

**ANNUAL
CORPORATE
GOVERNANCE REPORT
FOR YEAR 2016**



ALLIANCE GLOBAL GROUP, INC.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year **2016**
2. Exact Name of Registrant as Specified in its Charter : **Alliance Global Group, Inc.**
3. **7th Floor, 1880 Eastwood Avenue Eastwood City CyberPark** **1110**
Bagumbayan, Quezon City, Metro Manila, Philippines Postal Code
Address of Principal Office
4. SEC Identification Number : **AS093-7946**
5. (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number : **003-831-302-000**
7. **(632) 709-2038 to 41**
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	Seven (7)
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Actual number of Directors for the year	Seven (7)
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(a) Composition of the Board (**updated as of December 31, 2016**)

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
Andrew L. Tan	ED	N/A	The Andresons Group, Inc.	8-29-03	<u>9-29-2016</u>	Annual	<u>14</u>
Sergio R. Ortiz-Luis, Jr.	ID	N/A	Kingson U. Sian, no relationship	9-14-07	<u>9-29-2016*</u>	Annual	<u>10</u>
Kingson U. Sian	ED	N/A	Andrew L. Tan, no relationship	2-20-07	<u>9-29-2016</u>	Annual	<u>10</u>
Katherine L. Tan	ED	N/A	The Andresons Group, Inc.	2-20-07	<u>9-29-2016</u>	Annual	<u>10</u>
Winston S. Co	NED	N/A	The Andresons Group, Inc.	6-1998	<u>9-29-2016</u>	Annual	<u>11</u>
Alejo L. Villanueva, Jr.	ID	N/A	Winston S. Co, no relationship	8-2001	<u>9-29-2016*</u>	Annual	<u>16</u>
Kevin Andrew L. Tan	NED	N/A	The Andresons Group, Inc.	4-20-12	<u>9-29-2016</u>	Annual	<u>5</u>

***four years since the reckoning period of 2012, in compliance with the SEC MC 19, Series of 2016**

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

The Board believes that corporate governance is a necessary component of sound strategic business management and is committed to create awareness of the principles of good corporate governance within the company. Thus, the Board of Directors has adopted a Manual of Corporate Governance in order to institutionalize the rules and principles of good corporate governance in accordance with the Code of Corporate Governance promulgated by the Securities and Exchange Commission.

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. Minority stockholders are given the opportunity to be heard during stockholders' meetings. For various concerns, stockholders may seek assistance from the Investor Relations office.

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

Annually.

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

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
1. Andrew L. Tan	Megaworld Corporation	Executive, Chairman
	Megaworld Land, Inc.	Executive, Chairman
	Richmonde Hotel Group International	Executive, Chairman
	Emperador Inc.	Executive, Chairman
	Eastwood Cyber One Corporation	Non-Executive, Chairman
	Forbes Town Properties and Holdings, Inc.	Executive, Chairman
	Megaworld Newport Property Holdings, Inc.	Non-Executive, Chairman
	Suntrust Properties, Inc.	Executive, Chairman
	Townsquare Development, Inc.	Non-Executive, Chairman
	Megaworld Central Properties, Inc.	Non-Executive, Chairman
	Megaworld Foundation, Inc.	Non-Executive, Chairman
	The Andresons Group, Inc.	Executive, Chairman
	Andresons Global, Inc.	Executive
	Integrated Town Management Corporation (formely, Philippine International Properties, Inc.)	Executive, Chairman
	Adams Properties, Inc.	Non-Executive, Chairman
	Sonoma Premier Land, Inc.	Non-Executive, Chairman
	Travellers International Hotel Group, Inc.	Non-Executive
	Emperador Distillers, Inc.	Non-Executive, Chairman
	Consolidated Distillers of the Far East, Inc.	Non-Executive, Chairman
	The Bar Beverage, Inc.	Executive, Chairman
	Yorkshire Holdings, Inc.	Executive, Chairman
	Golden Arches Development Corporation	Executive, Vice-Chairman
	Golden Arches Realty Corporation	Executive, Vice-Chairman
Alliance Global Brands, Inc.	Non-Executive	
Alliance Global Group Cayman Islands, Inc.	Executive, Chairman	
2. Kingson U. Sian	Megaworld Corporation	Executive
	Megaworld Land, Inc.	Executive, Chairman
	Emperador Inc.	Non-Executive
	Prestige Hotels & Resorts, Inc.	Executive, Chairman
	Eastwood Cyber One Corporation	Non-Executive
	Forbestown Properties and Holdings, Inc.	Non-Executive
	Adams Properties, Inc.	Executive
	Travellers International Hotel Group, Inc.	Executive
	Alliance Global Group Cayman Islands, Inc.	Non-Executive

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

3. Winston S. Co	New Town Land Partners, Inc.	Non-Executive, Chairman
	Emperador Distillers, Inc.	Executive
	Emperador Inc.	Executive
	Anglo Watsons Glass, Inc.	Non-Executive, Chairman
	The Bar Beverage, Inc.	Non-Executive
	Alliance Global Brands, Inc.	Non-Executive
	McKester Pik-nik International Limited	Non-Executive
4. Alejo L. Villanueva, Jr.	Empire East Land Holdings, Inc.	Independent Director
	Suntrust Home Developers, Inc.	Independent Director
	Emperador Inc.	Independent Director
5. Katherine L. Tan	Megaworld Corporation	Non-Executive
	Megaworld Cayman Islands, Inc.	Non-Executive
	Emperador Distillers, Inc.	Non-Executive
	Emperador Inc.	Executive
	The Bar Beverage, Inc.	Non-Executive
	McKester Pik-nik International Limited	Non-Executive
6. Kevin Andrew L. Tan	Emperador Distillers, Inc.	Non-Executive
	Anglo Watsons Glass, Inc.	Non-Executive
	The Bar Beverage, Inc.	Non-Executive

(ii) Directorship in Other Listed Companies – None

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	<u>Empire East Land Holdings, Inc.</u>	<u>Non-Executive, Chairman</u>
	<u>Global-Estate Resorts, Inc.</u>	<u>Executive, Chairman</u>
Kevin Andrew L. Tan	<u>Empire East Land Holdings, Inc.</u>	<u>Non-Executive</u>
	<u>Global-Estate Resorts, Inc.</u>	<u>Non-Executive</u>

(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	The Andresons Group, Inc.	Andrew L. Tan is authorized to appoint proxy to vote for the shares
Andrew L. Tan	Yorkshire Holdings, Inc.	Andrew L. Tan is authorized to appoint proxy to vote for the shares

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

The Company 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. 19 Series of 2016** and has not elected any

Independent Director with more than five directorships within the Group. Further, directorship outside of the Group is discouraged.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	N/A	
Non-Executive Director	N/A	
CEO	N/A	

(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 (**as of December 31, 2016**):

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Andrew L. Tan	<u>63,684,350</u>	<u>4,028,823,194</u> (thru The Andresons Group, Inc.) 1,583,459,842 (thru direct and indirect holdings of Yorkshire Holdings, Inc.)	<u>55.62%</u>
Sergio R. Ortiz-Luis, Jr.	1	n/a	0.00%
Kingson U. Sian	5,001,100	n/a	0.04%
Winston S. Co	2,728	n/a	0.00%
Katherine L. Tan	1	n/a	0.00%
Alejo L. Villanueva, Jr.	1	n/a	0.00%
Kevin Andrew L. Tan	1	n/a	0.00%
TOTAL	<u>68,688,182</u>	<u>5,612,283,036</u>	<u>55.66%</u>

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/CEO	Andrew L. Tan
President	Kingson U. Sian

Although the positions of Chairman of the Board and CEO are held by one individual, the duties and responsibilities of each are clearly defined and delineated under the By-Laws and Manual of Corporate Governance. The President also participates in the decision-making process and can express his views to the Chairman/CEO and the Board.

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary.	General supervision of the business affairs and property of the Company

	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. Maintain qualitative and timely lines of communication and information between the Board and Management.	See to it that all orders and resolutions of the Board are carried into effect Perform such duties as may be assigned to him by the Board
Accountabilities	To the Board and Management	To the stockholders and the Board
Deliverables	Agenda of the meetings	Report of the yearly operations of the Company and the state of its affairs to the Board and the stockholders

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

The Board has taken steps to put in place a succession planning program for key management positions.

- 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. Currently, the Board has a mix of directors with expertise in the fields of real estate development, marketing and sales, retail management, tourism and leisure, property management, investment banking, food and beverage and financing.

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.

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

	Executive	Non-Executive	Independent Director
Role	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
Accountabilities	To the Board and management to ensure that lines of communication are open	To the stockholders	To the stockholders

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

"Independence", as a qualification of an independent director, means the freedom to exercise judgment in the carrying out of responsibilities as a director from any interference by any other persons or other considerations other than the duties enjoined on directors by law and the By-laws, as well as possession of the qualifications and none of the disqualifications provided by law.

The Company's Manual of Corporate Governance provides that the Board should be composed of at least two (2) independent directors and the Company 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 complies with the provisions of **SEC Memorandum Circular No. 19, Series of 2016** on term limits for independent directors. No independent director has violated the required term limit under this circular.

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
N/A			

(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
a. Selection/Appointment		
(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. Re-appointment		
(i) Executive Directors	Re-appointment is allowed. The procedure is the same as	The same criteria are imposed for appointment and

	the selection/appointment process above.	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
(iii) Independent Directors	Re-appointment is allowed as long as the term limit for Independent Directors in SEC Memorandum Circular No. 9, Series of 2011 has not been breached. The procedure is the same as the selection/appointment process above.	Same as above and SRC Rule 38.
c. Permanent Disqualification		
(i) Executive Directors	The Company follows the procedure provided for in the Corporation Code.	The Grounds are provided for in the Company's Manual of Corporate Governance
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above. The Company also follows the procedure provided in SRC Rule 38.	Same as above and SRC Rule 38.
d. Temporary Disqualification		
(i) Executive Directors	A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	The Grounds are provided for in the Company's Manual of Corporate Governance
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above
e. Removal		
(i) Executive Directors	The Company follows the procedure provided for in the Corporation Code.	Removal may be due to death, voluntary resignation and/or permanent disqualification from office consistent with the grounds provided for in the Company's Manual of Corporate Governance.
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above. The Company also follows the procedure provided in SRC Rule 38.	Same as above and SRC Rule 38.
f. Re-instatement		
(i) Executive Directors	A temporarily disqualified	Satisfactory corrective action

	director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	performed by the director within the 60 day period, addressing the specific cause of action.
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above
g. Suspension		
(i) Executive Directors	The Company follows the procedure provided for in the Corporation Code.	The Grounds are provided for in the Company's Manual of Corporate Governance.
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above

Voting Result of the last Annual General Meeting (updated as of September 29, 2016)

Name of Director	Votes Received
Andrew L. Tan	<u>8,726,252,055 shares</u>
Sergio R. Ortiz-Luis, Jr.	<u>8,726,252,055 shares</u>
Kingson U. Sian	<u>8,726,252,055 shares</u>
Winston S. Co	<u>8,726,252,055 shares</u>
Katherine L. Tan	<u>8,726,252,055 shares</u>
Alejo L. Villanueva, Jr.	<u>8,726,252,055 shares</u>
Kevin Andrew L. Tan	<u>8,726,252,055 shares</u>

6) Orientation and Education Program

The directors of the Company are required to take a Corporate Governance Orientation course. Directors are encouraged to undergo further training in the corporate governance. Some directors have attended the Professional Directors Program of the ICG and participated in Corporate Governance roundtable conference.

- (a) Disclose details of the company's orientation program for new directors, if any. – None.
- (b) State any in-house training and external courses attended by Directors and Senior Management³ 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.

They also attended the same seminar on November 12, November 23, November 25, and December 11, 2015.

For 2016, they have attended the same seminar on October 06 and November 24, 2016.

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

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Andrew L. Tan	<u>November 24, 2016</u>	Corporate Governance	Center for Training and Development, Inc.
Sergio Ortiz-Luis, Jr.	<u>October 06, 2016</u>		Risks, Opportunities, Assessment and Management (ROAM), Inc.
Kingson U. Sian	<u>November 24, 2016</u>		Risks, Opportunities, Assessment and Management (ROAM), Inc.
Winston S. Co	<u>November 24, 2016</u>		Center for Training and Development, Inc.
Katherine L. Tan	<u>November 24, 2016</u>		Center for Training and Development, Inc.
Kevin Andrew L. Tan	<u>November 24, 2016</u>		Risks, Opportunities, Assessment and Management (ROAM), Inc.
Alejo L. Villanueva, Jr.	<u>November 24, 2016</u>		Center for Training and Development, Inc.
Dina D. Inting	<u>November 24, 2016</u>		Center for Training and Development, Inc.
Rolando D. Siatela	<u>November 15, 2016</u>		Center for Training and Development, Inc.
Dominic V. Isberto	<u>November 24, 2016</u>		Center for Training and Development, Inc.

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 others companies in group):

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	A director should not use his position to profit or gain some benefit or advantage for himself and/or his related interest. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process.	An employee should disclose any relationship or association to the proposed supplier or contractor or its authorized representative to avoid possible conflict of interest.	An employee should disclose any relationship or association to the proposed supplier or contractor or its authorized representative to avoid possible conflict of interest.

(b) Conduct of Business and Fair Dealings	A director should not use his position to profit or gain some benefit or advantage for himself and/or his related interest. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process.	They are prohibited from using their authority or position to favor a supplier or contractor in anticipation of a personal gain or benefit.	They are prohibited from using their authority or position to favor a supplier or contractor in anticipation of a personal gain or benefit.
(c) Receipt of gifts from third parties	Must not solicit or accept any gift, regardless of value, from any supplier, contractor or business partner, except gifts of minimal value. If it is not practical to return, such gift must be shared with other employees.		
(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	Observe discretion in use of funds and assets. Confidential information must not be disclosed without the proper authority.	Observe discretion in use of funds and assets. Be mindful of eliminating unnecessary consumption and wasteful practices. Confidential information must not be disclosed without the proper authority.	Observe discretion in use of funds and assets. Be mindful of eliminating unnecessary consumption and wasteful practices. Confidential information must not be disclosed without the proper authority.
(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 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. 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. 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.
(j) Conflict Resolution	Amicable settlement through alternative dispute resolution

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.

Related Party Transactions	Policies and Procedures
(1) Parent Company	Ensure that the transactions are entered on terms comparable to those available from unrelated third parties
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	Ensure 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.
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

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

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved. – None.

	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	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,⁴ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

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

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description
None		

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

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

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

6) Alternative Dispute Resolution

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

Alternative Dispute Resolution System	
Corporation & Stockholders	Pursue settlement outside court and compromise
Corporation & Third Parties	
Corporation & Regulatory Authorities	

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

C. BOARD MEETINGS & ATTENDANCE

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

Meetings of the Board 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 December 31, 2016)

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Andrew L. Tan	<u>29 September 2016</u>	<u>17</u>	<u>16</u>	94
Member	Kingson U. Sian	<u>29 September 2016</u>	<u>17</u>	<u>17</u>	100
Member	Katherine L. Tan	<u>29 September 2016</u>	<u>17</u>	<u>17</u>	100
Member	Winston S. Co	<u>29 September 2016</u>	<u>17</u>	<u>17</u>	100
Member	Kevin Andrew L. Tan	<u>29 September 2016</u>	<u>17</u>	<u>17</u>	100
Independent	Sergio R. Ortiz-Luis, Jr.	<u>29 September 2016</u>	<u>17</u>	<u>17</u>	100
Independent	Alejo L. Villanueva	<u>29 September 2016</u>	<u>17</u>	<u>17</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?

None.

- 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, which at present is majority of the members.

- 5) Access to Information

- (a) How many days in advance are board papers⁵ 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.

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

The Secretary shall: (a) keep the minutes of the stockholders' meetings and of the Board of Directors' meetings; (b) see that all notices are duly given in accordance with the By-Laws; (c) be custodian of the corporate records and of the seal of the Corporation; (d) keep a register of the post addresses of the stockholders which shall be furnished him by such stockholders; and (e) in general, perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned by the Board, the Chairman, 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.

⁵ 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.

(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 (specify)	None

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 Audit 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 – None.

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

Existing Policies	Changes	Reason
None		

D. REMUNERATION MATTERS

1) Remuneration Process

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.

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	None	None
(2) Variable remuneration	None	None
(3) Per diem allowance	Given as director	None
(4) Bonus	None	None
(5) Stock Options and other financial instruments	Pursuant to the Executive Stock Option Plan as administered by the Compensation and Remuneration Committee	Pursuant to the Executive Stock Option Plan as administered by the Compensation and Remuneration Committee

(6) Others (specify)	None	None
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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.

No compensation was received by the Directors from the Company except for per diem allowance for attendance in board meetings which started in 2007. The Board sets the per diem to be received.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
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.	Other than the payment of per diem allowance, there are no arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the year ended 31 Dec 2013 and the ensuing year, for any service provided as a director.	Per diem allowance set by the Board
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.	Other than the payment of per diem allowance, there are no arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the year ended 31 Dec 2013 and the ensuing year, for any service provided as a director.	Per diem allowance set by the Board

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
None	

3) Aggregate Remuneration

No compensation was received by the Directors from the Company except for per diem allowance for attendance in board meetings which started in 2007. The Board sets the per diem to be received.

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 (allowance)	1,950,000		
(b) Variable Remuneration	N/A		
(c) Per diem Allowance	225,000	150,000	225,000
(d) Bonuses	N/A		
(e) Stock Options and/or other financial instruments	None for 2016	None for 2016	N/A
(f) Others (Specify)	N/A		
Total	2,175,000	150,000	225,000

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

4) Stock Rights, Options and Warrants

(a) Board of Directors

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

For the Executive Stock Option Plan, options may be granted to individuals who, at the time of the grant, are full time key senior executive officers of the Company. Key senior executive officers include the President, Chief Executive Officer, Chief Operating Officer, General Manager, key Company Executives and senior officers reporting directly or indirectly to the Chairman of the Board, President or General Manager of the Company. Pursuant to the Plan, the following persons have been granted options as officers:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
Andrew L. Tan	69,000,000	0	69,000,000	.67%

Kingson U. Sian	15,000,000	0	15,000,000	.14%
Winston S. Co	13,500,000	0	13,500,000	.13%
Kevin Andrew L. Tan	6,000,000	0	6,000,000	.05%

(b) Amendments of Incentive Programs – None.

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

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.

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

Name of Officer/Position	Total Remuneration
N/A	
N/A	
N/A	
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			Com- mittee Char- ter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	N/A						
Audit	1	0	2	Y	Ensure that all financial reports comply with internal financial and management standards, performing oversight financial management functions, pre-approving all audit plans,	Performs oversight responsibilities for the following: (a) Financial Reporting; (b) Risk Management; (c) Internal Control; (d) Internal Audit; (e) External Audit.	The Committee shall have the authority to conduct or order the investigation into any matter within the scope of its responsibilities.

					scope and frequency and performing direct interface functions with internal and external auditors		
Nomination	0	2	1	N	Prescreens and shortlists all candidates nominated to become a member of the Board.	Reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval, and assesses the effectiveness of the Board's processes and procedures in the election and replacement of directors	Prescreens nominees and prepares final list of candidates
Remuneration	0	2	1	N	Responsible for establishing a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, as well as providing oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and control environment.	Establishes a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and business environment.	Administers the Executive Stock Option Plan
Others (specify)	N/A						

2) Committee Members

- (a) Executive Committee – None. There is no executive committee.
- (b)

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
N/A						

(c) **Audit Committee (updated as of December 31, 2016)**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Alejo L. Villanueva, Jr.	<u>September 29, 2016</u>	<u>1</u>	<u>1</u>	100	<u>9 years</u>
Member (ED)	Andrew L. Tan	<u>September 29, 2016</u>	<u>1</u>	<u>1</u>	100	<u>9 years</u>
Member (ID)	Sergio R. Ortiz-Luis, Jr.	<u>September 29, 2016</u>	<u>1</u>	<u>1</u>	100	<u>9 years</u>

Disclose the profile or qualifications of the Audit Committee members.

Alejo L. Villanueva, Jr.

Mr. Villanueva, 75 years old, Filipino, has served as an Independent Director since August 2001. 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, 67 years old, Filipino, has served as Director since 2003 and Chairman of the Board and Chief Executive Officer since September 2006. Previously, he was Vice-Chairman of the Board from August 2003 to September 2006. He pioneered the live-work-play-learn model in the real estate development through the Company'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.

Sergio R. Ortiz-Luis, Jr.

Mr. Ortiz-Luis, Jr., 73 years old, Filipino, has served as Vice Chairman and Independent Director since September 2007. Mr. Ortiz-Luis, Jr. has broad experience in business management/administration and in the export sector. He obtained his Bachelor of Arts and Bachelor of Science in Business Administration and Masters of Business Administration from the De La Salle College and was awarded Honorary Doctorates in Humanities and Business Technology by the Central Luzon State University and Eulogio Rodriguez Institute of Science and Technology, respectively.

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

1. Perform oversight functions over the Corporation's external auditors. It should ensure that the external auditors act independently from management and are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; and
2. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.

(d) **Nomination Committee (updated as of December 31, 2016)**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Alejo L. Villanueva, Jr.	<u>September 29, 2016</u>	<u>1</u>	<u>1</u>	100%	4
Member (NED)	Kevin Andrew L. Tan	<u>September 29, 2016</u>	<u>1</u>	<u>1</u>	100%	4
Member (NED)	Winston S. Co	<u>September 29, 2016</u>	<u>1</u>	<u>1</u>	100%	4

(e) **Remuneration Committee (updated as of December 31, 2016)**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Alejo L. Villanueva, Jr.	<u>September 29, 2016</u>	0	0		4
Member (NED)	Winston S. Co	<u>September 29, 2016</u>	0	0		4
Member (NED)	Kevin Andrew L. Tan	<u>September 29, 2016</u>	0	0		4

(f) Others (Specify) - **N/A**

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						
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)	N/A	

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	N/A
Audit	approved audited financials	Nothing in the ordinary course of its functions.
Nomination	Prepared final list of candidates for election at annual meeting of stockholders	Nothing in the ordinary course of its functions.
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:

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

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. A review of the risk management system is ongoing as the Company awaits reports from each subsidiary, affiliate and business segment. Criteria used for review are compliance with established guidelines and controls and the appropriateness of risk management and risk mitigation measures taken.

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. Hazards and natural or other catastrophes	Have an emergency response plan/action	Allow the different business segments to continue operations or minimize downtime during natural disaster or calamity
2. Regulatory developments	Review of new laws and regulations	Ensure the Company is compliant with all laws and regulations
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 -

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. Interests of joint development partners	Use of pre-selling as a project financing tool. Entering into joint development agreements for the acquisition of land.	Minimize cash outlays for projects, control development costs and maintain a net cash position. Maximize cost efficiencies and resources.
8. Land for future developments	Use of pre-selling as a project financing tool. Entering into joint development agreements for the acquisition of land.	Minimize cash outlays for projects, control development costs and maintain a net cash position. Maximize cost efficiencies and resources.
9. 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.

Risk to Minority Shareholders
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:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
1. Hazards and natural or other catastrophes	Have an emergency response plan/action	Allow the different business segments to continue operations or minimize downtime during natural disaster or calamity
2. Regulatory developments	Review of new laws and regulations	Ensure the Company is compliant with all laws and regulations
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:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
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.	Be aware of trends and preferences to develop new products or adapt existing strategy Revenue and property diversification

	Constant product innovation.	
7. Interests of joint development partners	Use of pre-selling as a project financing tool. Entering into joint development agreements for the acquisition of land.	Minimize cash outlays for projects, control development costs and maintain a net cash position. Maximize cost efficiencies and resources.
8. Land for future developments	Use of pre-selling as a project financing tool. Entering into joint development agreements for the acquisition of land.	Minimize cash outlays for projects, control development costs and maintain a net cash position. Maximize cost efficiencies and resources.
9. 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:

- Explain how the internal control system is defined for the company;
- A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;
- Period covered by the review;
- How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and
- Where no review was conducted during the year, an explanation why not.

Internal control ensures that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition, and liabilities are recognized. 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.

2) Internal Audit

- 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 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.

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 the subsidiaries, affiliates 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 the subsidiaries, affiliates 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 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.

Progress Against Plans	see above
Issues ⁶	see above

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

Findings⁷	see above
Examination Trends	see above

[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 external auditor may provide to the company):

The Audit Committee reports directly to the Board and is independent from the Management.

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
see above	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, the Compliance Officer and the Corporate Secretary.

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

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	The Company and its subsidiaries and affiliates are committed to ensure utmost satisfaction of their respective customers through high quality products conceived in the spirit of innovation and born out of continuous research and development and provide excellent service to its customers.	Upgrading of skills and expertise so that people can provide customers with service of the highest quality Institutionalization of the Customer Feedback System Customer Delight Activities
Supplier/contractor selection practice	Selection of suppliers and contractors on the basis of quality products	Canvassing activities which ensure selection on the basis of quality products that
Environmentally friendly value-chain	The Company and its subsidiaries and affiliates endeavor to use environment-friendly design, procedures and materials in their respective businesses.	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	Through the subsidiaries and affiliates, the Company aims to provide scholarship grants to financially handicapped but academically deserving students and to provide financial assistance to foundations and socio-civic organizations.	Foundation's scholarship program and institution partnerships through sponsorship and donations.
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?

These activities are undertaken directly at the subsidiary and associate 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.

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 subsidiaries and affiliates are committed to maintain a safety and security program for their respective employees, which are periodically updated and revised.

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

Some of the Company's subsidiaries and affiliates provide free health care coverage to their respective employees.

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

Some of the Company's subsidiaries and affiliates provide 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

The Company has an Executive Stock Option Plan.

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.

Persons may report directly to the Chairman about illegal or unethical behavior and this ensures that the identity of the reporting person is protected.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more (as of December 31, 2016)

Shareholder	Number of Shares	Percent	Beneficial Owner
The Andresons Group, Inc.	<u>4,028,823,194</u> ¹	<u>39.23</u>	The Andresons Group, Inc. (TAGI)
<u>PCD Nominee Corporation (Non-Filipino)</u>	<u>2,916,776,696</u>	<u>28.40</u>	<u>Hongkong and Shanghai Corp. LTD.</u>
Yorkshire Holdings, Inc.	1,583,459,842 ²	15.41%	Yorkshire Holdings, Inc.
<u>PCD Nominee Corporation (Filipino)</u>	<u>1,394,727,666</u>	<u>13.58%</u>	<u>Hongkong and Shanghai Corp. LTD.</u>

¹Includes shares lodged with PCD Nominee Corporation beneficially owned by TAGI

²Includes direct and indirect beneficial ownership through Altavision Resources, Inc., Asiagroup Holdings, Inc., Globaland Holdings, Inc., and Le Bristol Holdings, Inc.

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Andrew L. Tan	<u>63,684,350</u>	<u>4,028,823,194</u> (thru The Andresons Group, Inc.) 1,583,459,842 (thru Yorkshire Holdings, Inc.)*	<u>55.26%</u>
Kingson U. Sian	5,001,100	n/a	0.048%
Katherine L. Tan	1	n/a	0.00%
Dina D. Inting	2,758	n/a	0.00%
TOTAL	<u>68,688,209</u>	<u>5,612,283,036</u>	<u>55.30%</u>

*Includes direct and indirect beneficial ownership through Altavision Resources, Inc., Asiagroup Holdings, Inc., Globaland Holdings, Inc., and Le Bristol Holdings, Inc.

2) Does the Annual Report disclose the following:

Key risks	
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	No
Attendance details of each director/commissioner in respect of meetings held	No
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.

The number of Board meetings and attendance details of each Director for the meetings held during the year are filed with the SEC and disclosed with the PSE in a separate filing.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Punongbayan & Arullo	<u>Php 2,255,000 and Php2,190,000 for the last two fiscal years</u>	None

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, Analysts' Briefing, Annual Report, Information Statement

5) Date of release of audited financial report: **April 11, 2016**

6) Company Website

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

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

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

7) Disclosure of RPT

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

RPT	Relationship	Nature	Value
Dividends earned from shares of stock of subsidiaries	Investor-investee	Dividend income	P3,504,937,142
Lease of glass plant to Anglo Watsons Glass, Inc.	Parent-subsidiary	Rent income	Php8,000,000

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.

Quorum Required	Majority of outstanding capital stock
------------------------	---------------------------------------

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	For matters not requiring stockholder approval, board approval is used
Description	Majority of the directors present in the meeting, provided there is a quorum

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code. – None

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
N/A	

Dividends (**updated as of December 31, 2016**)

Declaration Date	Record Date	Payment Date
<u>August 19, 2016</u>	<u>September 05, 2016</u>	<u>September 19, 2016</u>

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

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps

the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

2. Measures Adopted	3. Communication Procedure
Allows active participation of stockholders in meetings	Open Forum, Feedback Mechanism in Company Website, Investor Relations Department which handle stockholders' concerns

4. 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.

5. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? Yes
 - a. Date of sending out notices: **September 08, 2016**
 - b. Date of the Annual/Special Stockholders' Meeting: **September 29, 2016**
6. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

Below is a summary of the questions asked and answers given during the open forum.

Question 1: Good morning. My name is Carmina Misolas. The competition has certainly peaked up a lot in recent years. What can you say are your biggest advantages or strengths versus your peers that will allow you to maintain or even improve your respective industry positions?

Mr. Sian: Well if you look at Megaworld we are probably the major player in township development. I don't think anybody comes close to that, with 21 townships across 3,000 hectares of land. And to be able to get that kind of quality of land, of that scale, across major city centers in the nation, takes a long time. And even if you have the resources to do that, it will cost a lot more today if you were to accumulate that kind of land bank. A lot of these land bank have been procured a couple of years back, at a lower cost, so it puts us in a major advantage both on residential development and our BPO and retail developments. So I think Megaworld is well-positioned going to the future. For Emperador, the two major acquisitions, puts us as the only company in the Philippines that has access to global brands, such as Dalmore and Fundador, and technology, aging facilities, so that, again, truly futureproofs our growth going forward. For our tourism segment, it plays a little bit on the property side. We have properties across the nation in key tourism sites, and therefore, again, it positions us way ahead of competition in terms of tourism investments.

Question 2: Good morning. My name is Alfredo Parungao. I represent the Shareholders' Association of the Philippines, or SharePhil. We are a professional organization whose objective is to make shareholders more aware of their rights and responsibilities as shareholders. Listening to your report, Mr. Sian, I have one question. I would like to know what are the business risks that Alliance Global is facing in 2016 and what are the plans of the company in addressing these business risks? Thank you.

Mr. Sian: Well, of course we are always looking out for how to mitigate the risks. If you were talking about, let's say, Emperador, obviously it is a global business now. We are in a different platform in terms of competition. One way of addressing that was to partner with very strong partners globally to help distribute products. In the US, we partnered with Gallo, which is one of the largest in that space. It helps us to expand and lowers our risk. We also, through our acquisitions, will be able to control our raw material supply, through our vineyards, and the supply of liquid. So those types of acquisitions are not only to futureproof our growth but also to help us mitigate risks on the operations side. On Megaworld, as I mentioned, the key raw material for Megaworld, or for any property developer, is land. Once we run out of land, no matter how beautiful your plan is, you will not be able to develop as fast, or maybe your margins will be lower because you have to acquire at a higher price. I think we had the foresight, thru our Chairman, to put together a massive land bank five, ten years ago, and I think even we do not have to acquire land today, I think our

growth development plan is secure for the next fifteen years. Yes, there are a lot of risks that are involved in running our business, but with proper planning, foresight and fortitude, belief in the country that in the long term, the growth is there, we are willing to invest for the long term, which is evident in the land acquisitions we have done previously and the major acquisitions we have done thru Emperador.

Question 3: Good morning. My name is Roxenne Batoleño. Are you going to participate in real estate investment trust for Megaworld, and what are the benefits if you do?

Mr. Sian: The question is about the REIT, whether we will participate in it. Of course, there are some amendments that need to happen on the Implementing Rules and Regulations. I think the government is motivated to do that based on pronouncements so far by our Finance Secretary so we are watching it carefully, with keen interest. But I don't think anything will happen this year, in terms of new REITs. If at all, it will be next year, at the earliest. But certainly it will be interesting for us to look at it keenly as it will help unlock a lot of value from our balance sheet which will help improve market cap, and at the same time provide fresh funds for us to accelerate growth of our BPO and retail developments.

Question 4: Good morning, Sir. My name is Sarah Anunciacion. I have a question regarding Emperador. Emperador has touted its globalization thrust following the acquisition of Whyte & Mackay Group and Fundador. What synergies could these global businesses bring to the domestic Emperador operations?

Mr. Sian: The acquisition of Whyte and Mackay and Fundador allows, as I've mentioned earlier, and gives us unique access to raw materials through our vineyards in Spain, the liquid that we have in Scotland for whisky, the ageing facilities, the technology – those are all obviously positive things that will benefit our local products. At the same time, we have acquired global brands that are known. These are not easy; they don't come by often. And also, because of the premiumization of those brands, it creates a halo effect to our local brands as well. I think the other thing that I've mentioned also is the global network of sales in a hundred countries allow us access to those markets for our Emperador products.

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

8. Resolution	9. Approving	10. Dissenting	11. Abstaining
Approval of the Minutes of the Annual Meeting of Stockholders held on 15 September 2015	All Stockholders	N/A	N/A
Appointment of Independent Auditors	All Stockholders	N/A	N/A
Ratification of Acts of the Board of Directors, Board Committees, and Officers	All Stockholders	N/A	N/A
Election of Directors	All Stockholders	N/A	N/A

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

September 29, 2016 via PSE Edge

(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: N/A

Modifications	Reason for Modification
N/A	

(f) **Stockholders' Attendance (updated as of December 31, 2016)**

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	1. Andrew L. Tan 2. Sergio R. Ortiz-Luis, Jr. 3. Winston S. Co 4. Kingson U. Sian 5. Katherine L. Tan 6. Alejo L. Villanueva, Jr. 7. Kevin Andrew L. Tan 8. Dina Inting 9. Dominic V. Isberto 10. Rolando D. Siatela	<u>29 September 2016</u>	Show of hands			
N/A						

(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	Appointments shall not exceed 5 years from date of grant and may be revoked by the stockholder at any time before the right granted is exercised.
Proxies executed abroad	Allowed
Invalidated Proxy	Share/s shall not be counted for quorum
Validation of Proxy	At least 10 days before scheduled meeting
Violation of Proxy	Vote/s shall not be counted

(h) Sending of Notices

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

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

Policies	Procedure
see above	

(i) **Definitive Information Statements and Management Report (updated as of December 31, 2016)**

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	<u>1,306</u>
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	<u>September 08, 2016</u>
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	<u>September 08, 2016</u>
State whether CD format or hard copies were distributed	CD Format
If yes, indicate whether requesting stockholders were provided hard copies	Yes

(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.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	Yes

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

2) Treatment of Minority Stockholders

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

Policies	Implementation
Transparency	Publication of Notice, Agenda and information statement for meeting
Accessibility of the Company	Investor Relations group and feedback portion in Company website

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

K. INVESTORS RELATIONS PROGRAM

- 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

Internal and external communications policies and major company announcements are reviewed by the Corporate Information Officer and the Corporate Secretary, and if necessary, with the President and/or 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 keep stockholders informed of important developments in the Company
(2) Principles	Transparency and accessibility to investors
(3) Modes of Communications	Press Releases; Company Website; Investor Presentations; <u>Analysts' Briefing</u>
(4) Investors Relations Officer	Carolle Kabigting; ckabigting@allianceglobalinc.com ; Tel No. 908-8130

- 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 for 2016. The Company may engage an independent appraiser as the need arises.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
<u>Memorandum of Agreement with the Office of the Cabinet Secretary, Department of Health, Department of Interior and Local Government, and Taguig City Government for the construction of a modern treatment and rehabilitation center facility in Taguig City</u>	<u>Drug reformists</u>

These initiatives are also undertaken directly at the subsidiary and associate 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.

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

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

	Process	Criteria
Board of Directors	None	
Board Committees	None	
Individual Directors	Attendance at meetings	Minimum attendance required under Manual of Corporate Governance
CEO/President	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 28th 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 **ALLIANCE GLOBAL GROUP, INC.**, a corporation duly organized and existing under Philippine laws, with office address at 7th 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 26 May 2017 at Makati City.


DOMINIC V. ISBERTO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 30 2017 at MAKATI CITY Philippines, affiant exhibiting to me his Social Security System Identification No. 33-1952824-1.

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Series of 2017.

NOTARY PUBLIC 

ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-88
UNTIL DEC. 31, 2018
ROLL OF ATTY. REG. NO. 148
MCLE COMPLIANCE NO. JV 008032-4/10/13
I.B.P. O.R. No. 706762, LIFETIME MEMBER JAN. 29, 2007
PTR No. 590-90-82 JAN 0, 2017
EXECUTIVE BLDG. CENTER
MAKATI AVE. COR., JUPITER ST. MAKATI CITY

ANNEX "A"

I. At the Special Meeting of the Board of Directors of the Corporation held on July 28, 2016, the following resolutions were approved:

"WHEREAS, due to the unavailability of a number of directors to attend the original schedule as provided in the By-Laws (third Tuesday of September), it is hereby:

"RESOLVED, that the Board has set the Company's Annual Stockholders' Meeting on 29 September 2016, 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 15 September 2015
4. Report of Management for Year 2015
5. Appointment of Independent Auditors
6. Ratification of Acts of the Board of Directors, Board Committees, and Officers
7. Election of Directors
8. Other matters
9. Adjournment

"RESOLVED, FURTHER, that the Stockholders of record at the close of business on 19 August 2016 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 16 May 2016:

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, 2016, 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, 2016."

b. Election of Directors

The Presiding Officer informed the stockholders that, for the current year 2016, 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.

Ms. Loren Kaye Ostia, 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, Kingson U. Sian, Winston S. Co, Katherine L. Tan, Kevin Andrew L. Tan, as regular directors and Sergio R. Ortiz-Luis, Jr. and Alejo L. Villanueva, Jr. as the independent directors. Ms. Ostia 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 2016.

III. At the Organizational Meeting of the Board of Directors of the Corporation held on 29 September 2016, the following were elected as officers of the Corporation:

Chairman and Chief Executive Officer	-	Andrew L. Tan
Vice Chairman	-	Sergio R. Ortiz-Luis, Jr.
President and Chief Operating Officer	-	Kingson U. Sian
Treasurer	-	Katherine L. Tan
Executive Director	-	Kevin Andrew L. Tan
First Vice President for Finance, Corporate Information Officer, and Compliance Officer	-	Dina 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. Kevin Andrew L. Tan
- c. Winston S. Co

II. COMPENSATION AND REMUNERATION COMMITTEE

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

III. AUDIT COMMITTEE

- a. Alejo L. Villanueva Jr. (Independent Director) - Chairman
- b. Sergio R. Ortiz-Luis, Jr. (Independent Director)
- c. Andrew L. Tan

IV. At the Special Meeting of the Board of Directors of the Corporation held on August 19, 2016, the following resolutions were approved:

"RESOLVED, that the Corporation declare cash dividends of Thirty-One (Php0.31) centavos per share, or a total of Php3,183,646,673.49, out of the unrestricted retained earnings as of 31 December 2015;

"RESOLVED, FURTHER that the cash dividends be payable on or before 19 September 2016 to stockholders of record as of 05 September 2016."