

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

**ANNUAL CORPORATE GOVERNANCE REPORT**

1. Report is Filed for the Year  
Dec 31, 2015
2. Exact Name of Registrant as Specified in its Charter  
Premium Leisure Corp.
3. Address of principal office  
5/F Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City  
Postal Code  
1300
4. SEC Identification Number  
AS093-009289
5. Industry Classification Code(SEC Use Only)
6. BIR Tax Identification No.  
003-457-827
7. Issuer's telephone number, including area code  
02-6628888
8. Former name or former address, if changed from the last report  
n/a

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*



**Premium Leisure Corp.**  
**PLC**

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

**Description of the Disclosure**

Attached is Premium Leisure Corp.'s 2015 Annual Corporate Governance Report filed with the SEC and the PSE today, 21 March 2016, along with the SEC Form 17-A 2015 Annual Report.

**Filed on behalf by:**

<b>Name</b>	Elizabeth Tan
<b>Designation</b>	Manager-Governance & Corp. Affairs/Investor Relations

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

**(A) Use of Form ACGR**

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

**(B) Preparation of Report**

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

**(C) Signature and Filing of the Report**

- A. Three (3) complete set of the report shall be filed with the Main Office of the Commission.
- B. At least one complete copy of the report filed with the Commission shall be **manually** signed.
- C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.
- D. This report is required to be filed annually together with the company's annual report.


**(D) Filing an Amendment**

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM – ACGR

### ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year **2015**
2. Exact Name of Registrant as Specified in its Charter **PREMIUM LEISURE CORP.**
3. **5<sup>th</sup> Floor Tower A, Two E-Com Center, Palm Coast Avenue**  
**Mall of Asia Complex, CBP-1A, Pasay City, Metro Manila** **1300**  
Address of Principal Office Postal Code
4. SEC Identification Number **AS093-009289** 5. (SEC Use Only)  
Industry Classification Code
6. BIR Tax Identification Number **003-457-827** 
7. **(632) 662-8888**  
Issuer's Telephone number, including area code
8. **N.A.**  
Former name or former address, if changed from the last report

## TABLE OF CONTENTS

<b>1. BOARD MATTERS.....</b>	<b>5</b>
1) BOARD OF DIRECTORS.....	
(a) Composition of the Board.....	5
(b) Directorship in Other Companies.....	8
(c) Shareholding in the Company.....	10
2) CHAIRMAN AND CEO.....	10
3) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS.....	12
4) CHANGES IN THE BOARD OF DIRECTORS.....	13
5) ORIENTATION AND EDUCATION PROGRAM.....	19
<b>2. CODE OF BUSINESS CONDUCT &amp; ETHICS.....</b>	<b>20</b>
1) POLICIES.....	20
2) DISSEMINATION OF CODE.....	27
3) COMPLIANCE WITH CODE.....	27
4) RELATED PARTY TRANSACTIONS.....	27
(a) Policies and Procedures.....	27
(b) Conflict of Interest.....	28
5) FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS.....	29
6) ALTERNATIVE DISPUTE RESOLUTION.....	29
<b>3. BOARD MEETINGS &amp; ATTENDANCE.....</b>	<b>30</b>
1) SCHEDULE OF MEETINGS.....	30
2) DETAILS OF ATTENDANCE OF DIRECTORS.....	30
3) SEPARATE MEETING OF NON-EXECUTIVE DIRECTORS.....	31
4) ACCESS TO INFORMATION.....	31
5) EXTERNAL ADVICE.....	32
6) CHANGES IN EXISTING POLICIES.....	32
<b>4. REMUNERATION MATTERS.....</b>	<b>32</b>
1) REMUNERATION PROCESS.....	32
2) REMUNERATION POLICY AND STRUCTURE FOR DIRECTORS.....	33
3) AGGREGATE REMUNERATION .....	33
4) STOCK RIGHTS, OPTIONS AND WARRANTS.....	33
5) REMUNERATION OF MANAGEMENT.....	34
<b>5. BOARD COMMITTEES.....</b>	<b>34</b>
1) NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES.....	34
2) COMMITTEE MEMBERS.....	35
3) CHANGES IN COMMITTEE MEMBERS.....	37
4) WORK DONE AND ISSUES ADDRESSED.....	38
5) COMMITTEE PROGRAM.....	38
<b>6. RISK MANAGEMENT SYSTEM.....</b>	<b>40</b>
1) STATEMENT ON EFFECTIVENESS OF RISK MANAGEMENT SYSTEM.....	40
2) RISK POLICY.....	41
3) CONTROL SYSTEM.....	43
<b>7. INTERNAL AUDIT AND CONTROL.....</b>	<b>45</b>
1) STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM.....	45
2) INTERNAL AUDIT.....	
(a) Role, Scope and Internal Audit Function.....	46

(b) Appointment/Removal of Internal Auditor.....	47
(c) Reporting Relationship with the Audit Committee.....	47
(d) Resignation, Re-assignment and Reasons.....	47
(e) Progress against Plans, Issues, Findings and Examination Trends.....	48
(f) Audit Control Policies and Procedures.....	48
(g) Mechanisms and Safeguards.....	48
<b>8. <u>ROLE OF STAKEHOLDERS.....</u></b>	<b>49</b>
1) <u>POLICIES AND ACTIVITIES</u>	
(a) <u>Customer welfare.....</u>	49
(b) <u>Supplier / Contractor Selection.....</u>	50
(c) <u>Environmentally Friendly Value Chain.....</u>	51
(d) <u>Community Interaction.....</u>	51
(e) <u>Anti-Corruption Programme.....</u>	51
(f) <u>Safeguarding Creditors' Rights.....</u>	52
2) <u>CORPORATE SOCIAL RESPONSIBILITY .....</u>	52
3) <u>PERFORMANCE – ENHANCING MECHANISM FOR EMPLOYEE PARTICIPATION.....</u>	52
(a) <u>Policy for Employees' Safety, Health and Welfare.....</u>	52
(b) <u>Training and Development Programmes .....</u>	53
(c) <u>Reward / Compensation Policy.....</u>	53
(d) <u>Procedure for Handling Complaints by Employees on Illegal or Unethical Behavior...53</u>	
<b>9. <u>DISCLOSURE AND TRANSPARENCY.....</u></b>	<b>53</b>
<b>10. RIGHTS OF STOCKHOLDERS.....</b>	<b>53</b>
1) RIGHT TO PARTICIPATE EFFECTIVELY IN STOCKHOLDERS' MEETINGS.....	53
2) TREATMENT OF MINORITY STOCKHOLDERS.....	60
<b>11. INVESTORS RELATIONS PROGRAM.....</b>	<b>62</b>
<b>12. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES.....</b>	<b>63</b>
<b>13. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL.....</b>	<b>63</b>
<b>14. INTERNAL BREACHES AND SANCTIONS.....</b>	<b>63</b>

## A. BOARD MATTERS

### 1) Board of Directors

Number of Directors per Articles of Incorporation	7
---	---

Actual number of Directors for the year	7
---	---

#### (a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non- Executive (NED) or Independent Director (ID)]	If nominee , identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director
Willy N. Ocier	ED		A. Bayani K. Tan	6/25/1999	4/27/2015	Annual	16
Frederic C. DyBuncio	ED	SM Group	A. Bayani K. Tan	4/23/2012	4/27/2015	Annual	3
A. Bayani K. Tan	NED		Willy N. Ocier	6/23/1998	4/27/2015	Annual	17
Exequiel P. Villacorta, Jr.	NED		A. Bayani K. Tan (not related)	7/18/2014	4/27/2015	Annual	1
Joseph C. Tan	ID		A. Bayani K. Tan	7/18/2014	4/27/2015 (1 yr)	Annual	1
Juan Victor S. Tanjuatco	ID		A. Bayani K. Tan	7/18/2014	4/27/2015 (1 yr)	Annual	1
Roman Felipe S. Reyes	ID		A. Bayani K. Tan (not related)	7/18/2014	4/27/2015 (1 yr)	Annual	1

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

The Board of Directors, management and staff of Premium Leisure Corp. (PLC) commit themselves to an open governance process through which its shareholders may derive assurance that, in protecting and adding value to PLC's financial and human investment, the Company is being managed ethically, according to prudently determined risk perimeters, and striving to achieve local best practices. The Revised Manual on Corporate Governance institutionalizes the principles of good corporate governance in the entire company. The Company believes that corporate governance is of utmost importance to the Company's shareholders, and will therefore undertake every effort possible to create awareness throughout the entire organization.

In addition, the Company's Code of Ethics serves as a guiding principle for the Company's directors, officers and employees in the performance of their duties and responsibilities and in their transactions with investors, creditors, customers, contractors, suppliers, regulators and the public. The Code reflects the Company's mission, vision and core values. The salient provisions of the Code pertain to compliance and integrity, relationship with business partners, employee welfare, shareholder rights and protection of company information.

Some of the important provisions of the Code are as follows:

- All employees are required to immediately report to the management all suspected or actual fraudulent or dishonest acts.
- Solicitation or acceptance of gifts in any form from any business partner is prohibited, except for gifts of nominal value.
- Any conflict of interest must be promptly disclosed to the management.

- All employees are prohibited from disclosing vital business information, unless authorized by the company or required by law.
- Insider trading is prohibited.
- Directors and key officers are required to disclose their dealings of company shares within three (3) business days.

Changes in policies and additional policies have been introduced in 2015 and these are as follows:

- Payment of dividends to all shareholders of record within thirty (30) days from date of declaration of such dividend.
- Directors and key officers are required to disclose their dealings of company shares within three (3) business days.
- Adoption of Whistle-blowing and Protection from Retaliation Policy.
- Adoption of Accreditation of Vendor and Suppliers Process
- Inclusion of rationale for each agenda item that requires shareholders' approval will be provided as reflected in the notice to the Annual Stockholders' Meeting

The Company website is regularly updated for the benefit of the shareholders, stakeholders and the public. Copies of the policies and contact information of the responsible officers for investor relations and shareholders' concerns.

#### Board of Directors

Premium Leisure Corp.'s commitment to the principles of good corporate governance emanate from the Board of Directors. In line with this commitment is the Board's primary responsibility to foster the long term success of the Company and secure its sustained competitiveness consistent with its fiduciary responsibility and in a manner that ensures the best interests of the Company, its shareholders and its stakeholders.

#### Board Committees

To help focus on specific corporate governance responsibilities, the Board created five (5) committees, namely the Compensation and Remuneration Committee, the Nomination Committee, the Audit Committee, the Risk Management Committee and the Corporate Governance Committee.

The Compensation and Remuneration Committee is tasked with the oversight of policies on salaries and benefits, as well as promotions and other forms of career advancement. The Committee also reviews existing human resource policies to ensure the continued growth and development of the Company's workforce.

The Nomination Committee evaluates all candidates nominated to the Board in accordance with the requirements set forth by the Company's Revised Manual on Corporate Governance. The Committee ensures that those nominated to the Board meet all the qualifications for directorship.

The Audit Committee directly interfaces with the internal and external auditors in the conduct of their duties and responsibilities. Its mandate includes the review of the Company's financial reports and subsequent recommendation to the Board for approval. The Committee also reviews the Company's internal control systems, its audit plans, auditing processes and related party transactions.

Under its Charter, the Risk Management Committee reviews and assesses the effectiveness of the Company's risk management system in the mitigation of financial and non-financial risks.

The Corporate Governance Committee reviews the Company's continual process of good corporate governance, as well as providing approaches and advices for development, and tasking management to look into the evolving ASEAN Corporate Governance initiative from the regulators and advocacy groups to see what other enhancements can be properly pursued.



## **Rights of Stockholders**

The Company's Revised Manual on Corporate Governance expressly provides for the protection of its stockholders' rights and minority interests. The Board is committed to respect the following rights of the stockholders:

### **Right to Nominate**

Shareholders, whether majority or minority, shall have the right to nominate candidates for seats in the Board of Directors who must have the qualifications and none of the disqualifications of Directors as stated in the Company's Revised Manual for Corporate Governance.

### **Voting Right**

- Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code of the Philippines.
- Cumulative voting shall be used in the election of directors.
- A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

### **Power of Inspection**

- The Company shall allow all stockholders to inspect books and records of the Company including minutes of Board meetings and stock registries in accordance with the Corporation Code, and during normal business hours.
- Annual reports, including financial statements, shall be provided to stockholders, without cost or restrictions.

### **Right to Information**

- The Board shall ensure that all material information about the Company which could adversely affect its viability or the interests of the shareholders shall be publicly and timely disclosed through established procedures of the Philippine Stock Exchange (PSE) and Philippine Securities and Exchange Commission (SEC).
- Upon request, the Company shall provide the stockholders with periodic reports and information about directors and officers, and certain other matters such as their holdings of the Company's shares, dealings with the Company, relationships among directors and key officers and the aggregate compensation of directors and officers.
- The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.
- The minority shareholders shall have access to all information relating matters for which the management is accountable and to those relating to matters for which the management should include in such information. If not included the minority shareholders can propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes."

### **Right to Dividends**

- Subject to the discretion of the Board, all stockholders shall have the right to receive dividends.
- **Dividends shall be paid to all shareholders within thirty (30) days from declaration.**
- The Board of Directors adopted, as a matter of policy, that the Corporation shall declare dividends of at least 80% of the prior year's unrestricted retained earnings, taking into consideration the availability of cash, restrictions that may be imposed by current and prospective financial covenants, projected levels of cash, operating results of its businesses/subsidiaries, working capital needs and long term capital expenditures of its businesses/subsidiaries, and regulatory requirements on dividend payments, among others.

### Appraisal Right

- The stockholders shall have appraisal right to dissent and demand payment of the fair value of their shares in the manner provided under Section 82 of the Corporation Code, under any of the following circumstances:
  - a. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
  - b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code.
  - c. In case of merger or consolidation.

### Disclosure and Transparency

To ensure that stakeholders receive timely and accurate information on the Company and its business, the Company has formally adopted a policy of full and prompt disclosure of all material information. The Company fully complies with the reporting and disclosure requirements of all relevant laws as well as regulations issued by the SEC and the PSE. Annual reports, financial statements and other disclosures are readily available to the public. These reports may be viewed and downloaded from the PSE or the Company website. The Company website is regularly updated to ensure prompt disclosures.

In addition, the Revised Manual on Corporate Governance provides that minority shareholders shall be given the right to:

- a. Propose the holding of a meeting and the items in the agenda of the meeting, provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and best practice; and
- b. Have access to any and all information relating to matters for which the Management is accountable, and to those relating to matters for which the Management shall include such information.

Further, the Company's Code of Ethics, provides the following to protect the rights of the shareholders:

- a. adoption of corporate governance practices, strategies and plans with the end in view of increasing shareholder value
- b. maintenance of complete and accurate records of all financial and business transactions in accordance with laws and regulation governing financial reporting and generally accepted accounting principles to provide the basis for the report it discloses to its shareholders regarding the Company's results of operations and financial position
- c. ensuring an independent audit of its financial statements by external auditors

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

The Company reviews its vision, mission and core values annually. The Board of Directors reviewed the Company's vision, mission and core values in its meeting conducted on October 30, 2015.

- (d) Directorship in Other Companies

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

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

	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Willy N. Ocier	Belle Corporation	Executive Director (Vice-Chairman)

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

	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
	Metropolitan Leisure & Tourism Corp	Executive Director (Chairman)
	Parallax Resources, Inc.	Non-Executive Director (Chairman)
	SLW Development Corporation	Non-Executive Director (Chairman)
	PremiumLeisure and Amusement, Inc.	Non-Executive Director (Chairman)
	Highland Gardens Corporation	Executive Director (Chairman)
	Woodland Development Corporation	Executive Director
	Belle Bay City Corporation	Non-Executive Director (Chairman)
	Pacific Online Systems Corporation	Executive Director (Chairman)
	Highlands Prime, Inc.	Non-Executive Director (Vice-Chair)
	Belle Bay Plaza Corporation	Non-Executive Director (Chairman)
	APC Group, Inc.	Non-Executive Director (Chairman)
	Sinophil Leisure and Resorts Corp.	Non-Executive Director (Chairman)
	Foundation Capital Resources, Inc.	Non-Executive Director (Chairman)
	Tagaytay Highlands Intl Golf Club, Inc.	Non-Executive Director (Vice-Chair)
	The Country Club Tagaytay Highlands	Non-Executive Director (Chairman)
	Tagaytay Midlands Golf Club, Inc.	Non-Executive Director (Chairman)
	The Spa and Lodge, Inc.	Non-Executive Director (Chairman)
	Philippine Global Communications	Executive Director (Chairman)
	China Banking Corporation	Non-Executive Director
	Atlas Consolidated Mining & Dev Corp	Non-Executive Director
Frederic C. DyBuncio	Belle Corporation	Executive Director, President & CEO
	Pacific Online Systems Corporation	Non-Executive Director
	Premium Leisure and Amusement, Inc	Non-Executive Director
	APC Group, Inc.	Executive Director
	Parallax Resources, Inc.	Non-Executive Director
	SLW Development Corporation	Non-Executive Director
	Metropolitan Leisure & Tourism Corp.	Non-Executive Director
	Sinophil Leisure & Resorts Corp.	Non-Executive Director
	Foundation Capital Resources, Inc.	Non-Executive Director
	Woodland Development Corporation	Non-Executive Director
	Atlas Consolidated Mining and Development Corporation	Non-Executive Director (Vice-Chairman)
	Tagaytay Highlands Int'l Golf Club	Non-Executive Director
A. Bayani K. Tan	Belle Corporation	Non-Executive Director
	Pacific Online Systems Corporation	Non-Executive Director
	Tagaytay Highlands Int'l Golf Club, Inc.	Non-Executive Director
	Tagaytay Midlands Golf Club, Inc.	Non-Executive Director
	Country Club Tagaytay Highlands, Inc.	Non-Executive Director
	The Spa and Lodge at Tagaytay	Non-Executive Director

(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.
Willy N. Ocier	Leisure & Resorts World Corporation	Non-Executive Director
	Vantage Equities, Inc.	Non-Executive Director
A. Bayani K. Tan	First Abacus Financial Holdings Corp.	Non-Executive Director

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
	TKC Steel Corporation	Non-Executive Director
	Coal Asia Holdings, Inc.	Non-Executive Director
	Asia United Bank Corporation	Non-Executive Director
	Vantage Equities, Inc.	Non-Executive Director
	I-Remit, Inc.	Non-Executive Director
Exequiel P. Villacorta, Jr.	BDO Leasing & Finance	Non-Executive Director
Juan Victor S. Tanjuatco	Export & Industry Bank, Inc.	Executive Director
	IP E-Game Ventures, Inc.	Non-Executive Director
Roman Felipe S. Reyes	National Reinsurance Corporation of the Philippines	Non-Executive Director

(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
Willy N. Ocier	Belle Corporation	With common set of directors /officers
Frederic C. DyBuncio		

(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:

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	NO. The Company has not set a limit on the number of board seats in other companies that an individual director or CEO may hold simultaneously.	
Non-Executive Director		
CEO		

(e) Shareholding in the Company

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Willy N. Ocier	16,888,001	–	0.053%
Frederic C. DyBuncio	1	–	0.000%
A. Bayani K. Tan	2	–	0.000%
Exequiel P. Villacorta	500,001	–	0.002%
Joseph C. Tan	1	–	0.000%
Juan Victor S. Tanjuatco	1	–	0.000%
Roman Felipe S. Reyes	1	–	0.000%
TOTAL	17,388,008	–	0.055%

2) Chairman and President

- (a) Do different persons assume the role of Chairman of the Board of Directors and President? 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	Willy N. Ocier
President	Frederic C. DyBuncio

(b) Roles, Accountabilities and Deliverables

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

	Chairman	President
<b>Role</b>	<ul style="list-style-type: none"> <li>Preside at all meetings of the Board of Directors and stockholders and ensure that all meetings are held in accordance with the By-Laws</li> </ul>	<ul style="list-style-type: none"> <li>Supervise and control all of the business and affairs of the Company</li> </ul>
<b>Accountabilities</b>	<ul style="list-style-type: none"> <li><u>Supervise the preparation of the agenda of each meeting of the Board, the Shareholders, and any of the Committees of the Board with the Corporate Secretary, taking into account the suggestions of the President and CEO, Management and other Directors</u></li> <li><u>Maintain qualitative and timely lines of communication and information between the Board and Management</u></li> </ul>	<ul style="list-style-type: none"> <li><u>To exercise such powers and duties and perform such duties commonly incident to and vested in the President of a Corporation and which the Chairman of the Board and Chief Executive Officer may, from time to time assign to him;</u></li> <li><u>To sign or cause the signatures of Certificates of Stock;</u></li> </ul>
<b>Deliverables</b>	<ul style="list-style-type: none"> <li>Identify areas for improvement of the members of the Board, such as training / continuing education programs or any other form of assistance that the directors may need in the performance of their duties</li> <li>Evaluate and enhance the support services given to the Board, such as the quality and timeliness of information provided to them, the frequency and conduct of regular, special or committee meetings and their accessibility to management and the Corporate Secretary</li> </ul>	<ul style="list-style-type: none"> <li>Consider various opportunities relative to new business ventures, the implementation of which will depend on economic conditions in the future</li> <li>Oversee the management of the Company and safeguard the Company's assets</li> </ul>

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

**The Company's Amended By-Laws state that in the absence or disability of the President, the most senior Vice-President who is also a director shall perform the duties and exercise the powers of the President.**

Succession plan for top key management positions will be monitored and addressed by the Company's Nomination Committee as part of its committee programs to improve effective governance for the coming year. The Committee shall adhere to the "Fit and Proper Rule" standards to determine whether an individual is fit and proper to hold key management positions within the Company, which shall include, but not be limited to, standards on integrity, experience, education, training and competence. Once evaluated, the recommendation is presented to the Board for discussion and consideration.

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. Under the Company's Revised Manual on Corporate Governance, the Nomination Committee is tasked to ensure that the Board has an appropriate balance of required industry knowledge, expertise and skills needed to govern the Company towards achieving its intended goals and objectives.**

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. All candidates nominated to become a member of the Board shall be assessed and evaluated by the Nomination Committee in accordance with the qualifications provided for in the Corporation Code, the Securities Regulation Code, and other relevant laws. The Nomination Committee shall also consider the following factors, among others, in determining the fitness of a nominee to the Board:**

- a) college education or equivalent academic degree;
- b) involvement in the gaming industry business;
- c) practical understanding of the business of the Company;
- d) membership in good standing in relevant industry, business, or professional organizations; and,
- e) previous business experience.

**The Company in fact has a Non-Executive Director who has a significant understanding and experience in gaming business in the country.**

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

	Executive	Non-Executive	Independent Director
<b>Role</b>			
<b>Accountabilities</b>	<ul style="list-style-type: none"> <li>▪ Oversee the management of the Company and be responsible for the Company's finances, goals and policies</li> <li>▪ Foster the long-term success of the Company and sustain its competitiveness and profitability</li> </ul>	<ul style="list-style-type: none"> <li>▪ Monitor compliance with policies and achievement against objectives through regular reports to the Board by management</li> <li>▪ Constructively challenge and contribute to the development of strategy</li> </ul>	<ul style="list-style-type: none"> <li>▪ Monitor compliance with policies and achievement against objectives through regular reports to the Board by management</li> <li>▪ Constructively challenge and contribute to the development of strategy</li> </ul>
<b>Deliverables</b>	<ul style="list-style-type: none"> <li>▪ Periodically review the Company's vision, mission, strategies, plans, and annual budget and continuously monitor the implementation of such policies and strategies</li> <li>▪ Institutionalize the risk management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ensure annual performance appraisal of individual directors, the board as a whole, board committees and the President, and periodically review the criteria used in assessing such performance</li> <li>▪ Formulate succession</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implement the action plans made based on the results of the self-assessment conducted following the guideline set forth by SEC Memorandum Circular No. 4</li> <li>▪ Review and assess the effectiveness of the Company's risk</li> </ul>

	Executive	Non-Executive	Independent Director
	<p>assessment process and continuously monitor key risk areas and performance indicators with due diligence</p> <ul style="list-style-type: none"> <li>▪ Institute good corporate governance practices and ensure effective communication with all employees for acknowledgment and strict compliance</li> <li>▪ Define policies and plans regarding corporate social responsibility (CSR), including formulating an action plan for publicizing and promoting awareness of CSR among all officers and employees</li> </ul>	<p>plans for top key management positions and review such plan on a regular basis</p> <ul style="list-style-type: none"> <li>▪ Identify areas for improvement of the members of the Board, such as training/continuing education programs or any other form of assistance that directors may need in the performance of their duties</li> <li>▪ Meet at least once a year without the presence of executive directors and senior management</li> </ul>	<p>management system in the mitigation of financial and non-financial risks</p> <ul style="list-style-type: none"> <li>▪ Review the Company's continual process of good corporate governance and update the Company's Manual on Corporate Governance</li> <li>▪ Meet at least once a year without the presence of executive directors and senior management</li> </ul>

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

The Company defines independence as "independence from management, substantial shareholdings and material relations, whether it be business or otherwise, which could reasonably be perceived to impede the performance of independent judgment."

In addition, in accordance with SEC Securities Regulation Code (SRC) Rule 38, an independent director is any person who:

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

The nomination, pre-screening and election of independent directors were made in compliance with the Company's definition and the requirements of the Code of Corporate Governance and SRC Rule 38. The



**Nomination Committee has determined that the nominees for independent directors possess all of the qualifications and none of the disqualifications for independent directors.**

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

**The Company follows the rules regarding term limits for Independent Directors as provided under SEC Memorandum Circular No. 9, Series of 2011.**

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

(a) Resignation/Death/Removal

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

Name	Position	Date of Cessation	Reason
NONE. There were no changes in the composition of the Board of Directors in 2015.			

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

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

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors	<p>Members of the Board of Directors are nominated <u>through</u> the Nomination Committee and elected at the annual meeting of the stockholders to serve for a term of one (1) year until their successors are duly elected and qualified.</p> <p><u>Nomination of directors shall be conducted by the Nomination Committee prior to a stockholders' meeting.</u></p> <p><u>As contained in its Charter, the Nomination Committee may engage the services of a professional search firm to look for candidates to the Board of Directors.</u></p> <p><u>All nominations shall be submitted to the Nomination Committee by any stockholder of record on or before January 30 of each year to allow the Nomination Committee sufficient time to assess and evaluate the qualifications of</u></p>	<p>The Company's Amended By-Laws mandate that each director shall possess all of the following qualifications:</p> <p>(a) a holder of at least one (1) share of stock of the Company;</p> <p>(b) at least a holder of a Bachelor's Degree, or to substitute for such formal education, must have adequate competency and understanding of business;</p> <p>(c) of legal age; and</p> <p>(d) shall have proven to possess integrity and probity.</p> <p>In addition, under the Company's Revised Manual on Corporate Governance, the Nomination Committee also considers the following factors in determining the fitness of a nominee to the Board:</p> <p>(a) college education or equivalent academic degree;</p> <p>(b) practical understanding of the business of the Company;</p>
(ii) Non-Executive Directors		



Procedure	Process Adopted	Criteria
	<p><u>the nominees.</u></p> <p><u>All recommendations for the nomination of independent director shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be-nominees.</u></p>	<p>(c) <u>involvement in the gaming industry business</u></p> <p>(d) membership in good standing in relevant industry, business, or professional organizations; and,</p> <p>(e) previous business experience.</p>
(iii) Independent Directors	<p><u>After the nomination, the Committee shall prepare a List of Candidates which shall contain all the information about all the nominees for election as members of the Board of Directors, which list shall be made available to the SEC and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement, or in such other reports as the Corporation will be required to submit to the SEC.</u></p> <p><u>The name of the person or group of persons who recommended the nomination of the independent director(s) shall be identified in such report including any relationship with the nominee.</u></p> <p><u>Only nominees whose names appear on the List of Candidates shall be eligible for election as directors. No other nominations for election as director shall be entertained after the List of Candidates have been prepared and finalized. No further nominations for election as director shall be entertained or allowed on the floor during the annual stockholders' meeting.</u></p> <p><u>Based on the Final List of Candidates, Directors are elected individually. Each shareholder may vote such number of shares for as many persons he may choose to be elected from the Final List, or he may cumulate said shares and give one candidate as</u></p>	<p>In addition to the foregoing qualifications, a director nominated and elected as independent shall likewise meet the following requirements:</p> <p>(i) He is not a director or officer of the Company or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing.</p> <p>(ii) He does not own more than two percent (2%) of the shares of the Company and/or its related companies or any of its substantial shareholders.</p> <p>(iii) He is not a relative to any director, officer or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister.</p> <p>(iv) He is not acting as a nominee or representative of any director or substantial shareholder of the Company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement.</p> <p>(v) He has not been employed in any executive capacity by the Company, any of its related companies, and/or any of its substantial shareholders within the last five (5) years.</p> <p>(vi) He is not retained as professional adviser by the Company, and/or any of its related companies and/or any of its substantial shareholders within the last five (5) years.</p>

Procedure	Process Adopted	Criteria
	<u>many votes as the number of his shares multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of Directors to be elected.</u>	(vii) He is not retained, either personally or through his firm or any similar entity, as professional adviser, by the Company, any of its related companies and/or any of its substantial shareholders, either personally or through his firm.  (viii) He has not engaged and does not engage in any transaction with the Company and /or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial.
b. Re-appointment		
(i) Executive Directors	Same process and criteria as Selection/Appointment <u>of Executive Directors, Non-Executive Directors and Independent Directors, respectively, for their re-appointment.</u>	
(ii) Non-Executive Directors		
(iii) Independent Directors		
c. Permanent Disqualification		
(i) Executive Directors	The Nomination Committee shortlists, assesses and evaluates all candidates nominated to become a member of the Board in accordance with the qualification and disqualification criteria set out in the Revised Manual on Corporate Governance.  <u>Any vacancy occurring in the Board of Directors by reason of death, resignation, retirement or disqualification may be filled by the affirmative vote of a majority of the remaining directors constituting a quorum, upon the nomination of the Nomination Committee, provided, that specific slots for independent directors shall not be filled by unqualified nominees. A director elected to fill a vacancy shall be elected for the expired terms of his predecessor in office.</u>	The following shall be grounds for the permanent disqualification of a director:  (i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;  (ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal,
(ii) Non-Executive Directors		
(iii) Independent Directors		

Procedure	Process Adopted	Criteria
		<p>distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in the sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>(iii) The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking, or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member participant of the organization;</p> <p>(iv) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>(v) Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or</p>

Procedure	Process Adopted	Criteria
		<p>order;</p> <p>(vi) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;</p> <p>(vii) Any person judicially declared to be insolvent;</p> <p>(viii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in subparagraphs (i) to (v) above;</p> <p>(ix) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation code committed within five (5) years prior to the date of his election or appointment.</p>
<b>d. Temporary Disqualification</b>		
(i) Executive Directors	<p>The Nomination Committee shortlists, assesses and evaluates all candidates nominated to become a member of the Board in accordance with the qualification and disqualification criteria set out in the Revised Manual on Corporate Governance.</p> <p>A temporary disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>	<p>The Board provides for the temporary disqualification or suspension of a director for the following reasons:</p> <p>(i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists.</p> <p>(ii) Absence in more than fifty (50) percent of all regular and special meeting of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.</p> <p>(iii) Dismissal or termination for cause as director of any corporation covered by the SEC's Code of Corporate Governance. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal</p>
(ii) Non-Executive Directors		
(iii) Independent Directors		

Procedure	Process Adopted	Criteria
		<p>or termination.</p> <p>(iv) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.</p> <p>(v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.</p>
e. Removal		
(i) Executive Directors	Same process and criteria as Permanent/Temporary Disqualification <i>of Executive Directors, Non-executive Directors and Independent Directors, respectively, for their removal.</i>	
(ii) Non-Executive Directors		
(iii) Independent Directors		
f. Re-instatement		
(i) Executive Directors	Same process and criteria as Selection/Appointment <i>of Executive Directors, Non-executive Directors and Independent Directors, respectively, for their re-instatement.</i>	
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	Same process and criteria as Permanent/Temporary Disqualification <i>of Executive Directors, Non-executive Directors and Independent Directors, respectively, for their suspension.</i>	
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual General Meeting on 27 April 2015:

Name of Director	Votes in favor	% To total Voting Shares		Votes against	Abstain
Willy N. Ocier	26,409,848,342	100.00%		0	1,200,000
Frederic C. DyBuncio	26,411,048,342	100.00%		0	0
A.Bayani K. Tan	26,307,824,342	99.61%		0	103,224,000
Exequiel P. Villacorta, Jr.	26,306,624,342	99.60%		0	104,424,000
Joseph C. Tan	26,411,048,342	100.00%		0	0
Juan Victor S. Tanjuatco	26,411,048,342	100.00%		0	0
Roman Felipe S. Reyes	26,411,048,342	100.00%		0	0

6) Orientation and Education Program

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

Under Section 2.2.5 of the Revised Manual on Corporate Governance, all newly-elected members of the Board of Directors shall, before assuming as such, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute, provided that they have not previously attended such seminar. Thereafter, all members of the Board of Directors and key officers of the Company shall attend a program on corporate governance at least once a year, as required by SEC.

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

See table below.

- (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
<u>Exequiel P. Villacorta, Jr.</u>	<u>Nov. 12, 2015</u>	<u>Corporate Governance</u>	<u>Institute of Corporate Directors</u>
<u>A Bayani K. Tan</u>	<u>Sept. 08, 2015</u>	<u>Corporate Governance</u>	<u>Institute of Corporate Directors</u>
<u>Exequiel P. Villacorta, Jr.</u>	<u>Aug. 24, 2015</u>	<u>Distinguished Corporate Governance Speaker</u>	<u>Institute of Corporate Directors</u>
<u>Willy N. Ocier</u> <u>Frederic C. DyBuncio</u> <u>Juan Victor S. Tanjuatco</u>	<u>Aug. 05, 2015</u>	<u>ASEAN Corporate Governance Score Card</u>	<u>Institute of Corporate Directors</u>
<u>Roman Felipe S. Reyes</u>	<u>April 29, 2015</u>	<u>Corporate Governance</u>	<u>Institute of Corporate Directors</u>
<u>Joseph C. Tan</u>	<u>March 31, 2015</u>	<u>Corporate Governance</u>	<u>Risks, Opportunities, Assessment and Management, Inc.</u>
Juan Victor S. Tanjuatco Exequiel P. Villacorta, Jr.	November 20, 2014	Workshop on Corporate Governance	Institute of Corporate Directors
Joseph C. Tan	October 28, 2014	Workshop on Corporate Governance	Risks, Opportunities, Assessment and Management, Inc.
Willy N. Ocier Frederic C. DyBuncio A. Bayani K. Tan	May 26, 2014	Workshop on Corporate Governance	Institute of Corporate Directors
Roman Felipe S. Reyes	May 14, 2014	Corporate Governance	Philippine Securities Consultancy Corporation
A. Bayani K. Tan	2009 - 2012	Mandatory Continuing Legal Education (MCLE)	UP Law Center
Willy N. Ocier	May 1-4, 2012	Asia Pacific Lottery Association Conference	Asia Pacific Lottery Association
Willy N. Ocier	May 22-24, 2012	G2E Gaming Conference (Macau)	American Gaming Association and Reed Exhibitions
Frederic C. DyBuncio	June 27, 2012	Corporate Governance Orientation	KPMG

## B. CODE OF BUSINESS CONDUCT & ETHICS

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p>The Company aims to conduct business in accordance with the highest standards of business ethics. To this end, all business dealings should be compliant with all applicable laws and must not in any way compromise the good name and reputation of the Company.</p> <p>All business decisions and actions must be based on the best interests of the Company and not motivated by personal considerations or relationships which may interfere with the exercise of independent judgment. All directors, officers and employees are required to promptly disclose any financial or personal</p>		

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

Business Conduct & Ethics	Directors	Senior Management	Employees
	<p>interest in any transaction involving the Company to ensure that potential conflicts of interest are brought to the attention of management.</p> <p>All directors, officers and employees shall act with utmost integrity and shall not engage in unfair dealing practices. The Company prohibits any conflict of interest, unfair competition, breach of trust, insider trading, or any other act inimical to the Company's interest.</p> <p>The Company's Conflict of Interest policy defines a conflict as a situation wherein a director, officer or employee has or appears to have a direct or indirect personal interest in any transaction, which may deter or influence him from acting in the best interests of the Company. Any director, officer or employee involved in an actual or potential conflict of interest is required to immediately disclose said conflict to the Company.</p>		
(b) Conduct of Business and Fair Dealings	<p>All directors, officers and employees shall at all times observe propriety and act with fairness and transparency in dealing with business partners (i.e., contractors, suppliers, creditors and other entities that engage in business with the Company). They must adhere to the Company's principles of healthy competition, equal opportunity and fair treatment of business partners.</p> <p>All directors, officers and employees shall act with utmost integrity and shall not engage in unfair dealing practices. The Company prohibits any conflict of interest, unfair competition, breach of trust, insider trading, or any other act inimical to the Company's interest.</p>		
(c) Receipt of gifts from third parties	<p>The Company prohibits the solicitation or acceptance of gifts in any form from a business partner (i.e., contractors, suppliers, banks and other entities engaged in business with the Company), directly or indirectly, by any director, officer or employee of the Company.</p> <p>The term "gift" covers anything of value, such as but not limited to cash or cash equivalent, loan, fee, reward, commission, allowance, employment, travel entertainment, sponsorship of personal events, use of property owned by business partners, whether for personal or business use.</p> <p>However, a director, officer or employee may accept corporate give-aways, tokens or promotional items of nominal values, provided that the gift is voluntarily given by a third person without any suggestion or solicitation, as a souvenir or out of courtesy, and provided further that the approximate value of the gifts does not exceed Two Thousand Pesos (Php2,000.00). If the value of the gift exceeds Php2,000.00, it should not be accepted and returned to the giver immediately.</p> <p>In situations where it is deemed improper to refuse a gift, the issue shall be referred to Management for proper disposition.</p>		
(d) Compliance with Laws & Regulations	<p>The Company aims to conduct business in accordance with the highest standards of business ethics. To this end, all business dealings should be compliant with all applicable laws and must not in any way compromise the good name and reputation of the Company.</p> <p>All directors, officers and employees are required to immediately report all suspected or actual fraudulent or dishonest acts to management. The Company shall promptly investigate any suspected illegality and pursue appropriate administrative, civil and/or criminal actions.</p>		



Business Conduct & Ethics	Directors	Senior Management	Employees
(e) Respect for Trade Secrets/Use of Non-public Information	<p>All directors, officers and employees shall maintain and safeguard the confidentiality of information relating to the Company. Vital business information, such as financial reports, strategies and plans, shall not be disclosed unless authorized by the Company or required by law. Everyone shall ensure the accuracy of business information and protect the integrity of corporate records and other documents related to the operation of the Company.</p> <p>All directors, officers and employees are prohibited from trading shares of stock of the Company using material information that has not been disclosed to the public and obtained by reason of position, contact within or other relationship with the Company.</p> <p>As stated in the Company's Insider Trading Policy, which is an Annex to its Revised Manual on Corporate Governance, Directors, officers and employees are strictly prohibited from trading in Belle shares five (5) trading days before and two (2) trading days after the disclosure of quarterly and annual financial results and any other material information. <u>Directors and key officers are required to disclose their dealings of company shares within three (3) business days.</u></p>		
(f) Use of Company Funds, Assets and Information	<p>All directors, officers and employees shall maintain and safeguard the confidentiality of information relating to the Company. Vital business information, such as financial reports, strategies and plans, shall not be disclosed unless authorized by the Company or required by law. Everyone shall ensure the accuracy of business information and protect the integrity of corporate records and other documents related to the operation of the Company.</p>		
(g) Employment & Labor Laws & Policies	<p>All officers and employees shall be selected, engaged and compensated based on qualification, merit and performance. They shall be treated fairly and accorded respect and dignity. Their individual and collective rights shall not be violated.</p> <p>The Company shall maintain a safe, productive and conducive workplace and environment and comply with all applicable health, safety and environmental laws. It shall foster harmonious relations among its officers and employees and establish free and honest communication with them.</p> <p>The Company endeavors to provide career advancement through a clearly defined promotion system based on employees' competencies, major contributions and accomplishments, work attitude and interpersonal relationship. The Company shall also offer its employees continuous learning sessions, seminars and workshops to improve and increase their level of competency, efficiency and general well-being.</p>		
(h) Disciplinary action	<p><u>All directors, officers and employees of the Company commit to comply with both the letter and spirit of the Code of Ethics to preserve the goodwill and reputation of the Company. The Human Resources and Governance and Corporate Affairs Departments are responsible for monitoring compliance with the Code of Ethics.</u></p> <p>Disciplinary action or penalties shall be imposed immediately or as soon as possible after the offense has been established. Due process of law and the right to a prompt hearing will be accorded to the employee. Disciplinary actions should in no instance be violative of labor laws and fair practices.</p>		
(i) Whistle Blower	<p>The Company's whistle blower policy was adopted to create an environment where concerns and issues, made in good faith, may be raised freely within the organization. Under the policy, any stakeholder may submit an incident report</p>		



Business Conduct & Ethics	Directors	Senior Management	Employees
			<p>on suspected or actual violations of the Code of Ethics and Discipline or any other applicable law or regulation. Upon receipt of an incident report, management is tasked to conduct an investigation on its merit, subject to due process and applicable penalties and sanctions thereafter. Anyone who in good faith reports a violation of the Code or policies or law shall not be retaliated upon or suffer harassment or adverse employment consequence.</p> <p>Upon the request of the complainant, the Company shall use its best efforts to protect the confidentiality of the complainant for any good faith report. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.</p> <p>Concerns raised anonymously shall not be entertained.</p> <p>The Company's whistleblowing policy, referred to as the Policy on Accountability, Integrity and Vigilance (PAIV), was adopted to create an environment where concerns and issues, made in good faith, may be raised freely within the organization. Under the policy, any director, officer or employee may accomplish an incident report on suspected or actual violations of the Code of Ethics, the Company's Code of Conduct or any other applicable law or regulation. Upon receipt of an incident report, Management conducts an investigation on its merit, subject to due process and applicable penalties and sanctions thereafter. A compilation of concluded reports is periodically presented to the Audit Committee and the Risk Management Committee.</p> <p>POLICY ON ACCOUNTABILITY, INTEGRITY, AND VIGILANCE</p> <p>A. Rationale and General Policy  Consistent with the Company's core values of Integrity and Accountability, it expects its directors, officers, employees and contract workers to observe high standards of business and personal ethics in the conduct of their duties and responsibilities at all times inside and outside the Company.</p> <p>Everyone is expected to help and work towards creating an environment where concerns can be raised for possible violations of our Code of Ethics, policies and laws so they can be resolved sooner than later.</p> <p>B. Reporting Mandate  It is the responsibility of all directors, officers, employees and contract workers to comply with and to report violations or suspected violations of the Code of Ethics, policies, or laws in accordance with this policy.</p> <p>C. Reporting in Good Faith  Anyone filing a complaint concerning a violation or suspected violation must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Code, policies, or law. Any allegations that prove not to be substantiated and have been made maliciously or with knowledge that they were false will be treated as a serious disciplinary offense. Any good faith report, concern or complaint is fully protected by this policy, even if the report, question or concern is, after investigation, not substantiated.</p> <p>D. No Retaliation  Anyone who in good faith reports a violation of the Code or policies, or law shall not be retaliated upon or suffer harassment or adverse employment consequence.</p>

Business Conduct & Ethics	Directors	Senior Management	Employees
	<p>E. The Escalation Process of Raising Concerns Violations or suspected violations of Company policies can be escalated to any of the following:</p> <ol style="list-style-type: none"> <li>1. The Head of HR</li> <li>2. The Compliance Officer</li> <li>3. The Head of Internal Audit</li> <li>4. The Head of Corporate Governance</li> </ol> <p>Above executives shall acknowledge receipt of complaints in writing within 24 hours from receipt of same.</p> <p>F. Confidentiality Upon the request of the complainant, the Company will use its best efforts to protect the confidentiality of the complainant for any good faith report. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation. Concerns raised anonymously shall not be entertained.</p> <p>G. Handling of Reported Violations The Company's Code of Ethics and Code of Conduct, and other relevant rules and regulations, shall serve as guide in determining the penalties and sanctions to be imposed by HR where violations are proven and validated by Internal Audit Group. The principle of due process shall be observed in the handling of all cases. The Audit Committee and the Risk Management Committee shall be informed of all such complaints or reports and their status to be rendered by the Compliance Officer.</p>		
(j) Conflict Resolution	<p>Disciplinary action or penalties shall be imposed immediately or as soon as possible after the offense has been established. Due process of law and the right to a prompt hearing will be accorded to the employee. Disciplinary actions should in no instance be violative of labor laws and fair practices.</p>		
(k) Accreditation of Vendors and Suppliers Process	<p>Premium Leisure Corp. (PLC) purchases its goods and services through its subsidiary, PremiumLeisure &amp; Amusement, Inc. (PLAI). This is done in accordance with professionalism and sound business practice to obtain value for money by incurring the lowest costs to address the Company's needs in terms of quality and service.</p> <p>The authority to buy is vested in PLAI. It is mainly responsible for the following:</p> <ul style="list-style-type: none"> <li>- issuance of Purchase Requests to which each order shall conform to the required signatories based on the latest authority protocol policy;</li> <li>- verification that all allocations are approved and budgeted in the current fiscal year;</li> <li>- verify that the funds are available and that the appropriate budget department's approval is secured</li> </ul> <p>It should on the other hand be provided with accurate specifications at the time request of purchase is made as well as ample lead time for bidding and processing of orders. It shall verify all delivered orders for accuracy and completeness.</p> <p>A Bidding Committee shall be set up by PLAI Management for the procurement of big-ticket items.</p>		

Business Conduct & Ethics	Directors	Senior Management	Employees
	<p>Only accredited vendors are awarded contracts. Vendors to be accredited should be corporations, which are required to submit their latest General Information Sheet, duly accomplished Accreditation Form, Code of Ethics, Disclosure Form and accreditation summary. The officers, owners or employees of the corporation to be accredited should not be connected up to the 3<sup>rd</sup> degree of consanguinity and affinity to any officers or employees of PLAI or PLC.</p> <p>PLAI shall be the control point for all the goods received. Original invoices are required in order to facilitate payment process. All contracts or agreement documents shall be reviewed and approved by the Legal Department. For computer hardware, audio-visual equipment, etc., the Group's IT Department must be consulted for pre-configuration and installation.</p> <p>This policy will be subject to review by the Executive Committee annually.</p>		
(l) Related Party Transactions	<p>The Company practices full disclosure of details of related party transactions. The nature, extent and all other material details of transactions with related parties are disclosed in the Company's financial statements and quarterly and annual reports to the SEC and PSE.</p> <p>The Company conducts all related party transactions on an arm's length basis. In addition, a periodic assessment is made on the following:</p> <ul style="list-style-type: none"> <li>▪ Collectability of receivables from related parties and the necessity to provide allowance for doubtful accounts for such receivables</li> <li>▪ Market and financial risks faced by related parties</li> <li>▪ Guarantees issued to or received from related parties</li> <li>▪ Financial and economic soundness of related party transactions (e.g., receivables and payables, cash placements and loans, investments in shares of stock, management/service fees, etc.)</li> </ul> <p>Management regularly presents the details of transactions entered into by the Company with related parties at the meetings of the Audit <u>Committee</u> and <u>the</u> Risk Management Committee.</p>		
(m) Alternative Dispute Resolution System	<p>A neutral third party participates to assist in the resolution of issues between the Company and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Company and the circumstances sees fit.</p> <p>Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties.</p> <p>There were no conflicts between the corporation and its stockholders, the corporation and third parties, and the corporation and regulatory authorities, for the last three years.</p>		

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

**YES.** All directors, officers and employees are given a copy of the Company's Manual on Corporate Governance and Code of Ethics and Discipline and are required to sign an Acknowledgement Receipt that will be kept as part of the employee's 201 file.

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

**Directors, officers and employees of the Company commit to comply with both the letter and spirit of the Code to preserve the goodwill and reputation of the Company. The Human Resources Department and the Governance and Corporate Affairs Department are responsible for monitoring compliance with the Code.**

**Disciplinary actions against violators include dismissal and/or filing of appropriate civil and criminal actions.**

- 4) Related Party Transactions

- (a) Policies and Procedures

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

Related Party Transactions	Policies and Procedures
(1) Parent Company	The Company practices full disclosure of details of related party transactions. The nature, extent and all other material details of transactions with related parties are disclosed in the Company's financial statements and quarterly and annual reports to the SEC and PSE.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	The Company conducts all related party transactions on an arm's length basis. In addition, a periodic assessment is made on the following: <ul style="list-style-type: none"> <li>▪ Collectability of receivables from related parties and the necessity to provide allowance for doubtful accounts for such receivables</li> <li>▪ Market and financial risks faced by related parties</li> <li>▪ Guarantees issued to or received from related parties</li> <li>▪ Financial and economic soundness of related party transactions (e.g., receivables and payables, cash placements and loans, investments in shares of stock, management/service fees, etc.)</li> </ul> Management regularly presents the details of transactions entered into by the Company with related parties at the meetings of the Audit <u>Committee</u> and <u>the</u> Risk Management Committee.
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

- (b) Conflict of Interest

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

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

**The Company has no instance of conflict of interest to which directors, officers or significant shareholders may be involved.**

(ii) Mechanism

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

	Directors/Officers/Significant Shareholders
Company	<p>The Company aims to conduct business in accordance with the highest standards of business ethics. To this end, all business dealings should be compliant with all applicable laws and must not in any way compromise the good name and reputation of the Company.</p> <p>All business decisions and actions must be based on the best interests of the Company and not motivated by personal considerations or relationships which may interfere with the exercise of independent judgment. All directors, officers and employees are required to promptly disclose any financial or personal interest in any transaction involving the Company to ensure that potential conflicts of interest are brought to the attention of management.</p> <p>All directors, officers and employees shall act with utmost integrity and shall not engage in unfair dealing practices. The Company prohibits any conflict of interest, unfair competition, breach of trust, insider trading, or any other act inimical to the Company's interest.</p> <p><u>Further, all directors, officers and employees should inhibit oneself from the processing and approval of transactions when conflicted.</u></p> <p><u>Any member of the Board is required to abstain from participating in discussions on a particular agenda when conflicted. One should avoid situations that may compromise his impartiality, and should an actual or potential conflict of interest arise, he should fully and immediately disclose the same.</u></p> <p>In addition, the Company practices full disclosure of details of related party transactions. The nature, extent and all other material details of transactions with related parties are disclosed in the Company's financial statements and quarterly and annual reports to the SEC and PSE.</p> <p>Management regularly presents the details of transactions entered into by the Company with related parties at the meetings of the Audit Committee and the Risk Management Committee.</p> <p><u>The Company strictly enforces the Policy on Accountability, Integrity and Vigilance, its Code of Ethics and Code of Conduct.</u></p>
Group	

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,<sup>3</sup> commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
NONE. There are no family, commercial, contractual or business relations that exists between the holders of significant equity (5% or more) for Y2015.		

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

- (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
<ul style="list-style-type: none"> <li>▪ Belle Corporation</li> <li>▪ Premium Leisure Corp.</li> </ul>	Business	With common set of directors/officers

- (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
<b>NONE. There are no shareholder arrangements which may impact the control, ownership and strategic direction of the Company <i>for Y2015</i>.</b>		

6) Alternative Dispute Resolution

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

	Alternative Dispute Resolution System
Corporation & Stockholders	<p>A neutral third party participates to assist in the resolution of issues between the Company and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Company and the circumstances sees fit.</p> <p>Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties.</p> <p>There were no conflicts between the corporation and its stockholders, the corporation and third parties, and the corporation and regulatory authorities, for the last three years.</p>
Corporation & Third Parties	
Corporation & Regulatory Authorities	

**C. BOARD MEETINGS & ATTENDANCE**

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

**YES. Meetings of the Board of Directors are usually scheduled in the month following each quarter-end, and the schedule is finalized subject to the availability of the directors. Additional meetings are scheduled as the need arises.**

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
<u>Chairman</u>	<u>Willy N. Ocier</u>	<u>April 27, 2015</u>	<u>6</u>	<u>5</u>	<u>83%</u>
<u>Member</u>	<u>Frederic D. DyBuncio</u>	<u>April 27, 2015</u>	<u>6</u>	<u>6</u>	<u>100%</u>
<u>Member</u>	<u>Exequiel P. Villacorta, Jr.</u>	<u>April 27, 2015</u>	<u>6</u>	<u>6</u>	<u>100%</u>
<u>Member</u>	<u>A. Bayani K. Tan</u>	<u>April 27, 2015</u>	<u>6</u>	<u>5</u>	<u>83%</u>
<u>Independent</u>	<u>Joseph C. Tan</u>	<u>April 27, 2015</u>	<u>6</u>	<u>5</u>	<u>83%</u>
<u>Independent</u>	<u>Juan Victor S. Tanjuatco</u>	<u>April 27, 2015</u>	<u>6</u>	<u>5</u>	<u>83%</u>
<u>Independent</u>	<u>Roman Felipe S. Reyes</u>	<u>April 27, 2015</u>	<u>6</u>	<u>5</u>	<u>83%</u>

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

**YES. A separate meeting of non-executive directors was held in 2015 as part of their program to improve effective governance for the coming year.**

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

**A majority of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors as provided for under the Company's Amended By-Laws. In practice, this requirement is more than two-thirds vote.**

5) Access to Information

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

**Board papers for Board of Directors' meetings are provided to the directors at least five (5) business days before the meeting.**

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

**YES. Board members have independent access to management and the Corporate Secretary.**

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

**Under the Company's Revised Manual on Corporate Governance, the Corporate Secretary has the following duties and responsibilities:**

- 1) Be responsible for the safekeeping and preservation of the integrity of minutes of the meeting of the Board and its committees, as well as other official records of the Company.**
- 2) Work fairly and objectively with the Board, management and stockholders.**
- 3) Have appropriate administrative and interpersonal skills.**
- 4) If he is not at the same time the Company's legal counsel, to be aware of the laws, rules, and regulations necessary in the performance of his duties and responsibilities.**
- 5) Have a working knowledge of the operations of the Company.**
- 6) Inform that members of the Board, or of the committees of the Board, as the case may be, in accordance with the By-Laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.**

<sup>4</sup> Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.



- 7) Attend all Board meetings except when justifiable causes, such as illness, death in the immediate family and serious accidents prevent him from doing so.
- 8) Ensure that all Board and Committee procedures, rules and regulations are strictly followed by members.
- 9) If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in the SEC's Code of Corporate Governance.

(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, Atty. Elmer B. Serrano, was appointed during the Annual Stockholders' Meeting last April 27, 2015. He holds a Juris Doctorate and a Bachelor of Science degree in Legal Management from the Ateneo de Manila University, and is a member of the Integrated Bar of the Philippines.**

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes ☒ No ☐

Committee	Details of the procedures
Executive	To enable the Board <u>and each Board Committee</u> to properly fulfill their duties and responsibilities, they are provided with complete and timely information about the matters in the agenda of the meetings. Directors are given independent access to management and the Corporate Secretary and they can freely communicate with them through email or telephone.
Audit	
Risk Management	
Nomination	
Remuneration	
Others (specify)	<u>The Committee Members may request for additional information thru the Corporate Secretary of Management, if necessary.</u>

6) External Advice

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

Procedures	Details
To enable the Board to properly fulfill their duties and responsibilities, they are provided with complete and timely information about the matters in the agenda of the meetings. Directors are given independent access to management and the Corporate Secretary, as well as to independent professional advice when the need arises.	

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
1. <u>Dividend policy</u>	<u>Payment of dividends within 30 days from declaration</u>	<u>To align with leading corporate governance practices</u>



Existing Policies	Changes	Reason
2. <u>Disclosure of trading in Company shares</u>	<u>Directors and key officers must declare their dealings with Company shares within three (3) business days</u>	<u>To align with leading corporate governance practices</u>
3. <u>ASM Agenda</u>	<u>Each agenda item in the Notice to Stockholders' Meeting that will require stockholder approval must have a brief explanation or rationale</u>	<u>To align with leading corporate governance practices</u>
4. <u>Whistle-blowing</u>	<u>Adoption of Whistle-blowing and Protection from Retaliation Policy</u>	<u>To align with leading corporate governance practices</u>
5. <u>Vendor Accreditation</u>	<u>Adoption of Vendor Accreditation and Selection Policy</u>	<u>To align with leading corporate governance practices</u>

#### 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	<u>Performance-based</u>	<u>Performance-based</u>
(2) Variable remuneration	<u>Not applicable</u>	<u>Not applicable</u>
(3) Per diem allowance	<u>For independent directors – Php 50,000 and for other directors – Php10,000 per Board meeting attended</u>	<u>Not applicable</u>
(4) Bonus	<u>Performance-based</u>	<u>Performance-based</u>
(5) Stock Options and other financial instruments	<u>Not applicable</u>	<u>Not applicable</u>
(6) Others (specify)	<u>Not applicable</u>	<u>Not applicable</u>

##### 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	The Compensation and Remuneration Committee determines the amount of remuneration	Executive compensation is composed of salaries, bonuses and other annual compensation, plus fixed per diem for every board meeting	<u>Benchmarks such as industry peer group, compensation studies, and level of responsibilities are used as basis.</u>

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
	which shall be in a level sufficient to attract directors, executives and other key senior personnel needed to run the Company successfully.	attended.  Independent Director – ₱50,000 / meeting Others – ₱10,000 / meeting	
Non-Executive Directors			

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

Remuneration Scheme	Date of Stockholders' Approval
Yes, stockholders ratify all acts made by the Board and Management during the Annual Stockholders' Meeting (ASM). The annual compensation of the principal officers and the per diem for directors are disclosed in the SEC Form 20-IS distributed to all stockholders prior to the ASM.	<u>27 April 2015</u>
	<u>28 April 2014</u>
	<u>22 April 2013</u>

3) Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (Other than Independent Directors)	Independent Directors
(a) Fixed Remuneration (b) Variable Remuneration (c) Per Diem Allowance (d) Bonuses (e) Stock options and / or other financial instruments Others (Specify)	<p><b><u>The total per diem allowance paid to Directors in 2015 amounted to Php 4.99 million.</u></b></p> <p><b>There are no stock options or other financial instruments given to Directors.</b></p>		

Other Benefits	Executive Directors	Non-Executive Directors (other than Independent Directors)	Independent Directors
<p>(a) <u>Advances</u> (b) <u>Credit granted</u> (c) <u>Pension plans, Contributions</u> (d) <u>Pension plans, Obligations incurred</u> (e) <u>Life Insurance premium</u> (f) <u>Hospitalization plan</u> (g) <u>Car plan</u> (h) <u>Others (Specify)</u></p> <p><b>Total</b></p>	<p><b>There are no advances, credit and car plan granted to directors.</b></p> <p><b>There are no life insurance and hospitalization plan for the independent directors. The directors (except independent directors) are covered with life insurance and are included in the retirement contribution given for the Company's eligible employees as a whole.</b></p>		

4) Stock Rights, Options and Warrants

(a) Board of Directors

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

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
<b>NONE. There are no option grants outstanding held by directors and officers as of December 31, <u>2015</u>.</b>				

(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
<b>NONE. There are no amendments and/or discontinuation of any incentive programs in <u>2015</u>.</b>		

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:

**The aggregate compensation, inclusive of salary, bonuses, and other annual compensation, paid or incurred in 2015 to the four (4) highest compensated members of management (not executive directors) amounted to Php 7.88 million.**

## E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	2	<u>1</u>	<u>0</u>	<ul style="list-style-type: none"><li>• The Executive Committee oversees the management of the Company and is responsible for the Company’s finances, goals, and policies.</li><li>• The Committee is also tasked to foster the long-term success of the Company and sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders through sound strategic policies, guidelines and programs that can sustain the Company’s long-term viability and strength.</li></ul>			
Audit		1	2	<ul style="list-style-type: none"><li>• The Audit Committee assists and advises the Board of Directors in fulfilling its oversight responsibilities to ensure the quality and integrity of the Company’s accounting, financial reporting, auditing practices and internal control systems and adherence to over-all corporate governance best practice.</li><li>• The Committee also oversees the Company’s process for monitoring compliance with laws, regulations, the Code of Ethics and Discipline, and performs other duties as the Board may require.</li></ul>			

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
				<p>Under its Charter, the Committee is duty-bound to perform and carry out the following responsibilities, among others, categorized under seven (7) major domains:</p> <ul style="list-style-type: none"><li>• Financial statements and reporting<ul style="list-style-type: none"><li>- Review significant accounting and reporting issues</li><li>- Review and endorse to the Board for approval the financial statements of the Company</li><li>- Review the results of external audit</li></ul></li><li>• Internal control<ul style="list-style-type: none"><li>- Review the effectiveness of the Company's internal control system</li></ul></li><li>• Internal audit<ul style="list-style-type: none"><li>- Provide oversight of the performance of the internal audit group</li></ul></li><li>• External audit<ul style="list-style-type: none"><li>- Review the external auditors' audit scope and approach and the results of the audit</li></ul></li><li>• Compliance<ul style="list-style-type: none"><li>- Review and continually improve the effectiveness of the system for monitoring the results of management's investigation and follow-up of any instance of non-compliance</li></ul></li><li>• Reporting responsibilities<ul style="list-style-type: none"><li>- Regularly report to the Board the Committee's activities, findings, decisions, deliberations and recommendations</li><li>- <u>Review the details of the Company's related party transactions.</u></li></ul></li><li>• Other responsibilities<ul style="list-style-type: none"><li>- Perform other activities as requested by the Board</li></ul></li></ul>			
Risk Management		1	2	<p>1) <u>Review the adequacy and effectiveness of the Company's policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks</u></p> <p>2) <u>Ensure that Management sufficiently and swiftly manages risks, (i.e. reduction and mitigation across operating units) especially those categorized as having high impact with high probability of occurring</u></p>			
Nomination	0	0	3	<p>1) <u>Pre-screens and shortlists all candidates nominated to become a member of the Board of Directors in accordance with the Company's Manual on Corporate Governance</u></p> <p>2) <u>Ensures that all candidates nominated by shareholders to become a member of the Board shall possess the ideals and values that are aligned to the Company's mission and vision statements;</u></p>			

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
				3) <u>In consultation with the appropriate executive or management committee/s, re-define the role, duties and responsibilities of the Chief Executive Officer (CEO) by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times;</u>			
				4) <u>Determine the number of directorships which a member of the Board of Directors may hold, in accordance with the guidelines provided under the Manual on Corporate Governance and all relevant rules and regulations;</u>			
				5) <u>The Nomination Committee evaluates all candidates nominated to the Board in accordance with the requirements set forth by the Company's Revised Manual on Corporate Governance. The Committee ensures that those nominated to the Board meet all the qualifications for directorship.</u>			
Compensation and Remuneration	1	0	2	1) <u>Tasked to establish ad 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;</u>			
				2) <u>Designate amount of remuneration, which shall be in sufficient level to attract and retain directors and officers who are needed to run the Company successfully;</u>			
				3) <u>Review policies to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.</u>			
				4) <u>The Committee also reviews existing human resource policies to ensure the continued growth and development of the Company's workforce.</u>			
Others – Corporate Governance Committee		1	2	Review the Company's continual process of good corporate governance, as well as provide approach and advice for development, and tasks management to look into the evolving ASEAN Corporate Governance initiative from the regulators and advocacy groups to see what other enhancements can be properly pursued.			

## 2) Committee Members

### (a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	Willy N. Ocier	04/27/2015				17
Member (ED)	Frederic C. DyBuncio	04/27/2015				<3
Member (ID)	Roman Felipe S. Reyes*	04/27/2015				<2
Member (NED)	<u>A Bayani K. Tan*</u>	<u>10/30/2015</u>				<u>&lt;1</u>

\*Note: Membership of Mr. Roman Felipe S. Reyes to the Executive Committee ended on 10/30/2015 with the appointment of Atty A Bayani K. Tan.

### (b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Roman Felipe S. Reyes	04/27/2015	<u>4</u>	<u>4</u>	<u>100%</u>	<2
Member (ID)	Joseph C. Tan	04/27/2015	<u>4</u>	<u>4</u>	<u>100%</u>	<1
Member (NED)	Exequiel P. Villacorta, Jr.	04/27/2015	<u>4</u>	<u>4</u>	<u>100%</u>	<2

### (c) Risk Management Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Roman Felipe S. Reyes	04/27/2015	<u>1</u>	<u>1</u>	<u>100%</u>	<2
Member (ID)	Joseph C. Tan	04/27/2015	<u>1</u>	<u>1</u>	<u>100%</u>	<1
Member (NED)	Exequiel P. Villacorta, Jr	04/27/2015	<u>1</u>	<u>1</u>	<u>100%</u>	<2

Disclose the profile or qualifications of the Audit Committee members.

#### Roman Felipe S. Reyes

Mr. Reyes, a Certified Public Accountant, is the Chairman of Reyes Tacandong & Co., and a member of the GSIS Board of Trustees since 2010. He serves as an Independent Director of Macawiwili Gold Mining And Development Co., Inc., Pakistan International Container Terminal Limited, Premium Leisure Corporation, Bank of Commerce, RPN 9, Philippine Geothermal Production Company, Pasudeco, All Asian Countertrade, National Reinsurance Corporation of the Philippines, and Rockwell Leisure Club. He is also a current Trustee of San Bada College, San Bada Alumni Association Foundation, and the Chairman of the Board of Governors of Nicanor Reyes Memorial Foundation. He was a Senior Partner and the Vice Chairman for Client Services and Accounts of SGV & Co. from 1984-2009, and the President of Knowledge Institute in 2009. Mr. Reyes earned his Bachelor of Science degree in Commerce, major in Accounting, from San Bada College in 1972, and obtained his MBA degree in Finance from the University of Detroit in 1975.

#### Joseph C. Tan

Atty. Joseph C. Tan is the Founding Partner of MOST Law Firm from September 2006 to present. He was a Special Counsel for the Agus Cruz & Manzano Law Office from 2004 to August 2006. He was an Associate of Puno & Puno Law Offices from 1991 to 1995. Atty. Tan is a director of San Carlos Bioenergy Corporation. He was also a director of Philippine Bank of Communications from September 2010 to August 2011. He is a Consultant Chairman of UCPB.

Atty. Tan holds a Bachelor of Arts with a Major in Business Administration degree from University of San Francisco, USA (Class of 1978). He also holds a Bachelor of Laws degree from the Ateneo de Manila College of Law, Makati City, graduating with honors (Class of 1985).

#### **Exequiel P. Villacorta, Jr.**

Mr. Exequiel P. Villacorta, Jr. is an elected Director of BDO Leasing and Finance, Inc. He was previously director of Equitable PCI Bank, Inc. from 2005 to 2006, and EBC Insurance Brokerage, Inc., and Maxicare Healthcare Corporation. He was formerly the Chairman of EBC Strategic Holdings Corporation, EBC Investments, Inc. (now BDO Strategic Holdings Inc.), Jardine Equitable Finance Corporation, Strategic Property Holdings, Inc., PCIB Properties, Inc., Equitable Data Center, Inc. and PCI Automation Center, Inc. He was previously President and CEO of Banco De Oro Universal Bank and TA Bank of the Philippines, and was Vice President of Private Development Corporation of the Philippines (PDCP). He was Senior adviser and BSP Controller of Equitable PCI Bank, Inc. and PBCom; and Adviser to the Board of PCI Capital Corporation.

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

**The Audit Committee, as authorized by the Board, has the primary responsibility of endorsing ~~on~~ the appointment, re-appointment and removal of the external auditors. The Board, through the Audit Committee, recommends to the stockholders a duly accredited external auditor who shall undertake the independent audit and shall provide and perform an objective assurance on the preparation and presentation of financial statements.**

**The Audit Committee also:**

- Performs oversight functions of the Company's external auditors. It ensures that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit function.
- Prior to the commencement of the audit, discusses with the external auditor the nature, scope and expenses of the audit and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.
- Reviews the reports submitted by the external auditors, including any difficulties encountered.
- Evaluates and determines the non-audit work, if any, of the external auditor, and reviews 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 the duties of the external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report.
- Meets separately with the external auditor, on a regular basis, to discuss any matter that the Committee or auditors believe should be discussed privately.

#### (d) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
<u>Chairman (ID)</u>	<u>Joseph C. Tan*</u>	<u>10/30/2015</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>&lt;2</u>
<u>Member (ID)</u>	<u>Juan Victor S. Tanjuatco</u>	<u>04/27/2015</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>&lt;1</u>
<u>Member (ID)</u>	<u>Roman Felipe S. Reyes**</u>	<u>10/30/2015</u>	<u>1</u>	<u>1</u>	<u>100%</u>	<u>&lt;1</u>
<u>Chairman (ED)</u>	<u>Frederic C. DyBuncio*</u>	<u>04/27/2015</u>	<u>2</u>	<u>2</u>	<u>100%</u>	<u>&lt;4</u>

*\*Note: Chairmanship of Mr. Frederic C. DyBuncio to the Nomination Committee ended on 10/30/2015 with the appointment of Atty. Joseph C. Tan from Member to Chairman. Further, Atty Joseph C. Tan was appointed on 04/27/2015 as a Member of the Nomination Committee.*

*\*\* Mr. Roman Felipe S. Reyes was appointed as a NEW member of the Nomination Committee on 10/30/2015.*



(e) Compensation and Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
<b>Chairman (ID)</b>	<b>Juan Victor S. Tanjuatco*</b>	<b>10/30/2015</b>	<b>2</b>	<b>2</b>	<b>100%</b>	<b>&lt;1</b>
<b>Member (ED)</b>	<b>Willy N. Ocier**</b>	<b>10/30/2015</b>	<b>2</b>	<b>2</b>	<b>100%</b>	<b>&lt;2</b>
<b>Member (ID)</b>	<b>Joseph C. Tan***</b>	<b>10/30/2015</b>	<b>2</b>	<b>2</b>	<b>100%</b>	<b>&lt;1</b>
<b>Member (NED)</b>	<b>A.Bayani K. Tan***</b>	<b>04/27/2015</b>	<b>1</b>	<b>1</b>	<b>100%</b>	<b>17</b>

*\*Note: Designation of Mr. Juan Victor S. Tanjuatco was changed from Member to Chairman of the Compensation and Remuneration Committee on 10/30/2015. Further, Mr Juan Victor S. Tanjuatco was appointed on 04/27/2015 as a Member of the Nomination Committee.*

*\*\*Note: Designation of Mr. Willy N. Ocier was changed from Chairman to Member on 10/30/2015. He was appointed as Chairman on 04/27/2015.*

*\*\*\*Note: Membership of Atty A Bayani K. Tan ended on 10/30/2015 with the appointment of Atty Joseph C. Tan.*

(f) Others (Specify) – Corporate Governance 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
<b>Chairman (ID)</b>	<b>Roman Felipe S. Reyes</b>	<b>04/27/2015</b>	<b>3</b>	<b>3</b>	<b>100%</b>	<b>&lt;2</b>
<b>Member (ID)</b>	<b>Joseph C. Tan</b>	<b>04/27/2015</b>	<b>3</b>	<b>3</b>	<b>100%</b>	<b>&lt;2</b>
<b>Member (NED)</b>	<b>Exequiel P. Villacorta, Jr</b>	<b>04/27/2015</b>	<b>3</b>	<b>3</b>	<b>100%</b>	<b>&lt;2</b>

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
<b>Executive Committee</b>	<b><u>Roman Felipe S. Reyes</u></b> <b><u>REPLACED BY</u></b> <b><u>A Bayani K. Tan</u></b>	<b><u>Committee Restructuring</u></b>
<b>Audit Committee</b>	<b>NEW</b> <b>Joseph C. Tan</b>	<b>Appointed during the organizational board meeting held on April 27, 2015</b>
<b>Risk Management Committee</b>	<b>NEW</b> <b>Joseph C. Tan</b>	<b>Appointed during the organizational board meeting held on April 27, 2015</b>
<b>Nomination Committee</b>	<b>Frederic C. DyBuncio</b> <b>replaced by Joseph C. Tan as Chairman and Roman Felipe S. Reyes joined as NEW member</b>	<b><u>to adhere with good governance practices</u></b>
<b>Compensation and Remuneration Committee</b>	<b>Willy N. Ocier replaced by Juan Victor S. Tanjuatco as Chairman and A Bayani K Tan replaced by Joseph C. Tan</b>	<b><u>to adhere with good governance practices</u></b>
<b>Others (specify) – Corporate Governance Chairman (ID) Member (ID) Member (NED)</b>	<ul style="list-style-type: none"> <li>▪ Roman Felipe S. Reyes</li> <li>▪ Joseph C. Tan</li> <li>▪ Exequiel P. Villacorta, Jr.</li> </ul>	<b>Committee created during organizational board meeting held on April 27, 2015.</b>



4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Executive	<ul style="list-style-type: none"> <li>Oversee the management of the Company, which includes, among others: <ul style="list-style-type: none"> <li>Financial matters</li> <li>Construction updates and issues</li> <li>Property maintenance updates and issues</li> <li>Legal matters</li> </ul> </li> <li>Reviewed the Company's vision, mission, strategies, plans, and annual budget <ul style="list-style-type: none"> <li>Monitored the implementation of policies and strategies, including management's overall performance</li> </ul> </li> </ul>	<u>Implementation of the strategic and long – term goals of the Company</u>
Audit	<ul style="list-style-type: none"> <li>Assisted and advised the Board of Directors in fulfilling its oversight responsibilities to ensure the quality and integrity of the Company's accounting, financial reporting, auditing practices, risk management and internal control systems and adherence to over-all corporate governance best practice</li> <li><u>Recommended for Board approval the audited financial statements of Premium Leisure Corp. for the year ended December 31, 2014;</u></li> <li><u>Reviewed Premium Leisure Corp.'s financial statements for the first quarter ended March 31, 2015, second quarter ended June 30, 2015, third quarter ended September 30, 2015;</u></li> <li>Reviewed significant accounting and reporting issues, and endorsed to the Board for approval the financial statements of the Company</li> <li>Reviewed the effectiveness of the Company's internal control system</li> <li>Provided oversight of the performance of the internal audit group</li> <li>Reviewed the external auditors' audit scope and approach and the results of the audit</li> <li><u>Reviewed the details of the Company's related party transactions</u></li> <li><u>Reviewed and introduced changes to its Charter to conform with good corporate governance practices.</u></li> <li><u>Restructured the Committee based on the provisions of the new Charter.</u></li> </ul>	<u>Reported audit findings and identified related party transactions</u>
Risk Management	<ul style="list-style-type: none"> <li>Reviewed the adequacy and effectiveness of the Company's policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks</li> <li><u>Discussed the results of the enterprise-wide risk assessment and Management's action plans to address identified risks;</u></li> <li><u>Reviewed and introduced changes to its Charter to conform with good corporate governance practices.</u></li> <li><u>Restructured the Committee based on the provisions of the new Charter.</u></li> </ul>	<u>Identified significant risks</u>
Nomination	<ul style="list-style-type: none"> <li>Evaluated all candidates nominated to the Board in accordance with the requirements set forth by the SEC and the Company's Manual on Corporate Governance</li> <li>Ensured that those nominated to the Board meet all the qualifications and none of the disqualifications for directorship</li> <li><u>Reviewed and introduced changes to its Charter to conform with good corporate governance practices.</u></li> <li><u>Restructured the Committee based on the provisions of the new Charter.</u></li> </ul>	<u>Adherence to good corporate governance practices</u>
Compensation and Remuneration	<ul style="list-style-type: none"> <li>Performed oversight of policies on salaries and benefits, as well as promotions and other forms of career advancement</li> <li>Reviewed existing human resource policies to ensure the continued growth and development of the Company's workforce</li> <li><u>Reviewed and introduced changes to its Charter to conform with good</u></li> </ul>	<u>Adherence to good corporate governance practices</u>

Name of Committee	Work Done	Issues Addressed
	<u>corporate governance practices;</u> ▪ <u>Restructured the Committee based on the provisions of the new Charter.</u>	
Others (specify) Corporate Governance	▪ Reviewed the Company's continual process of good corporate governance, as well as providing approach and advice for development, and tasking management to look into the evolving ASEAN Corporate Governance initiative from the regulators and advocacy groups to see what other enhancements can be properly pursued.	<u>Adherence to good corporate governance practices</u>

#### 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	<ul style="list-style-type: none"> <li>▪ Foster the long-term success of the Company and sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders through sound strategic policies, guidelines and programs that can sustain the Company's long-term viability and strength</li> <li>▪ Periodically review the Company's vision, mission, strategies, plans, and annual budget and continuously monitor the implementation of such policies and strategies, including management's overall performance</li> <li>▪ Institutionalize the risk management assessment process to ensure standardization, effectiveness and efficiency, and continuously monitor key risk areas and performance indicators with due diligence to enable the Company to anticipate and prepare for possible threats to its operational and financial viability</li> <li>▪ Institute good corporate governance practices and ensure effective communication with all employees for acknowledgment and strict compliance</li> <li>▪ Define policies and plans regarding corporate social responsibility (CSR), including formulating an action plan for publicizing and promoting awareness of CSR among all officers and employees</li> </ul>	
Audit	<ul style="list-style-type: none"> <li>▪ Implement the action plans made based on the results of the self-assessment conducted following the guideline set forth by SEC Memorandum Circular No. 4, which includes, among others:               <ul style="list-style-type: none"> <li>– Develop a succession plan for its members and Chair</li> <li>– Reporting to the Board and issuance of certifications on critical compliance issues</li> <li>– Review and approval of management representation letter before submission to external auditor</li> <li>– Obtaining management's assurance on the state of internal controls</li> <li>– Review and approval of fees of external auditor</li> </ul> </li> <li>▪ Oversee the effectiveness of the Company's whistleblower policy, so that the whistleblower has the confidence that the Company has the required and appropriate independent procedure to effectively investigate and resolve such possible wrong-doings and non-compliance issues</li> </ul>	

Name of Committee	Planned Programs	Issues to be Addressed
Risk Management	<ul style="list-style-type: none"> <li>▪ Promotion of risk awareness in the organization</li> <li>▪ Evaluation of compliance with the Code of Conduct for management</li> <li>▪ Review and assess the effectiveness of the Company's risk management system in the mitigation of financial and non-financial risks</li> </ul>	
Nomination	<ul style="list-style-type: none"> <li>▪ Enhance the process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies, and appoint competent, professional, honest and highly-motivated management officers</li> <li>▪ Ensure annual performance appraisal of individual directors, the board as a whole, board committees and the President, and periodically review the criteria used in assessing such performance</li> <li>▪ Formulate succession plans for top key management positions and review such plan on a regular basis</li> <li>▪ Identify areas for improvement of the members of the Board, such as training/continuing education programs or any other form of assistance that directors may need in the performance of their duties</li> </ul>	
Compensation and Remuneration	<ul style="list-style-type: none"> <li>▪ Periodically review the compensation method for directors, officers and employees so that they are equitable and appropriately corresponds to the respective assigned duties and responsibilities, current business environment and performance results of the Company</li> <li>▪ Define goals and evaluate the performance of top management to set reasonable compensation</li> </ul>	
Others (specify) Corporate Governance	<ul style="list-style-type: none"> <li>▪ Review the Company's continual process of good corporate governance, as well as providing approaches and advices for development, and tasking management to look into the evolving ASEAN Corporate Governance initiative from the regulators and advocacy groups to see what other enhancements can be properly pursued.</li> </ul>	

## F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Company has adopted a risk management policy that establishes a culture of disclosing, evaluating and managing risks, from the Board and throughout the organization toward achieving its goals and objectives, which include, among others, the protection and preservation its employees' and clients' safety and welfare, the value and condition of its properties and assets, and its local and global reputation. The Company aligns its risk appetite with its long-term strategic objectives.

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

- **The Board of Directors through the Risk Management Committee has reviewed the Company's risk management system and has found the same effective and adequate.**

- (c) Period covered by the review;

**Year 2015.**

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

**The Risk Management Committee reviews annually the effectiveness of the Company's risk management system. The Committee reviews the adequacy and effectiveness of the Company's policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks, including management's reduction and mitigation plan to sufficiently and swiftly manage major financial and business risk exposures.**

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

## 2) Risk Policy

- (a) Company

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

Risk Exposure	Risk Management Policy	Objective
<b>Financial Risks</b> <ul style="list-style-type: none"> <li>▪ Credit risk</li> <li>▪ Liquidity risk</li> <li>▪ Equity price risk</li> <li>▪ Capital management</li> </ul>	<ul style="list-style-type: none"> <li>▪ All customers who wish to trade on credit terms are subject to credit verification procedures, and receivable balances are monitored on an ongoing basis to ensure that exposure to bad debts is not significant</li> <li>▪ Maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information</li> <li>▪ Maintain debt-to-equity ratio at manageable levels</li> </ul>	<p>The Company has adopted a risk management policy that establishes a culture of disclosing, evaluating and managing risks, from the Board and throughout the organization toward achieving its goals and objectives, which include, among others, the protection and preservation its employees' and clients' safety and welfare, the value and condition of its properties and assets, and its local and global reputation. The Company aligns its risk appetite with its long-term strategic objectives.</p> <p>In order to mitigate risk exposures, the Company continues to exercise fiscal prudence and adopt what it considers conservative financial and operational controls.</p>
<b>Regulatory Risks</b> <ul style="list-style-type: none"> <li>▪ Government regulations</li> <li>▪ Changes to Philippine laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Compliance with licensing and regulatory requirements necessary to operations</li> </ul>	

- (b) Group

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

Risk Exposure	Risk Management Policy	Objective
<b>Financial Risks</b> <ul style="list-style-type: none"> <li>▪ Interest rate risk</li> <li>▪ Foreign currency risk</li> <li>▪ Credit risk</li> <li>▪ Liquidity risk</li> <li>▪ Equity price risk</li> <li>▪ Capital management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Manage interest cost by limiting borrowings</li> <li>▪ Mitigate transactional currency exposure by maintaining costs at consistently low levels, regardless of upward or downward movement in the foreign currency exchange rate</li> <li>▪ All customers who wish to trade on credit terms are subject to credit verification procedures, and receivable balances are monitored on an ongoing basis to ensure that exposure to bad debts is not significant</li> <li>▪ Maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information</li> <li>▪ Maintain debt-to-equity ratio at manageable levels</li> </ul>	<p>The Group has adopted a risk management policy that establishes a culture of disclosing, evaluating and managing risks, from the Board and throughout the organization toward achieving its goals and objectives, which include, among others, the protection and preservation its employees' and clients' safety and welfare, the value and condition of its properties and assets, and its local and global reputation. The Group aligns its risk appetite with its long-term strategic objectives.</p> <p>In order to mitigate risk exposures, the Group continues to exercise fiscal prudence and adopt what it considers conservative financial and operational controls.</p>
<b>Market Risks</b> <ul style="list-style-type: none"> <li>▪ Economic and political conditions</li> <li>▪ Competition</li> </ul>	<ul style="list-style-type: none"> <li>▪ Diversify portfolio by offering different product lines</li> <li>▪ Enhance existing amenities and introduce new concepts which will cater to the high-end market</li> <li>▪ Offer long and affordable terms for buyers</li> </ul>	
<b>Performance / Completion Risks</b> <ul style="list-style-type: none"> <li>▪ Suppliers</li> <li>▪ Contractors</li> </ul>	<ul style="list-style-type: none"> <li>▪ Purchase only from accredited suppliers</li> <li>▪ Performance bonds for contractors to ensure contractual arrangements meet the Group's performance standards</li> </ul>	
<b>Regulatory Risks</b> <ul style="list-style-type: none"> <li>▪ Government regulations</li> <li>▪ Changes to Philippine laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Compliance with licensing and regulatory requirements necessary to operations</li> </ul>	

Risk Exposure	Risk Management Policy	Objective
<b>Hazard Risks</b> <ul style="list-style-type: none"> <li>Natural disasters</li> </ul>	<ul style="list-style-type: none"> <li>Regular site inspections by Group personnel and consultants/experts</li> <li>Implement safety measures in the design plans</li> <li>Include in insurance coverage</li> </ul>	
<b>IT Risks</b> <ul style="list-style-type: none"> <li>Primary data center risk</li> <li>Mission critical business application risk</li> <li>Internet connection risk</li> <li>Hacking risk</li> <li>IT solution acquisition risk</li> </ul>	<ul style="list-style-type: none"> <li>Co-location arrangement with redundant capability and automatic fail-over set-up for disaster recovery</li> <li>Implement enterprise security solutions to manage external and internal threats</li> <li>Annual review of technology roadmap to ensure alignment between business and IT</li> </ul>	

(c) Minority Shareholders

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

Risk to Minority Shareholders
<p>Principal risks of the exercise of controlling shareholders' voting power are as follows:</p> <ol style="list-style-type: none"> <li>1) Majority shareholders may dominate major Company decisions</li> <li>2) Lack of transparency on the actions and decisions of majority shareholders</li> <li>3) Abusive and inequitable conduct on the part of majority shareholders</li> <li>4) Rights of minority shareholders may not be upheld and protected</li> </ol> <p>The Company's Revised Manual on Corporate Governance expressly provides for the protection of its stockholders' rights and minority interests. The Board of Directors is committed to respect the rights of minority stockholders.</p>

3) Control System Set Up

(a) Company

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
<b>Financial Risks</b> <ul style="list-style-type: none"> <li>Credit risk</li> <li>Liquidity risk</li> <li>Equity price risk</li> <li>Capital management</li> </ul>	<p>The Company has adopted a risk management policy that establishes a culture of disclosing, evaluating and managing risks, from the Board and throughout the organization toward achieving its goals and objectives, which include, among others, the protection and preservation its employees' and clients' safety and welfare, the value and condition of its properties and assets, and its local and global reputation. The Company aligns its risk appetite with its long-term strategic objectives.</p>	

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
<u><b>Regulatory Risks</b></u> <ul style="list-style-type: none"> <li>▪ Government regulations</li> <li>▪ Changes to Philippine laws and regulations</li> </ul>	<p>In order to mitigate risk exposures, the Company continues to exercise fiscal prudence and adopt what it considers conservative financial and operational controls.</p> <p>The Risk Management Committee is tasked to perform and carry out the following responsibilities related to Risk Management:</p> <ol style="list-style-type: none"> <li>1) Review the adequacy and effectiveness of the Company's policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks.</li> <li>2) Ensure that management sufficiently and swiftly manages risks, (i.e. reduction and mitigation across operating units) especially those categorized as having high impact with high probability of occurring.</li> <li>3) Advise the Board, in consultation with management, on the overall risk management program of the Company as it relates to its risk appetite and strategic direction.</li> <li>4) May engage a consultant for a more independent assessment of the risk management infrastructure and review different units' best practice.</li> <li>5) Meet separately with the Chief Risk Officer to discuss any matters that the Committee believes should be discussed privately.</li> <li>6) Review the details of the Company's related party transactions.</li> </ol>	

(b) Group

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
<u><b>Financial Risks</b></u> <ul style="list-style-type: none"> <li>▪ Interest rate risk</li> <li>▪ Foreign currency risk</li> <li>▪ Credit risk</li> <li>▪ Liquidity risk</li> <li>▪ Equity price risk</li> <li>▪ Capital management</li> </ul>	<p>The Group has adopted a risk management policy that establishes a culture of disclosing, evaluating and managing risks, from the Board and throughout the organization toward achieving its goals and objectives, which include, among others, the protection and preservation its employees' and clients' safety and welfare, the value and condition of its properties and assets, and its local and global reputation. The Group aligns its risk appetite with its long-term strategic objectives.</p>	
<u><b>Market Risks</b></u> <ul style="list-style-type: none"> <li>▪ Economic and political conditions</li> <li>▪ Competition</li> </ul>	<p>In order to mitigate risk exposures, the Group continues to exercise fiscal prudence and adopt what it considers conservative financial and operational controls.</p>	
<u><b>Performance / Completion Risks</b></u> <ul style="list-style-type: none"> <li>▪ Suppliers</li> <li>▪ Contractors</li> </ul>	<p>The Group also has an Enterprise Risk Management Committee (ERMC) which is an oversight committee created to act as the monitoring body for the individual risk management activities of the Group. The ERMC has the responsibility of developing a formal framework to assist the Group in managing its risks and is mandated to report regularly to the Risk Management Committee on any risk concerns.</p>	
<u><b>Regulatory Risks</b></u> <ul style="list-style-type: none"> <li>▪ Government regulations</li> <li>▪ Changes to Philippine laws and regulations</li> </ul>	<p>In addition, the Risk Management Committee is tasked to perform and carry out the following responsibilities related to Risk Management:</p> <ol style="list-style-type: none"> <li>1) Review the adequacy and effectiveness of the Group's policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks.</li> <li>2) Ensure that management sufficiently and swiftly manages risks, (i.e. reduction and mitigation across operating units) especially those categorized as having high impact with high probability of occurring.</li> <li>3) Advise the Board, in consultation with management, on the overall risk</li> </ol>	
<u><b>Hazard Risks</b></u> <ul style="list-style-type: none"> <li>▪ Natural disasters</li> </ul>		



Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
<b>IT Risks</b> <ul style="list-style-type: none"> <li>▪ Primary data center risk</li> <li>▪ Mission critical business application risk</li> <li>▪ Internet connection risk</li> <li>▪ Hacking risk</li> <li>▪ IT solution acquisition risk</li> </ul>	<p>management program of the Group as it relates to its risk appetite and strategic direction.</p> <p>4) May engage a consultant for a more independent assessment of the risk management infrastructure and review different units' best practice.</p> <p>5) Meet separately with the Chief Risk Officer to discuss any matters that the Committee believes should be discussed privately.</p> <p>6) Review the details of the Group's related party transactions.</p>	

(c) Committee

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

Committee/Unit	Control Mechanism	Details of its Functions
Risk Management Committee	<p>The Committee is tasked to perform and carry out the following responsibilities related to Risk Management:</p> <ol style="list-style-type: none"> <li>1) Review the adequacy and effectiveness of the Company's policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks.</li> <li>2) Ensure that Management sufficiently and swiftly manages risks, (i.e. reduction and mitigation across operating units) especially those categorized as having high impact with high probability of occurring.</li> <li>3) Advise the Board, in consultation with Management, on the overall risk management program of the Company as it relates to its risk appetite and strategic direction.</li> <li>4) May engage a consultant for a more independent assessment of the risk management infrastructure and review different units' best practice.</li> <li>5) Meet separately with the Chief Risk Officer to discuss any matters that the Committee believes should be discussed privately.</li> <li>6) Review the details of the Company's related party transactions.</li> </ol> <p>The Committee directly reports the results of its review and assessment of the Company's risk management process to the Board of Directors.</p>	

## G. INTERNAL AUDIT AND CONTROL

### 1) Internal Control System

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

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

**The Company defines internal control as the system established by the Board of Directors and management for the accomplishment of the Company's objectives, the efficient operation of its business, the reliability of its financial reporting, and faithful compliance with applicable laws, regulations and internal rules. The**



internal control system is the framework under which internal controls are developed and implemented to manage and control a particular risk or business activity, or a combination of risks or business activities, to which the Company is exposed.

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

**The Board of Directors, through the Audit Committee, has reviewed the effectiveness of the Company's internal control system, including the information technology security controls. Effective and adequate internal control mechanisms are in place, implemented and properly complied with.**

- (c) Period covered by the review;

**Year 2015.**

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

The Audit Committee reviews annually the effectiveness of the Company's internal control system, including information technology security and controls. To facilitate their review, the Committee understands and evaluates the scope of the internal and external auditors' review of internal controls over financial reporting, and obtains regular reports on significant findings and recommendations, together with management's responses, to obtain reasonable assurance that the Company's key organizational and procedural controls are effective, appropriate and complied with.

The scope and the particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of business and the business culture; the volume, size and complexity of transactions; the degree of risks; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

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

## 2) Internal Audit

- (a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
To provide an independent, objective assurance and consulting activity designed to add value and improve the Company's operations	To determine whether the Company's network of risk management, control and corporate governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure: <ul style="list-style-type: none"> <li>• Risk are appropriately identified and managed.</li> <li>• Interaction with the various corporate governance groups occurs as needed.</li> <li>• Significant financial, managerial and operating information are accurate, reliable and timely.</li> <li>• Employee's actions are in compliance with policies, standards, procedures and applicable laws and regulations.</li> </ul>	In-house	Rhea Marie R. Abueg	The Internal Audit Head, in the discharge of her duties, shall be accountable to Audit Committee and the Senior Management to: <ul style="list-style-type: none"> <li>a. Provide annually an assessment on the adequacy and effectiveness of the organization's processes for controlling its activities and managing its risks in the areas set</li> </ul>

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
	<ul style="list-style-type: none"> <li>Resources are acquired economically, used efficiently and adequately protected.</li> <li>Programs, plans and objectives are achieved.</li> <li>Quality and continuous improvement are fostered in the control processes of the Company.</li> <li>Significant legislative or regulatory issues impacting the Company are recognized and addressed appropriately.</li> </ul>			<p>forth under the mission and scope of work.</p> <p>b. Report significant issues related to the processes for controlling the activities of the organization and its subsidiaries, including potential improvements to those processes and provide information concerning such issues through resolution.</p> <p>c. Periodically provide information on the status and results of the annual audit plan and the sufficiency of department resources.</p> <p>d. Coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, security, legal ethics, environmental, external audit)</p>

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

**YES. Under the Company's Revised Manual on Corporate Governance, the Audit Committee is tasked to organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagements and removal.**

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

**The Internal Audit Head reports directly to the Audit Committee. In the performance of the internal audit function, the group is authorized to:**

- 1) Have unrestricted access to all functions, records, property and personnel.**

- 2) Have full and free access to communicate with the Audit Committee.
- 3) Allocate resources, set frequencies, select subjects, determine scopes of work and apply the techniques required to accomplish audit objectives.
- 4) Obtain the necessary assistance of personnel in units of the Company where they perform audits, as well as other specialized services from with or outside the Company.

(d) Resignation, Re-assignment and Reasons

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

Name of Audit Staff	Reason
Elda Ting (January 2015)	Will study
Melvilo De Mesa (April 2015)	AWOL

(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	Internal audit engagements are conducted in accordance with the audit plan and timetable approved by the Audit Committee.
Issues <sup>5</sup>	Issues and findings noted during the audit were given appropriate attention by management and recommendations were implemented accordingly. Significant findings and recommendations, together with management's responses, are reported to the Audit Committee to enable the Committee to obtain reasonable assurance that the Company's key organizational and procedural controls are effective, appropriate and complied with.
Findings <sup>6</sup>	
Examination Trends	

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

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

(f) Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
Internal controls over financial reporting	Implemented
Authorization of transactions	Implemented

<sup>5</sup> "Issues" are compliance matters that arise from adopting different interpretations.

<sup>6</sup> "Findings" are those with concrete basis under the company's policies and rules.

(g) Mechanism and Safeguards

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

Auditors (Internal and External)	Financial Analysts	Investment Banks
<ul style="list-style-type: none"> <li>▪ The Audit Committee reviews and confirms the independence of the external auditors by obtaining certification from the latter relative to their overall relationship with the Company. The Committee shall disallow any non-audit work that will conflict with the duties of the external auditor or may pose a threat to his independence.</li> <li>▪ To provide for the independence of the internal auditor, the Internal Audit Head reports directly to the Audit Committee. The group has the authority to have unrestricted access to all functions, records, property and personnel of the Company.</li> </ul>	<p>The Company aims to conduct business in accordance with the highest standards of business ethics. To this end, all business dealings should be compliant with all applicable laws and must not in any way compromise the good name and reputation of the Company.</p> <p>All directors, officers and employees shall act with utmost integrity and shall not engage in unfair dealing practices. The Company prohibits any conflict of interest, unfair competition, breach of trust, insider trading, or any other act inimical to the Company's interest.</p>	

(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.

**Premium Leisure Corp fully complies with the Securities and Exchange Commission's Code of Corporate Governance, as attested by its Chairman, Willy N. Ocier, and President and Chief Executive Officer, Frederic C. DyBuncio. Its directors, officers and employees have been given instructions on their respective duties as provided for in the Code and that internal mechanisms are in place to ensure compliance.**

## H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	The Company is fully committed to doing business in accordance with long-held values and ethical standards that have been the foundation for its growth and success. As such, all Directors,	<ul style="list-style-type: none"> <li>• Keeping its shareholders and the public regularly informed of the Company' results of operations and financial positions through corporate disclosures, press</li> </ul>

	Policy	Activities
	<p>Officers and Employees are required to treat its customers with courtesy, fairness, respect and professionalism all the time.</p>	<p>releases, and investors' and analysts' briefings.</p> <ul style="list-style-type: none"> <li>• The Company's continued compliance with all applicable laws in the country, districts and communities in which it operates its business.</li> <li>• The Company's maintenance of accurate and complete records of all financial and business transactions in accordance with laws and regulations.</li> <li>• Adherence to ethical practices such as but not limited to support for diversity and non-discrimination, respect for confidentiality and privacy of information and commitment to environmental and safety practices.</li> <li>• Uploading of Shareholders' Concern Contact to the website which may be reached to air shareholders' concerns and queries, <u>as follows:</u></li> </ul> <p><u>Contact Details for Shareholders' Concerns:</u>  <u>Michelle T. Hernandez</u>  <u>Vice President</u>  <u>Governance &amp; Corporate Affairs</u>  <u>Email:</u>  <u>Michelle.hernandez@bellec corp.com</u></p>
Supplier/contractor selection practice	<p>Premium Leisure Corp. (PLC) purchases its goods and services through its subsidiary, PremiumLeisure &amp; Amusement, Inc. (PLAI). This is done in accordance with professionalism and sound business practice to obtain value for money by incurring the lowest costs to address the Company's needs in terms of quality and service.</p> <p>The authority to buy is vested in PLAI. It is mainly responsible for the following:</p> <p>issuance of Purchase Requests to which each order shall conform to the required signatories based on the latest authority protocol policy; verification that all allocations are approved and budgeted in the current fiscal year; verify that the funds are available and that the appropriate budget department's approval is secured</p>	<p>A Bidding Committee shall be set up by PLAI Management for the procurement of big-ticket items.</p> <p>Only accredited vendors are awarded contracts. Vendors to be accredited should be corporations, which are required to submit their latest General Information Sheet, duly accomplished Accreditation Form, Code of Ethics, Disclosure Form and accreditation summary. The officers, owners or employees of the corporation to be accredited should not be connected up to the 3<sup>rd</sup> degree of consanguinity and affinity to any officers or employees of PLAI or PLC.</p> <p>PLAI shall be the control point for all the goods received. Original invoices are required in order to facilitate payment process. All contracts or agreement documents shall be reviewed and approved by the Legal Department.</p>

	Policy	Activities
	It should on the other hand be provided with accurate specifications at the time request of purchase is made as well as ample lead time for bidding and processing of orders. It shall verify all delivered orders for accuracy and completeness.	For computer hardware, audio-visual equipment, etc., the Group's IT Department must be consulted for pre-configuration and installation.  This policy will be subject to review by the Executive Committee annually.
Environmentally friendly value-chain	The Company ensures the environmental friendliness of its operations, and contributes to the overall sustainability of the physical environment where the Company operates. The Company is committed to the protection of the environment and complies with all applicable environmental laws and regulations.	
Community interaction	The Company respects relevant laws and/or regulations in the community where the Company operates. Compliance with those laws and regulations is strictly monitored to prevent any damage to the quality of life of society, surrounding communities and the environment.	
Anti-corruption programmes and procedures	<p>The Company's whistle blower policy was adopted to create an environment where concerns and issues, made in good faith, may be raised freely within the organization. Under the policy, any stakeholder may submit an incident report on suspected or actual violations of the Code of Ethics and Discipline or any other applicable law or regulation. Upon receipt of an incident report, management is tasked to conduct an investigation on its merit, subject to due process and applicable penalties and sanctions thereafter. Anyone who in good faith reports a violation of the Code or policies or law shall not be retaliated upon or suffer harassment or adverse employment consequence.</p> <p><u><i>In addition, the Company has issued Guidelines on Acceptance of Gifts which prohibits solicitation or acceptance of gifts in any form from any business partner.</i></u></p>	

	Policy	Activities
Safeguarding creditors' rights	The Company observes propriety and acts with fairness and transparency in dealing with business partners (i.e., contractors, suppliers, creditors and other entities that engage in business with the Company). The Company adheres to its principles of healthy competition, equal opportunity and fair treatment of business partners.	The Company strictly respects agreements with creditors, manages loans according to lending objectives, ensures timely repayment of loans and interests, thoroughly honors loan conditions as agreed and competently operates the business to assure creditors about the Company's healthy financial standing and loan repayment capabilities.

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

**NO. Moving forward, the Company will create a separate Corporate Responsibility section in its Annual Report.**

3) Performance-enhancing mechanisms for employee participation.

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

**The Company's Code of Ethics states that:**

- All officers and employees shall be selected, engaged and compensated based on qualification, merit and performance. They shall be treated fairly and accorded respect and dignity. Their individual and collective rights shall not be violated.
- The Company shall maintain a safe, productive and conducive workplace and environment and comply with all applicable health, safety and environmental laws. It shall foster harmonious relations among its officers and employees and establish free and honest communication with them.
- The Company endeavours to provide career advancement through a clearly defined promotion system based on employees' competencies, major contributions and accomplishments, work attitude and interpersonal relationship. The Company shall also offer its employees continuous learning sessions, seminars and workshops to improve and increase their level of competency, efficiency and general well-being.

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

**As of December 31, 2015, the Company has 7 employees, all of whom are full-time employees and are not subject to Collective Bargaining Agreements, broken down as follows:**

Executives	<u>3</u>
Senior Managers/Managers/Officers	<u>3</u>
Supervisors	<u>1</u>
Rank and File	
<b>TOTAL</b>	<u><b>7</b></u>

All regular employees are enrolled under a group life insurance plan with Generali and Ace Insurance and under a group health plan with Avega and Valucare. The Company also complies with government mandated benefits such as SSS, Philhealth and Pag-ibig for all employees.

The Company encourages good health and wellness through its various sports and fitness programs. Employees may use the courts and fitness facilities in the workplace and are encouraged to participate in SM Alliance games. The Company also conducts orientations and learning sessions on health-related matters, such as breast and cervical cancer awareness and detection, influenza and hepatitis B prevention and drug abuse awareness, to name a few.

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

The Company considers its officers and employees as important stakeholders of the Company and is committed to their continuous learning and growth. The Company offers its employees continuous learning sessions, seminars and workshops to improve and increase their level of competency, efficiency and general well-being.

*In 2015, internal trainings and seminars offered to employees include 7 Habits, Developing Leadership Skills, Customer Service Training, and etc.*

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

The Company endeavors to provide career advancement to employees through a clearly defined promotion system based on the employee's competencies, major contributions and accomplishments, work attitude and interpersonal relationships. Performance appraisals are conducted annually, and merit increases resulting from these appraisals are given to the deserving employee subject to the review and approval of management.

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

The Company's whistle blower policy was adopted to create an environment where concerns and issues, made in good faith, may be raised freely within the organization. Under the policy, any stakeholder may submit an incident report on suspected or actual violations of the Code of Ethics and Discipline or any other applicable law or regulation. Upon receipt of an incident report, management is tasked to conduct an investigation on its merit, subject to due process and applicable penalties and sanctions thereafter. Anyone who in good faith reports a violation of the Code or policies or law shall not be retaliated upon or suffer harassment or adverse employment consequence.

## I. DISCLOSURE AND TRANSPARENCY

### 1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Belle Corporation	<u>24,904,904,324</u>	<u>78.745%</u>	Belle Corporation
PCD Nominee Corp. (Filipino) <sup>(1)</sup>	<u>4,411,453,170</u>	<u>13.948%</u>	see footnote
PCD Nominee Corp. (Non-Filipino)	<u>2,016,162,315</u>	<u>6.375%</u>	

(1) PCD Nominee Corporation ("PCDNC") is a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD"). The beneficial owners of such shares registered under the name of PCDNC are PCD's participants who hold the shares in their own behalf or in behalf of their clients.

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
NONE. There are no members of senior management that hold 5% shareholding or more.			



2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	Yes
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.  
**Disclosures not included in the Annual Report can be viewed and downloaded from the PSE.**

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
SyCip Gorres Velayo & Co.	<u><b>₱350,000</b></u>	<u><b>₱0.00</b></u>

4) Medium of Communication

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

**The Company fully complies with the reporting and disclosure requirements of all relevant laws as well as regulations issued by the SEC and PSE. Annual reports, financial statements and other disclosures are readily available to the public. These reports may be viewed and downloaded from the PSE.**

**The Company also conducts briefings and meetings with investors, analysts and the press to keep them updated on the Company's various projects and financial and operational results. Those held in the Philippines were last February, June and October 2015. Those which took place in several parts of Asia and London, England were completed in July and September 2014 and January to March 2015.**

5) Date of release of audited financial report: **March 5, 2015**

6) Company Website

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

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes
Group corporate structure	Yes

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

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

## 7) Disclosure of RPT

RPT	Relationship	Nature	Value
<b>ADVANCES TO RELATED PARTIES</b>			
<u>Belle Corporation</u>	<u>Parent</u>	<u>Advances</u>	<u>5,544,222</u> <u>(non-interest bearing, due and</u> <u>demandable, unsecured, no</u> <u>impairment)</u>
<u>Belle Corporation</u>	<u>Parent</u>	<u>Notes Receivable</u>	<u>805,925,000</u> <u>(interest-bearing short-term</u> <u>notes, unsecured, no</u> <u>impairment)</u>
<b>ADVANCES FROM RELATED PARTIES</b>			
<u>Belle Corporation</u>	<u>Parent</u>	<u>Service and</u> <u>management fee</u>	<u>1,585,000</u> <u>(non-interest bearing, due and</u> <u>demandable, unsecured)</u>

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

The Company practices full disclosure of details of related-party transactions. The nature, extent and all other material details of transactions with related parties are disclosed in the Company's financial statements and quarterly and annual reports to the SEC and PSE.

Management regularly presents the details of transactions entered into by the Company with related parties at the meetings of the Audit Committee and the Risk Management Committee. This is to ensure that the Company conducts all related party transactions on an arm's length basis.

## J. RIGHTS OF STOCKHOLDERS

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

#### (a) Quorum

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

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

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

Explain the system used to approve corporate acts.

<b>System Used</b>	<b>Vote of stockholders</b>
<b>Description</b>	<b>Corporate acts are approved by the vote of stockholders owning the majority of the stock issued and outstanding of the Company.</b>

(c) Stockholders' Rights

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

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
<p><b><u>Voting Right</u></b></p> <ul style="list-style-type: none"> <li>▪ Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code of the Philippines.</li> <li>▪ Cumulative voting shall be used in the election of directors.</li> </ul>	
<p><b><u>Power of Inspection</u></b></p> <ul style="list-style-type: none"> <li>▪ The Company shall allow all stockholders to inspect books and records of the Company including minutes of Board meetings and stock registries in accordance with the Corporation Code, and during normal business hours.</li> <li>▪ Annual reports, including financial statements, shall be provided to stockholders, without cost or restrictions.</li> </ul>	
<p><b><u>Right to Information</u></b></p> <ul style="list-style-type: none"> <li>▪ The Board shall ensure that all material information about the Company which could adversely affect its viability or the interests of the shareholders shall be publicly and timely disclosed through established procedures of the stock exchange and SEC.</li> <li>▪ Upon request, the Company shall provide the stockholders with periodic reports and information about directors and officers, and certain other matters such as their holdings of the Company's shares, dealings with the Company, relationships among directors and key officers and the aggregate compensation of directors and officers.</li> </ul>	
<p><b><u>Right to Dividends</u></b></p> <ul style="list-style-type: none"> <li>▪ Subject to the discretion of the Board, all stockholders shall have the right to receive dividends.</li> <li>▪ <u>Dividends shall be paid to all shareholders within thirty (30) days from declaration.</u></li> </ul> <p>The Board of Directors adopted, as a matter of policy, that the Corporation shall declare dividends of at least 80% of the prior year's unrestricted retained earnings, taking into consideration availability of cash, restrictions that may be imposed by current and prospective financial covenants, projected levels of operating results of its businesses/subsidiaries, working capital needs and long term capital expenditures of its businesses/subsidiaries, and regulatory requirements on dividend payments, among others.</p> <p>At its meeting on March 05, 2015, the Company's Board of Directors approved the declaration of cash dividends for all shareholders on record as of March 20, 2015, with the payment date of April 17, 2015.</p>	

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
At its meeting on <u>February 23, 2016</u> , the Company's Board of Directors approved the declaration of cash dividends for all shareholders on record as of <u>March 04, 2016</u> , with the payment date of <u>March 23, 2016</u> .	
<b>Appraisal Right</b> ■ The stockholders shall have appraisal right to dissent and demand payment of the fair value of their shares in the manner provided under Section 82 of the Corporation Code, under any of the following circumstances: <ol style="list-style-type: none"> <li>In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;</li> <li>In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code.</li> <li>In case of merger or consolidation.</li> </ol>	

#### Dividends

Subject to the discretion of the Board, all stockholders shall have the right to receive dividends.

- Dividends shall be paid to all shareholders within thirty (30) days from declaration.
- The Board of Directors adopted, as a matter of policy, that the Corporation shall declare dividends of at least 80% of the prior year's unrestricted retained earnings, taking into consideration availability of cash, restrictions that may be imposed by current and prospective financial covenants, projected levels of operating results of its businesses/subsidiaries, working capital needs and long term capital expenditures of its businesses/subsidiaries, and regulatory requirements on dividend payments, among others.
- At its meeting on March 05, 2015, the Company's Board of Directors approved the declaration of cash dividends for all shareholders on record as of March 20, 2015, with the payment date of April 17, 2015.
- At its meeting on February 23, 2016, the Company's Board of Directors approved the declaration of cash dividends for all shareholders on record as of March 04, 2016, with the payment date of March 23, 2016.

Declaration Date	Record Date	Payment Date
March 05, 2015	March 20, 2015	April 17, 2015
<u>February 23, 2016</u>	<u>March 04, 2016</u>	<u>March 23, 2016</u>

#### (d) Stockholders' Participation

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

Measures Adopted	Communication Procedure
<p>Notice of the Annual Stockholders' Meeting is given to all stockholders at least 21 business days before the meeting to provide stockholders with enough time to examine the information. The Notice encloses essential and adequate facts on all items on the agenda for consideration and approval of the stockholders.</p> <p>As provided for in the Company's Revised Manual on Corporate Governance, minority stockholders have the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.</p>	<ul style="list-style-type: none"> <li>• Notice of the Annual Stockholders' Meeting</li> <li>• SEC Form D20-IS</li> </ul>
<p>To facilitate stockholders who cannot attend the meeting, they are encouraged to fill out, date, sign and send a proxy. For corporate stockholders, the proxies should be accompanied by a Secretary's Certificate on the appointment of the corporation's authorized signatory.</p>	<ul style="list-style-type: none"> <li>• Notice of the Annual Stockholders' Meeting</li> <li>• SEC Form D20-IS</li> <li>• Proxy Form</li> </ul>
<p>To ensure that all stockholders' concerns are properly addressed, the Chairman of the Board, Board Directors, the President, Board Committee Chairmen and Members, Senior Management, Corporate Secretary and the Independent Auditors are always present during the Annual Stockholders' Meeting. The meeting agenda provides an opportunity for stockholders to freely express their views and raise their concerns at the meeting.</p>	<ul style="list-style-type: none"> <li>• Notice of the Annual Stockholders' Meeting</li> <li>• SEC Form D20-IS</li> </ul>

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

Corporate acts such as amendments to the Company's constitution, authorization of additional shares, and the transfer of all or of substantially all assets, which in effect results in the sale of the Company, are approved by the vote of stockholders owning the majority of the stock issued and outstanding of the Company. The agenda enclosed in the Notice of Annual Stockholders' Meeting would include such corporate acts for the consideration and approval of the stockholders.

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 31, 2015**
  - b. Date of the Annual/Special Stockholders' Meeting: **April 27, 2015**
4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

To ensure that all stockholders' concerns are properly addressed, the Chairman of the Board, Board Directors, the President, Board Committee Chairmen and Members, Senior Management, Corporate

Secretary and the Independent Auditors are always present during the Annual Stockholders' Meeting. The meeting agenda provides an opportunity for stockholders to freely express their views and raise their concerns at the meeting.

The opportunities were presented to ask questions and raise issues but there were no questions or issues which the stockholders raised during the Annual Stockholders' Meeting.

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

Resolution	Approving	Dissenting	Abstaining
Approval of the minutes of the previous meeting of stockholders	100%	–	–
Approval of 2014 operations and results	100%	–	–
Ratification of all acts of the Board of Directors and officers	100%	–	–
Election of directors	99.89%	–	0.11%
Appointment of SGV & Co. as external auditors	100%	–	–

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

**April 27, 2015**

(e) Modifications

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

Modifications	Reason for Modification
<b>NONE. There were no modifications made in the Annual Stockholders' Meeting regulations during the recent year.</b>	

(f) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	<b>BOARD MEMBERS:</b> 1. Willy N. Ocier 2. Frederic C. DyBuncio 3. A. Bayani K. Tan 4. Exequiel P. Villacorta, Jr. 5. Juan Victor S. Tanjuatco 6. Roman Felipe S.	4/27/2015	Stockholders may vote at all meetings either in person or by proxy duly given in writing in favor of any person of their confidence and each	0.001%	83.512%	83.512%

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
	Reyes		stockholder shall be entitled to one vote for each share of stock standing in his name in the books of the corporation; provided, however, that in the election of Directors, each stockholder shall be entitled to cumulate his votes in the manner provided for by law.			

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

**YES. Under the Company's Amended By-Laws, two inspectors shall be appointed by the Board of Directors before or at each meeting of the stockholders of the corporation, at which an election of directors shall take place. The inspectors shall receive and take charge of all proxies and ballots and shall decide all questions touching upon the qualifications of voters, the validity of proxies, and the acceptance and rejection of votes.**

**For purposes of the Annual Stockholders' Meeting on April 27, 2015, the Corporate Secretary and/or his representative together with the Audit Partner of the External Auditor and/or his representative have been designated as inspectors to oversee the counting of votes.**

- (iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

**YES. Each stockholder shall be entitled to one vote for each share of stock standing in his name in the books of the corporation. Voting rights for each class of share are as follows:**

Share Class	Voting Rights
Common	Full voting rights
Preferred	No issuance as of December 31, <u>2015</u> ; Rights and features shall be determined through a resolution of the BOD prior to issuance

- (g) Proxy Voting Policies

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

	Company's Policies
Execution and acceptance of proxies	Proxies of any stockholder entitled to vote at the meeting would be recognized, provided that the proxy shall have been appointed in writing by the stockholder himself or by his duly authorized attorney, and provided further that the proxy is filed with the Secretary of Corporation at least four (4) days before the meeting.
Notary	Notarization of proxy forms is not required to encourage stockholders to apply their right to vote through the proxy forms.
Submission of Proxy	All proxies should be received by the Corporation at least four (4) days before the meeting.
Several Proxies	If the stockholder intends to designate several proxies, the number of shares of stock to be represented by each proxy shall be specifically indicated in the proxy form. If some of the proxy forms do not indicate the number of shares, the total shareholding of the stockholder shall be tallied and the balance thereof, if any, shall be allotted to the holder of the proxy form without the number of shares. If all are in blank, the stocks shall be distributed equally among the proxies.
Validity of Proxy	Proxies of any stockholder entitled to vote at the meeting would be recognized, provided that the proxy shall have been appointed in writing by the stockholder himself or by his duly authorized attorney, and provided further that the proxy is filed with the Secretary of Corporation at least four (4) days before the meeting.
Proxies executed abroad	
Invalidated Proxy	
Validation of Proxy	
Violation of Proxy	
	Two inspectors shall be appointed by the Board of Directors before or at each meeting of the stockholders of the corporation, at which an election of directors shall take place. The inspectors shall receive and take charge of all proxies and ballots and shall decide all questions touching upon the qualifications of voters, the validity of proxies, and the acceptance and rejection of votes.

(h) Sending of Notices

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

Policies	Procedure
	Notice of time and place of regular or special meetings of stockholders shall be given by mailing or delivering written or printed notice of the same at least ten (10) days prior to the meeting, with postage and/or delivery charges prepaid, to each stockholder of record of the corporation entitled to vote at such meeting and addressed to the stockholder's last known post office address appearing on the corporate books of the corporation.



(i) Definitive Information Statements and Management Report

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	<b>581</b>
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	<b>March 31, 2015</b>
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	<b>April 27, 2015</b>
<b>State whether CD format or hard copies were distributed</b>	<b>Soft copies</b>
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	<b>No</b>

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

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

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

2) Treatment of Minority Stockholders

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

<b>Policies</b>	<b>Implementation</b>
<b><u>Voting Right</u></b> <ul style="list-style-type: none"> <li>▪ Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code of the Philippines.</li> <li>▪ Cumulative voting shall be used in the election of directors.</li> <li>▪ A director shall not be removed without cause if it will deny minority shareholders representation in the Board.</li> </ul>	<ul style="list-style-type: none"> <li>▪ During the Annual Stockholders' Meeting held last April 27, 2015 members of the Company's Board of Directors were nominated and elected to serve for the year 2015-2016 and until their successors are duly elected and qualified.</li> </ul>
<b><u>Power of Inspection</u></b> <ul style="list-style-type: none"> <li>▪ The Company shall allow all stockholders to</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Company fully complies with the reporting and disclosure requirements of all relevant laws as well as regulations issued by</li> </ul>

Policies	Implementation
<p>inspect books and records of the Company including minutes of Board meetings and stock registries in accordance with the Corporation Code, and during normal business hours.</p> <ul style="list-style-type: none"> <li>▪ Annual reports, including financial statements, shall be provided to stockholders, without cost or restrictions.</li> </ul>	<p>the SEC and the PSE.</p> <ul style="list-style-type: none"> <li>▪ Annual reports, financial statements and other disclosures are readily available to the public. These reports may be viewed and downloaded from the PSE.</li> <li>▪ The Company undertakes to provide printed copies of the Information Statement and Annual Report upon written request of any stockholder entitled to vote at the Annual Stockholders' Meeting without charge.</li> </ul>
<p><u>Right to Information</u></p> <ul style="list-style-type: none"> <li>▪ The Board shall ensure that all material information about the Company which could adversely affect its viability or the interests of the shareholders shall be publicly and timely disclosed through established procedures of the stock exchange and SEC.</li> <li>▪ Upon request, the Company shall provide the stockholders with periodic reports and information about directors and officers, and certain other matters such as their holdings of the Company's shares, dealings with the Company, relationships among directors and key officers and the aggregate compensation of directors and officers.</li> <li>▪ The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.</li> <li>▪ The minority shareholders shall have access to all information relating matters for which the management is accountable and to those relating to matters for which the management should include in such information. If not included the minority shareholders can propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Company fully complies with the reporting and disclosure requirements of all relevant laws as well as regulations issued by the SEC and the PSE.</li> <li>▪ Annual reports, financial statements and other disclosures are readily available to the public. These reports may be viewed and downloaded from the PSE.</li> <li>▪ Information about directors and officers, and certain other matters such as their holdings of the Company's shares, dealings with the Company, relationships among directors and key officers and the aggregate compensation of directors and officers are disclosed in the Company's SEC Form 17-A.</li> </ul>
<p><u>Right to Dividends</u></p> <p>Subject to the discretion of the Board, all stockholders shall have the right to receive dividends.</p> <p><u>Dividends shall be paid to all shareholders within thirty (30) days from declaration.</u></p> <ul style="list-style-type: none"> <li>▪ The Board of Directors adopted, as a matter of</li> </ul>	<p>The Company's By-Laws provide that dividends upon the capital stock of the corporation may be declared by the Board of Directors in the manner and form provided by law.</p> <ul style="list-style-type: none"> <li>▪ At its meeting on March 05, 2015, the Company's Board of Directors approved the declaration of cash dividends for all shareholders on record as of March 20, 2015,</li> </ul>

Policies	Implementation
policy, that the Corporation shall declare dividends of at least 80% of the prior year's unrestricted retained earnings, taking into consideration availability of cash, restrictions that may be imposed by current and prospective financial covenants, projected levels of operating results of its businesses/subsidiaries, working capital needs and long term capital expenditures of its businesses/subsidiaries, and regulatory requirements on dividend payments, among others.	with the payment date of April 17, 2015.  ▪ At its meeting on <u>February 23, 2016</u> , the Company's Board of Directors approved the declaration of cash dividends for all shareholders on record as of <u>March 04, 2016</u> , with the payment date of <u>March 23, 2016</u> .
<u>Appraisal Right</u> ▪ The stockholders shall have appraisal right to dissent and demand payment of the fair value of their shares in the manner provided under Section 82 of the Corporation Code, under any of the following circumstances:  a. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;  b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code.  c. In case of merger or consolidation.	▪ The matters voted upon in the Annual Stockholders' Meeting held last April 27, 2015 are not among the instances whereby the right of appraisal, defined to be the right of any stockholder to dissent and demand payment of the fair value of his shares, may be exercised.

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

**YES. Minority stockholders have a right to nominate candidates for the board of directors as provided for in the Revised Manual on Corporate Governance.**

#### **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.

**Financial statements and results of operations are disclosed quarterly. Before submission to the PSE and SEC, these reports are presented to the Audit Committee and the Board of Directors for their review and approval. The Corporate Information Officer approves all disclosures that will be made available to the public.**

**Annual reports, financial statements and other disclosures may be viewed and downloaded from the PSE.**

- 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	<ul style="list-style-type: none"> <li>▪ To assist investors in making investment decisions with regards to their shareholdings in the Company</li> <li>▪ To guide analysts in formulating their forecasts and recommendations with regard to the valuation and prospects of the Company</li> <li>▪ To provide the regulators, the media and the general public with the most current information about the Company, which will have a material impact on the company's overall growth and profitability</li> <li>▪ To handle enquiries and manage relations with investors, analysts, shareholders and the general public</li> </ul>
(2) Principles	<ul style="list-style-type: none"> <li>▪ Transparency and accountability to all existing and potential investors</li> <li>▪ Fairness and level playing field for all stakeholders</li> </ul>
(3) Modes of Communications	<ul style="list-style-type: none"> <li>▪ Annual reports, financial statements and other disclosures may be viewed and downloaded from the PSE.</li> <li>▪ The Company conducts briefings and meetings with investors, analysts and the press to keep them updated on the Company's various projects and financial and operational results.</li> </ul>
(4) Investor Relations Officer	<p>Mr. Armin B. Raquel-Santos Executive Vice President and Chief Operations Officer Email: <a href="mailto:armin.raquel-santos@bellec corp.com">armin.raquel-santos@bellec corp.com</a> Telephone No.: 662-8888</p>

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

Before any extraordinary transaction is finalized, the Company performs due diligence, benchmarking and cost-benefit analysis procedures to ensure that the transaction is in line with the long-term sustainability of the business and within the core competency of the Group. In addition, Board, stockholder and regulatory approvals are obtained first before such transaction is finalized.

The independent party to be appointed may vary depending on the type of the transaction (e.g., investment banks, external auditors, third party appraisers and legal and tax consultants).

#### L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
<u>Medical and Dental Mission</u>	<u>Residents of Brgy. Mabato, Calamba, Laguna, Barangay Calabuso, Tagaytay, Cavite, Brgy. Suplang, Tanauan, Batangas</u>

Initiative	Beneficiary
<u>Education</u>	<u>Department of Education's Brigada Eskwela 2015:</u> <ul style="list-style-type: none"> <li>• <u>Dona Maria Laurel Platon (Aya) / Montana / Quiling / Sulpoc / Tranca Elementary Schools</u></li> </ul>
<u>Health (feeding program)</u>	<ul style="list-style-type: none"> <li>• <u>346 public school children from Tanauan &amp; Talisay, Batangas</u></li> <li>• <u>Tambo Elementary School, Paranaque</u></li> </ul>
Annual 'One Tree at a Time' tree planting activity (in partnership with Highlands Prime, Inc. and the ASEAN Centre for Biodiversity)	Tagaytay Highlands <u>and its members</u>

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

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

	Process	Criteria
Board of Directors	<u>The Board conducts an annual performance self-evaluation.</u>  <u>The performance evaluation is based on the duties and responsibilities of the Board of Directors, Board Committees, individual directors and President as provided for by the Manual on Corporate Governance and By-Laws.</u>	<ol style="list-style-type: none"> <li>1. Independence</li> <li>2. Leadership</li> <li>3. Expertise</li> <li>4. Corporate Governance</li> </ol>
Board Committees		<ol style="list-style-type: none"> <li>1. Independence</li> <li>2. Leadership</li> <li>3. Expertise</li> <li>4. Corporate Governance</li> </ol>
Individual Directors	<u>Directors are also asked to identify areas for improvement, such as training/ continuing education programs or any other forms of assistance that they may need in the performance of their duties. The evaluation forms also include items on support services given to the Board, such as the quality and timeliness of information provided to them, the frequency and conduct of regular, special or committee meetings and their accessibility to Management, the Corporate Secretary and Board Advisors.</u>	<ol style="list-style-type: none"> <li>1. Independence</li> <li>2. Leadership</li> <li>3. Expertise</li> <li>4. Corporate Governance</li> </ol>
CEO/President		<ol style="list-style-type: none"> <li>1. Leadership</li> <li>2. Integrity</li> <li>3. Diligence</li> <li>4. <u>Adherence to Corporate Governance</u></li> </ol>

## N. INTERNAL BREACHES AND SANCTIONS

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

Violations	Sanctions
Violation of any of the provisions in the Revised Manual on Corporate Governance	In case of <u>first violation</u> , the subject person shall be warned, reprimanded or suspended depending on the severity of the violation. Any first violation that results in any notable financial loss for the Company shall at least be reprimanded or suspended.
	A <u>second violation</u> may require suspension depending on the gravity of the violation.
	For the <u>third violation</u> , the maximum penalty of removal from office may be imposed. When removed, the subject directors, officers or staff of the Company or its subsidiaries and affiliates, shall not be granted additional benefits except those required by law.

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of MAKATI CITY on \_\_\_\_\_, 20\_\_\_\_.

**SIGNATURES**



WILLY N. OCIER  
Chairman of the Board



FREDERIC C. DYBUNCIO  
President & CEO



ROMAN FELIPE S. REYES  
Independent Director  
Corporate Governance Committee Chairman



JOSEPH C. TAN  
Independent Director  
Corporate Governance Committee Member



ELMER B. SERRANO  
Corporate Secretary/Compliance Officer

MAR 18 2016

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, affiant(s) exhibiting to me their \_\_\_\_\_, as follows:

NAME	PASSPORT/ DRIVERS LICENSE NUMBER	DATE OF ISSUE	PLACE OF ISSUE
WILLY N. OCIER	EB6130282	August 14, 2012	Manila
FREDERIC C. DYBUNCIO	EC0634893	March 22, 2014	Manila
ROMAN FELIPE S. REYES	106205125000		
JOSEPH C. TAN	119873261000		
ELMER B. SERRANO	153406995000		

Doc No. 100  
Page No. 20  
Book No. 19  
Series of 2016

**NOTARY PUBLIC**

**ATTY. REINIER S. QUIAMBAO**

NOTARY PUBLIC  
UNTIL DECEMBER 31, 2016  
PTR NO 5329630 / 01.07.16 / MAKATI CITY  
IBP NO 1023809 / 01.08.16 / TARLAC CITY  
TIN 238-251-699 ROLL NO. 62283  
MCLE NO. V - 0011532 / 10.06.15