

**ANNUAL CORPORATE GOVERNANCE REPORT  
(SEC FORM-ACGR)  
FOR YEAR 2015**


**EMPERADOR INC.**

7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue  
Bagumbayan, 1110 Quezon City  
Tel. No. 709-2038 to 41 Fax No. 709-1966

**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 **EMPERADOR INC.**
3. **7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark,**  
**188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City**  
Address of Principal Office **1110**  
Postal Code  

4. SEC Identification Number **A200117595**
5. (SEC Use Only)  
Industry Classification Code
6. BIR Tax Identification Number **214-815-715-000**
7. **(632) 709-2038 to 40**  
Issuer's Telephone number, including area code
8. **N/A**  
Former name or former address, if changed from the last report

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## A. BOARD MATTERS

### 1) Board of Directors

Number of Directors per Articles of Incorporation	<b>Seven (7)</b>
Actual number of Directors for the year	<b>Seven (7)</b>

#### (a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) <sup>1</sup>	Elected when (Annual /Special Meeting)	No. of years served as director
Andrew L. Tan	ED	N/A	-	28 Aug 2013	<b><u>18 May 2015</u></b>	Annual Stockholders' Meeting	<b><u>2</u></b>
Winston S. Co	ED	N/A	-	28 Aug 2013	<b><u>18 May 2015</u></b>	Annual Stockholders' Meeting	<b><u>2</u></b>
Katherine L. Tan	ED	N/A	-	28 Aug 2013	<b><u>18 May 2015</u></b>	Annual Stockholders' Meeting	<b><u>2</u></b>
Kingson U. Sian	NED	N/A	-	28 Aug 2013	<b><u>18 May 2015</u></b>	Annual Stockholders' Meeting	<b><u>2</u></b>
Kendrick Andrew L. Tan	NED	N/A	-	28 Aug 2013	<b><u>18 May 2015</u></b>	Annual Stockholders' Meeting	<b><u>2</u></b>
Alejo L. Villanueva, Jr.	ID	N/A	- no relationship	28 Aug 2013	<b><u>18 May 2015</u></b>	Annual Stockholders' Meeting	<b><u>2</u></b>
Miguel B. Varela	ID	N/A	- no relationship	28 Aug 2013	<b><u>18 May 2015</u></b>	Annual Stockholders' Meeting	<b><u>2</u></b>

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

The Company believes that good corporate governance is a necessary component of what constitutes sound strategic business management. The Company commits to undertake every effort to create awareness within the organization of good corporate governance principles as embodied in its Manual for Corporate Governance.

The Board respects the rights of stockholders as provided in the Corporation Code, such as right to vote on all matters that require their consent or approval, right to inspect, right to information and appraisal right. The Board takes appropriate steps to remove excess or unnecessary costs and other administrative impediments to allow all stockholders meaningful participation in meetings. It likewise ensures that accurate and timely information is made available to stockholders to enable them to make a sound judgment on all matters for their consideration and approval.

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

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

The Company periodically reviews the vision and mission of the organization. The review, while not formally done, is incorporated during the Company's annual strategic planning for the coming year's plans and programs.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group<sup>2</sup>

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Andrew L. Tan	Alliance Global Group, Inc.	Executive, Chairman
	Emperador Distillers, Inc.	Non-Executive, Chairman
	The Bar Beverage, Inc.	Executive, Chairman
	Emperador International, Ltd.	Non-Executive, Chairman
Winston S. Co	Alliance Global Group, Inc.	Non-Executive
	Emperador Distillers, Inc.	Executive
	Anglo Watsons Glass, Inc.	Non-Executive, Chairman
	The Bar Beverage, Inc.	Non-Executive
Kingson U. Sian	Alliance Global Group, Inc.	Executive
Katherine L. Tan	Alliance Global Group, Inc.	Executive
	Emperador Distillers, Inc.	Executive
Kendrick Andrew L. Tan	Emperador Distillers, Inc.	Executive
	Anglo Watsons Glass, Inc.	Executive
	The Bar Beverage, Inc.	Non-Executive
Alejo L. Villanueva, Jr.	Alliance Global Group, Inc.	Independent

(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.
Andrew L. Tan	Megaworld Corporation	Chairman, Executive
	Global-Estate Resorts, Inc.	Chairman, Executive
	Empire East Land Holdings, Inc.	Chairman, Executive
	Travellers International Hotel Group, Inc.	Non-Executive
Kingson U. Sian	Travellers International Hotel Group, Inc.	Executive
	Megaworld Corporation	Executive
Katherine L. Tan	Megaworld Corporation	Executive
Alejo L. Villanueva, Jr.	Suntrust Home Developers, Inc.	Independent
	Empire East Land Holdings, Inc.	Independent
Miguel B. Varela	Megaworld Corporation	Independent
	Global-Estate Resorts, Inc.	Independent

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

(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
Andrew L. Tan	Alliance Global Group, Inc.	Chairman and CEO
Katherine L. Tan	Alliance Global Group, Inc.	Director and Treasurer
Winston S. Co	Alliance Global Group, Inc.	Director

Andrew L. Tan and Katherine L. Tan are spouses. Kendrick Andrew L. Tan is their son.

(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		N/A
Non-Executive Director		N/A
CEO		N/A

The Company has not set a limit on the number of board seats that its Executive Directors, Non-Executive Directors and CEO may hold in other companies. The Company allows its directors to serve in its subsidiaries and affiliates with oversight functions. For Independent Directors, the Company observes the limitation set forth in SEC Circular Memorandum No. 9 Series of 2011 and has not elected any Independent Director with more than five directorships within the Group.

(c) Shareholding in the Company

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Andrew L. Tan	0	1	0.00%
Winston S. Co	0	1	0.00%
Katherine L. Tan	0	1	0.00%
Kingson U. Sian	0	1	0.00%
Kendrick Andrew L. Tan	0	1	0.00%
Alejo L. Villanueva, Jr.	0	1	0.00%
Miguel B. Varela	0	1	0.00%

2) Chairman and CEO

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

Yes  /

No

Identify the Chair and CEO:

Chairman of the Board	Andrew L. Tan
President and CEO	Winston S. Co

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	<p>Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary.</p> <p>Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the President, Management and the directors.</p> <p>Maintain qualitative and timely lines of communication and information between the Board and Management.</p>	<p>General supervision of the business affairs and property of the Company</p> <p>See to it that all orders and resolutions of the Board are carried into effect</p> <p>Perform such duties as may be assigned to him by the Board</p>
Accountabilities	<ul style="list-style-type: none"> <li>To the Board and Management</li> </ul>	<ul style="list-style-type: none"> <li>To the stockholders and the Board</li> </ul>
Deliverables	<ul style="list-style-type: none"> <li>Agenda of the meetings</li> <li>Minutes of Stockholders' Meetings</li> <li>Various regulatory submissions that may require the signature of the Chairman of the Board of Directors.</li> </ul>	<ul style="list-style-type: none"> <li>Report of the yearly operations of the Company and the state of its affairs to the Board and the stockholders</li> </ul>

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

The Company's senior officers work closely with the CEO and the President and under the guidance of the Board of Directors to ensure that they are given ample training and experience in running the Company. This approach exposes the senior officers to the day-to-day demands of Company operations.

4) Other Executive, Non-Executive and Independent Directors

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

The membership of the Board is a combination of executive and non-executive directors (which includes independent directors) in order that no director or small group of directors can dominate the decision-making process. The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board. The Nomination Committee evaluates the nominees for election as directors to ensure that there is diversity of experience and- backgrounds. This is part of the duty of the Nomination Committee when they pre-screen and shortlist the nominees for election as directors.



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

The non-executive directors possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board. Additional qualifications include a practical understanding of the business of the Company and membership in a relevant industry, business or professional organization. The Nomination Committee also ensures that there is diversity of experience and backgrounds in the Board.

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

	<b>Executive</b>	<b>Non-Executive</b>	<b>Independent Director</b>
<b>Role</b>	Involved in operational and day-to-day affairs of the Company	Oversees the performance of Executive directors	Acts as check and balance within the Board. Acts as chairman of the various committees
<b>Accountabilities</b>	To the Board and management to ensure that lines of communication are open	To the stockholders	To the stockholders
<b>Deliverables</b>	Reports to the Board on operational matters of the Company	Review and evaluate executive directors' recommendations	As members of the Audit Committee, performs oversight functions over the financial reporting process, risk management and internal control and internal audit.

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

The Company defines "independence" as freedom from any business, family, professional, or other relationship that could, or could reasonably be perceived to, materially interfere with an officer's independent judgment in carrying out responsibilities. The Company complies with this view of independence by ensuring that the independent directors elected not only meet the professional criteria of competence but also are able to freely profess their views on the policies and operations of the Company untainted or unhampered by any relationship or other considerations other than what is best for the Company, its stockholders, and the community where the Company operates.

The Company's Manual of Corporate Governance provides that the Board should be composed of at least two (2) independent directors and the Corporation has complied with this.

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 has adopted the guidelines set by the SEC in the term limits of independent directors. Consistent with SEC Memorandum Circular No. 9, Series of 2011, the Company has a term limit of five (5) years for independent directors. Following a two (2) year rest period, a person who previously served as independent director may seek reelection for another period of five (5) years. The Company adheres to the maximum limit of ten (10) years set by the SEC. Thus, an independent director who has served for a total of 10 years shall no longer be nominated for election as independent director.

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			

(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	Nomination is conducted by the Nomination Committee prior to a stockholders' meeting pursuant to the provisions of SRC Rule 38.	Qualifications are provided for in the Company's By-Laws and Manual of Corporate Governance.
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above and SRC Rule 38.
<b>b. Re-appointment</b>		
(i) Executive Directors	Re-appointment is allowed. The procedure is the same as the selection/appointment process above.	The same criteria are imposed for appointment and re-appointment. Qualifications are provided for in the Company's By-Laws and Manual of Corporate Governance.
(ii) Non-Executive Directors	Re-appointment is allowed. The procedure is the same as the selection/appointment process above.	Same as above

Voting Result of the last Annual General Meeting (**in May 18, 2015**)

Name of Director
<b><u>Andrew L. Tan</u></b>
<b><u>Winston S. Co</u></b>
<b><u>Katherine L. Tan</u></b>
<b><u>Kingson U. Sian</u></b>
<b><u>Kendrick Andrew L. Tan</u></b>
<b><u>Alejo L. Villanueva, Jr.</u></b>
<b><u>Miguel B. Varela</u></b>

Voting for directors was conducted via viva voce. Considering that there were as many

nominees as there were seats to be filled, and upon the confirmation of the inspectors appointed by the Board that there was no indication of dissent among the stockholders, the Chairman requested the Corporate Secretary to cast all votes for the nominees.

6) Orientation and Education Program **(updated as of December 31, 2015)**

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

The Company has no specific training program for new directors. New directors are given an orientation on the business of the Company. They are also given access to the Company's directors and officers to address any questions or clarifications that new directors may raise.

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

**In compliance with the SEC Memorandum Circular No. 20, Series of 2013, the Company's Directors and Senior Management attended an in-house seminar(s) on Corporate Governance on October 02, November 11 and 14, 2014.**

For the year 2015, they attended the same seminar on November 23, November 25, and December 11, 2015.

(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
Andrew L. Tan	December 11, 2015	Corporate Governance	Risks, Opportunities, Assessment and Management (ROAM) Inc.
Kingson U. Sian	November 23, 2015		
Winston S. Co	December 11, 2015		
Katherine L. Tan	December 11, 2015		
Kendrick Andrew L. Tan	December 11, 2015		
Alejo L. Villanueva, Jr.	December 11, 2015		
Dina D. Inting	December 11, 2015		
Rolando D. Siatela	November 25, 2015		
Dominic V. Isberto	November 25, 2015	Corporate Governance	Risks, Opportunities, Assessment and Management (ROAM) Inc.
	August 13 and 27, September 10 and 24, 2015	Mandatory Continuing Legal Education Program	Ateneo De Manila University Law School

**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 (for management and employees applicable to subsidiary in the group):

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	Everyone is duty bound to disclose fully their existing business interests,		

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

	shareholdings, personal activities or relationships that may directly or indirectly conflict with the performance of their intended duties and responsibilities. The Board determines whether each person's business interests, shareholdings, personal activities or relationships result in conflict with the duties and responsibilities in the Company. All employees shall conduct fair business transactions with the Company and ensure that his personal interests do not conflict with the interests of the Company.		
(b) Conduct of Business and Fair Dealings	The Company shall not enter into arrangements with its competitors to arbitrarily set prices of products and other terms of the market/industry. Customers and suppliers should be dealt with fairly.		
(c) Receipt of gifts from third parties	Acceptance of gifts and other favors from customers, suppliers, or any other third party which might compromise one's ability to make objective decisions or which might affect the performance of one's duty is strictly prohibited.		
(d) Compliance with Laws & Regulations	Ensure the Company's faithful compliance with all applicable laws, regulations and best business practices.		
(e) Respect for Trade Secrets/Use of Non-public Information	Keep secure and confidential trade secrets and all non-public information acquired or learned by reason of position. Should not reveal confidential information to unauthorized persons without authority of the Board.		
(f) Use of Company Funds, Assets and Information	Company assets and funds cannot be used for personal benefit or for the benefit of anyone other than the Company. Everyone is discouraged from engaging in personal activities during working hours.		
(g) Employment & Labor Laws & Policies	Ensure the Company's faithful compliance with employment and labor law & policies.	The Company seeks to reasonably assist its and its subsidiaries and affiliates' employee and his family in providing for their economic security.	The Company seeks to reasonably assist its and its subsidiaries and affiliates' employee and his family in providing for their economic security.
(h) Disciplinary action	The Company strictly observes the provisions on disqualification and temporary disqualification of directors as provided in the Company's Manual of Corporate Governance.	Rules and regulations shall be enforced fairly and consistently by the respective subsidiaries and affiliates. Violations shall result in disciplinary actions depending on frequency, seriousness and circumstances of the offense. The employee shall be given the opportunity to present his side.	Rules and regulations shall be enforced fairly and consistently by the respective subsidiaries and affiliates. Violations shall result in disciplinary actions depending on frequency, seriousness and circumstances of the offense. The employee shall be given the opportunity to present his side.
(i) Whistle Blower	Reports of wrongdoing may be made directly to the Chairman for proper disposition to ensure confidentiality of information and protection of the identity of the whistle blower.	For each subsidiary or affiliate, reports of wrongdoing may be made directly to the Chairman or President for proper disposition to ensure confidentiality of information and protection of the identity of the whistle blower.	For each subsidiary or affiliate, reports of wrongdoing may be made directly to the Chairman or President for proper disposition to ensure confidentiality of information and protection of the identity of the whistle blower.
(j) Conflict Resolution	Conflicts are resolved internally as much as possible. It should be resolved in the lowest possible level using procedure that addresses and respects the needs, interests, and rights of the parties involved.		

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

Yes.

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

The Company has a compliance officer who monitors compliance of ethics or conduct.

Directors submit annually a list of business and professional affiliating through which provide conflicts-of-interest may be determined. Relative to senior management and employees, the Human Resources Department of each subsidiary and affiliate implements and monitors compliance with the code of ethics or conduct.

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.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; and (c) individuals owning directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual (2.20, Financial Statements and Independent Auditors' Reports).

Except for the material related party transactions described in the notes to the financial statements of the Company for the years 2015, 2014 and 2013, there has been no material transaction during the last two years, nor is there any material transaction currently proposed, to which the Company was or is to be a party, in which any director or executive officer, any nominee for election as director, stockholder of more than ten percent.

Related Party Transactions	Policies and Procedures
(1) Parent Company	The Company adopts a policy of full disclosure with regard to related party transactions. All terms and conditions of related party transactions are reported to the Board of Directors. The Company ensures that the transactions are entered on terms comparable to those available from unrelated third parties. Disclosure of relationship or association is required to be made before entering into transaction. No participation in the approval of the transaction.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders – None.

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

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	N/A
Name of Officer/s	N/A
Name of Significant Shareholders	N/A

(ii) Mechanism

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

Directors/Officers/Significant Shareholders	
Company	The Nomination Committee considers the possibility of conflicting interest in determining the number of directorships that may be held by a director. Independent Directors are required to submit a list of positions/other directorships to determine any conflict. Directors, officers and employees must voluntarily disclose any conflict prior to occurrence of the same.
Group	

5) Family, Commercial and Contractual Relations

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
Alliance Global Group, Inc.	Business	Parent-Subsidiary relationship
Arran Investment Private Limited	Business	Principal Stockholder

(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
N/A		

The Company has no knowledge of persons holding more than five (5) percent of its voting securities under a voting trust or similar agreement.

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

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
NONE		

The Company has no knowledge of any arrangements among stockholders that may result in a change in control of the Company.

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

6) Alternative Dispute Resolution

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

Alternative Dispute Resolution System	
<b>Corporation &amp; Stockholders</b>	No significant conflicts or differences. Concerns of stockholders are raised, addressed and resolved either thru the Corporate Secretary or Investor Relations Group.
<b>Corporation &amp; Third Parties</b>	Pursue settlement outside court and compromise
<b>Corporation &amp; Regulatory Authorities</b>	Pursue settlement outside court and compromise

**C. BOARD MEETINGS & ATTENDANCE**

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

Meetings of the Board are held at such time and place as the Board may prescribe, but the Board endeavors to meet monthly, or if not possible, quarterly.

2) Attendance of Directors (**updated as of 31 December 2015**)

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Andrew L. Tan	<u>18 May 2015</u>	<u>9</u>	<u>9</u>	100%
Member	Winston S. Co	<u>18 May 2015</u>	<u>9</u>	<u>9</u>	100%
Member	Katherine L. Tan	<u>18 May 2015</u>	<u>9</u>	<u>9</u>	100%
Member	Kingson U. Sian	<u>18 May 2015</u>	<u>9</u>	<u>9</u>	100%
Member	Kendrick Andrew L. Tan	<u>18 May 2015</u>	<u>9</u>	<u>8</u>	89%
Independent	Miguel B. Varela	<u>18 May 2015</u>	<u>9</u>	<u>7</u>	78%
Independent	Alejo L. Villanueva, Jr.	<u>18 May 2015</u>	<u>9</u>	<u>9</u>	100%

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

No.

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

The Company follows the quorum requirement in the Corporation Code. Thus, when majority of the directors are present, the Board proceeds with transaction of business.

5) Access to Information

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

These are distributed together with the notices in accordance with the Company's By-laws.

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

Yes.

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

- (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.?

Art. IV, Sec. 5 of the By-Laws states that the Corporate Secretary “shall be the custodian of and shall maintain the corporate books and records. He shall be the recorder of the formal actions and transactions of the Corporation. He shall have the following specific powers and duties:

- a) To record or see the proper recording of the minutes and transactions of all meetings of the directors and the stockholders and to maintain minute books of such meetings in the form and manner required by law;
- b) To keep or cause to be kept records showing the details required by law with respect to the stock certificates of the Corporation, including ledgers and transfer books showing all shares of the Corporation issued and transferred;
- c) To keep the corporate seal and affix it to all papers and documents requiring a seal, and to attest by his signature all corporate documents requiring the same;
- d) To give, or cause to be given, all notices required by law or by these By-Laws,;
- e) To certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of him by law or regulation;
- f) To act as the inspector at the election of directors and, as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and to receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the results and do such acts as are proper to conduct the election or vote. The Secretary may assign the exercise or performance of any or all of the foregoing duties, powers, and functions to any other person or persons, subject always to his supervision and control.
- g) To perform such other duties as are incident to his office or as may be assigned to him by the Board of Directors or the President.

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

Yes.

- (e) Committee Procedures

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

Yes  No

Committee	Details of the procedures
Executive	N/A. There is no Executive Committee.
Audit	Upon request made thru the Corporate Secretary, Directors shall be provided with complete, adequate and timely information about the matters to be taken up in their meetings. The Committee is afforded full access to management, personnel and records in the performance of its duties and responsibilities.
Nomination	
Remuneration	
Others (Risk Management)	

- 6) External Advice

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

Procedures	Details
Obtain external legal counsel or independent professional advisors as may be needed in the performance of its functions	The committee members may obtain external legal counsel or independent professional advisors as may be needed in the performance of its functions



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
N/A		

**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:

The officers receive fixed salary on a monthly basis from the respective subsidiaries or businesses they principally handle. Hence, no compensation was received from the Company.

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	N/A	N/A
(2) Variable remuneration	N/A	N/A
(3) Per diem allowance	N/A	N/A
(4) Bonus	N/A	N/A
(5) Stock Options and other financial instruments	N/A	N/A
(6) Others (specify)	N/A	N/A

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.

The Company's By-Laws stipulates that, except for reasonable per diem, directors, as such, are entitled to receive only such compensation as may be granted to them upon the recommendation of the Compensation and Remuneration Committee and subsequent approval by vote of stockholders representing at least a majority of outstanding capital stock at a regular or special meeting of stockholders. In no case shall the total yearly compensation of directors, as such, exceed 10% of the net income before tax of the Corporation for the preceding year. For both Executive and Non-Executive Directors, levels of remuneration must be sufficient to be able to attract and retain the services of qualified and competent directors. No director should participate in deciding on his remuneration. Pursuant to this provision, no compensation was received by the Directors from the Company except for a reasonable per diem set by the Board.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
	see above	see above	see above
	see above	see above	see above

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.

Directors do not receive compensation other than per diem.

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

### 3) Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	N/A	N/A	N/A
(b) Variable Remuneration	N/A	N/A	N/A
(c) Per diem Allowance	225,000	150,000	450,000
(d) Bonuses	N/A	N/A	N/A
(e) Stock Options and/or other financial instruments	N/A	N/A	N/A
(f) Others (Specify)	N/A	N/A	N/A
<b>Total</b>	N/A	N/A	N/A

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	N/A	N/A	N/A
2) Credit granted	N/A	N/A	N/A
3) Pension Plan/s Contributions	N/A	N/A	N/A
(d) Pension Plans, Obligations incurred	N/A	N/A	N/A
(e) Life Insurance Premium	N/A	N/A	N/A
(f) Hospitalization Plan	N/A	N/A	N/A
(g) Car Plan	N/A	N/A	N/A
(h) Others (Specify)	N/A	N/A	N/A
<b>Total</b>	N/A	N/A	N/A

### 4) Stock Rights, Options and Warrants

**The Company has an Employee Stock Option Plan that has been approved by the Board of Directors on November 07, 2014 and by the stockholders representing more than two-thirds (2/3) of the issued and outstanding capital stock during the Special Stockholders' Meeting on December 15, 2014.**

**The Company has granted stock options to qualified employees of the Company and its subsidiaries giving them the right to subscribe to a total of 118 million common shares of the Company at the exercise price of Php7.00 per share. The options, which were issued under the Company's Employee Stock Option Plan, shall generally vest on the 60th birthday of the Option Holder provided that he has continuously served for 11 years of service after the Option Offer Date, subject to the terms and conditions of the Plan.**

(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
N/A				

(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
N/A		

5) Remuneration of Management

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

The officers receive fixed salary on a monthly basis from the respective subsidiaries or businesses they principally handle. Hence, no compensation was received from the Company.

Name of Officer/Position	Total Remuneration
N/A	N/A

**E. BOARD COMMITTEES**

1) Number of Members, Functions and Responsibilities

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	N/A						
Audit	1	0	2	Audit Committee Charter	Its oversight function covers financial reporting and disclosures, risk management and internal controls, management and internal audit, and external audit.	Its responsibilities include assisting the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations; providing oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company and over the Company's Internal and External Auditors; reviewing the annual internal audit plan and organize an internal audit department; monitoring and evaluating the adequacy and effectiveness of the internal control system; and coordinating, monitoring, facilitating compliance with laws, rules, and regulations.	It has the power to disallow any non-audit work that will conflict with the duties of the External Auditor or may pose a threat to his independence. It also has the power to call the attendees as required, including having open access to Management and auditors. It has the right to seek additional information as necessary to fulfill its responsibilities.

Nomination	1	1	1		It is responsible for reviewing the structure, size, and composition of the Board and ensuring that both are comprised of the right balance of skills, knowledge, and experience.	Its responsibilities include pre-screening and shortlisting candidates nominated to become a member of the Board and redefining the role, duties, and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance.	It has the power to seek any information that it requires from employees of the Company, all of whom are directed to cooperate with any request it makes. Moreover, it has the power to employ the services of such advisers as it deems necessary to fulfill its responsibilities.
Remuneration	2	0	1		Its function is to establish a formal and transparent procedure for developing a policy on remuneration packages of corporate officer, directors, senior management and other key personnel to ensure that the compensation levels are consistent with the Company's culture, strategy and control environment.	Its responsibilities include determining the amount of remuneration for the Company's directors and officers; ensuring that all incoming officers and directors disclose fully their existing business interests or shareholdings that may directly or indirectly conflict with the performance of their intended duties and responsibilities; reviewing the existing Human Resources Development or Personnel Handbook to strengthen provisions on	It has the power to engage an adviser as it deems necessary to carry out its duties. It has also has unrestricted access to members of management, employees and relevant information.

						conflict of interests, salaries, and benefits policies, promotion, and career advancement directives and compliance of personnel concerned with all statutory requirements.	
Others (specify)	N/A						

2) Committee Members

(a) Executive Committee – None. There is no Executive Committee.

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman						
Member (ED)						
Member (NED)						
Member (ID)						
Member						

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Alejo L. Villanueva, Jr. (ID)	<u>18 May 2015</u>	1	1	100	1
Member	Miguel B. Varela (ID)	<u>18 May 2015</u>	1	1	100	1
Member	Andrew L. Tan	<u>18 May 2015</u>	1	1	100	1

Disclose the profile or qualifications of the Audit Committee members.

Alejo L. Villanueva, Jr.

Mr. Villanueva was elected as Independent Director on 28 August 2013. He is concurrently an Independent Director of Alliance Global Group, Inc., Empire East Land Holdings, Inc. and Suntrust Home Developers, Inc. and a Director of First Capital Condominium Corporation, a non-stock non-profit corporation. He is a professional consultant who has more than twenty years of experience in the fields of training and development, public relations, community relations, institutional communication, and policy advocacy, among others. Mr. Villanueva obtained his bachelor's degree in Philosophy from San Beda College, summa cum laude. He has a master's degree in Philosophy from the University of Hawaii under an East-West Center Fellowship. He also took up special studies in the Humanities at Harvard University. He studied Organizational

Behavior at INSEAD in Fontainebleau, France. He taught at the Ateneo Graduate School of Business, the UST Graduate School, and the Asian Institute of Journalism.

Andrew L. Tan

Mr. Tan, was elected as Director and Chairman of the Board on August 28, 2013. He has served as Director of Alliance Global Group, Inc. since 2003 and as its Chairman of the Board and Chief Executive Officer from September 2006 to present and as Vice-Chairman of the Board from August 2003 to September 2006. Mr. Tan concurrently holds the following positions in publicly-listed companies: Chairman of the Board and President of Megaworld Corporation, Chairman of Empire East Land Holdings, Inc. and Global-Estate Resorts, Inc., and Director of Travellers International Hotel Group, Inc. He pioneered the live-work-play-learn model in the real estate development through the Megaworld Corporation's integrated township communities, fueling the growth of the business process outsourcing ("BPO") industry, food and beverage, and quick service restaurants industries. Mr. Tan graduated Magna Cum Laude from the University of the East with a degree of Bachelor of Science in Business Administration.

Miguel B. Varela

Mr. Varela, was elected as Independent Director on 28 August 2013. He is currently an Independent Director of Global-Estate Resorts, Inc. and Megaworld Corporation. He is presently the President of the Philippine Chamber of Commerce and Industry (PCCI) was formerly President and now presently Director of Manila Bulletin Publishing Corporation. He is also Chairman of the Employers' Confederation of the Philippines (ECOP) and Chairman of the Philippine Association of Voluntary Arbitration Foundation (PAVAF), and Vice Chairman of Philippine Dispute Resolution Center, Inc. (PDRCI). He is also the Vice President of the International Labor Organization, Inc., and Corporate Secretary and Trustee, Foundation for Crime Prevention. He is an accredited international arbitrator of the Paris-based International Court of Arbitration. A member of the Philippine Bar, he pursued his Bachelor of Laws in the Ateneo de Manila Law School and his Associate in Liberal Arts from the San Beda College. He is a member of the Philippine Bar Association, a Commissioner of the Consultative Commission on Constitutional Reform and a Lifetime Member of the Philippine Constitution Association (PHILCONSA).

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Alejo L. Villanueva, Jr. (ID)	<u>18 May 2015</u>	1	1	100	2
Member	Winston S. Co	<u>18 May 2015</u>	1	1	100	2
Member	Kendrick Andrew L. Tan	<u>18 May 2015</u>	1	1	100	2

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Alejo L. Villanueva (ID)	<u>18 May 2015</u>	<u>1</u>	1	100	2
Member	Andrew L. Tan	<u>18 May 2015</u>	<u>1</u>	1	100	2
Member	Winston S. Co	<u>18 May 2015</u>	<u>1</u>	1	100	2

(e) Others (Specify)

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

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	N/A					
Member (ED)						
Member (NED)						
Member (ID)						
Member						

3) Changes in Committee Members

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

Name of Committee	Name	Reason
Executive	N/A	
Audit	NONE	
Nomination	NONE	
Remuneration	NONE	
Others (specify)	NONE	

4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Executive	N/A	
Audit	NONE	NONE
Nomination	NONE	NONE
Remuneration	NONE	NONE
Others (specify)	N/A	

5) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
Executive	N/A	
Audit	May adopt a self-rating system to review its performance	Monitor performance of committee
Nomination	May adopt a self-rating system to review its performance	Monitor performance of committee
Remuneration	May adopt a self-rating system to review its performance	Monitor performance of committee
Others (specify)	N/A	



**F. RISK MANAGEMENT SYSTEM**

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Company’s risk management focuses on safeguarding shareholder value to manage unpredictability of risks and minimize potential adverse impact on its operating performance and financial condition.

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

The Company’s Board of Directors is directly responsible for risk management and the Management carries our risk management policies approved by the Board. After the Management identifies, evaluates reports and monitors significant risks, and submits appropriate recommendations, the Board approves formal policies for overall risk management, as well as written policies covering specific areas, such as foreign exchange risks, credit risk, and liquidity risk.

(c) Period covered by the review;

The period covered by the review is from January 1, 2015 to December 31, 2015.

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

The Risk Committee annually reviews the Company’s approaches to risk management and recommends to the Board the changes or improvements to key elements of its processes and procedures. After submission of the Committee’s recommendation, the Board then reviews the risk management system. No significant issues were addressed by the Committee in 2015.

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

No significant issues were addressed by the Committee in 2015.

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
1. Financial Risks	The Company policy is to ensure that the scheduled principal and interest payments are well within its ability to generate cash from its business operations. It is likewise committed to maintain adequate capital at all times to meet shareholders’ expectations, withstand adverse business conditions and take advantage of business opportunities.	The Company’s objective is to protect investment in the event there would be significant fluctuations in the exchange rate.  On the other hands, the Company’s objectives to manage its liquidity are: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; and c) to be able to access funding when needed at the least possible cost.

		The long term strategy is to sustain a healthy debt-to-equity ratio.
2. Operational risks	It is the policy of the Company to be prepared for any event which triggers a material business impact or modifies the existing risk profile.	The Company's objective is to protect investment in the event there would be significant events that would result in material impact to the Company's operations.

(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:

The Board, thru the Audit Committee, reviews the effectiveness of the Company's, including its subsidiaries and affiliates, risk management system with emphasis on monitoring of existing and emerging risks as well as risk mitigation measures and on identifying risks before these cause significant trouble for the business. Based on the set guidelines, directors are assigned specific subsidiaries, affiliates or business where they monitor compliance of the risk management system. Criteria used for review are compliance with established guidelines and controls and the appropriateness of risk management and risk mitigation measures taken.

Risk Exposure	Risk Management Policy	Objective
1. Hazards and natural or other catastrophes	Have an emergency response plan/action	Allow the different business segments to continue operations even during natural disaster or calamity
2. Regulatory developments	Review of new laws and regulations	Ensure the different business segments are compliant with all laws and regulations
3. Money laundering and cheating at gaming areas	Constant security check and monitoring, check and balance system	Minimize situations when these activities can happen
4. Supply of raw materials and packaging materials	Maintain diverse group of suppliers, get at least 3 quotations from suppliers	Prevent overdependence on a single supplier, ensure the best price possible
5. Consumer taste, trends and preferences	Market study and analysis	Be aware of trends and preferences to develop new products or adapt existing strategy
6. Competition	Market study and analysis; Maintain a diversified earnings base; Constant product innovation	Be aware of trends and preferences to develop new products or adapt existing strategy; Revenue and property diversification
7. Philippine economic/political conditions	Review of business/political situation	Ensure the different business segments can immediately adapt to changes in economic/political conditions and can devise strategies to meet these changes

(c) Minority Shareholders

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

<b>Risk to Minority Shareholders</b>
The majority shareholder's voting power in the Company may affect the ability of minority shareholders to influence and determine corporate strategy.

3) Control System Set Up

(a) Company

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

<b>Risk Exposure</b>	<b>Risk Assessment (Monitoring and Measurement Process)</b>	<b>Risk Management and Control (Structures, Procedures, Actions Taken)</b>
1. Financial Risk	It monitors potential sources of risk through monitoring of investments and assets, and projected cash flows from operations. The Company also maintains a financial strategy that the scheduled principal and interest payments are well within the Company's ability to generate cash from its business operations.	The Company regularly monitors financial trends. The Company regularly keeps track of its capital position and assesses business conditions to ensure early detection and determination of risks, and its consequent adverse impact. It adopts measures, as may be deemed necessary and appropriate, to mitigate risks.
2. Operational Risks	Review of new laws and regulations	Any operational risks monitored are brought to the attention of the Risk Committee and addressed therein, together with inputs from corporate officers. The findings and recommendations are then brought to the Board for approval. There has been no significant operational risk determined by the Company in its operations in the past year.
3. Philippine economic/political conditions	Review of business/political situation	Ensure the Company can immediately adapt to changes in economic/political conditions and can devise strategies to meet these changes
4. Liquidity	Minimize exposure to financial markets	Actively secure short-to medium-term cash flow

(b) Group

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

<b>Risk Exposure</b>	<b>Risk Assessment (Monitoring and Measurement Process)</b>	<b>Risk Management and Control (Structures, Procedures, Actions Taken)</b>
1. Hazards and natural or other catastrophes	Have an emergency response plan/action	Allow the different business segments to continue operations even during natural disaster or calamity
2. Regulatory developments	Review of new laws and regulations	Ensure the different business segments are compliant with all laws and regulations
3. Money laundering and cheating at	Constant security check and monitoring, check and balance system	Minimize situations when these activities can happen

gaming areas		
4. Supply of raw materials and packaging materials	Maintain diverse group of suppliers, get at least 3 quotations from suppliers	Prevent overdependence on a single supplier, ensure the best price possible
5. Consumer taste, trends and preferences	Market study and analysis	Be aware of trends and preferences to develop new products or adapt existing strategy
6. Competition	Market study and analysis;  Maintain a diversified earnings base;  Constant product innovation.	Be aware of trends and preferences to develop new products or adapt existing strategy;  Revenue and property diversification
7. Philippine economic/political conditions	Review of business/political situation	Ensure the different business segments can immediately adapt to changes in economic/political conditions and can devise strategies to meet these changes

(c) Committee

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

Committee/Unit	Control Mechanism	Details of its Functions
Board Audit Committee	Provides oversight over the Company's and its subsidiaries, affiliates and business segments risk management process, financial reporting process and internal audit.	Provides oversight over the Company's and its subsidiaries, affiliates and business segments risk management process, financial reporting process and internal audit.

## G. INTERNAL AUDIT AND CONTROL

### 1) Internal Control System

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

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

Internal control system pertains to the Company's corporate governance processes with regard to integrity of financial statements and disclosures; effectiveness of internal control systems; independence and performance of internal and external auditors; compliance with accounting standards, legal and regulatory requirements; and evaluation of management's process to assess and manage the risk issues.

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

One of the responsibilities of the Board as stated in the Manual of Corporate Governance is to adopt a system of check and balance within the Board, conduct a regular review of the effectiveness of such system to ensure the integrity of the decision-making and reporting processes at all times and perform a continuing review of the Company's internal control system in order to maintain its adequacy and effectiveness.

(c) Period covered by the review;

The period covered by the review is from **January 1, 2015 to December 31, 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 regularly updates the Board on its activities and makes recommendations whenever necessary. The Audit Committee likewise ensures that the Board is aware of matters that may significantly impact the financial condition or the Company's operations.

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

No significant issues were addressed by the Committee in 2015.

## 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.

At the Company level, internal audit is handled by the audit committee while each subsidiary and affiliate handles internal audit functions at their level. The directors of the Company have reviewed the effectiveness of the Company's and its subsidiary, affiliates and business segments' internal control system and consider them effective and adequate. For its subsidiary and other business segments, internal controls are reviewed annually and are handled at that level. Any major findings that cannot be resolved at that level are elevated to the Company through the Audit Committee of the Board. For the past year, there has been no matter elevated to the Company level by any subsidiary, affiliate or business segment.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
See above				

(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?

For the Company, the internal audit function is handled directly by the audit committee. For its subsidiary, affiliate and business segments, these are handled directly at their levels and only major findings that cannot be resolved at that level are elevated to the Company through the Audit Committee of the Board.

(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?

For the Company, the internal audit function is handled directly by the audit committee. For its subsidiary, affiliate and business segments, these are handled directly at their levels and only major findings that cannot be resolved at that level are elevated to the Company through the Audit Committee of the Board.

(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.

NONE

Name of Audit Staff	Reason
N/A	

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

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

The directors of the Company have reviewed the effectiveness of the Company’s and its subsidiary, affiliate and other business segments’ internal control system and consider them effective and adequate. For its subsidiary, affiliate and business segment, internal controls are reviewed annually and are handled at that level. Any major findings that cannot be resolved at that level are elevated to the Company through the Audit Committee of the Board. For the past year, there has been no matter elevated to the Company level by any subsidiary, affiliate or business segment.

Progress Against Plans	Not Applicable
Issues <sup>6</sup>	
Findings <sup>7</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.”

The directors of the Company have reviewed the effectiveness of the Company’s and its subsidiaries, affiliates and business segments internal control system and consider them effective and adequate. For each subsidiary, affiliate and business segment, internal controls are reviewed annually and are handled at that level. Any major findings that cannot be resolved at that level are elevated to the Company through the Audit Committee of the Board. For the past year, there has been no matter elevated to the Company level by any subsidiary, affiliate or business segment.

Policies & Procedures	Implementation
See above	

(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

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

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

external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
The Audit Committee disallows 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. In compliance with the SRC, the engagement of the Company's external auditor does not exceed 5 consecutive years.	None	None	None

(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.

Chairman and CEO and the Compliance Officer.

#### H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	Part of its core values is to promote good customer relationships among its clients. With this, we try to excel by ensuring the needs of the clients are always provided.	Upgrading of skills and expertise so that people can provide customers with service of the highest quality
Supplier/contractor selection practice	The Company ensures that the suppliers are well-equipped and have sufficient professional experience to provide after-sales support.	Canvassing activities which ensure selection on the basis of quality products that
Environmentally friendly value-chain	The Company strictly adheres with government mandated policies and procedures catering to environment preservation, control, and any related Corporate Social Responsibility.	Selection of suppliers and contractors whose manufacturing procedures assure clients that each item is made in an environment-friendly manner and which produce environmental friendly products
Community interaction	The Company maintains a harmonious relationship with the community and the local	Scholarship program and institution partnerships through sponsorship and donations.

	government leaders in such cases like government and other organizations ocular visit.	
Anti-corruption programmes and procedures?	The Company endeavors to cultivate a culture of integrity that does not tolerate conflict-of-interest and unfair business dealings.	The Company has set up a reporting channel through which violation of the Company or any of its subsidiaries or affiliates culture of integrity may be reported, investigated and acted upon.
Safeguarding creditors' rights	The Company is committed to honoring its obligations financial obligations and loan covenants.	Timely settlement of financial obligations and faithful compliance with loan covenants.

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

Corporate responsibility and sustainability are handled through the Company's subsidiary, Emperador Distillers, Inc.

3) Performance-enhancing mechanisms for employee participation.

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

The Company and its subsidiary aims to provide quality and timely health and welfare services to its employees in order to avoid interruption on their jobs and to prevent conditions (physical, mental, or social) that will preclude them from giving their full attention to their work.

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

None available.

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

The Company's subsidiary provides training and development programs to their respective employees.

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

None.

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

Employees are encouraged to promptly report concerns about any illegal and unethical behavior. Reports can be made anonymously to the Company's Compliance Officer, Human Resource Department Head, or to any member of the Audit Committee. To enable the Company to verify and act on the report, employees are encouraged to make reports that contain as much information as possible, including the person involved, any witnesses, the location of any other information that would assist in investigating the concerns, and any supporting documentation. All whistle blower reports are handled in a confidential manner and confidentiality will be maintained to the fullest extent possible, consistent with the need to conduct an adequate investigation of the report and to perform subsequent remedial measures.

All reports received are forwarded to the Audit and Risk Committee that will make the preliminary assessment of the issues raised. The Audit Committee will then determine whether there is justification for an investigation and how it should be handled, should one be necessary. Depending on the issues involved, the Audit Committee may, in some cases, decide to delegate responsibility for an investigation to the Compliance Officer or to a legal counsel who will report directly to the Audit Committee.



Prompt and appropriate corrective action will be take in response to any finding of illegal and unethical behavior. If after the investigation, the Audit and Risk Committee concludes that disciplinary measures are necessary, it will recommend such measures to the Board of Directors.

## I. DISCLOSURE AND TRANSPARENCY

### 1) Ownership Structure

#### (a) Holding 5% shareholding or more (as of December 31, 2015)

Shareholder	Number of Shares	Percent	Beneficial Owner
Alliance Global Group, Inc.	<b><u>13,138,249,988</u></b>	<b><u>81.5%</u></b>	Alliance Global Group, Inc.
PCD Nominee Corporation (Non-Filipino)	<b><u>1,304,230,097</u></b>	<b><u>8.09%</u></b>	<b><u>The Hongkong And Shanghai Banking Corp. Ltd. (Foreign)</u></b>
Arran Investment Private Limited	<b><u>1,120,000,000</u></b>	<b><u>6.95%</u></b>	<b><u>Arran Investment Private Limited</u></b>

**\*includes shares lodged with PCD Nominee Corporation and shares held by foreign subsidiaries totaling 1,431,764,995**

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Andrew L. Tan	0	1	0.00%
Winston S. Co	0	1	0.00%
Katherine L. Tan	0	1	0.00%
Dominic V. Isberto	0	0	0.00%
Rolando D. Siatela	0	0	0.00%
Dina D. Inting	0	0	0.00%
TOTAL	0	3	0.00%

### 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	
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	YES
Training and/or continuing education programme attended by each director/commissioner	YES
Number of board of directors/commissioners meetings held during the year	YES
Attendance details of each director/commissioner in respect of meetings held	YES
Details of remuneration of the CEO and each member of the board of directors/commissioners	YES

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

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Punongbayan and Araullo	Php3,530,000.00	0

4) Medium of Communication

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

Company Website, Investor Relations, Press Release, Annual Report, Information Statement

5) Date of release of audited financial report: April 15, 2016 (target date)

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.

7) Disclosure of RPT

These involve RPT where the Company is a party and excludes RPTs between and among subsidiaries, affiliates, etc.

RPT	Relationship	Nature	Value
N/A			

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 ensures that the transactions are entered on terms comparable to those available from unrelated third parties.

**J. RIGHTS OF STOCKHOLDERS**

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

(a) Quorum

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

<b>Quorum Required</b>	Majority of outstanding capital stock
------------------------	---------------------------------------

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

<b>System Used</b>	Ratification by stockholders during the annual stockholders meetings.
<b>Description</b>	The actions of the Company's board of directors and senior management are presented to the stockholders during the annual stockholders meeting. These are ratified by the stockholders during the meeting.

(c) Stockholders' Rights

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

<b>Stockholders' Rights under The Corporation Code</b>	<b>Stockholders' Rights <u>not</u> in The Corporation Code</b>
The rights of the stockholders under the Corporation Code are duly recognized by the Company. No deviations or modifications were implemented by the Company.	

Dividends

<b>Declaration Date</b>	<b>Record Date</b>	<b>Payment Date</b>
<b><u>June 17, 2015</u></b>	<b><u>July 03, 2015</u></b>	<b><u>July 28, 2015</u></b>

(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.

<b>Measures Adopted</b>	<b>Communication Procedure</b>
Allows active participation of stockholders in meetings	Open Forum, Feedback Mechanism in Company Website, Investor Relations Department which handle stockholders' concerns

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

The Company complies with the requirements of the Corporation Code that a stockholders' meetings be called to approve the foregoing matters. A vote of stockholders holding at least 2/3 of the Company's outstanding capital stock is required to approve the foregoing matters.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

The Company complies with the requirement under the Securities Regulation Code that notice of an annual or special stockholders' meeting be sent to stockholders not later than 15 business days before the meeting.

- a. Date of sending out notices:  
**Annual Stockholders' Meeting: April 24, 2015**
- b. Date of the Annual/Special Stockholders' Meeting:

**Annual Stockholders' Meeting: May 18, 2015:**

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

Question: Good morning Chairman Andrew, President Winston and the members of the Board of Directors, especially my fellow AIM'er, Mike Varela here. Special commends. I'd like to make a comment about two things, about my impression about that glass. I don't know what bottle is used, wherein it's poured in a scotch, rock, glass, covering the world. And your flagship product is Emperador. I would like to think that this is Mackay because it's a scotch glass. And the other one is about the Mule. It's bubbly, and I thought it's vodka? You answer that later. But at any rate, I want to congratulate once again our friend here, Dr. Andrew Tan, who I'd like to congratulate because of two magazines wherein he was featured. The first one is this, you may not know this because there are limited copies. It's only for AIM graduates. We have subscribed to this magazine - Visionary Asean Leader. My article did not come out on time, so it was not here. And the other one you may not know is the maiden copy of Forbes Philippines. It's so surprising that it is a Gokongwei magazine but Dr. Tan was the one featured. And the other one is about the Retailer of the Year. Dr. Andrew Tan and I go a long way back. The same building, PB Com building, the Raffles division was even a distributor of Corning where I was head of the Pacific Islands, and the success of Emperador is because of the vision of Dr. Andrew Tan. How about giving him a big hand please? I was looking at the quotations last Saturday about the stocks, and the range is about 33% and last Friday it's midway, so it's a growth, a big growth for Emperador Distillers. The question I'd like to ask is, in the future, with the growth of Emperador Distillers, are you planning to expand your Anglo Watsons Glass operation? Or are you going to buy bottles elsewhere? Will you make your own bottles with your own requirements, at least in the Philippines?

Presiding Officer: Yes. In fact, we have a CAPEX requirement for Anglo Watsons. We are rehabilitating one of our furnaces next year 2016, and as you have rightly mentioned is that we are introducing the Smirnoff Mule. This is a one way bottle. It is not a recycled bottle. So we will be requiring a lot of this one-way bottle and it is amber in color, so we are thinking of putting up an independent facility, a glass manufacturing facility to produce a one-way amber-colored bottle. Yes, we are in the expansion.

Follow-up: In case, you are not aware of one-way bottle, this is a lightweight bottle, because manufacturing of bottles is very expensive. For example, an amber-colored bottle has to go back many times, six times before you make money on one bottle of beer. But after that, it is all gravy, basically. That's all. I'm Jeremy Quibilan. Thank you.

5. Result of Annual Stockholders' Meeting's Resolutions:

Resolution	Approving	Dissenting	Abstaining
<b><u>Approval of the Minutes of the Special Meeting of Stockholders held on 23 June 2014 and 15 December 2014</u></b>	<b><u>Stockholders representing more than 2/3 of the Company's outstanding shares</u></b>		
<b><u>Approval of corporate name in the By-Laws</u></b>	<b><u>Stockholders representing more than 2/3 of the Company's outstanding shares</u></b>		
<b><u>Ratification of acts of the Board of Directors, Board Committees, and Management</u></b>	<b><u>Stockholders representing more than 2/3 of the Company's outstanding shares</u></b>		
<b><u>Appointment of External Auditors</u></b>	<b><u>Stockholders representing more than 2/3 of the Company's outstanding shares</u></b>		
<b><u>Election of Directors</u></b>	<b><u>Stockholders representing more than 2/3 of the Company's outstanding shares</u></b>		

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

**The results of the Annual and Special meeting of stockholders were disclosed to the public via PSE on 18 May 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: None

Modifications	Reason for Modification
N/A	

(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	1. Andrew L. Tan 2. Winston S. Co 3. Katherine L. Tan 4. Kingson U. Sian 5. Kendrick Andrew L. Tan 6. Alejo L. Villanueva, Jr. 7. Miguel B. Varela	<b><u>18 May 2015</u></b>	Show of hands	800	14,282,949,308	<b><u>88.60%</u></b>

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

Yes, the Company's stock and transfer agent.

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

YES.

(g) Proxy Voting Policies

The Company does not solicit proxies and does not require a proxy.

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

	Company's Policies
Execution and acceptance of proxies	Must be signed by authorized signatory of the stockholder with accompanying resolutions designating the proxy/representative
Notary	Not required
Submission of Proxy	Must be submitted at least 10 days before the scheduled meeting
Several Proxies	Allowed
Validity of Proxy	Appointment shall not exceed 5 years from date of grant and may be revoked by the stockholders at any time before the right granted is exercised.
Proxies executed abroad	Allowed

Invalidated Proxy	Share/s shall not be counted for quorum
Validation of Proxy	At least 10 days before scheduled meeting
Violation of Proxy	Vote/s shall not be counted

(h) Sending of Notices

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

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

Policies	Procedure
The Company shall exercise transparency and fairness in the conduct of the Company's annual and special stockholders' meetings. The stockholders are encouraged to personally attend such meetings.	Pursuant to the By-laws of the Company, notices for regular or special meetings of Stockholders may be sent by the Secretary by personal delivery or by mail at least 2 weeks prior to the date of the meeting to each stockholders of record at his last known post office address or by publication in a newspaper of general circulation. The notice shall state the place, date, and hour of the meeting, and the purpose and purposes for which the meeting is called. In case of special meetings, only matters stated in the notice can be the subject of motions or deliberations at such meeting. However, considering that the Securities Regulation Code requires notices of stockholders' meeting to be sent 15 business days prior to the meeting, the Company adheres to the requirements of the SRC.

(i) Definitive Information Statements and Management Report

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	230
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	<u>May 18, 2015;</u>
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	<u>April 25, 2015;</u>
<b>State whether CD format or hard copies were distributed</b>	<u>CD format were distributed</u>
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	<u>Requesting stockholders were provided hard copies</u>

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

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

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

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

## 2) Treatment of Minority Stockholders

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

The Company's Manual of Corporate Governance provides for the protection of minority stockholders' rights in terms of voting, inspection of corporate records, right to information, right to dividends, and the exercise of appraisal rights.

The Manual of Corporate Governance vests in the Board of Directors the duty to promote shareholder rights, remove impediments to exercise of shareholders' rights, and allow possibilities to seek redress for violation of their rights. The Board is also tasked to encourage the shareholders to exercise their voting rights and the solution of collective action problems through appropriate mechanisms. The board shall also be instrumental in removing excessive costs and other administrative or practical impediments to shareholder participation.

Policies	Implementation
Voting rights	All shareholders, including minority shareholders, have the right to elect, remove, and replace directors. They also have the right to vote on certain corporate acts, as provided under the Corporation Code. With the use of cumulative voting, minority shareholders may vote together to ensure the election of a director.
Inspection of Corporate records	All shareholders are allowed to inspect the corporate books and records during office hours. They may also be furnished with annual reports, including financial statements, without cost or restrictions.
Right to information	Aside from the right to be provided with copies of periodic reports upon requests, minority shareholders shall have the right to propose the holding of a meeting. Minority shareholders shall also have access to any and all information relating to matters for which the management is propose the inclusion of matters pertaining to management accountability in the agenda of the stockholders' meeting.
Right to dividends	All stockholders are entitled to receive dividends upon the declaration thereof by the Board of Directors. The Board may also make arrangements with stockholders whereby dividends and other distributions may be reinvested in new shares instead of being paid in cash to stockholders
Appraisal right	Shareholders have the appraisal right or the right to dissent and demand payment of the fair value of their shares as provided under Section 82 of the Corporation Code under any of the following

	circumstances: <ul style="list-style-type: none"> <li>a. Amendment of 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>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; and</li> <li>c. In case of merger or consolidation</li> </ul>
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(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes. All shareholders have the right to nominate candidates for the board of directors. However, they must conform to the eligibility requirements under the Corporation Code and Manual of Corporate Governance, as well as the guidelines set by the Nomination Committee.

**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.

The Company has an internal vetting process for communication to ensure that all information disseminated is accurate. Communications are also reviewed by the Compliance Officer to ensure that the regulatory requirements of the PSE and SEC are met. Finally, in cases where there may be legal implications or repercussions to the Company, the opinion of the Corporate Secretary is also sought. No specific committee has been assigned to review and approve major company announcements. However, major communications of the Company are reviewed by the President and the CEO.

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

	Details
(1) Objectives	To establish and maintain an investor relations program that will keep stockholders informed of important developments in the Company and ensure them that the Company values their investment.
(2) Principles	Accuracy, transparency, and timelines are the core principles that guide the Company’s investor relations program
(3) Modes of Communications	Press Releases; Company Website; Investor Presentations
(4) Investors Relations Officer	Kenneth V. Nerecina Tel No. 9088130, Fax. No. 8366001, kvnerecina@emperadordistillers.com

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

The Company takes guidance from the applicable law, the rules and regulations of the Securities and Exchange



Commission and the Philippine Stock Exchange with respect to the approval, pricing and disclosure of acquisitions of corporate control in the capital markets and extraordinary transactions. Acquisitions and other extraordinary transactions are approved by the Board using its sound discretion taking into consideration the best interest of the Company.

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

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

**L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

These activities are undertaken directly at the subsidiary level. Some of the Company’s directors and officers may render some form of community service or social responsibility activity in connection with the activities of the respective subsidiaries and affiliates that they handle.

Initiative	Beneficiary
See above	

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

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

	Process	Criteria
<b>Board of Directors</b>	None	
<b>Board Committees</b>	None	
<b>Individual Directors</b>	Attendance at meetings	Minimum attendance required under Manual of Corporate Governance
<b>CEO/President</b>	None	None

**N. INTERNAL BREACHES AND SANCTIONS**

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

The Company substantially complied with its Manual of Corporate Governance and did not materially deviate from its provisions.

No sanctions have been imposed on any director, officer or employee on account of non-compliance.

Violations	Sanctions
N/A	

**SECRETARY'S CERTIFICATE**

I, **DOMINIC V. ISBERTO**, of legal age, Filipino, with office address at 28<sup>th</sup> Floor, The World Centre, 330 Sen. Gil Puyat Avenue, Makati City, Philippines, after having been sworn in accordance with law, depose and state that:

1. I am the Corporate Secretary of **EMPERADOR INC.**, a corporation duly organized and existing under Philippine laws, with office address at 7<sup>th</sup> Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City, Metro Manila, Philippines (hereafter, the "Corporation").

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

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

Signed this 01 April 2016 at Makati City.



**DOMINIC V. ISBERTO**  
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 01 2016 at MAKATI CITY, Philippines, affiant exhibiting to me his Social Security System Identification No. 33-1952824-1.

Doc. No. 332 ;  
Page No. 68 ;  
Book No. 201 ;  
Series of 2016.

NOTARY PUBLIC

**ATTY. VIRGILIO R. BATALLA**  
NOTARY PUBLIC FOR MAKATI CITY  
APPOINTMENT NO. M32  
UNTIL DECEMBER 31, 2016  
R.O. OF ATTY. NO. 48843  
MCLE COMPLIANCE NO. IV-0015553/A-10-2013  
IBP O.R No. 706762-LIFETIME MEMBER JAN. 29, 2007  
PTR No. 532-35-05- JAN 04, 2016 MAKATI CITY  
EXECUTIVE BLDG. CENTER  
MAKATI AVE., COR., JUPITER

## **ANNEX "A"**

I. At the Special Meeting of the Board of Directors of the Corporation held on March 23, 2015, the following resolutions were approved:

"RESOLVED, that the Corporation set its Annual Meeting of Stockholders (the "Annual Meeting") on 18 May 2015, 9:00 a.m., at the Grand Ballroom, Eastwood Richmond Hotel, 17 Orchard Road, Eastwood City, Bagumbayan, Quezon City, Metro Manila, Philippines, with the following agenda:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Meeting of Stockholders held on 23 June 2014 and of the Minutes of the Special Meeting of Stockholders held on 15 December 2014
4. Annual Report of Management
5. Amendment of Corporate Name in By-Laws
6. Ratification of Acts of the Board of Directors, Board Committees, and Management
7. Appointment of External Auditors
8. Election of Directors
9. Other matters
10. Adjournment

"RESOLVED, FURTHER, that the Stockholders of record at the close of business on 10 April 2015 are entitled to notice of, and to vote at, the Annual Meeting."

II. The following are the excerpts of the Minutes of Meeting of and resolutions approved during the Annual Stockholders' Meeting held on 18 May 2015:

a. Appointment of External Auditors

The Presiding Officer informed the stockholders that the Board of Directors, upon recommendation of the Audit Committee, has resolved to re-appoint Punongbayan and Araullo as external auditors of the Corporation for the audit of the Corporation's financial statements for the year ending December 31, 2015, and submits for approval the re-appointment of Punongbayan & Araullo as external auditors.

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

"RESOLVED, that the Punongbayan and Araullo be appointed as the external auditors of the Corporation for the audit of the Corporation's financial statements for the year ending December 31, 2015."

b. Election of Directors

The Presiding Officer informed the stockholders that, for the current year 2015, the Corporation will be electing seven directors at least two of whom shall be independent directors pursuant to the Securities and Regulation Code and the Corporation's Revised Manual of Corporate Governance.

Mr. TJ Bernabe, on behalf of the Nomination Committee, presented the Final List of Nominees for election as members of the Board of Directors, as follows: Andrew L. Tan, Winston S. Co, Katherine L. Tan, Kendrick Andrew L. Tan, Kingson U. Sian, and Alejo L. Villanueva, Jr. and Miguel B. Varela as the independent directors. Mr. Bernabe likewise reported that the Final List of Nominees for election as directors of the Corporation possess all the required qualifications and none of the disqualifications to hold office as directors of the Corporation.

The Corporate Secretary then informed the Presiding Officer that no further nominations shall be allowed pursuant to the Corporation's By-Laws, as amended.

Thereafter, it was moved and seconded that since there were only seven nominees and there are only seven seats in the Board, all seven nominees were considered elected by acclamation to the Board of Directors for the current year 2015.

III. At the Organizational Meeting of the Board of Directors of the Corporation held on 18 May 2015, the following were elected as officers of the Corporation:

Chairman	-	Andrew L. Tan
President and Chief Executive Officer	-	Winston S. Co
Treasurer	-	Katherine L. Tan
Chief Finance Officer, Corporate Information Officer and Compliance Officer	-	Dina D. Inting
Corporate Secretary	-	Dominic V. Isberto
Asst. Corporate Secretary	-	Rolando D. Siatela

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

I. NOMINATION COMMITTEE

- a. Alejo L. Villanueva Jr. (Independent Director) - Chairman
- b. Winston S. Co
- c. Kendrick Andrew L. Tan

II. COMPENSATION AND REMUNERATION COMMITTEE

- a. Alejo L. Villanueva Jr. (Independent Director) - Chairman
- b. Andrew L. Tan
- c. Winston S. Co

III. AUDIT COMMITTEE

- a. Alejo L. Villanueva Jr. (Independent Director) - Chairman
- b. Miguel B. Varela (Independent Director)
- c. Andrew L. Tan

IV. At the Special Meeting of the Board of Directors of the Corporation held on June 17, 2015, the following resolutions were approved:

"RESOLVED, that the Corporation declare a total cash dividend of PESOS: TWO BILLION FOUR HUNDRED EIGHTEEN MILLION (Php2,418,000,000.00) or Php0.15 per share, out of the unrestricted retained earnings of the Corporation;

"RESOLVED, FURTHER that the cash dividends be payable on or before 28 July 2015 to stockholders of record as of 03 July 2015."