld & Company (Philippines), Inc. South Luzon Thermal Energy Corp. CIP II Power Corp Trans Asia Petroleum Corp One Subic Power Generation Corp.	Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Chairman Non-Executive (Chairman) Non-Executive (Chairman) Non-Executive (Chairman) Non-Executive (Chairman) Non-Executive (Chairman) Non-Executive Non-Executive (Chairman) Non-Executive (Chairman) Non-Executive (Chairman) Non-Executive (Chairman) Non-Executive (Chairman) Non-Executive (Chairman)

Roberto M. Laviña	Phinma, Inc. Trans-Asia Oil and Energy Development Corporation Phinma Property Holdings Corporation Union Galvasteel Corporation Trans-Asia Power Generation Corporation Araullo University Cagayan de Oro College University of Pangasinan University of Iloilo Microtel Inns & Suites (Pilipinas), Inc. Trans-Asia Renewable Energy Corporation Asian Plaza, Inc Microtel Development Corp. Fuld & Company, Inc. Fuld & Company (Philippines), Inc. T-O Insurance Brokers, Inc. CIP II Power Corp Diniwid Beach Hotel Corporation Coral Way City Hotel Corporation Maibarara Geothermal, Inc. Phinma Plaza Condominium Corporation South Luzon Thermal Energy Corporation Career Academy Asia	Executive Executive Executive Non-Executive Non-Executive Executive Executive Executive Executive Non-Executive Executive Non-Executive Non-Executive Non-Executive Non-Executive Executive Non-Executive Non-Executive Non-Executive Executive
Magdaleno B. Albarracin, Jr.	Phinma, Inc. Trans-Asia Oil and Energy Development Corporation Phinma Property Holdings Corporation Union Galvasteel Corporation Trans-Asia Power Generation Corporation Araullo University Cagayan de Oro College University of Pangasinan University of Iloilo Asian Plaza, Inc Fuld & Company, Inc. Fuld & Company (Philippines), Inc Trans-Asia Petroleum Corp. Palawan 55 Exploration and Production Corp.	Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive

	One Subic Power Generation Corp.	Non-Executive
Victor J. del Rosario	Phinma, Inc. Trans-Asia Oil and Energy Development Corporation Phinma Property Holdings Union Galvasteel Corporation Trans-Asia Power Generation Corporation Araullo University Cagayan de Oro College University of Pangasinan University of Iloilo Asian Plaza, Inc. Microtel Development Corporation Microtel Inns & Suites Fuld & Company, Inc. Fuld & Company (Philippines), Inc. CIP II Power Corporation T-O Insurance Brokers, Inc. Trans-Asia Renewable Energy Corp.	Executive Non-Executive Non-Executive Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Executive
Francisco L. Viray	Trans-Asia Oil and Energy Development Corporation Trans-Asia Power Generation Corporation Trans-Asia Renewable Energy Corporation CIP II Power Corporation Trans-Asia Gold and Minerals Development Corp. Trans-Asia Petroleum Corporation South Luzon Thermal Energy Corp. Palawan 55 Exploration and Production Corp. One Subic Power Generation Corp.	Executive Executive Executive Executive Executive Executive Executive Executive Non-Executive (Chairman)
Guillermo D. Luchangco	Trans-Asia Oil & Energy Dev. Corp. Fuld & Company (Philippines), Inc.	Independent Independent
Jose L. Cuisia, Jr.	Phinma, Inc.	Non-Executive
Filomeno G. Francisco	Phinma Property Holdings Corp.	Non-Executive

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

(ii) Directorship in Other Listed Companies

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

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman
Oscar J. Hilado	First Philippine Holdings Corporation Philex Mining Corporation A. Soriano Corporation Rockwell Land Corporation Roxas Holdings, Inc.	Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive
Ramon R. del Rosario, Jr.	Ayala Corporation	Non-Executive
Jose L. Cuisia	SM Prime Holdings Corp. Manila Water Company, Inc. Century Properties Group, Inc.	Non-Executive Non-Executive Non-Executive
Guillermo D. Luchangco	Globe Telecoms, Inc. Ionics, Inc. Roxas & Company, Inc	Non-Executive Non-Executive Non-Executive
Roberto F. de Ocampo	EEl Corporation Robinsons Land Corporation Rizal Commercial Banking Corp House of Investments, Inc.	Non-Executive Non-Executive Non-Executive Non-Executive

(iii) Relationship within the Company and its Group

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
Oscar J. Hilado	Phinma, Inc.	Chairman of the Board and shareholder of Phinma, Inc.
Magdaleno B. Albarracin, Jr.	Phinma, Inc.	Director and shareholder of Phinma, Inc.
Ramon R. del Rosario, Jr.	Phinma, Inc.	Director, President and shareholder of Phinma, Inc.
Victor J. del Rosario	Phinma, Inc.	Director, Executive Vice President, and shareholder of
Roberto M. Lavina	Phinma, Inc.	Director, Senior Executive Vice President and COO, and shareholder of Phinma, Inc.

Eric S. Lustre	Philamlife	First Vice President and Head of Corp Finance Department for the Investment Division of The Philippine American Life and General Insurance Co.
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- (iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

The company values diversity of ideas and recognizes that its directors' experience and knowledge may benefit organizations outside its scope. As such, directors are encouraged to adhere to an indicative low limit on directorships for other companies to ensure that they are able to perform the set duties and responsibilities and have ample productive time to review board papers and make sound business decisions while upholding the Company's core values.

- (e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct Shares (as of 31 December 2015)	Number of Direct shares (as of June 30, 2016)	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Oscar J. Hilado	100,000	100,000	373,408/Mariposa Properties, Inc.	.18%
Magdaleno B. Albarracin, Jr.	8,668,559	8,696,599	-	3.36%
Ramon R. del Rosario, Jr.	552,411	552,411	3,706,680/Blue River Holdings, Inc. and 649,210 thru Emar Corp	1.64%
Victor J. del Rosario	762,441	762,441	649,210/Emar Corp	.55%
Roberto M. Laviña	445,113	445,113	-	.17%
Jose L. Cuisia, Jr.	9,934	9,934	-	.004%
Francisco L. Viray	20,001	20,001	10,000/Mrs. Jocoba G. Viray	.012%
Guillermo D. Luchangco	1	1	-	-
Eric S. Lustre	1	1	-	-
Roberto F. de Ocampo	1	1	-	-
Filomeno D. Francisco	1	1	-	-
TOTAL	10,558,463	10,586,503	4,739,298	5.916%

2) Chairman and CEO

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

Yes

No

Identify the Chair and CEO:

Chairman of the Board	Oscar J. Hilado
CEO/President	Ramon R. del Rosario, Jr.

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	<p>Presides at all meetings of the Board of Directors and stockholders. Responsible for leadership in the Board.</p> <p>Chair of Nominations Committee.</p>	<p>General supervision of the company's business, properties and affairs and managing it within the authorities delegated by the Board.</p> <p>Presides over all meetings of the board in the absence of the Chairman.</p>

<p>Accountabilities/ Deliverables</p>	<p>Efficient operation of the Board and its committees in conformity with the highest standards of corporate governance.</p> <p>Effective communication and harmonious working relationship with shareholders, other stakeholders, non-executive directors and Excom.</p> <p>Promotion of effective communication with shareholders and other stakeholders</p> <p>Constructive debate and effective decision-making.</p> <p>Spearhead a board that initiates change and planning succession on Board and Group Executive appointments.</p> <p>Properly established Board committees which are composed suitably to operate efficiently.</p> <p>Provision of sound business support and advice to the CEO in strategy development.</p> <p>Promotion of effective working relationship and communications between executive and non-executive directors and Excom</p> <p>Well-established open relationship with the Chief Executive.</p>	<p>Development of annual plans, consistent with agreed strategies, for Presentation to the Board for support.</p> <p>Ensure that an organizational structure is in place including processes and systems to guarantee the efficient deployment of resources.</p> <p>Responsible to the Board for the performance of the business, consistent with the mission and vision of the Company.</p> <p>Timely communication of financial results, milestones, etc. to the investing public.</p> <p>Effective communication and harmonious working relationship with shareholders, other stakeholders, non-executive directors and Excom.</p> <p>Warrant management succession and development plans.</p> <p>Thorough review of capital investment proposals and efficient identification and management of risks</p> <p>An effective framework of internal controls over risk in relation to all business activities is in place.</p> <p>Close relationship anchored on trust with the Chairman.</p>
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3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

Succession planning undergoes a rigid process to ensure that the best candidate for the leadership seat is chosen. The Nominations Committee presents to the Board, after consultation and performance assessment, key officers for the ensuing year which the board deliberates on prior appointment. The standards for the appointment of key officers does not rely only on current skillset and performance review but also takes into serious consideration, the person's potential while keeping in mind business continuity and alignment with the company's vision and mission. The Human Resource likewise provides leadership programs which aim to aid in the identification of suitable employees and officers to fill key management positions. Under these programs, high potential officers and employees undergo rigorous training and exposure. These programs are on a continuing basis and adjusted based on the current needs of the Company.

4) Other Executive, Non-Executive and Independent Directors

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

Yes, the company values diversity and supports workforce equality and is strongly against discrimination of any form at all levels thus it ensures through its Manual on Good Corporate Governance that its board members are a combination of executive, non-executive and independent directors with varied but substantial professional knowledge and experience which creates a platform for balanced-view discussion necessary to arrive at key business decisions. Further, the Manual safeguards the interests of its shareholders thru this diversity policy to guarantee that no director or small group of directors dominate the decision-making process.

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

Yes, criteria for the nomination/election of a non-executive director are 1) a practical understanding of the business of the company, 2) should possess previous business experience, 3) should have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies and 4) shall be a member of good standing in a relevant industry, business or professional organization.

More specifically, its current roster of directors have a wealth of knowledge and experience from industries which the company operates in. The energy business is represented by Mr. Francisco L. Viray who sits as the President of Trans-Asia Oil and Energy Development Corporation while the real estate business is represented by Mr. Eric S. Lustre who is head of the Real Estate Investment of Phil-Am Life and General Insurance Company aside from being First Vice President and Head of the Corporate Finance Department of the Investment Division. Mr Roberto F. de Ocampo's career is highlighted by his stint as the country's Secretary of Finance while Mr. Guillermo D. Luchangco was Chairman of the ICCP group. Further, Mr. Filomeno Francisco's plethora of involvement in various prestigious investment houses amidst his expertise in corporate finance is a meaningful asset to making sensible investment decisions. Finally, the addition of Ambassador Jose L. Cuisia, Jr. in the roster of the company's directors who enjoys various memberships in respectable professional affiliations provided the company a deep and wide network within the business industry. These leadership experiences allow them to make sound strategic investment business decisions which is of outmost importance for holding companies.

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

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained

competitiveness and profitability in a manner consistent with its corporate objectives and fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders.

As stated in the company's Manual on Good Corporate Governance Section 2.2.1.3, the following are the duties and responsibilities of a director:

DUTIES AND RESPONSIBILITIES	DELIVERABLES
<ul style="list-style-type: none"> To exercise that degree of skill, diligence and care that a reasonably prudent person would exercise in similar circumstances. It shall be sufficient for a director to act on an informed basis in good faith and in an honest belief that the action was taken in the best interest of the Company. 	<ul style="list-style-type: none"> Install a process of selection to ensure a mix of competent directors and officers.
<ul style="list-style-type: none"> To devote time and attention necessary to properly discharge his duties and responsibilities 	<ul style="list-style-type: none"> Determine the Company's purpose, its vision and mission and strategies to carry out its objectives.
<ul style="list-style-type: none"> To act judiciously 	<ul style="list-style-type: none"> Provide sound strategic policies and guidelines to the Company on major capital expenditures.
<ul style="list-style-type: none"> To exercise independent judgment 	<ul style="list-style-type: none"> Establish programs that can sustain its long-term viability and strength and periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.
<ul style="list-style-type: none"> To have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies 	<ul style="list-style-type: none"> Require that the Corporation comply with all relevant laws, regulations and codes of best business practices.
<ul style="list-style-type: none"> To observe confidentiality 	<ul style="list-style-type: none"> Identify the Corporation's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective communications program, which shall be under the supervision of the Chief Executive Officer.
<ul style="list-style-type: none"> To ensure the continuing soundness, effectiveness and adequacy of the Company's control environment. 	<ul style="list-style-type: none"> Identify the sectors in the community in which the corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication

	with them.
<ul style="list-style-type: none"> To conduct business transactions with the Company , if any, in a manner that is fair and ensures that personal interest does not bias Board decisions. 	<ul style="list-style-type: none"> Adopt a system of internal checks and balances including a continuing review of the corporation’s internal control systems.
	<ul style="list-style-type: none"> Formulate policies and procedures that will ensure the integrity and transparency of related party transactions.
	<ul style="list-style-type: none"> Establish and maintain an alternative dispute resolution system for the amicable settlement of conflicts and differences among all stakeholders including the regulatory authorities.
	<ul style="list-style-type: none"> Appoint a Compliance Officer. In the absence of such appointment, the Corporate Secretary shall act as Compliance Officer.
	<ul style="list-style-type: none"> Identify key risk areas and key performance indicators and monitor these factors with due diligence.
	<ul style="list-style-type: none"> Properly discharge Board functions by meeting regularly. Independent directors shall, as much as possible, attend all Board meetings. The Board may also require the presence of at least one independent director in its meetings to promote transparency.
	<ul style="list-style-type: none"> Independent views during Board meetings shall be given due consideration and all meetings shall be duly minuted
	<ul style="list-style-type: none"> Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By- Laws and existing laws, rules and regulation.
	<ul style="list-style-type: none"> Define the clear delineation of roles, duties, and responsibilities of the Chair and the Chief Executive Officer as necessary, integrating the

	dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times. Proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspectives if the positions of Chair and CEO are unified.
	<ul style="list-style-type: none"> Require Management to provide the Board with complete, adequate and timely information about the matters to be taken in their meetings to enable the Board to properly fulfill their duties and responsibilities. The board shall also have independent access to Management and the Corporate Secretary including access to independent professional advice at the corporation's expense in furtherance of their duties and responsibilities.
	<ul style="list-style-type: none"> Make available to the company's stockholders, via multiple channels, a balanced and comprehensible assessment of the corporation's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

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

The Company assumes the legal definition of "independent director" from the Securities Exchange Commission's Memorandum Circular No. 16, Series of 2002 as a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any corporation that meets the requirements under the Securities Regulation Code (SRC)

The process of electing an independent director starts with the pre-screening of nominees by the Nomination Committee using the guidelines under Section 38 of the SRC and the provisions assessing independence under the Revised Manual on Good Corporate Governance. From this, the Committee reviews credentials and gathers pertinent information regarding the nominee prior to deliberation from which the list of nominees is finalized and presented for approval by the Board of Directors and finally brought to a vote at the Annual Stockholders' Meeting. On this basis, Messrs. Guillermo D. Luchangco and Roberto F. de Ocampo have been elected as independent directors.

In assessing the independence of the Directors, the Nomination Committee has examined the different relationships enumerated under SRC Rule 38.1 of the SRC IRR that may impair the directors' independence and objectivity, and affirms that the above-mentioned directors are able to act with independent judgment.

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

In compliance with SEC Circular No. 9 Series, of 2011, the company has a term limit of five consecutive years for independent directors. After the required cooling-off period of two years, the director can return as independent director for another term of five years.

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

(a) Resignation/Death/Removal

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

Name	Position	Date of Cessation	Reason
Felipe B. Alfonso	Director	April 5, 2013	Demise of director
Omar T. Cruz	Director	Nov 6, 2013	Resigned

(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:

As the Corporation Code of the Philippines mandates, directors are elected by the company's stockholders during a meeting.

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	The Nomination Committee pre-screens and short-lists all candidates in accordance with the list of qualifications and disqualifications in the Manual of Corporate Governance	<ul style="list-style-type: none"> • Educational Background or extensive business experience • Integrity and probity • Diligence • Ownership of at least one share • Nature of Corporations of which he is a director • Age • Number of directorships • No Conflict of Interest • Experience in other boards • Experience as CEO or
(ii) Non-Executive Directors		
(iii) Independent Directors		
b. Re-appointment		
(i) Executive Directors	The Nomination Committee pre-screens and short-lists all candidates in accordance with the list of qualifications and disqualifications in the Manual of Corporate Governance	<ul style="list-style-type: none"> • Nature of Corporations of which he is a director • Age • Number of directorships • No Conflict of Interest • Experience in other boards • Experience as CEO or
(ii) Non-Executive Directors		
(iii) Independent Directors		

		<ul style="list-style-type: none"> • COO • Knowledge of finance/accounting • Knowledge of industry • Knowledge of Local and international market and strategic vision • Contacts of value
c. Permanent Disqualification		
(i) Executive Directors	<p>The findings and recommendations of the Nomination Committee shall be submitted to the Board for approval; a director whose qualifications are at issue shall not have right to vote when the Board considers his case.</p>	<ul style="list-style-type: none"> • Final conviction of offense involving moral turpitude or fraud • Finally found to have violated SRC, Corporation Code, BSP Rules • Judicially declared insolvent
(ii) Non-Executive Directors		
(iii) Independent Directors		
d. Temporary Disqualification		
(i) Executive Directors	<p>The findings and recommendations of the Nomination Committee shall be submitted to the Board for approval; a director whose qualifications are at issue shall not have right to vote when the Board considers his case.</p>	<ul style="list-style-type: none"> • Refusal to disclose business interests • Absence in more than 50% of all meetings • Dismissal/termination from directorship in other listed corporation for cause • Non-final confiscation for (c) above
(ii) Non-Executive Directors		
(iii) Independent Directors		
e. Removal		

(i) Executive Directors	The findings and recommendations of the Nomination Committee shall be submitted to the Board for approval; a director whose qualifications are at issue shall not have right to vote when the Board considers his case.	<ul style="list-style-type: none"> • See (c) above
(ii) Non-Executive Directors		
(iii) Independent Directors		
f. Re-instatement		
(i) Executive Directors	The findings and recommendations of the Nomination Committee shall be submitted to the Board for approval; a director whose qualifications are at issue shall not have right to vote when the Board considers his case.	<ul style="list-style-type: none"> • Disclosure of business interest (after refusal) • Exoneration from Charges
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	The findings and recommendations of the Nomination Committee shall be submitted to the Board for approval; a director whose qualifications are at issue shall not have right to vote when the Board considers his case.	<ul style="list-style-type: none"> • See (d) above

Voting Result of the last Annual General Meeting

Name of Director	Approving	Dissenting
Oscar J. Hilado	74.36 %	0%
Magdaleno B. Albarracin, Jr.	74.36 %	0%
Ramon R. del Rosario, Jr	74.36 %	0%
Jose L. Cuisia, Jr.	74.36 %	0%
Victor R. del Rosario	74.36 %	0%
Roberto M. Laviña	74.36 %	0%
Francisco L. Viray	74.36 %	0%
Filomeno G. Francisco	74.36 %	0%
Eric S. Lustre	74.36 %	0%
Guillermo D. Luchangco	74.36 %	0%
Roberto F. de Ocampo	74.36 %	0%

6) Orientation and Education Program

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

Every new director shall undergo a briefing in order to assist his/her on-boarding. This briefing is ideally done within

the first month of his/her tenure and is to be conducted in a manner that allows him/her to meet with various business heads for an overview of the current business' position. The new director is likewise afforded the opportunity to consult with the Senior Management in order to appropriately get him/her abreast with the various operational issues that beset the company. The company's future plans may likewise be discussed with the Chief Strategy Officer while company and regulatory policies are discussed by the Compliance Office and Corporate Secretary. The new director is also provided a copy of the Manual on Good Corp Governance and advised of company policies pertaining to directors.

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Audit Committee members	Sept 19, 2013	PHINMA Audit Committee Forum – “Audit Committee Roles, Functions and Best Practices”	PHINMA In-house Speaker: Mr. Juan Carlos Robles of Punongbayan & Araullo (P&A)
All directors and officers	July 28, 2014	Corp Governance Program	SGV
All directors and officers	27 August 2015	Corporate Governance Program	SGV
Oscar J. Hilado	20 June 2013	Business Continuity Management Training	SGV
Ramon R. del Rosario	4 February 2014	Ayala Group Corporate Governance and Risk Management Summit	Ayala Group
	18 February 2015	Ayala Group Corporate Governance and Risk Management Summit	Ayala Group
	29 April 2015	Executive Coaching Champions to Drive Business Impact	DDI
	29 June 2016	2 nd Phinma Group Integrity Summit	Phinma In-house
Victor J. del Rosario	19 March 2015	Crisis Management & Communications Planning	PHINMA GROUP – HR
	29 April 2015	Executive Coaching Champions to Drive Business Impact	DDI
	21 October 2015	Business Resiliency Forum	Tully Moss & Franco del Rosario
	29 June 2016	2 nd Phinma Group Integrity Summit	Phinma In-house
Roberto M. Laviña	20 June 2013	Business Continuity Management	SGV
	19 September 2013	Phinma Group Audit Committee Forum	Juan Carlos Robles

	26 September 2014	Crisis Communication Forum	Jose Avellana
	19 March 2015	Crisis Management & Communication Planning Forum	Andrew Thomas
	29 April 2015	Executive Coaching Champions to Drive Business Impact	DDI
	29 June 2016	2 nd Phinma Group Integrity Summit	Phinma In-house
Guillermo D. Luchangco	October 2, 2013	Invest Philippines : Trade and Investment Opportunities Conference	Invest Philippines
	June 26-27, 2014	2 nd Asian Business Conference 2014	Asian Institute of Management
	12 October 2015	Corporate Governance Training	Sycip, Gorres, Velayp & Company
	11 June 2014	Integrity Assurance Programs	Messrs. Peter Perfecto, Lilian Linsangan and Francisco Roman
	11 June 2014	ASEAN ACGS Workshops	Institute of Corporate Directors
Pythagoras L. Brion, Jr.	29 April 2015	Executive Coaching Champions to Drive Business Impact	DDI
Cecille B. Arenillo	19 September 2013	Phinma Group Audit and Risk Management Committee Forum	Juan Carlos Robles
	11 June 2014	Integrity Assurance Programs	Messrs. Peter Perfecto, Lilian Linsangan and Francisco Roman
	11 June 2014	ASEAN ACGS Workshops	Institute of Corporate Directors
	28 August 2014	Annual Phinma Disaster Preparedness Forum	In-house Program
	19 March 2015	Crisis Management and Communication Planning	Andrew Thomas, Ogilvy
	14 May 2015	Strategic Negotiations	In-house Program
	21 October 2015	Business Resiliency Forum	Tully Moss & Franco del Rosario
Nanette P. Villalobos	March 2013	Effective Business Writing	UA&P
	July-October 2014	Introduction to Macroeconomics	UA&P
	July-October 2015	Execution Strategy	John Clements
	18 September 2015	Update of PFRS	Sycip, Gorres, Velayp & Company

	29 June 2016	2 nd Phinma Group Integrity Summit	Phinma In-house
Regina B. Alvarez	18 September 2015	Update of PFRS	Sycip, Gorres, Velayp & Company
	29 April 2015	Executive Coaching Champions to Drive Business Impact	DDI
	29 April 2016 3 May 2016 13 May 2016	BOA Updates	SGV
Rizalina P. Andrada	19 October 2012	Seminar on PAS 19 Employee Benefits	Sycip, Gorres, Velayp & Company
	29 April 2016 3 May 2016 13 May 2016	BOA Updates	SGV
	29 June 2016	2 nd Phinma Group Integrity Summit	Phinma In-house

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

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
All directors	August 27, 2015	Corp Governance Program	SGV
Ramon R. del Rosario, Jr.	28 February 2015	Ayala Group Corporate Governance and Risk Management Summit	Ayala Group
Roberto M. Lavina	19 March 2015	Crisis Management & Communication Planning Forum	Andrew Thomas
	29 April 2015	Executive Coaching Champions to Drive Business Impact	DDI
Victor J. del Rosario	19 March 2015	Crisis Management & Communications Planning	PHINMA GROUP – HR
	29 April 2015	Executive Coaching Champions to Drive Business Impact	DDI
	21 October 2015	Business Resiliency Forum	Tully Moss & Franco del Rosario
Guillermo D. Luchangco	12 October 2015	Corporate Governance Training	SGV

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 and Employees
(a) Conflict of Interest	The Manual on Good Corporate Governance serves as the Code of Conduct for all directors of the Company.	<p>The Company's Conflict of Interest Policy approved in 2014 states that no officer or employee may engage in any business or undertaking that is directly or indirectly in competition with or pre-judicial to the interests of that of any company to the PHINMA Group, or to the performance of his job or work assignments. If an employee faces a situation that may involve or lead to a conflict of interest, the employee is required to disclose such information and seek appropriate guidance.</p> <p>With the launch of the PHINMA Integrity Assurance Program, wherein everyone is required to accomplish a disclosure form detailing possible involvements which may create conflict of interest, the company. This supports the policy and ensures that safeguards are in place in order to limit, if not eliminate the impact of a conflict, if any.</p>
(b) Conduct of Business and Fair Dealings		<p>Company policy states that officers and employees are expected to practice the highest standards of business conduct in every business relationship - with each other and with the customers, business partners, and competitors. This is likewise part of the Company's core values under professionalism.</p> <p>The Company has not been cited for any violation of any rule by its regulators for the last five (5) years.</p>
(c) Receipt of gifts from third parties		<p>Company policy prohibits its employees from accepting and/or offering inappropriate gifts and gratuities that may impair or appear to impair the recipient's objectivity and may affect their ability to properly perform their job and responsibilities including cash- accepting, offering or giving in any amount is prohibited.</p> <p>Gifts/Gratuities- accepting, offering or giving is prohibited if it is (a) beyond nominal value and (b) offered, given or accepted in exchange for an official act or an act under the employee's official responsibilities. All gifts and gratuities worth beyond the nominal value which are offered to the employees must be disclosed to the immediate superior, with a copy furnished to the Integrity Officer, and is subject to the discretion of the immediate superior whether this will be accepted, donated or declined.</p> <p>Loans- all loans acquired from related parties should be properly disclosed with the following information:</p> <ul style="list-style-type: none"> - Related party involved - Amount of loan - Interest rate - Term - Other pertinent information
		<p>Officers and employees are required to disclose these incidents within 30 days via email to their immediate superior who shall review the disclosure together with the Integrity Officer and advise on the decision and course of action that should be taken.</p>

<p>(d) Compliance with Laws & Regulations</p>		<p>All officers and employees shall proceed with the conduct of their business in a manner that is compliant with applicable Philippine laws and regulations. The code of business conduct as well as the Employee’s Handbook shall serve as a guide should there be any need for clarification.</p> <p>All officers and employees should work in a clean, orderly and safe environment. The Company requires full compliance with applicable workplace safety and industrial hygiene standards mandated by law.</p> <p>The Company has not been cited for any violation of any rule by its regulators for the last five (5) years.</p>
<p>(e) Respect for Trade Secrets/Use of Non-public Information</p>		<p>Company policy states that no director, officer nor employee may use confidential company information for personal gain.</p> <p>Phinma also abides by an Insider Trading Policy which states that purchase and sale of Phinma shares or securities on the basis of potentially share price sensitive information that is not yet public is prohibited. Black-out periods provide specific guidelines for insider-trading regulations. Officers and employees of the publicly-listed companies of PHINMA, together with their relatives, are strictly prohibited from trading shares of their respective companies.</p> <p>In a reissued memo dated October 20, 2015, the Compliance Officer detailed the updated guidelines and procedures for directors and officers when dealing in the Company’s securities, during black out notices and knowledge of material information as stated below:</p> <ol style="list-style-type: none"> 1. Securities Regulation Code Section 23 and PSE Disclosure Rules Section 13 which states that a director or an officer of the issuer of such security, shall, within five (5) trading days after he becomes such beneficial owner, director or officer, file Form 23-A (Initial Statement of Beneficial Ownership of Securities) indicating the amount of all securities of such issuer of which he is the beneficial owner and shall, within five (5) trading days after any acquisition or disposal, file Form 23-B. <p>To provide time for the Finance and Compliance Departments to properly submit and report thru PSE EDGE, resp., the director or officer must submit two original signed SEC Form 23-B within twenty four (24) hours from transaction date to the company’s Finance Department that should contain, among others, the following:</p> <ol style="list-style-type: none"> 1. Nature of transaction (buy or sell) 2. Date of transaction 3. Number of securities acquired or sold 4. Price per share at which securities were acquired and sold

		<p>For the independent directors, please be reminded also that as independent directors, you are restricted from owning more than 2% of the shares of the company where you are an independent director.</p> <p>2. PSE Disclosure Rules Section 13.2 that states a director or a principal officer of an Issuer must not deal in the Issuer's securities during the period within which a material non-public information is obtained and up to two full trading days after the price sensitive information is disclosed.</p> <p>The Compliance Officer (or in her absence, the Finance Head), shall send, via email to all directors and officers, a Blackout Notice whenever a material non public information is disclosed to the SEC/PSE. The blackout period must cover two full trading days and can go longer depending on the time of the disclosure.</p> <p>All directors and officers are enjoined to observe said blackout period and refrain from buying AND/OR selling the Issuer's securities.</p> <p>It is advised that directors and officers should check with the Compliance Officer or the Finance Head before dealing in the Issuer's securities to ensure that no disclosure of a material nature has been (or about to be) disclosed.</p> <p>3. PSE Disclosure Rules Section 4.2 states that Issuers are prohibited to communicate material information to any person, unless disclosure is simultaneously filed with the Exchange.</p> <p>Section 4.2 also says that the rule shall not apply if disclosure is made to 1) a person who is bound by duty to maintain trust and confidence to the Issuer (e.g. auditors, legal counsels) and 2) a person who agrees in writing to maintain in strict confidence the material information and will not take advantage of it for personal gain.</p> <p>Material information means any information relating to the business or affairs of a company that would reasonably be expected to affect the market price of the company's listed securities as well as information that is necessary to enable the Issuer and the public to appraise their position and standing and avoid the creation of a false market. This shall include any information relating to the Issuer's financial condition, prospects, development projects, contracts entered into in the ordinary course of business or otherwise and other information with significant impact on the operations.</p> <p>All directors and officers, who are privy to material nonpublic information, are requested to avoid relaying such material information during interviews and the like IF such material information has not been disclosed to the SEC/PSE as of the time of the interview.</p>
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(f) Use of Company Funds, Assets and Information		<p>Employees, officers and directors are expected to use company resources wisely and legitimately.</p> <p>Company policy states that malversation of funds and other company assets for personal gain is strictly prohibited and is considered a very serious offense as stated in the Employee Handbook. Commission of the same on its first offense is punishable by dismissal.</p> <p>Using of company's time, materials and equipment or other property to do unauthorized work is considered a Less Serious Offense and is punishable with suspension of at least 3 days to one month.</p>
(g) Employment & Labor Laws & Policies		<p>Company policy states that using official position in order to secure employment for relatives, except if such hiring is with written consent of functional head, who will ascertain and corroborate that the relative employed is the most qualified among applicants.</p>
(h) Disciplinary action		<p>HR policy states that employees are given full notice and a chance to explain his side before any disciplinary action is imposed.</p>
(i) Whistle Blower		<p>Phinma, through its Whistleblowing and Non-Retaliation Policy under the Integrity Assurance Program, provides for a mechanism for reporting perceived and actual irregularities that are contrary to PHINMA's Core Values while providing appropriate protection for whistleblowers from possible retaliation.</p> <p>An Integrity Hotline has been launched which is an independent, dedicated email facility provided by the Company for receiving Whistleblower reports. All reports submitted through this facility shall be received by the Integrity Officer and the PHINMA GIA Head.</p> <p>All reports shall be investigated according to the PHINMA Response Plan.</p> <p>In the event that a whistleblowing report was made in bad faith, appropriate disciplinary or legal action shall be meted pursuant to the policies and procedures of PHINMA, and any applicable laws or regulations.</p>
(j) Conflict Resolution		<p>Installation of committee to handle and resolve conflict.</p>

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

Yes, the Company has a Manual on Good Corp Governance as well as an Employee Handbook and both are provided to directors and officers & employees respectively. The Phinma Integrity Assurance Program that was launched in June 2014 is now fully implemented and covers the following policies:

- Policy on Insider Trading
- Policy on Whistleblowing
- Policy on Sexual Harassment

- Policy on Conflict of Interest
- Policy on Gifts & Gratuities
- Anti-Fraud Policy

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

The implementation and strict compliance of the company’s code of ethics is dependent on the combined efforts of the Compliance, Integrity Assurance and Human Resource Teams.

The Compliance Team ensures that the company follows and submits itself to the rules and regulations of the regulators such as the Securities and Exchange Commission and the Philippine Stock Exchange while maintaining a mindset of continuously improving to adopt best practices.

The Integrity Assurance Team is in charge of confirming that all covered officers and employees required to fill-up and submit the Confidential Disclosure Form and Conflict of Interest Certification upon employment and every year thereafter complies with the same. In instances when any of the information disclosed has changed, the covered officer or employee has the obligation to amend his Confidential Disclosure Form accordingly. The form details information regarding aspects of an employee’s personal and/or professional dealings that may be in conflict with the said program.

The Company’s Code of Conduct includes policies on Insider Trading which contains procedures for the implementation of the blackout period. The blackout period prohibits directors, officers and employees of the company to deal in the company’s securities two days before and two days after the release of structured reports and two days after the release of unstructured reports. Black out notices are issued by the Compliance Team.

The Human Resources Team deals with guaranteeing that all employees are made aware of the Company’s core values, prescribed work attitude as well as penalties and sanctions to be incurred in the event of a violation.

Together, these three units act as the safeguards of the company in terms of keeping its operations, employees and businesses in compliance with the spirit and the letter of Philippine laws, company policies and its mission and vision.

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	Phinma has set a universal policy for all Related Party Transactions. The policy provides for fairness and transparency in related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associate, affiliates, major stockholders officers and directors, including their spouses, children, and dependent siblings and parents and of
(2) Joint Ventures	
(3) Subsidiaries	

(4) Entities Under Common Control	<p>interlocking director relationships by members of the Board. The terms of any transaction involving related parties must be done at a fair and arm's length basis with the best interest of both parties in mind.</p> <p>The Board with the Audit and Risk Oversight Committee and PHINMA Management shall determine and provide pre-approved RPTs and thresholds subject for their review and approval.</p> <p>In accordance with policy, any transaction that exceeds the threshold shall be subject to review and approval of the appropriate RPT Approving Authority as determined by the Board of Directors. The Board shall approve the RPT before its commencement.</p> <p>The Audit and Risk Oversight Committee shall assist the Board in its review of these RPTs. The Audit and Risk Oversight Committee shall consider the following factors : 1) Materiality 2) Purpose and timing of the transaction 3) extent of the Related Party's interest in the RPT and 4) Conflict of interest , actual or apparent, of the Related Party participating in the transaction. 5) Any other relevant information.</p> <p>Further, transactions that will need to be disclosed to appropriate governing agencies shall be complied with.</p>
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	Directors currently serve as directors of subsidiaries and affiliates.

(b) Conflict of Interest

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

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

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

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the

company and/or its group and their directors, officers and significant shareholders.

Directors/Officers/Significant Shareholders	
Company	<p>Detection of circumstance/s which may possibly cause conflict of interest relies in the annual submission of disclosure forms which are to be evaluated by immediate superiors and raised to the Integrity Officer for any possible conflict of interest who then shall complete the resolution process.</p> <p>There have been no conflicts of interest between the company, its directors, officers and significant shareholders. In the event that one should arise, all diplomatic means will be exhausted in order to resolve the same prior to resorting to legally available measures.</p>
Group	

2) Family, Commercial and Contractual Relations

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

Names of Related Significant	Type of Relationship	Brief Description of the Relationship
None		

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description
Phinma, Inc.	Parent company of Phinma Corporation	Management contract between Phinma, Inc. and Phinma Corporation

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

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company

Name of Shareholders	% of Capital Stock affected Parties	Brief Description of the Transaction
None		

3) Alternative Dispute Resolution

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

Alternative Dispute Resolution System	
Corporation & Stockholders	There has been neither dispute nor conflict between the
Corporation & Third Parties	

Corporation & Regulatory Authorities	corporation and its stockholders, third parties including regulatory authorities for the past three years. In the event that one arises, the Company is committed to resolve the same by exhausting all diplomatic means available prior
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C. BOARD MEETINGS & ATTENDANCE

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

A tentative schedule of board meetings is provided at the beginning of the year to allow directors and senior management to block off their calendars. Each meeting schedule is then confirmed a few weeks before the actual meeting date.

2) Attendance of Directors

Board	Name	Date of First Election	No. of Meetings Held during the year (2015)	No. of Meetings Attended	%
Chairman	Oscar J. Hilado	1969	6	6	100%
Vice Chairman	Ramon del Rosario Jr.	1979	6	6	100%
Member	Roberto M. Laviña	May 2004	6	6	100%
Member	Magdaleno B. Albarracin Jr.	1980	6	5	100%
Member	Victor J. Del Rosario	March 1987	6	5	83 %
Member	Jose L. Cuisia	1994	6	5	83 %
Member	Eric S. Lustre	Nov 2013	6	4	67 %
Member	Francisco L. Viray	March 2013	6	6	100%
Member	Filomeno G. Francisco	March 2012	6	6	100%
Independent	Roberto F. de Ocampo	April 2009	6	4	67%
Independent	Guillermo D. Luchangco	April 2005	6	5	83%

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

None. The non-executive directors did not see any need for an exclusive meeting amongst themselves.

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

No. Under the Company’s By-Laws, only a majority vote shall constitute a quorum to validate a corporate act except as otherwise expressly provided by law.

5) Access to Information

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

Board papers are provided via email at least a day before the board meeting.

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

Yes, Board Members may directly coordinate with the office of the Corporate Secretary and/or the Management Team should there be a need to clarify an issue or raise a concern.

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

The Corporate Secretary is responsible for the Company’s compliance with pertinent statutory and regulatory requirements and enforcing and maintaining the highest standards of corporate governance necessary for the efficient administration and operation of the Company, and for the protection of the interests of the Company and its various stakeholders. The duties of the Corporate Secretary, among others, as expressed in the By-Laws, are the following:

- Keep full minutes of all meetings of the Board of Directors and of the stockholders.
- Keep the stock and transfer book, maintain a current register of stockholders with their corresponding address, and keep the corporate seal, which he shall stamp on all documents requiring such seal of the company.
- Fill and countersign all the certificates of stock issued, making corresponding annotations on the margins of stubs of such certificates upon issuance.
- Give or cause to be given, all notices required by law or by the By-Laws of the Company as well as notices of all meetings of the Board of Directors and of the stockholders.
- Perform such duties as may be prescribed by the Board of Directors or the President.

Further, in matters of corporate governance, the Corporate Secretary’s duties and responsibilities are as follows:

- Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation.
- As to the agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting.
- Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations and work fairly and objectively with the Board, Management, stockholders and other stakeholders. Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents prevent him from doing so, and maintain record of the same.
- Submit to the Commission, not later than the 30th day of January, an annual certification as to the attendance of the directors during Board meetings signed by the Corporate Secretary and countersigned by the Chairperson of the Board of Directors.
- If concurrently also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in the Code.

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

Yes. The Corporate Secretary is a member of the Philippine Bar and has a Master of Laws Degree from Harvard Law School.

(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	

Audit	The agenda and related materials are sent to the director either in soft copy by email or hard copy at least a day before the meeting. Directors can advise the committee head, Corporate Secretary or the President for any other information
Nomination	
Remuneration	
Others (specify)	

6) External Advice

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

Procedures	Details
Access to external auditors and tax advisers	During the meeting of the Audit Committee, the Board and the Annual Shareholders Meeting, the external auditor and/or tax consultants are present to answer the Board's and/or shareholders' questions.

7) Change/s in existing policies

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

Existing Policies	Changes	Reason
None	None	The Board did not find any reason to amend any existing policy which has direct effect on the 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	Approved by the Compensation Committee	Approved by the CEO
(2) Variable remuneration	-	-
(3) Per diem allowance	N/A	N/A
(4) Bonus	Approved by the Chairman	Proposed by the COO and approved by the CEO
(5) Stock Purchase Plan	Approved by the Compensation Committee	Approved by the Compensation Committee
(6) Others	-	-

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

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

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	In addition to remuneration received as officers of the company, executive directors receive the following : a. Transportation allowance, paid monthly b. Per diem c. Directors bonus which is paid out yearly, after approval of the audited financial statements.	a. Transportation allowance of P 10,000 per month. b. Per diem of P 20,000 for every meeting attended. c. All directors (executive and non-executive) share in the directors' bonus pool which is computed as 5% of audited net income of the parent company	
Non-Executive Directors	a. Transportation allowance, paid monthly b. Per diem c. Directors bonus which is paid out yearly, after approval of the audited financial statements.	a. Transportation allowance of P 10,000 per month. b. Per diem of P 20,000 for every meeting attended. c. All directors (executive and non-executive) share in the directors' bonus pool which is computed as 5% of audited net income of the parent company	

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.

No, this is not taken up at the stockholders meeting.

Remuneration Scheme	Date of Stockholders' Approval
N/A	

3) Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent)	Independent Directors
(a) Fixed Remuneration	₱10,456,553	-	-

(b) Variable Remuneration	-	-	-
(c) Per diem Allowance	780,000	₱ 470,000	₱ 300,000
(d) Directors' Bonuses	6,561,373	3,268,427	1,943,946
(e) Stock Rights, Options, Warrants		-	-
(f) Others – Transportation	600,000	P480,000	240,000
Total	₱18,397,926	₱4,218,427	₱ 2,483,946

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	₱ 1,229,839	None	None
(d) Pension Plans, Obligations	None	None	None
(e) Life Insurance Premium	₱ 27,816	None	None
(f) Hospitalization Plan Premium	₱ 23,770	None	None
(g) Car Plan	None	None	None
(h) Others (Specify)			
Total	₱1,281,425		

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	No. of Shares *	Total % from Capital Stock
Ramon R. del Rosario, Jr.			296,625	0.115%
Roberto M. Laviña			240,673	0.093%
Victor J. del Rosario			225,765	0.087%
Total			763,063	0.295%

*No. of shares purchased by the officers under the company's Stock Purchase Plan.

(b) Amendments of Incentive Programs

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

Incentive Program	Amendments	Date of Stockholders' Approval
None	The Board believes that the current incentive program is sufficient and competitive. Hence, it did not see the need to amend the same	

5) Remuneration of Management

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

Name of Officer/Position	Total Remuneration
Pythagoras L. Brion, Jr., SVP and Treasurer Regina B. Alvarez, SVP – Finance Cecille B. Arenillo, VP – Treasury and Compliance Officer Rizalina P. Andrada, VP – Finance Rolando D. Soliven, AVP – Internal Audit	P 12,846,192

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			Functions/ Key Responsibilities & Power
	Executive (ED)	Non-executive (NED)	Independent (ID)	

Compensation		2	1	<ul style="list-style-type: none"> • Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company’s culture, strategy and control environment. • Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers. • Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others, compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict with their performance of duties once hired. • Disallow any director to decide his/her own remuneration. • Review the existing Human Resources Development or Personnel Handbook to strengthen provision on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory of such covering the same parameters of that must be met periodically in their respective posts or in the absence of such handbook, cause the development of such.
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Audit	1	1	2	<ul style="list-style-type: none"> • Check all financial reports against its compliance with both the internal financial management systems and pertinent accounting standards, including regulatory requirements. • Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Company, and crisis management • Pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit. • Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose threat to his independence. The non-audit work, if allowed shall be disclosed in the annual report. • Organize an internal audit department and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal. • Review the quarterly , half-year and annual financial statements before their submission to the Board, with particular focus on any change/s in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards and compliance with tax, legal and regulatory requirements. • Perform direct interface functions with the internal and external auditors.
				<ul style="list-style-type: none"> • Ensure that the internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties and personnel for the performance of their respective functions.

				<p>Develop a transparent financial management system to ensure the integrity of internal control activities throughout the company through a step- by-step procedure and policies handbook that will be used by the entire organization.</p> <p>Supervise, as directed by Management, the formulation of rules and procedures on financial reporting, internal control systems, internal audit examinations, compliance with financial reporting requirements and appointment of the external auditor in accordance with the guidelines under the revised Code for the benefit of all stockholders and other stakeholders.</p>
Nomination	1	1	1	Pre-screen and shortlist all candidates nominated to become members of the Board of Directors in accordance with a pre-determined set of qualifications and disqualifications based on the Manual on Good Corporate Governance.
Executive	1	3	1	Pre-clear or approves investment proposals, strategic issues and other matters that may be determined and delegated to it by the Board of Directors.

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held (2015)	No. of Meetings Attended	%	Length of Service in the Committee*
Chairman (NED)	Oscar J. Hilado	April 14, 2016	none	none		> 9 years
Member (ED)	Magdaleno B. Albarracin, Jr.	April 14, 2016	none	none		> 9 years
Member (ED)	Ramon R. del Rosario, Jr.	April 14, 2016	none	none		> 9 years
Member (NED)	Jose L. Cuisia, Jr.	April 14, 2016	none	none		> 9 years
Member (ID)	Guillermo D. Luchangco	April 14, 2016	none	none		3 years

*Based on available records from 2003 onwards.

(b) Audit and Risk Management Committee

Office	Name	Date of Appointment	No. of Meetings Held (2015)	No. of Meetings Attended	%	Length of Service in the Committee *
Member (ED)	Magdaleno B. Albarracin, Jr.	April 14, 2016	6	6	100%	> 9 years
Member (ED)	Victor J. del Rosario	April 14, 2016	6	4	67%	> 9 years
Member (ID)	Roberto F. de Ocampo	April 14, 2016	6	6	100%	7 years
Member (NED)	Filomeno G. Francisco	April 14, 2016	6	6	100%	3 years

Based on available records from 2002 onwards.

Disclose the profile or qualifications of the Audit and Risk Management Committee members.

Roberto F. de Ocampo became the first Filipino to receive the “Global Finance Minister of the Year” award from Euromoney. The Association of Development Finance Institutions of Asia and Pacific (ADFIAP) named him as Asian Minister of the Year. He was again recognized as Asian Finance Minister of the year by Asiamoney. He is known nationally and internationally for public and international finance, having been Chairman of the APEC and ASEAN Finance Ministers as well as member of the Board of Governors of the World Bank, International Monetary Fund, and the Asian Development Bank. He was Secretary of Finance during the presidency of Fidel V. Ramos. Prior to these posts, he also served as the Chairman and Chief Executive Officer of the Development Bank of the Philippines. He is the past president of the Asian Institute of Management (AIM) and was a member of the AIM Board of Trustees. At present, he is the Chairman of the Philippine Veterans Bank and also Chairman of the Board of Advisers of the RFO Center for Public Finance and Regional Economic Cooperation, which is an ADB Regional Knowledge Hub. Dr. de Ocampo is a recipient of many international and national honors. He was named to the Ordre National de la Legion d’ Honneur by the Republic of France with the rank of Chevalier. He was also conferred by Her Majesty Queen Elizabeth II the Most Excellent Order of the British Empire (OBE). He has also been awarded the Philippine Legion of Honor, the highest honor conferred on Filipino civilians by the Republic of the Philippines. He became independent director of the company on 2 April 2009.

He is currently Chairman of Philam Asset Management Inc. and independent director of Alaska Milk Corp., Robinson’s Land Corporation and EEI Corporation, among others. He is a graduate of both De La Salle and the Ateneo Universities, has a Master’s degree in Business Administration from the University of Michigan, and a post-graduate diploma from the London School of Economics. He has been conferred Doctorates (Honoris Causa) by San Beda College, De La Salle University, Philippine Women’s University and University of Angeles City

Filomeno G. Francisco was formerly President and Chief Operating Officer of AB Capital and Investment Corporation (ABCIC). He is currently a Director of PHINMA Property Holdings Corporation and Ginory Holdings Corporation. Mr. Francisco served on the Boards of trade organizations, Investment House Association of the Philippines, Philippine Stock Exchange, PSE Foundation and Manila Stock Exchange. Mr. Francisco also held directorates in ABCIC, Cebu Holdings, Inc, Philippines Long-Term Equity Fund, Hi Cement Corporation, and United Pulp and Paper Co., Inc. He has a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University.

Magdaleno B. Albarracin, Jr. has been Senior Executive Vice President of the Company since 1988 and is Vice-Chairman of Phinma, Inc. He also holds directorates in various Phinma companies. Dr. Albarracin served as Dean of the University of the Philippines College of Business Administration, as member of the Board of Regents of UP, as member of the Board of Trustees of the University of San Carlos, Cebu City and as President of the Asean Federation of Cement Manufacturers. Dr. Albarracin has a Bachelor of Science degree in Electrical Engineering from the University of the Philippines and a Master of Science degree in Electrical Engineering from the University of Michigan. He obtained his Master in Business Administration degree from the University of the Philippines and his Doctorate in Business Administration from Harvard University. He has been a Director of the Company since 1980.

Victor J. del Rosario is an Economics and Accounting graduate of De La Salle University and holds a Master's degree in Business Administration from Columbia University. He was elected as director on September 15, 2008. He is the Vice-Chairman of Union Galvasteel Corporation and is the Executive Vice President and Chief Strategic Officer of PHINMA Inc., For PHINMA Corp, he is Executive Vice President and Chief Financial Officer. He is also a member of the Board of Directors of PHINMA Inc., Trans-Asia Oil and Energy Development Corporation, Trans-Asia Petroleum Corporation and other PHINMA-managed companies. Mr del Rosario is the brother of Mr. Ramon R. del Rosario, Jr.

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

- Pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit.
- Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the corporation's annual report;
- Perform direct interface functions with the internal and external auditors.
- Ensure that the internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties and personnel for the performance of their respective functions.
- Assess the performance of the external auditor on an annual basis prior to the committee's endorsement of the external auditor's engagement to the board and shareholders for the succeeding year.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held (2015)	No. of Meetings Attended	%	Length of Service in the Committee*
Chairman (NED)	Oscar J. Hilado	April 14, 2016	1	1	100%	> 9 years
Member (ED)	Ramon R. del Rosario, Jr.	April 14, 2016	1	1	100%	6 years
Member (ID)	Guillermo D. Luchangco	April 14, 2016	1	1	100%	4 years

*Based on available records from 2003 onwards.

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meeting Held (2015)	No. of Meetings Attended	%	Length of Service in the Committee*
Chairman (NED)	Jose L. Cuisia, Jr.	April 14, 2016	none	none		> 9 years
Member (NED)	Oscar J. Hilado	April 14, 2016	none	none		> 9 years
Member (ED)	Ramon R. del Rosario, Jr.	April 14, 2016	none	none		> 9 years
Member (ID)	Roberto F. de Ocampo	April 14, 2016	none	none		1 year

Based on available records from 2003 onwards.

(e) Others (Specify) Retirement Committee

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

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee*
Chairman (NED)	Oscar J. Hilado	April 14, 2016	none	none		>6 years
Member (ED)	Magdaleno B. Albarracin, Jr.	April 14, 2016	none	none		>6 years
Member (ED)	Victor J. del Rosario	April 14, 2016	none	none		>6 years
Member (ED)	Roberto M. Laviña	April 14, 2016	none	none		>6 years

*Based on available records from 2007 onwards.

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
Compensation	Roberto F. de Ocampo	Replaced Mr. Felipe Alfonso who passed on last April 5, 2013.
Executive	None	
Nomination	None	
Audit and Risk Management	Roberto F. de Ocampo	Replaced Mr. Felipe Alfonso as Chairman who passed on April 5, 2013.
Others (specify)Retirement	None	

4) Work Done and Issues Addressed

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

Name of Committe	Work Done	Issues Addressed
Executive	Approval of contracts, bids and other major transactions as delegated by the Board.	
Audit and Risk Management	Approved quarterly and annual audited financial statements; approved the revisions of the Audit Charter; reviewed Business Resiliency Program and subsequent reports on action plans, reviewed the Integrity Assurance Program status and reviewed and approved audit plan of SGV and Internal Audit, recommendation of external auditor for the succeeding year	Reviewed audit issues, including impairment losses, related party transactions and other provisions. Reviewed risk analysis of different business units and called for subsequent periodic reviews.
Nomination	Prequalification and screening of candidates for Board of Directors; Submitted list of nominees to the Board	Reviewed qualifications of directors nominated.

Remuneration	Salary increases and variable compensation of officers	Reviewed proposed salary increases for the year for officers.
Others (specify)		

5) **Committee Program**

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

Name of Committee	Planned Programs	Issues to be Addressed
Executive		
Audit and Risk Management	Review of Business Resiliency Program and Integrity Assurance Program Review of Internal Audit Charter	To address audit of financial reporting process. To address plan to organize two separate committees for Audit and Risk Management
Nomination	None	
Remuneration	None	
Others (specify)	None	

F. **RISK MANAGEMENT SYSTEM**

1) **Disclose the following:**

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

PHINMA adopts a risk philosophy aimed at maximizing business opportunities and minimizing adverse outcomes, thereby enhancing shareholder value by effectively balancing risks and rewards. On March 21, 2013, the PHINMA Executive Committee, approved and mandated the implementation of the Business Continuity Management which has been renamed since then as PHINMA Business Resiliency Program. The program provides governance framework to develop business resiliency, build capability to safeguard the interests of the PHINMA Group's key shareholders, as well as the reputation and value-creating activities of the company in all its functions and operations.

PHINMA also recognizes risk management as an integral component of good corporate governance and fundamental in achieving its strategic and operational objectives. It improves decision-making, defines opportunities and mitigates material events that may impact shareholder value.

PHINMA's philosophy of risk management has its foundation in the concept that taking risks is required in order to seek rewards and fulfil the company's mission. However, these risks should be continuously identified and assessed to ensure that effective mitigation strategies are employed to the greatest extent possible.

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

A Business Resiliency Program is currently in place for the entire PHINMA Group. This program supersedes the previous Business Continuity Management program and expands its coverage further by going beyond the traditional confines of BCM and integrates Risk Management concepts with the disciplines of Disaster Response Planning, Crisis Management and Communications and Business Continuity Planning.

The Audit and Risk Management Committee, who has been tasked to review and monitor the program, conducts a periodic assessment of the top risks per business unit as well as the mitigation plans for the same. The last Risk Management meeting was conducted August of 2016 wherein business heads were asked to make presentations for the identified risks alongside their mitigation plans to the Audit and Risk Management Committee. After which, the Committee decides to approve or request for revision on the mitigation plans. In general, the Audit and Risk Management Committee found the proposed risk mitigation plans of the business units effective and adequate.

(c) Period covered by the review: Year 2016

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

Effective year 2013, all member companies of the PHINMA Group undergo a risk assessment exercise on a semi-annual basis in coordination with the Business Resiliency program. The results of these assessments, together with the overall implementation of the risk management system, including the Business Resiliency Program, will be subject to a review of its adequacy and effectiveness by the Audit and Risk Management Committee. This is then presented and approved by the Audit and Risk Management Committee of the major shareholders of the Company, Phinma Inc. and Phinma Corp as part of their oversight responsibilities. The most recent presentation was in August 2016.

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

2) Risk Policy

(a) Company

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

Top 3 Risks:

Risk Exposure	Risk Management Policy	Objective
Competition Risk	Anticipate, respond and adapt to changes in the competitive landscape, wherein market conditions are driven by changes in supply and demand and actions from competitors.	To ensure that the Group remains a competitive and significant player in its chosen industries.
Market Risk	Anticipate, respond and adapt to changes in the market and advocate for positive and consistent regulatory policies.	To ensure that the Group is able to adapt and respond to changes in the market in a strong and timely manner with positive impact for the

		Group.
Talent Management Risk	Attract, develop, assign and retain excellent talent aligned with long-term career development and succession planning.	To ensure effective implementation of the business plan with continuity through a competent and agile work force and sound succession planning.

(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:

Top 3 Risks:

Risk Exposure	Risk Management Policy	Objective
Competition Risk	Anticipate, respond and adapt to changes in the competitive landscape, wherein market conditions are driven by changes in supply and demand and actions from competitors.	To ensure that the Group remains a competitive and significant player in its chosen industries.
Market Risk	Anticipate, respond and adapt to changes in the market and advocate for positive and consistent regulatory policies.	To ensure that the Group is able to adapt and respond to changes in the market in a strong and timely manner with positive impact for the Group.
Talent Management Risk	Attract, develop, assign and retain excellent talent aligned with long-term career development and succession planning.	To ensure effective implementation of the business plan with continuity through a competent and agile work force and sound succession planning.

(c) Minority Shareholders

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

Risk to Minority Shareholders
Dilution of minority shareholders in case of waiver of pre-emptive rights.

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, Programs)

Competition Risk	PHINMA has been conducting risk assessments of its strategic business units and using the results from these to support decisions that are made in the semi-annual planning sessions, as well as ensuring the avoidance and mitigation of these risks by periodically monitoring the companies' operations and its competitors.	<ul style="list-style-type: none"> • Strategic planning is done every year with a long-term view for project developments • Mid-year Business Plan Reviews • Monthly SBU performance reviews
Market Risk	The Group is in a highly competitive industries wherein market conditions are driven by changes in supply and demand and regulations. The firm must anticipate and respond to changes in the market in order to remain competitive.	<ul style="list-style-type: none"> • Extensive and rigorous due diligence investigation of every new project it pursues • Entering into new partnerships and alliances • Advocate for positive and consistent regulatory policies
Talent Management	The Group aims to be a knowledge based organization wherein each level is equipped and empowered for critical analysis and sound decision making. The focus is to Attract, Develop, Place, and Retain excellent talent, in order to execute the Group's long-term plans.	<ul style="list-style-type: none"> • Career and Succession Planning Program • Compensation Benchmarking Study every 2 years • Coaching Program • Trainings, workshops and seminars

(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, Programs)
Competition Risk	PHINMA has been conducting risk assessments of its strategic business units and using the results from these to support decisions that are made in the semi-annual planning sessions, as well as ensuring the avoidance and mitigation of these risks by periodically monitoring the companies' operations and its	<ul style="list-style-type: none"> • Strategic planning is done every year with a long-term view for project developments • Mid-year Business Plan Reviews • Monthly SBU performance reviews

	competitors.	
Market Risk	The Group is in a highly competitive industries wherein market conditions are driven by changes in supply and demand and regulations. The firm must anticipate and respond to changes in the market in order to remain competitive.	<ul style="list-style-type: none"> • Extensive and rigorous due diligence investigation of every new project it pursues • Entering into new partnerships and alliances • Advocate for positive and consistent regulatory policies
Talent Management	The Group aims to be a knowledge based organization wherein each level is equipped and empowered for critical analysis and sound decision making. The focus is to Attract, Develop, Place, and Retain excellent talent, in order to execute the Group's long-term plans.	<ul style="list-style-type: none"> • Career and Succession Planning Program • Compensation Benchmarking Study every 2 years • Coaching Program • Trainings, workshops and seminars

(c) Committee

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

Committee/Unit	Control Mechanism	Details of its Functions
Audit and Risk Management Committee	Semi-annual reporting of risks	The Audit and Risk Management Committee requires all SBUs to assess the status of their key risks on a semi annual basis. The results of these assessments, together with the corresponding mitigation strategies, are presented by the SBU Heads themselves to the Audit Committee.
	Independent audits	The Audit and Risk Management Committee oversees the effective implementation of external and internal auditing activities that cover and control activities described above

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

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

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

Internal control system is an organized means by which the Company's resources are administered, regulated and assessed to ensure operational efficiency, accuracy in reporting, conformity with existing laws, regulations and policies and competent management of risks.

PHINMA's Group Internal Audit Charter is an independent and objective assurance consulting activity that is guided by a philosophy of adding value to improve the operations of the Company. While Internal Audit and Control is the main function of the Company's Internal Audit Department, adherence to the same is every employee's accountability. The Chief Audit Executive shall be bound to report functionally to the Board through the Audit Committee and administratively to the Senior Management.

The internal control system for PHINMA Corporation includes any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organizes, and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

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

Examinations of the internal control system were performed by Group Internal Audit following the approved Internal Audit Plan and the results thereof were presented to the Audit and Risk Management Committee. Based on this, the Audit and Risk Management Committee found the internal control system to be adequate and effective.

(c) Period covered by the review;

The Audit and Risk Management Committee reviewed the results of internal audit examinations of the internal control system based on the approved Internal Audit Plan for the Calendar Year 2016.

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

Internal controls are reviewed on an ongoing basis by Group Internal Audit, through a risk based audit plan that is presented to and approved by the Audit and Risk Management Committee annually. Controls are evaluated for adequacy and effectiveness by Group Internal Audit using a risk-control matrix and the result of such evaluation is presented to the Audit and Risk Management Committee during its quarterly meetings.

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

A review was conducted for the year 2016

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
Evaluate the reliability and integrity of information and the means used to identify, measure, classify and report such information Evaluate the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have significant impact on the organization	All internal auditing services (assurance and consulting)	In-house	Rolando D. Soliven, CPA, CIA, CFE, CQA, CRMA	A written report is prepared and issued by the Chief Audit Executive or designee following the conclusion of each internal audit engagement. The report is distributed as appropriate and communicated to the Board as well.
Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets				

*Group Internal Audit (GIA), is an independent, objective provider of assurance and consulting services designed to add value and improve the PHINMA Group’s operations.

** The Audit and Risk Management Committee, together with senior management, receives a copy of all audit reports. Other recipients, including the operating heads, are provided copies upon the discretion of the Internal Audit Head.

(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 and Risk Management Committee?

Yes. This is explicitly stated in the Internal Audit Charter, as approved by the Audit and Risk Management Committee. The same is also included in the Audit and Risk Management Committee Charter, under the Committee’s stated responsibilities.

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

The Head of Internal Audit functionally reports to the Audit and Risk Management Committee. As such, the appointment, qualification or termination of the Head requires the Audit and Risk Management Committee’s approval. The Audit and Risk Management Committee also receives periodic reports from the internal auditors on the progress of internal audit work and other relevant information. Furthermore,

in the Internal Audit Charter, as approved by the Audit and Risk Management Committee, the internal auditors have unrestricted access to the board and to all properties, records and personnel of PHINMA Corporation.

(d) Resignation, Re-assignment and Reasons

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

Name of Audit Staff	Reason
Victoria Mae Pilapil	Voluntary resignation (November 2013)
Allan Pablo	Voluntary resignation (December 2013)
Angeleen B. Manzano	Voluntary resignation (September 2015)
Forrest Shane R. del Mundo	Voluntary resignation (September 2016)

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

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

Progress Against Plans	The 2015 Internal Audit Plan was satisfactorily executed in 2015.
Issues ⁶	As defined below, no “issues” were identified during the year.
Findings ⁷	No significant findings were found in 2015. Minor concerns identified were promptly and satisfactorily addressed by management.
Examination Trends	No pervasive issues and findings were found in 2015. Minor concerns identified were promptly and satisfactorily addressed by management.

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

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

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

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

(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 Charter	Implemented since 2003, revised in 2012
Internal Audit Mission – Vision	Implemented
Code of Ethics	Implemented
Internal Audit KPIs and Initiatives	Annual implementation, with 2013 values
Engagement Planning	Implemented
Internal Audit Reporting	Implemented
Conducting Audit Engagements	Implemented
Risk – Control Matrix	Implemented
Time Reporting	Implemented
Client Feedback Monitoring	Implemented
Communications Protocol	Implemented

(g) Mechanisms and Safeguards

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

*The Company has not retained the services of financial analysts as well as rating agencies.

INTERNAL AUDITOR	EXTERNAL AUDITORS
Code of Ethics – All internal auditors of PHINMA Corporation adhere to the Code of Ethics prescribed by the Institute of Internal Auditors (IIA). The said Code lists four principles, one of which is "Independence", which form part of the mandatory guidance for IIA members.	Statement of Independence – The external auditor is required to declare their independence to the Audit and Risk Management Committee prior to their appointment and after the release of the audit results.
Conflict of Interest – All internal auditors of PHINMA Corporation adhere to the PHINMA Code of Conduct, which includes a prohibition on conflict of interest.	Inquiry of Disagreements with Management – The Audit and Risk Management Committee inquires the external auditor on matters of disagreement with Management, if any.
Functional Reporting to the PHINMA Corporation Audit and Risk Management Committee – To protect its organizational independence, the Head of internal audit functionally reports to the Audit Committee.	Adherence to Philippine Standards on Auditing – The external auditors are required to state their adherence to local auditing standards prior to their appointment and after the release of the audit results.

Internal Audit Charter – The internal audit team functions under an Internal Audit Charter as approved by the Audit and Risk Management Committee which, in turn, is empowered by the Board of Directors through its Audit Committee Charter. This Charter provides broad authority levels to the internal audit team, including the authority to determine its own audit scope, techniques and methodologies, and unrestricted access to all properties, records and personnel.	
Risk based Audit Plan – The Internal Audit Plan is approved by the Audit Committee and monitored for effective implementation.	

(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.

The Chairman and the CEO shall attest to the Company’s full compliance with the SEC Code of Corporate Governance as embodied in the Company’s Revised Manual on Good Corporate Governance as approved by the Board on March 3, 2011 and further amended and approved on May 28, 2014. All directors, officers and employees have been informed of their responsibilities under the Company’s manual and internal procedures are in place to ensure compliance of the same.

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers’ welfare	<p>Every business under the PHINMA group is geared towards making life better in pursuit of its mission of nation-building.</p> <p>On the Education front – the company is committed to providing accessible quality education to low-income families in developing urban centers. Further, the schools offer financial assistance, and through various programs, provide tuition scholarships to underprivileged and deserving students. Its thrust on quality educations has produced an 80% across the network passing rate in 26 various board exams.</p>	<p>In the conduct of our business, all efforts are taken to ensure that we are able to provide improved access to the essentials of a dignified life in congruence to the company’s Mission Statement. The PHINMA Group firmly believes that its commitment to ethical business practices, good corporate governance and social responsibility is vital and integral to the pursuit of its Mission: to help build our Nation through competitive and well-managed business enterprises that enable Filipinos to attain a better quality of life. In its steadfast adherence to the Core Value of Integrity, PHINMA became one of the first to sign the Integrity Pledge and, in turn, launched its own</p>

	<p>For Housing- Phinma Properties is a triple ISO-certified housing developer , recognized for its quality , safety and environment-friendly designs. This is a testament to the company’s commitment to providing quality homes for its customers.</p> <p>For steel and roofing products – In its commitment to provide consistent quality service, UGC has continued to pursue its customer-focused strategy of ensuring a consistently remarkable experience for every customer.</p> <p>For hotel- Address the need for affordable quality hotel service in the country.</p> <p>*For the Energy group- refer to the ACGR of Phinma Energy and Trans-Asia Petroleum Corporation</p>	<p>comprehensive, Group-wide implementation through the Integrity Assurance Program.</p> <p>For Education - In 2015, Phinma Education focused on improving retention rates in schools. The Student Success Program addresses non-academic retention issues such as student adjustment and integration. Activities to improve confidence, motivation, and belongingness were implemented as part of an overall support system.</p> <p>For Housing- active collaborations with the local government units in various locations to provide quality socialized housings specifically in Bacoor, Malabon and Bulacan. The National Housing Authority requested Phinma Properties to produce a template for community management for future government housing projects.</p> <p>For steel and roofing products- To sustain its customer-focused strategy, the company established a customer feedback system and aligned business processes for a seamless operations flow thereby increasing service levels resulting to higher customer satisfaction.</p> <p>For hotel – Back to basics approach and focuses on providing consistently clean, comfortable and secure accommodations at value rates.</p>
Supplier/contractor selection practice	Strict compliance is implemented of the policies on Gift and Gratuities across all the companies under the Phinma Group.	PHINMA Corporation, under the Integrity Assurance Program, launched a Vendor Integrity Programs (VIP) last August 2015 at PHINMA Plaza in Rockwell, Makati City. This program aims to engage key business partners, particularly its accredited vendors and top service providers, and actively involve them in PHINMA’s steadfast commitment to its core value of integrity.

		<p>The VIP kicked off with an orientation session entitled “Partners In Integrity” which was attended by top vendors of PHINMA Inc., PHINMA Corporation and TO Insurance Brokers last August 11 and October 6, 2015 at PHINMA Plaza. In these sessions, the vendors’ representatives met with key PHINMA Officers, Ms. Cecille Arenillo and Mr. Rolando Soliven, the Integrity Officer of PHINMA Corporation and the Vice President for Group Corporate Assurance, respectively, to discuss the objectives and mechanics of the program.</p> <p>Under the VIP, accredited vendors are expected to enter into an Integrity Pact with PHINMA Corporation. This Integrity Pact embodies the commitment of both PHINMA and its vendors to refrain from engaging in activities that are contrary to PHINMA’s core value of Integrity, especially those that relate to bribery, corruption and fraud. This Integrity Pact also includes a firm commitment from the vendor to become a signatory of the Integrity Pledge, a landmark document of the anti-corruption, private-sector campaign known as the Integrity Initiative.</p> <p>85% or 17 out of the top 20 vendors of Phinma Inc, Phinma Corporation and TO Insurance brokers attended the orientation sessions.</p> <p>The Vendor Integrity Program forms part of the overall PHINMA Integrity Assurance Program, an umbrella program of PHINMA Corporation that is implemented by all member companies across the entire PHINMA Group.</p>
Environmentally friendly value-chain	Company policy states that, to the extent possible, the Company favors contracts that include provisions for compliance with environmental laws and regulations.	The Phinma Plaza has long implemented an energy reduction program wherein air conditioning units are required to be kept at a specific temperature to ensure energy efficiency and conservation. This is under the Juan Matipid program which

		also includes other building reminders so employees may keep in mind of various efficient ways of energy conservation.
Community interaction	As part of its mission of making life better for Filipinos, the company has various corporate social responsibility initiatives in the communities it operates in, and encourages employees to actively participate in its programs.	<p>PHINMA HERO Network, the company's <i>volunteer</i> program for social responsibility engagements had the following initiatives for the year 2014 :</p> <p>PPHC, through the HERO Network's SPARK Projects, conducted a series of Disaster Resiliency and Health Seminars for their various properties and surrounding communities</p> <p>Mano Amiga Around the World Activity, where employee volunteers helped give the children a glimpse into the worlds and cultures of Brazil, India, and Egypt.</p> <p>THE HERO Network continued its partnership with PHINMA Foundation Inc. through their Big Brother-Big Sister Program for the PHINMA National Scholars.</p> <p>PHINMA HERO Volunteers joined Trans-Asia's annual Brigada Eskwela last May 2014, where they helped repaint and repair tables, chairs, and classrooms in partner public schools.</p> <p>In cooperation with World Vision, the HERO Network sponsored Larong Pilipino, a summer activity with the World Vision kids where they played traditional Filipino games.</p> <p>Headed by the Business Resiliency Program, employees volunteered to be part of the Emergency Response Unit of PHINMA, a number of whom received certifications from Red Cross for First Aid and Basic Life Skills.</p> <p>HERO Launched a group-wide fundraiser called Gimme 5 in November, where each SBU raised funds to support a partner community</p>

		<p>of their choice. The fundraiser culminated in PHINMA's first ever PHINMA</p> <p>Community Day on December 13, where PHINMA Employees nationwide contributed their time and effort to make life better for their chosen partners through various activities.</p> <p>In line with the wellness initiatives of the HR Department of PHINMA, the HERO Network, through the Philippine Red Cross, organized a blood donation drive for PHINMA Plaza employees last July 29. More than 40 employees from the various companies occupying PHINMA Plaza came to donate their blood but only 25 donors were eligible.</p> <p>In 2016, PHINMA HERO Activities kicked off with a PNS Leadership Conference which is a 3-day leadership seminar for the PHINMA National Scholars. 30 employee volunteers helped in making this activity a success.</p> <p>In July, a Red Cross Blood Donation Drive was held with 23 employee volunteers and 15 bags of blood collected.</p> <p>In the same month, PHINMA Group's one day nationwide outreach activity that focused on environmental preservation, community building and development was held simultaneously in 38 outreach sites with more than 1,600 volunteers.</p> <p>This activity boasted of the following :</p> <p>9 reforestation activities</p> <p>9 Cleanup drives</p> <p>3 mangrove planting activities</p> <p>2 building repainting activities</p>
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		<p>2 supply donation activities</p> <p>1 house construction activity</p> <p>10 medical mission and traffic assistance</p>
Anti-corruption programmes and procedures?	<p>Phinma policy expects its officers and employees to practice the highest standards of business conduct in every business relationship.</p> <p>It is the policy of the Company to practice the highest standards of business conduct in every business relationship. The Company has adopted the Phinma Group Integrity Assurance Program that embodies these policies.</p>	<p>The Company supports the Integrity Initiative and is a signatory of the Integrity Pledge. Internally, the Company has approved the implementation of the Integrity Assurance Program that includes policies on fraud, sexual harassment, conflict of interest, insider trading, gifts and gratuities and whistle-blowing. One of the program's primary component is the Vendor Integrity Program which is the Company's answer to the call made by the Integrity Initiative to promote transparency and corruption-free business dealings across the country. Its three stages include: Vendor Orientation, Vendor Integrity Pact and Vendor Integrity Pledge. By integrating the Company's Integrity Assurance Program to its dealings with suppliers, the Company aims to proactively eradicate corruptive business practices.</p>
Safeguarding creditors' rights		<p>Creditors are treated with outmost transparency by way of full disclosure of the Company's financial data thru regulating agencies such as the Securities and Exchange Commission as well as The Philippine Stock Exchange. Semestral briefings for bank creditors are spearheaded by the Treasury Department to update bank creditors of the businesses' performance, outlook as well as challenges.</p> <p>The Company's website is duly updated in order to provide necessary updates regarding the Company's financial condition, involvements as well as future engagements that can used as reference by stakeholders. All contracts entered</p>

		<p>into by the Company with regards to obligations are based on terms acceptable to all parties and provide safeguards to all stakeholders.</p> <p>The Integrity Assurance Program (IAP) embodies PHINMA's unwavering commitment and reinforces its steadfast resolve to mutually serve the aspirations of shareholders and the needs of society. This Program also sets forth to guide and govern the entire PHINMA Group, its subsidiaries and controlled affiliates, together with its employees, officers and directors, in making decisions and taking actions that align with the PHINMA Core Values.</p>
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2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

Yes, descriptions and photos of the activities are provided and included as a section in the Company's Annual Report and a portion of the website is dedicated to the same.

3) Performance-enhancing mechanisms for employee participation.

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

SAFETY

To ensure building safety, the PHINMA Plaza is equipped with a smoke detection alarm system, where an alarm will be raised on the floor concerned, including floors directly above and below it. Each floor has its own fire exit, a stairway leading to the ground floor. A fire drill is conducted periodically in coordination with the municipality and periodic updates on incidents relating to the employees' safety are provided like reminders on security of personal belongings, security precautions in public places, email blasts on traffic rerouting schemes affecting employees, weather conditions, road conditions, etc.

HEALTH

PHINMA believes that a key factor to employee's productivity is one's health. It ensures that employees are in good state of health and can competently perform the physical demands of his job. Thus, the Company provides its employees a comprehensive medical check-up yearly so employees are able to be proactive in addressing any medical concerns they may have.

In responding to medical emergencies in the office, medical assistance is available at the company's retainer clinic as well as from the hospitals where the company has tie-ups. All employees are provided with a life insurance coverage, a hospitalization benefit as well as benefits for annual routine check-ups with accredited clinics and hospitals.

In 2015, the Human Resources Division of the Phinma Group launched the Phinma Wellness Program which is a holistic approach comprising of three dimensions namely: Personal, Social and Physical Wellness. Various

activities will be held in the course of the year to ensure that the program objective of supporting the employee value proposition, promoting awareness of wellness in a holistic manner and advocating living healthy lifestyles are achieved.

For 2016, below are the list of programs which were launched and/or on-going:

DATE	PROGRAM	FACILITATOR/PROVIDER	NO. OF PARTICIPANTS
May 27, 2016	Wellness Activity: Calligraphy Class	Ink Scribbler	10
June 3, 2016	Wellness Activity: Vaccination Day	TG Vax Marketing	35
June 24, 2016	Wellness Activity: Mystery Manila	Mystery Manila	14
July 1 , 2016	Wellness Activity: Photography Class	Michael Eugene Lotho	13
July 11-12 , 2016	Coaching for Success	Benchmark Consulting, Inc.	5
August 5, 2016	Professional Presence Workshop	Personi-fil Image Studio, Inc.	16
August 17, 2016	Coaching Clinic	Benchmark Consulting, Inc.	3

WELFARE: EMPLOYEE RELATIONS AND WELL-BEING PHILOSOPHY

PHINMA believes that its success depends on how engaged and productive its employees are. Thus, the Company shall continue to invest in quality, holistic, employee-focused and fun-filled programs and activities for the development and well-being of its employees. It shall offer them opportunities for interaction, bonding, sharing of views, creative thinking, and learning.

PHINMA also conforms to the regulatory and statutory requirements of the government. PHINMA subjects to regular audit and site visits of government agencies.

The company fosters open communication by holding semi-annual Employee Convocations where top management addresses all the employees of the Phinma Group to update them on the company's financial performance, business directions and initiatives. This is followed by an Open forum portion where employees can freely ask questions, give their comments and suggestions to top management. The last convocation took place

last 29 July 2016.

September 1, 2015 saw the opening of the PHINMA Employee Hub which is an accessible, online portal that allows employees' data access to various Company related information. Further, in 2016, an online training hub was launched to ensure that employees will have better access to training. The Phinma E-Learning hub was launched with the subject of Reputational Risk as its initial offering. This was launched in August 1, 2016

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

HEALTH

About 52% of employees underwent Annual Routine Check-up for the year 2015. No serious accidents nor material theft or security breach were reported at the office premises. Further, a Flu Vaccination Day was offered to employees last June 2015 and 2016. Likewise, a Bowling Tournament was held from September 23 to October 14, 2015 which fostered a healthy, competitive environment that allowed employees from across the group to engage in sports while building camaraderie. In 2016, the Human Resources Department is planning to hold a Badminton Tournament

As part of the Phinma Group, the company participated in the activities under the Phinma Wellness Program. Below is the data for one of its programs.

The Surprise Healthy Snacks which took place in the month of July 2015 had the following number of participants during its month-long run:

COMPANIES					
PHINMA Inc.	4	5	4	5	4
PHINMA Corp.	1	1	1	1	1
T-O Insurance	8	8	6	8	6
Foundation	3	3	3	3	3
Trans-Asia	6	4	5	5	5
SLTEC	1	1	1	1	1
TAREC	6	0	6	6	1
%		86%	90%	93%	87%
GRAND TOTAL	164	141	148	153	142

Safety

Last 30 July 2015, a group-wide Earthquake Drill was facilitated by the Business Resiliency Group to better equip the employees with information vital to survival should the circumstance arise. Further, this exercise allowed the employees to internalize and execute plans of action which are to be taken for life survival.

The annual fire drill of Phinma was conducted May 4, 2016 with 90% estimated participation.

The Company's Business Resiliency Program has delegate Marshals for every floor in the Phinma Plaza. These employees are tasked to spearhead evacuation as well as provide immediate feedback to the Business Resiliency of

the situation on the ground in case of fires, earthquakes, flood and the likes.

Sufficient warnings and cancellation of work are sent to every employee of the Phinma Group in the event that weather conditions present itself to be less favorable. At the same time, the Business Resiliency Team also provides timely traffic updates to aid the employees in the transportation crisis of the city.

Welfare

The company fosters open communication by holding semi-annual Employee Convocations where top management addresses all the employees of the Phinma Group to update them on the company's financial performance, business directions and initiatives. This is followed by an Open forum portion where employees can freely ask questions, give their comments and suggestions to top management. The last convocation took place 29 July 2016.

The Phinma Group held its 2015 annual summer outing in Terrazas de Punta Fuego, Nasugbu , Batangas last 23 May 2015 where 325 employees and guests attended. For 2016, the summer outing was held last April 23, 2016 at Aquaria Water Park, Calatagan, Batangas where 229 employees and guests came.

To enjoy the country in the celebration of the Christmas season, a party was held last December 16, 2015 at the Rockwell Tent with 301 employees present.

As part of the Wellness Program, the company launched an in-house Library thru their Read to Grow campaign. The Library allows book lending during Fridays and book browsing during lunch break. This is to espouse a reading habit amongst its employees. The Read to Grow campaign was launched in July 8, 2016. Since its launching, the library has grown from 230 books to 309 as of writing. These are largely due to donations made by fellow bookworms within the organization.

Similarly, to encourage appreciation of the arts, the company, during its Volunteer Day, held a photo contest thru its social media facility. The selection winners of the contest whose theme centers on "PHINMA Reaches Out" will receive prizes and enjoy work exhibit within the office building. This is done not only to encourage hobbies among employees but also to inspire volunteerism across the group.

In September 19, 2014, the Department of Labor and Employment-NCR awarded the company its Certificate of Compliance on General Labor Standards and Occupational Safety and Health Standards for having been found compliant with general labor standards and occupational safety and health standards pursuant to a joint assessment conducted on Sept 18, 2014.

On April 19, 2016, the company hosted the Pag-Ibig Fund Orientation and Loyalty Card Capturing covering 150 employees.

State the company's training and development programmes for its employees. Show the data.

PHINMA is committed to the total development of its employees. It recognizes that employee competence and professionalism are essential to the Company's overall success and will therefore provide support for their learning and development. Through the different opportunities for growth that PHINMA provides, it emphasizes the important linkage between excellence and the organization's optimum performance.

Phinma shall promote:

Total Individual Development. We believe that values and attitudes are as important as knowledge and skills. Thus, we have both behavioral and technical training for our employees as we believe that personal growth and professional development are inseparable.

Employee Development as a Line Responsibility. We believe that the Human Resources Department and the Line Managers are partners in employee development. The Line Managers’ role in career development includes determining developmental needs, and creating opportunities for employee’s growth and application of learning. Self-Improvement and Commitment to Excellence. We believe that employees play a critical role in the growth of the business. Thus, PHINMA’s commitment to excellence requires us to engage in the process of continual improvement and development of our workforce. While we provide different opportunities for learning, our employees are responsible and accountable for the drive to further their own personal and professional development. They are likewise encouraged to apply their learnings in all forms as a commitment to improve themselves and their work performance. This application of learning shall also be employees’ contribution and commitment towards achieving the company’s objectives.

Definite measures are being taken to provide employees with training programs and meaningful job interactions. The basic objective is to develop abilities of the employee that can be beneficial in his work- place, home, social and community relationships.

External training covers all specialized training programs that are provided by external consultants or resource speakers. The courses may be offered in the form of public seminars that are conducted by external institutions. It may be an in-house training that is often applicable to the need of a select group or a few individuals.

Internal training covers training programs that are developed internally within the organization (either by HR or by select members of the company) to respond to the needs of a large group of employees. As part of PHINMA’s commitment to promote a continuous learning environment, the PHINMA Group Development Programs was recently launched. The programs address the learning and development needs of different employee segments and strengthen their competence and skills. All programs have core courses which are common to all, aligned with the core competencies, and are pre-requisite to certain other courses. The following are the various development programs that have started to be implemented this year:

- Staff Excellence Program
- Junior Management Program
- Line Managers’ Excellence Acceleration Program
- Leadership Development Program
- Senior Officers’ Advancement Resources

Another basic internal training sponsored by HR is the company orientation. This program is tailored for all employees who are newly hired, newly regularized and those who have just rendered their first year of service with the company. The program aims to instill a sense of commitment to the goals and objectives of the company among these employees. The orientation program also updates the participants on the company’s rules and regulations.

4) Below is the complete list of trainings for the year 2015 :

Title	Facilitator	Date/s of Conduct	Number of Participants
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PHINMA 2015 Leadership Forum	Francis J. Kong	November 09, 2015	22
Nutrition in the Workplace	Adrienne Venish C. Gawtee, RND	October 19, 2015	9
Problem Solving and Decision Making Workshop	Salt & Light Ventures	October 16, 2015	5
Module Training for Teachers	Nephila Web Technology Inc.	October 23-24, 2015	1
Basic Root Cause Analysis+A7	Rosehall	September 18, 2015	7
PHINMA Strategy Execution	John Clements - Harvard Business Publishing	Aug. 7, 28 & Sept. 18, 2015	4
Time & Task Management for Productivity	Salt & Light Ventures	August 25, 2015	8
Personal Financial Fitness Program	Mindbroker Corporation	July 31, 2015	5
Microsoft Advanced Excel	STI	June 25-26, 2015	2
Symantec Endpoint 12.1 Administration	Edupro	June 1-5, 2015	1
Module Training for Teachers	Nephila Web Technology Inc.	May 29-30, 2015	1
Strategic Negotiations Workshop	Prof. Manuel J. De Vera (Facilitator)	May 13-14, 2015	3

Executive Coaching Champions To Drive Business Impact	Development Dimensions International (DDI)	April 29, 2015	7
Effective Presentation Skills	Mindbroker Corporation	April 22-23, 2015	3
Core Values/Integrity Assurance Roadshow	Integrity Assurance/ Daisy Alvior	March 10 & 18, 2015	7
Crisis Management & Communication Planning Forum	Ogilvy	March 19, 2015	18

Below are the 2016 trainings which have been completed:

Title	Facilitator	Date/s of Conduct	Number of Participants
Coaching for Success	Benchmark Consulting	May 5-6, 2016	6
Business Process Improvement Thru 7 Management Tools	Neville Clarke	April 6-7, 2016	6
Handling Tax Assessment	PICPA NMMC	March 31, 2016	2
Decision Techniques, Problem Solving and Creative Visualization	PICPA	March 22, 2016	2
BOA Updates, Personal Planning	PICPA	March 18, 2016	2
FS and Fundamental of FS Analysis	PICPA NMMC	March 12, 2016	2

Accountancy Profession: Cases & Applications	PICPA	March 09, 2016	2
Ethics and Good Governance	PICPA EMMC	March 07, 2016	2
Comprehensive Corporate Income Taxation & VAT Taxation	PICPA EMMC	March 04, 2016	2
Tax Season Reminders	PICPA EMMC	March 01, 2016	2
Creating Powerful Presentations	Mindbroker Corporation	February 26, 2016	6
Thematic II/ PFRS: Changes in 2016 and Beyond/ 4 units Thematic II/ Accounting for PPE and Investment Properties/ 4 units	Sycip, Gorres, Velayo & Co.	April 29, 2016	12
Thematic I/ BOA Updates, Accountancy Law, Accreditation Requirements, MRA	Sycip, Gorres, Velayo & Co.	May 2, 2016	5
Thematic II/ A Workshop on the Preparation of Interim Financial Statements	Sycip, Gorres, Velayo & Co.	May 3, 2016	6
Cyber Security Fundamentals	Sycip, Gorres, Velayo & Co.	May 13, 2016	17
Thematic III/ Ethical, Governance and Quality Principles	Sycip, Gorres, Velayo & Co	May 18, 2016	14
Thematic IV/ Regulatory updates (BIR, BOC, BOI, PEZA)	Sycip, Gorres, Velayo & Co	May 24, 2016	8

Thematic III/ Risk Management and Internal Control Thematic II/ Related Party Transactions and Disclosures	Sycip, Gorres, Velayo & Co	June 3, 2016	21
Thematic V/ Procurement Fraud Fraudulent Disbursements	Sycip, Gorres, Velayo & Co	August 1, 2016	21

Below are the trainings which are to be conducted for the remainder of the year:

Target Date	Program
September 2, 2016	Performance Management and Pro-Active Employee Relations
September 21, 2016	Corporate Governance for Directors and Senior Officers
September 22-23, 2016	Coaching Workshop : Coaching for Success
October 4, 2016	Coaching Clinic
October 13 -14 , 2016	Execution Excellence
October 15, 2016	Wellness Activity : Badminton Day
November 14, 2016	2 nd PHINMA Leadership Forum
December 2, 2016	Special Feature: Developing GRIT and Adversity Quotient
December 2, 2016	Wellness Activity : Karaoke Night

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

The Company's Human Resources Group has implemented the Balanced Scorecard system in 2015. It aims to eradicate subjectivity in terms of employee evaluation and make performance evaluation more standard. Its successful implementation for the year became the basis for employee salary increases in 2016. Thru the scorecard, the employees training and coaching needs are easily identified as well as monitored thereby providing a solid background for numeric ratings by year end. Its "critical incident" component allows for transparency in terms of learning opportunities and action items.

5) 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.

A Group-wide Integrity Assurance Program was launched in June 2014 that aims to:

- Convey with resolve the PHINMA Group's steadfast commitment to Integrity
- Institutionalize the adoption of policies, programs and practices that will foster and sustain an ethical business environment
- Comply with relevant regulatory requirements on transparency, good governance and ethical business practices

- A series of roadshows that started December of 2014 and meant to continue until the end of 2015 has been scheduled to create awareness across the PHINMA group and its vendors regarding the details of the Integrity Assurance Program.
- A dedicated e-mail service called the Integrity Hotline was likewise launched 22 December 2014 to ensure confidentiality in reporting. PHINMA's Whistleblower Policy, which is integrated in the same program, has provisions on retaliation. In detail, the policy states that any whistleblower who believes he/she is being retaliated against must contact the Integrity Officer or the PHINMA GIA head immediately. Further, anyone who is proven to have retaliated against a whistleblower will be penalized in accordance to the imposed penalties on the Employee Handbook.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more (as of June 30, 2016)

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corporation (Non-Filipino 33.49% and Filipino 21.57%)	143,806,516	55.22%	Various
Philippine Investment Management, Inc.	89,003,086	34.17%	

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

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	Other than the programs on corporate governance that is required under the company's manual on good corporate

	governance, periodic economic briefings, director briefings on industry trends and updates on relevant best practices conducted by the company, the company does not have a formal board and director development program. With the qualifications, business experience, affiliations and concurrent positions in other companies of its directors, the company believes that its directors are sufficiently and effectively capable of performing their duties as directors.
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

Name of auditor	Audit Fee	Non-audit Fee
SGV and Co.	P 3,700,000.00	0

4) Medium of Communication

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

Information is disseminated through disclosures to the Philippine Stock Exchange (PSE) and the Securities and Exchange Commission (SEC), through the Company's website, through the Information Statements and Annual Reports sent to Shareholders. Information is also disseminated through the Annual Shareholders' Meeting.

5) Date of release of audited financial report: 21 March 2016

6) Company Website

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

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

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

7) Disclosure of RPT

The related party transactions as disclosed in the consolidated financial statements as of December 31, 2015 are as follows:

Company	Relationship	Nature	Due to Related Parties	Due from Related Parties
Phinma, Inc.	Ultimate parent	Share in expenses, Management bonus	38,241	655
Phinma Property Holdings Corporation	Associate	Subscription payable	154,660	1,384
		Share in expenses		54
Trans-Asia Oil & Energy Development Corporation	Associate	Share in expenses		364
AB Capital & Investment Corp.	Associate	Share in expenses		5
Microtel Development Corporation	Other related parties	Subscription payable	52,000	153
		Share in expenses		
Phinma Foundation, Inc.	Other related parties	Share in expenses		14
Others	Other related parties	Share in expenses		999

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?

Based on the policy on related party transactions, transactions with related parties (joint ventures, subsidiaries, affiliates, close family members, etc.) are subject to a fair and arm's length terms, and subject

to the approval of management, the board and/or the shareholders, depending on the nature of the transaction.

All related party transactions that go beyond the allowed thresholds are subject to the approval of the shareholders.

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	As stated in Article II Item 6 of the Company's By-Laws " A Majority of the stock issued and outstanding either in person or by proxy shall constitute a quorum for the transaction of business at any meeting of the stockholders"
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(a) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

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System Used	Modified Viva Voce
Description	<p>Shareholders are sent copies of the Information Statement at least 15 business days before the date of the Annual Stockholders' Meeting including a proxy sheet along with the Notice of Stockholders Meeting as well as a detailed discussion of the Agenda. The Proxies are thereby tabulated and the results of the same are noted by the Office of the Corporate Secretary.</p> <p>A motion is made and seconded for the approval of each agenda item and the results are hence announced before the stockholders.</p> <p>Voting is done by raising of hands or viva voce; otherwise, in case of "nay" votes, voting shall be done in writing by secret ballot and counted thereafter by the Corporate Secretary in the presence of SGV & Co. to be able to validate the counting</p>

(b) 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
Right to vote	n/a
Pre-emptive Rights, except as provided in Seventh Article, paragraph B of the Articles of Incorporation	
Right to inspect corporate books	
Right to receive information which is required to be disclosed by the company	

Dividend Policy

The Company declares cash or stock dividend to its common shareholders on a regular basis, in amounts determined by the Board, taking into consideration the Company's results of operations, cash position, investment and capital expenditure requirements and unrestricted retained earnings.

The Company may also declare special dividends where appropriate. There is no restriction on payment of dividends other than the availability of retained earnings following the SEC rule on calculation of available retained earnings for dividend declarations.

All shareholders are treated equally thus the Company strives that dividends are paid in an equitable and timely manner within 30 days after its declaration.

Declaration Date	Record Date	Payment Date
March 4, 2016	March 18, 2016	March 31, 2016

(c) Stockholders' Participation

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

Measures Adopted	Communication Procedure

<p>The Board aims to be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders are encouraged to personally attend such meetings. If they cannot attend, they are apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, it is company practice that any doubt about the validity of a proxy should be resolved in the Shareholder's favor</p>	<p>Before the stockholder meeting, notice of the stockholder's meeting, together with a copy of the Information Statement and a Proxy Form, are sent to each stockholder of record. This is to afford stockholders to review the materials and formulate their questions, if any, to the management.</p> <p>During each the stockholder meeting: Time is allowed to accept questions and comments from the stockholders, to allow discussion regarding the former between the stockholders and the management</p>
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2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

- a. Amendments to the company's constitution – As stated in Article VIII of the Company's By-Laws, the stockholders by the affirmative vote of the majority of the stock issued and outstanding and entitled to vote may make, alter or amend the By-Laws at any regular meeting or special meeting called for that purpose. Provided, however, that the owners of two thirds of the subscribed capital stock may delegate to the Board of Director the power to amend or repeal any by-laws or adopt new by-laws. Such delegation of power shall be considered as revoked whenever a majority of stockholders shall so vote at a regular or special meeting.
- b. Authorization of additional shares -
- c. Transfer of all or substantially all assets, which in effect results in the sale of the company -

Details of the corporate decisions to be taken up during the Shareholders Meeting are sent out at least 15 business days prior to the Shareholders Meeting. During the meeting, shareholders are given a chance to ask questions and the same are addressed by the Board and management. The external auditors are likewise present to answer questions.

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? Yes.

- a. Date of sending out notices:

March 4, 2016 (Date of board meeting) – disclosure made to PSE on the date and agenda of the shareholders meeting.

March 21, 2016 – Information Statement (SEC-17 IS) sent out to the shareholders. (In compliance with SEC and PSE guidelines, the Information Statement (SEC 17-IS), which includes the date, venue and agenda of the Shareholders meeting, is sent out at least 15 business days before the Shareholders Meeting.)

- b. Date of the Annual/Special Stockholders' Meeting: April 14 2016

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

Mr. Robert Go made the observation that in one of the images used in the 2015 Annual Report, the computers used in one of the schools' computer laboratory were all apple computers. He inquired whether Phinma Education Network (PEN) has an exclusive contract with Apple. Dr. Meliton B. Salazar, Jr., head of PEN, responded that PEN does not have an exclusive contract with Apple.

Mr. Robert Go noted that low enrollment in first year college is expected in 2016 given the country's transition to a K-12 program. He asked what the PEN intends to counter the expected drop in its net income for next year. Dr. Salazar responded that PEN will offer senior year high school in its schools to mitigate the expected drop in its income for next year.

Mr. Robert Go further asked how PEN intends to compete with STI. Dr. Salazar responded that PEN believes in the strong quality of its educational programs and currently enjoys a substantial increase in enrollment. As such, he does not see the need for PEN to compete with STI.

Another shareholder inquired whether Phinma Property Holdings Corporation (PPHC) buys or leases the land on which it builds its condominium projects. The Chairman responded that PPHC either buys the land or enters into a joint venture with the landowner of the land on which it builds its condominium projects, but never through a lease.

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

Resolution	Approving	Dissenting	Abstaining
Minutes of Previous Meeting	74.36 %	0 %	0 %
Annual Report	74.36 %	0 %	0 %
Election of Directors	74.36 %	0 %	0 %
Appointment of External Auditors	74.36 %	0 %	0 %
Amendment of Articles of Incorporation and By-	74.36 %	0 %	0 %

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

Same day disclosure to the SEC and PSE.

(d) 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	None

(e) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands,	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Oscar J. Hilado Ramon R. del Rosario, Jr. Magdaleno B. Albarracin, Jr. Jose L. Cuisia, Jr. Victor J. del Rosario Roberto M. Lavina Francisco L. Viray Guillermo D. Luchangco Roberto F. de Ocampo Pythagoras L. Brion Regina B. Alvarez Cecille B. Arenillo Rizalina P. Andrada Rolando D. Soliven Nanette P. Villalobos Giles R. Katigbak Juan J. Diaz	April 14, 2016	Viva Voce	0	69.72 %	4.67 %
Special	None					

Below are the Directors and Senior Management who attended the Annual Shareholders' Meeting:

DIRECTORS	
Oscar J. Hilado	Chairman /Chairman of Executive Committee, Nomination Committee and Retirement Committee/ Member of Compensation Committee
Ramon R. del Rosario, Jr.	Vice Chairman/ President and CEO/ Member of Executive Committee, Nomination Committee and Compensation Committee
Magdaleno B. Albarracin, Jr.	Non-executive Director/ Member of Executive Committee, Audit and Risk Management
Jose L. Cuisia, Jr.	Non-executive Director/ Chairman of Compensation Committee/ Member of Executive Committee
Victor J. del Rosario	Executive Director/ EVP and CFO/ Member of Audit and Risk Management Committee and Retirement Committee
Roberto M. Laviña	Executive Director/ Sr. EVP and COO/ Member of Retirement Committee
Francisco L. Viray	Non-executive Director

Guillermo D. Luchangco	Independent Director/ Member of Executive Committee and Nomination Committee
Roberto F. de Ocampo	Independent Director/ Chairman of Audit and Risk Management Committee and Member of Compensation Committee

SENIOR MANAGEMENT	
Pythagoras L. Brion, Jr.	Sr. Vice President and Treasurer
Regina B. Alvarez	Sr. Vice President- Finance
Cecille B. Arenillo	Vice President- Treasury and Compliance Officer
Rizalina P. Andrada	Vice President- Finance
Nanette P. Villalobos	Assistant Vice President- Treasury
Giles R. Katigbak	Investor Relations Officer
Juan J. Diaz	Corporate Secretary

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

Yes, Stock Transfer Service, Inc. was appointed as an independent party to count and/or validate the votes at the ASM.

(iii) Do the company's common shares carry one vote for one share?

Yes.

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.

(f) 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 in writing and signed
Notary	Notarization is not necessary
Submission of Proxy	At least five (5) days before the meeting
Several Proxies	The latest proxy revokes all earlier proxies
Validity of Proxy	Only for the meeting
Proxies executed abroad	Honored subject to validation
Invalidated Proxy	Invalidated proxy shall not be entitled to vote

Validation of Proxy	Corporate Secretary may validate Proxy
Violation of Proxy	Proxy is rendered void and vote shall be disregarded

(g) Sending of Notices

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

Policies	Procedure
The company discloses to the public through the PSE and the SEC the date and venue, and agenda for the Shareholders meeting promptly after approval by the Board.	The disclosure is sent to the PSE online through the Edge Submission System upon approval by the Board. The company also sends a hardcopy to SEC the following day.
In compliance with SEC and PSE guidelines, the Information Statement (SEC 17-IS), which includes the date, venue and agenda of the Shareholders meeting, is sent out at least 15 business days before the Shareholders Meeting	The SEC 17-IS is sent via courier.

(h) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report	1,241
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	March 22, 2016
Date of Actual Distribution of Definitive Information Statement and Management Report Materials held by stockholders	March 22, 2016
State whether CD format or hard copies were distributed	CD format and hard copies
If yes, indicate whether requesting stockholders were provided hard copies	Yes, stockholders were provided hard copies

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

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes

The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	Yes

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

2) Treatment of Minority Stockholders

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

Policies	Implementation
The Board is committed to respect the following rights of the shareholders:	
a. Voting rights	<ul style="list-style-type: none"> Shareholders have the right to elect, remove and replace directors and vote on corporate acts A director shall not be removed without cause if it will deny minority shareholders
b. Power of inspection / right to information	<ul style="list-style-type: none"> Shareholders are allowed to inspect corporate books and records and shall be provided, upon request, information regarding matters for which management is responsible.
c. Right to dividends	<ul style="list-style-type: none"> Shareholders shall have the right to receive dividends subject to the discretion of the Board under certain circumstances.
d. Pre-emptive rights and appraisal rights	<ul style="list-style-type: none"> Shareholders shall have pre-emptive rights
	appraisal rights, in accordance with the Corporation Code.
c. Other policies	<ul style="list-style-type: none"> The Company also requires all its directors and officers to comply with the following requirements: 1) Submit to the Company within 24 hours from dealing in the Company's securities all information of the transaction, 2) observe the blackout period announced by the Company and 3) refrain from communicating material information to any person unless disclosure is simultaneously filed with the Exchange.

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

Not provided.

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.

Periodic external communication required by the PSE and/or SEC, as well as voluntary disclosures, are drafted, and reviewed by the appropriate officer in charge. For example, legal matters are reviewed by the Corporate Secretary. Financial and other matters are reviewed by the concerned officers, including the SVP-Finance, the Compliance Officer and the Investor Relations Officers and approved by the EVP/CFO, the COO and/or the President. The audited financial statements and disclosures on results of operations are further approved by the Audit and Risk Management Committee and the Board of Directors. Disclosures are signed by the Corporate Secretary or the SVP Finance.

Internal communications for the purpose of coordination and joint review among management of any major external communications are done via email or phone or in person during management committee meetings. The Company’s external and internal communication policies are reviewed and amended when required.

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

	Details
(1) Objectives	To provide investors and the general public sufficient and timely access to relevant information on the company and apprise them of recent developments in order for these investors and the public to make informed investment decisions. To provide timely response to clarifications requested by existing or prospective shareholders on disclosed information.
(2) Principles	Accurate information, timely disclosure/ availability of information, relevance of information, timely response to request for clarification on disclosed information.
(3) Modes of Communications	Information on the Company such as financial information and other disclosures are available for download from the company’s website as well as the PSE website. Company office address, email address, telephone trunkline and fax number can be found in the Contact Us page of the site. Contact details of the Investor Relations Officer are also available online as well as the transfer agent’s address, phone number and email address. Shareholders can also send the transfer agent emails directly from the Company website.
(4) Investors Relations Officer	Giles R. Katigbak Tel +632 8700130 Fax +632 870 0456 grkatigbak@phinma.com.ph

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?

With respect to the acquisition of corporate control in the Company, management will adhere to the guidelines of the PSE found in Unstructured Continuing Disclosure Requirements, Listing and Disclosure Rules, and treat an event where there is a change in shareholdings of stockholders owning more than 10% of shares in the Company as an event requiring prompt disclosure, as also provided under Section 36 Chapter IV of the RSA.

The Company adheres to the provisions of the Corporation Code of the Philippines with respect to prospective merger transactions in terms of process of notification to stockholders, presentation of merger plans, voting process, and treatment of dissenting rights of stockholders.

The Company adheres to the general provisions of the Corporation Code of the Philippines with respect to prospective sale of substantial portions of the Company's assets in terms of appraisal rights in the event of dissenting stockholders.

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

The Company's by-laws has not specifically pre appointed any independent party to evaluate the fairness of the transaction price with respect to any prospective mergers or sale of major assets.

There were no mergers and acquisitions within the year 2015.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

The mission of PHINMA is to make lives better. At PHINMA, our business is our CSR and our CSR is our business. This mission is upheld by the strategic business units and CSR programs focused on quality education, environmental preservation, community development and health initiatives, affordable housing, and volunteerism.

On Education

PHINMA provides quality education through the PHINMA Education Network and the PHINMA National Scholarship. The PHINMA National Scholarship (PNS) is the flagship program of the PHINMA Foundation, Inc. It provides scholarships to students from UP Diliman and Philippine Normal University. As of 2016, it has a total of 100 scholars and 124 alumni. PNS has three components: scholarship, mentorship, and leadership that give financial assistance and help students in their professional and personal growth. PNS scholars also teach young and less fortunate children through the Summer Service Program.

PHINMA Education and UGC also support education by participating in the annual Brigada Eskwela, which rehabilitate the buildings of public schools.

In 2015, evacuation and relief programs were set in motion when Typhoon Lando hit the Philippines. Together with local and non-government units, Phinma Education continued its annual bloodletting activities and donations to select areas. Phinma AU's Bulilit University, a program meant to improve retention and introduce learning among children, currently manages six (6) day-care centers. Phinma COC continues to conduct mass wedding and mass baptism ceremonies for people in their community.

Phinma's commitment in providing quality education is also evident in its continued support of the Phinma National Scholars (PNS), a flagship program of the Phinma Foundation. Its current roster of 96 scholars who go to either Philippine Normal University or the University of the Philippines is a testament to its rise from a humble beginning comprised of 10 scholars.

Union Galvasteel Corporation (UGC) also continues its support to the education sector by completing the reroofing of Real and Lamesa Elementary Schools in Calamba, Laguna as well as the Sagrada Community School in Bicol. UGC also grants student visits and OJT programs from selected schools. Its employees also volunteered in the annual Brigada Eskwela of Tayud School in Cebu. UGC further continues to conduct Summer Computer Camps in different elementary schools within areas surrounding its plants.

ON THE ENVIRONMENT

PHINMA Education, through its schools, conducts environmental initiatives that include reforestation and mangrove growing projects. More than 500 volunteers from the PHINMA Education schools have joined their programs in Nueva Ecija, Pangasinan, Cagayan de Oro, Cebu, and Iloilo.

PHINMA Properties (PPHC) has demonstrated its commitment to the environment through its tree planting initiatives. They carried out a reforestation initiative in Bulacan done in partnership with the Department of Environment and Natural Resources and Miriam College.

Microtel by Wyndham is also dedicated to environmental initiatives. By partnering with local government offices, Microtel conducted park and coastal clean ups, reforestation, and mangrove planting activities. These environmental initiatives have been held in Baguio, Cavite, Boracay, Davao, General Santos, and Manila.

UGC's environmental programs include clean up drives, recycling drives, waste management, mangrove propagation and reforestation activities. Activities are in Laguna, La Union, Cebu, and Iloilo.

In 2015, UGC's initiatives in the protection of the environment included tree planting, river and coastal clean-ups, mangrove propagation, waste recycling, waste management and active participation in green forums and programs, both public and private. These activities were carried out in the areas of Canlubang, Laguna, Mangrovetum Park in Bunawan, Davao City and Brgy. Bagsak Pardo, Cebu City.

ON COMMUNITY AND HEALTH INITIATIVES

UGC has conducted community-based initiatives such as medical missions, dental missions, traffic assistance, and supplies donation. These community based initiatives target the well-being of the people in their community by providing them access to supplies and health care. These activities were held in Tarlac, La Union, Quirino, Camarines Sur, Cagayan de Oro, and Davao.

PHINMA Education is also committed to health initiatives through their annual blood drive done in partnership with the Philippine National Red Cross.

ON SHELTER

PHINMA is committed to providing low-cost housing to informal settlers. PHINMA Properties Holdings Corporation (PPHC) expanded from making mid-rise condominiums to developing socialized housing. PPHC implemented a socialized housing project in Quezon City called Bistekville2, the largest in-city relocation project in QC. PPHC was able to construct quality-assured homes for less the cost and continues to pursue other socialized housing projects in cooperation with local government units such as Bacoor, Cavite.

Volunteers from UGC plants completed construction of housing units as part of its efforts to help families in Palo, Leyte who were displaced by Typhoon Yolanda in 2013. The blessing and turn-over ceremony of three units was held last December 2015.

ON DISASTER PREPAREDNESS

UGC in Davao took part in boosting disaster preparedness in the area by donating life jackets for use during severe storms . These were made from UGC recycled materials and were sewn by employees. When Typhoon Lando hit Nueva Ecija in 2015, UGC employees participated in relief operations.

In Davao, the city government partnered with UGC in providing the motoring public with better, newer street signs for traffic control. UGC also targeted the repair and restoration of dilapidated sheds located along highways and nearby schools in Northern Mindanao thus providing safe haven for commuters on extreme weather conditions.

ON VOLUNTEERISM

PHINMA continues to encourage its employees to join its efforts towards nation building through the PHINMA HERO Network .In celebration of its 6th year , the HERO network invited Mr. Tony Meloto of Gawad Kalinga to conduct a volunteerism talk drawing more than 100 employees . PHINMA also partnered with Ateneo de Manila University for a Strategic Management class focused on creating sustainable livelihood opportunities for a partner GK Community. The business which our volunteer mentors assisted in will be tested and implemented this 2016 for the benefit of GK Zabarte community in Quezon City.

PHINMA employees play a key role in the success and implementation of PHINMA's CSR programs. PHINMA's Helpful Employee Responsible for Others (HERO) Network, provides employees with opportunities to make personal contributions of their time and talent through company-led CSR programs.

This dedication to corporate social responsibility and employee volunteerism was highlighted in PHINMA's largest volunteer program, PHINMA Reaches Out. This was a nationwide volunteer outreach conducted last August 12, 2016. PHINMA implemented three types of CSR initiatives – environmental preservation, community building, and community development initiatives. More than 1,600 volunteers from the PHINMA community joined an outreach program in one of 38 areas nationwide.

PHINMA demonstrates its commitment to the Filipino people through its diverse set of CSR initiatives. PHINMA constantly works to fulfilling its mission of making lives better through programs focused on quality education, community development, environmental preservation, reliable energy, and affordable housing.

Below are the upcoming PHINMA HERO activities that are to be completed within the year :

Upcoming PFI-HERO Activities		
PHINMA Group to conduct Pre-Christmas Activities The first will be a reading activity with the children of Bistekville 2. This will be done in coordination with PHINMA Property Holdings Corporation.	Target: 30 volunteers	November 2016
The second will be a visit to a home for the aged.	Target: 30 volunteers	November 2016

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.

The Audit and Risk Management Committee performed a Self-Assessment in 2015, with the assistance of PHINMA Group Internal Audit, based on the checklist provided by the SEC in its Memorandum Circular No. 4 Series of 2012.

Currently, there is no process or criteria for assessing the performance of the board, its other committees, the directors, and the CEO/President.

N. INTERNAL BREACHES AND SANCTIONS

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

The Company's Board of Directors may impose the penalties, after notice and hearing, on the individual directors, officers, and employees, such as censure, suspension and removal from office depending on the gravity of the offense as well as the frequency of the violation. The commission of a grave violation of the provisions of the Company's Revised Manual on Corporate Governance by any member of the Board of the Corporation shall be sufficient cause for removal from directorship.

For 2015, no violation of the provisions of the Manual has been committed by any director, officer or employee and no sanction has been imposed.