

**ANNUAL CORPORATE GOVERNANCE REPORT**  
**(as of December 31, 2016)**

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## A. BOARD MATTERS

### 1) Board of Directors

<b>Number of Directors per Articles of Incorporation</b>	Eleven (11)
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<b>Actual number of Directors for the year</b>	Eleven (11)
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#### (a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) <sup>1</sup>	Elected when (Annual / Special Meeting)	No. of years served as director
George S.K. Ty	NED	N/A	Grand Titan Capital Holdings, Inc.	July 20, 2007	May 11, 2016	Annual Stockholders' Meeting	9 years and 5 months
Arthur Vy Ty	NED	N/A	Grand Titan Capital Holdings, Inc.	July 20, 2007	May 11, 2016	Annual Stockholders' Meeting	9 years and 5 months
Alfred Vy Ty	NED	N/A	Grand Titan Capital Holdings, Inc.	July 20, 2007	May 11, 2016	Annual Stockholders' Meeting	9 years and 5 months
Francisco C. Sebastian	NED	N/A	Grand Titan Capital Holdings, Inc.	May 12, 2014 (effective May 30, 2014)	May 11, 2016	Annual Stockholders' Meeting	2 years and 7 months
Carmelo Maria Luza Bautista	ED	N/A	Augusto M. Cosio, Jr.	August 5, 2011	May 11, 2016	Annual Stockholders' Meeting	5 years and 4 months
Roderico V. Puno	NED	N/A	Grand Titan Capital Holdings, Inc.	August 5, 2011	May 11, 2016	Annual Stockholders' Meeting	5 years and 4 months
David T. Go	NED	N/A	Grand Titan Capital Holdings, Inc.	May 12, 2014 (effective May 30, 2014)	May 11, 2016	Annual Stockholders' Meeting	2 years and 7 months

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

Jaime Miguel G. Belmonte	ID	N/A	Francisco H. Suarez, Jr.	July 11, 2012 (as ID)	May 11, 2016	Annual Stockholders' Meeting	ID for 4 years and 5 months
Christopher P. Beshouri	ID	N/A	Carmelo Maria Luza Bautista	May 14, 2013	May 11, 2016	Annual Stockholders' Meeting	ID for 3 years and 7 months
Wilfredo A. Paras	ID	N/A	Francisco H. Suarez, Jr.	May 14, 2013	May 11, 2016	Annual Stockholders' Meeting	ID for 3 years and 7 months
Peter B. Favila	ID	N/A	Carmelo Maria Luza Bautista	May 11, 2015	May 11, 2016	Annual Stockholders' Meeting	ID 1 year and 7 months

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

The corporate governance policies adopted by the Board of Directors of the Corporation are found in the Corporation's Manual on Corporate Governance (the "Manual"). The Manual contains sections on Shareholders' Benefit, Disclosures, and Board Responsibilities.

The section on Shareholders' Benefit expounds on the following rights of investors, which include minority, retail, and institutional shareholders:

- Right to Attend and Participate in the Annual Stockholders' Meeting
- Voting Right
- Pre-emptive Right (unless denied in Articles of Incorporation)
- Power of Inspection
- Right to Information
- Right to Dividends
- Appraisal Right
- Right to fair and equal treatment

Disclosure policies under the Manual include disclosure of material information to the general public as well as other disclosures, including corporate governance related disclosures.

The Duties and Functions of the Board of Directors include:

- a. Fostering the long-term success of the Corporation and secure its sustained growth and competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its stockholders and other stakeholders.
- b. Formulating the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

- c. Implementing a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.
- d. Appointment of competent, professional, honest and highly-motivated management officers.
- e. Adopting an effective succession planning program for Management.
- f. Providing sound strategic policies and guidelines to the corporation on major investments and capital expenditures.
- g. Establishing programs that can sustain its long-term viability and strength.
- h. Periodically evaluating and monitoring the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.
- i. Ensuring the corporation's faithful compliance with all applicable laws, regulations and best business practices.
- j. Establishing and maintain an investor relations program that will keep the stockholders informed of important developments in the corporation. If feasible, the CEO or CFO shall exercise oversight responsibility over this program.
- k. Identifying the stakeholders in the community in which the corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.
- l. Adopting a system of check and balance with the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the corporation's internal control system in order to maintain its adequacy and effectiveness.
- m. Identifying key risk areas and performance indicators and monitoring these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operational and financial viability.
- n. Formulating and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships by members of the Board.
- o. Establishing and maintaining an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.
- p. Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration.

- q. Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.
- r. Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
- s. Appoint a Compliance Officer with the rank of at least vice-president. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.
- t. Perform such other responsibilities as may be required under relevant rules and regulations.

The Manual also contains the duties and responsibilities of corporate officers such as the Chairman, President, Corporate Secretary, Compliance Officer, External Auditor, Internal Auditor, and Investor Relations.

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

The Board reviews and approves the vision and mission annually as part of its mandatory agenda.

**(d) Directorship in Other Companies**

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

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman
George S.K. Ty	Metropolitan Bank & Trust Company	Non-Executive (Group Chairman)
	Toyota Motor Philippines Corporation	Non-Executive (Chairman)
Arthur Vy Ty	Metropolitan Bank & Trust Company	Non-Executive (Chairman)
	Philippine Savings Bank	Non-Executive
	Federal Land, Inc.	Non-Executive
	Philippine AXA Life Insurance Corporation	Non-Executive
Francisco C. Sebastian	Federal Land, Inc.	Non-Executive
	Metropolitan Bank & Trust Company	Non-Executive
	Property Company of Friends, Inc.	Non-Executive
	Metro Pacific Investments Corporation	Non-Executive

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

Alfred Vy Ty	Toyota Motor Philippines Corporation	Non-Executive
	Federal Land, Inc.	Non-Executive (Chairman)
	Metropolitan Bank & Trust Company	Non-Executive
	Property Company of Friends, Inc.	Non-Executive (Chairman)
	Metro Pacific Investments Corporation	Non-Executive
	GT Capital Auto Dealership Holdings, Inc.	Non-Executive
Carmelo Maria Luza Bautista	Federal Land, Inc.	Non-Executive
	Toyota Motor Philippines Corporation	Non-Executive
	Property Company of Friends, Inc.	Non-Executive
	GT Capital Auto Dealership Holdings, Inc.	Non-executive
David T. Go	Toyota Motor Philippines Corporation	Executive
	Toyota Manila Bay Corporation	Non-Executive (Chairman)
	GT Capital Auto Dealership Holdings, Inc.	Chairman and President

**(ii) Directorships in Other Listed Companies**

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

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman
Wilfredo A. Paras	Philex Mining Corporation	Independent

**(iii) Relationship with 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
George S.K. Ty	Grand Titan Capital Holdings, Inc.	Grand Titan Capital Holdings, Inc. is owned by the Ty Family.
Arthur Vy Ty		
Alfred Vy Ty		

**(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:**

	<b>Guidelines</b>	<b>Maximum Number of Directorships in other companies</b>
<b>Executive Directors</b>	The Chief Executive Officer and other executive directors shall submit themselves to a low indicative limit on membership in other corporate Boards, other than in its subsidiaries or affiliates. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. No director shall simultaneously hold more than five board seats in publicly listed companies. In any case, the capacity of directors to serve with diligence shall not be compromised. <i>(Section 2.2.1.6, Manual on Corporate Governance)</i> The Company and its directors observe the limit on the term of independent directors in the same group of companies. <i>(Section 2.1.4, Manual on Corporate Governance)</i>	No director shall simultaneously hold more than five board seats in publicly listed companies.
<b>Non-Executive Director</b>		
<b>CEO</b>		

**(e) Shareholding in the Company**

**Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company (as of December 31, 2016)**

<b>Name of Director</b>	<b>Number of direct shares</b>	<b>Number of indirect shares/ through name of record owner</b>	<b>% of capital stock</b>
George S.K. Ty	200,000	0	Direct: 0.11% Indirect: 0.00% Total: 0.11%
Arthur Vy Ty	100,000	2,100	Direct: 0.06% Indirect: 0.001% Total: 0.06%
Alfred Vy Ty	100,000	2,100	Direct: 0.06% Indirect: 0.001% Total: 0.06%
Francisco C. Sebastian	100	20,000	Direct: 0.00% Indirect: 0.01% Total: 0.01%
Carmelo Maria Luza Bautista	1,000	12,000	Direct: 0.00% Indirect: 0.007% Total: 0.007%

Roderico V. Puno	1,000	0	Direct: 0.00% Indirect: 0.00% Total: 0.00%
David T. Go	100	0	Direct: 0.00% Indirect: 0.00% Total: 0.00%
Jaime Miguel G. Belmonte	1,000	0	Direct: 0.00% Indirect: 0.00% Total: 0.00%
Christopher P. Beshouri	1,000	700	Direct: 0.00% Indirect: 0.00% Total: 0.00%
Wilfredo A. Paras	1,000	0	Direct: 0.00% Indirect: 0.00% Total: 0.00%
Peter B. Favila	0	200	Direct: 0.00% Indirect: 0.00% Total: 0.00%
<b>TOTAL</b>	405,200	37,100	Direct: 0.23% Indirect: 0.02% Total: 0.25%

## 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 Chairman and CEO

<b>Chairman of the Board</b>	Arthur Vy Ty
<b>CEO/President</b>	Carmelo Maria Luza Bautista

## (b) Roles, Accountabilities and Deliverables

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

	<b>Chairman</b>	<b>Chief Executive Officer</b>
Role, accountabilities and Deliverables	<ul style="list-style-type: none"> <li>Ensure that the meetings of the Board are held in accordance with the by-laws or as he may deem necessary.</li> <li>Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration</li> </ul>	<ul style="list-style-type: none"> <li>Plans, develops and implements organization policies and goals.</li> <li>Directs and coordinates promotion of products or services performed to develop new markets, increase share of market, and obtain competitive position in industry.</li> <li>Analyzes budgets to identify areas</li> </ul>

	<p>the suggestions of the CEO, Management and the directors.</p> <ul style="list-style-type: none"> <li>• Maintain qualitative and timely lines of communication and information between the Board and Management.</li> <li>• Listen to and address satisfactorily any governance-related issues that non-executive independent directors may raise.</li> <li>• Ensure that the Board exercises strong oversight over the company and its management such that the prospect of any corporate scandals is minimized if not totally eliminated.</li> </ul> <p><i>(Section 2.4.1, Manual on Corporate Governance)</i></p>	<p>in which reductions can be made, and allocates operating budget.</p> <ul style="list-style-type: none"> <li>• Confers with administrative personnel and reviews activity, operating, and sales reports to determine changes in programs or operations required.</li> <li>• Facilitates monthly meeting with Comptroller to evaluate job costing and project management billable hours.</li> <li>• Directs preparation of directives to division heads outlining policy, program, or operations changes to be implemented.</li> <li>• Promotes organization in industry, markets, and general public.</li> <li>• Maintains a commitment to the company vision and the “spirit” of the organization.</li> <li>• Presides over all company-wide employee meetings and formal meeting of directors and managers.</li> <li>• Reviews activity reports and financial statements to determine progress and status in attaining objectives, and revises objectives and plans in accordance with current conditions.</li> <li>• Interfaces with the Chairman to revise objectives and plans in accordance with current conditions.</li> <li>• Maintains full and final signature authority for the corporation and its bank accounts.</li> <li>• Plans and develops industrial, labor and public relations policies designed to improve company image and relations with customers, employees, and public.</li> <li>• Communicates clearly and directly with employees concerning performance expectations, productivity, and accountability.</li> <li>• Develops employees for future advancement when possible.</li> </ul> <p><i>(2.6.1, Manual on Corporate Governance)</i></p>
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**3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?**

The Corporation has engaged an external firm to establish a written policy for succession. In the interim period, mentoring is provided by each Department Head, the CFO, and the President to junior managers to prepare them for higher responsibilities in the future.

**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?**

Yes. The Manual states that the Corporation values, promotes and observes a policy on diversity in the composition of its Board (*Section 2.2.1.5*). The Nomination Committee is responsible for the proper profiling of the skills and competencies of the currently serving directors, the gaps in skills and competencies identified, and the search for candidates to fill the gaps (*Nominations Committee Charter – Manual on Corporate Governance*). Moreover, the Nominations Committee promotes a policy on diversity and provided that all qualifications are met, ensures that in the nomination of the best candidates to be elected to the Board, no discrimination is made based on gender, age, ethnicity, nationality or background, whether social, cultural, political or religious.

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

Yes. The Manual provides that in considering candidates, the Nominations Committee shall take into consideration that at least one of the non-executive directors should have prior working experience in the sector or broad industry group to which the Corporation belongs (*Section 2.2.1.5, Manual on Corporate Governance*).

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

The roles, accountabilities and deliverables of the Board of Directors are enumerated in the following sections of the Manual:

**2.1.1 General Responsibility**

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained growth and competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its stockholders and other stakeholders.

The Board should formulate the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

### 2.1.2 Specific Duties and Functions

To ensure a high standard of best practice for the corporation and its stockholders and other stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

- a) Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly-motivated management officers. Adopt an effective succession planning program for Management.
- b) Provide sound strategic policies and guidelines to the corporation on major investments and capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.
- c) Ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices.
- d) Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the corporation. If feasible, the CEO or CFO shall exercise oversight responsibility over this program.
- e) Identify the stakeholders in the community in which the corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.
- f) Adopt a system of check and balance with the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the corporation's internal control system in order to maintain its adequacy and effectiveness.
- g) Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operational and financial viability.
- h) Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships by members of the Board.
- i) Establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.
- j) Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration.

k) Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.

l) Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.

m) Appoint a Compliance Officer with the rank of at least vice-president. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

n) Perform such other responsibilities as may be required under relevant rules and regulations

### 2.1.3 Specific Duties and Responsibilities of a Director

A director's office is one of trust and confidence. A director should act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress.

A director should observe the following norms of conduct:

a) Conduct fair business transactions with the corporation and ensure that his personal interest does not conflict with the interests of the corporation.

The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. 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. A director who has a continuing material conflict of interest should seriously consider resigning from his position.

A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation.

b) Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.

A director should be physically present at 50% of the meetings of the Board. If arrangements are made for electronic presence, directors should be present at 75% of all meetings of the Board.

A director should devote sufficient time to familiarize himself with the corporation's business. He should be constantly aware and knowledgeable of the corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

A director shall have working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and

regulations of the Commission, and where applicable, the requirements of relevant regulatory agencies.

Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by members of the Board to enable him to properly perform his duties and responsibilities. For this purpose, members shall be given independent access to Management and the Corporate Secretary on any issue which requires clarification.

c) Act judiciously.

Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.

d) Exercise independent judgment.

A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollary, he should support plans and ideas that he thinks are beneficial to the corporation.

e) Transparency

The Board is primarily accountable to the stockholders. It should provide them with a balanced and comprehensive assessment of the corporation's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulations that are required by law.

f) Observe confidentiality.

A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.

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

An Independent director means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

The Corporation's Independent Directors have all the qualifications and none of the disqualifications under relevant laws, rules and regulations, including the Manual. (2.1.4, *Manual on Corporate Governance*)

**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 has served for five years, does it limit the term for no more than four additional years? Please explain.**

Yes. A requirement to be considered as an independent director under the Manual is that he/she should not have served as independent director of the company for more than five years. An independent director may serve as such for a period of five years. After the completion of the five year service period, an independent director shall be ineligible for election unless such director has undergone a “cooling off” period of two (2) years. An independent director re-elected as such after the “cooling off” period may serve for another four (4) consecutive years. Service of a period of six (6) months shall be equivalent to one (1) year. In the event that the Company makes an exception to the rule on limits for continuous service of independent directors, the Company shall justify and disclose it. (*Section 2.1.4, Manual on Corporate Governance*)

## **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 - None**

Name	Position	Date of Cessation	Reason
N/A	N/A	N/A	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
<b>a. Selection/Appointment</b>		
Executive Directors	The Directors of the Company are elected at the annual stockholders’ meeting to hold office until the next succeeding annual meeting and until their respective successors have been appointed or elected and qualified. The same set of directors was nominated in the last regular annual stockholders’ meeting. The Directors possess all the qualifications and none of	<ul style="list-style-type: none"> <li>Holder of at least one hundred (100)<sup>3</sup> shares of stock of the Corporation, which shares shall stand in his name in the books of the corporation.</li> <li>He shall be at least twenty-five (25) years of age at the time of his election or appointment;</li> <li>He shall be at least a college graduate or have at least five (5) years</li> </ul>
Non-Executive Directors		

<sup>3</sup> Amendment to the By-Laws of GT Capital Holdings, Inc. was approved by the Securities and Exchange Commission as of May 26, 2014.

	<p>the disqualifications provided for in the SRC and its Implementing Rules and Regulations as well as the Company's By-laws.</p> <p><i>(2016 Information Statement)</i></p>	<p>experience in business;</p> <ul style="list-style-type: none"> <li>• He must have attended a special seminar for board of directors conducted or accredited by the regulatory bodies; and</li> <li>• He must be fit and proper for the position of director. In determining whether a person is fit and proper for the position of director, the following matters must be considered: <ul style="list-style-type: none"> <li>- integrity/probity;</li> <li>- competence;</li> <li>- education;</li> <li>- diligence; and</li> <li>- experience/training.</li> </ul> </li> <li>• Non-executive directors should possess qualifications and stature that enable them to participate in the deliberations of the Board</li> </ul> <p>The foregoing qualifications for directors shall be in addition to those required under existing applicable laws and regulations.</p> <p><i>(Section 2.2.1.2, Manual on Corporate Governance)</i></p>
Independent Directors	<p>Review of qualifications of candidates nominated as Independent Directors shall be conducted by the Nomination Committee prior to the stockholders' meeting. The Nomination Committee shall prepare a Final List of Candidates from those who have passed the Guidelines, Screening Policies and Parameters for nomination of independent directors and which list shall contain all the information about these nominees. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director. No other</p>	<p>An independent director shall have the qualifications and none of the disqualifications as embodied in relevant SEC regulations and in the By-laws of the corporation. In addition, an independent director shall also meet the following qualifications:</p> <ol style="list-style-type: none"> <li>Should not be related within the second degree of consanguinity or affinity with significant stockholders, the CEO, or any member of the Company's Management.</li> <li>Should not have served the Company as an officer or a significant service provider, unless two years have lapsed since the</li> </ol>

	<p>nomination shall be entertained or allowed on the floor during the actual annual stockholders’ meeting. In case of resignation, disqualification or cessation of independent directorship and only after notice has been made with the Commission within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, upon the nomination of the Nomination Committee; otherwise, said vacancies shall be filled by stockholders in a regular or special meeting called for that purpose. An Independent Director so elected to fill a vacancy shall serve only for the unexpired term of his or her predecessor in office.</p> <p><i>(2016 Information Statement.)</i></p>	<p>termination of the said service.</p> <p>iii) Should not have served as independent director of the company for more than five years.</p> <p><i>(Section 2.1.4, Manual on Corporate Governance)</i></p> <p>In reviewing and evaluating the qualifications of candidates for nomination to the Board, the Committee shall consider the Corporation’s vision, mission, corporate objectives and strategy, including the needs of its component companies, as well as the entire Group.</p> <p><i>(Duties and Responsibilities of the Nominations Committee, Nominations Committee Charter)</i></p>
<b>b. Re-appointment</b>		
Executive Directors	The Nominations Committee shall adhere to the policy of submitting all directors for election or re-election once a year. <i>(Nominations Committee Charter, Manual on Corporate Governance)</i>	Same as above.
Non-Executive Directors		
Independent Directors		
<b>c. Permanent Disqualification</b>		
Executive Directors	Directors/ Officers elected or appointed without possessing the qualifications or possessing any of the disqualifications as enumerated herein, or in the By-laws of the corporation, shall vacate their respective positions immediately.	i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the SRC; (b) arises out of the person’s conduct as an underwriter, broker, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank quasi-bank, trust company, investment house or as an affiliated person of any of them;
Non-Executive Directors		
Independent Directors		

		<p>ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>iii) The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or any regulatory body, or under any rule or regulation issued by the Commission, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;</p> <p>iv) Any person convicted by final judgment or order by a court or competent administrative body of</p>
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		<p>an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>v) Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission , or any of its rule, regulation or order;</p> <p>vi) Any person judicially declared to be insolvent;</p> <p>vii) Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs above;</p> <p>viii) Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.</p> <p>ix) Any former partner or employee of the Company's external auditor, unless two years have elapsed since the relationship with such auditing firm has been terminated.</p> <p>x) Any person earlier elected as independent director who becomes an officer, employee or consultant of the corporation</p> <p>xi) Possession of disqualifications under the By-Laws</p>
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		(Section 2.2.1.2, Manual on Corporate Governance)
<b>d. Temporary Disqualification</b>		
Executive Directors	Any of the following shall be a ground for the temporary disqualification of a director: <ul style="list-style-type: none"><li>• Refusal to comply with the disclosure requirements of the SRC and its IRR. This disqualification shall be effective as long as the refusal persists.</li><li>• Absence in more than fifty percent (50%) of all regular and special meetings of the Board of directors during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election.</li><li>• Dismissal or termination for cause as director of any corporation covered by Code. The disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination.</li><li>• If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.</li><li>• If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.</li><li>• A temporary disqualified director shall, within sixty (60) business days from such disqualification, take appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</li></ul> (Section 2.2.1.2, Manual on Corporate Governance)	
Non-Executive Directors		
Independent Directors		
<b>e. Removal</b>		
Executive Directors	The Corporate Governance Committee shall be responsible for reporting violation/s after due notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.  (Section 8.3, Manual on Corporate Governance)	A director may be removed from office for a third violation of any provision of the Manual.  (Section 8.1, Manual on Corporate Governance)
Non-Executive Directors		
Independent Directors		

<b>f. Re-instatement</b>		
Executive Directors	None.	None.
Non-Executive Directors	None.	None.
Independent Directors	<p>An independent director who has served for a five year consecutive period and has undergone the mandatory two (2) year “cooling off” period is eligible for reinstatement.</p> <p>Service of a period of six (6) months shall be equivalent to one (1) year. In the event that the Company makes an exception to the rule on limits for continuous service of independent directors, the Company shall justify and disclose it.</p> <p><i>(Section 2.1.4, Manual on Corporate Governance)</i></p>	
<b>g. Suspension</b>		
Executive Directors	<p>The Corporate Governance Committee shall be responsible for reporting violation/s after due notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.</p> <p><i>(Section 8.3, Manual on Corporate Governance)</i></p>	<p>Directors may be suspended from office for committing a second violation of any provision of the Manual. The duration of the suspension shall depend on the gravity of the violation.</p> <p><i>(Section 8.1, Manual on Corporate Governance)</i></p>
Non-Executive Directors		
Independent Directors		

**Voting Results of the last Annual General Meeting (May 11, 2016)**

Name of Director	Votes Received					
	For	%	Abstain	%	Against	%
George S.K. Ty	305,743,851	87.706%	1,408,522	0.404%	200,465	0.058%
Francisco C. Sebastian	305,760,097	87.711%	1,392,276	0.399%	200,465	0.058%
Arthur Vy Ty	305,743,851	87.706%	1,408,522	0.404%	200,465	0.058%
Alfred Vy Ty	304,433,686	87.330%	2,573,277	0.738%	345,925	0.099%
Carmelo Maria Luza Bautista	306,733,822	87.990%	418,551	0.120%	200,465	0.058%
Roderico V. Puno	302,674,265	86.826%	3,288,732	0.943%	1,389,841	0.399%
David T. Go	304,916,841	87.469%	2,235,542	0.641%	200,465	0.058%
Jaime Miguel G. Belmonte	307,141,118	88.107%	36,930	0.011%	174,790	0.050%
Christopher P. Beshouri	307,200,688	88.124%	0	0.00%	152,150	0.044%
Wilfredo A. Paras	307,059,383	88.084%	118,665	0.034%	174,790	0.050%
Peter B. Favila	283,648,061	81.368%	23,529,987	6.750%	174,790	0.050%

## 6) Orientation and Education Program

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

New directors are oriented regarding GT Capital's core businesses, and a budget is in place for their continuous professional education. Orientation includes vision, mission, and corporate values, organizational structure, executive officers and directors, history, and milestones of GT Capital, component companies, and the Metrobank Group.

### (b) State any in-house training and external courses attended by Directors and Senior Management<sup>4</sup> for the past three (3) years

Name of Director/Officer	Date	Program
Arthur V. Ty	April 22, 2015	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
	August 19, 2016	Corporate Governance (SGV & Co.)
	August 31, 2016	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
Francisco C. Sebastian	April 22, 2015	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
	August 31, 2016	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
Roderico V. Puno	April 22, 2015	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
Jaime Miguel G. Belmonte	April 22, 2015	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
	August 31, 2016	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
David T. Go	April 22, 2015	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
	August 31, 2016	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
Wilfredo A. Paras	February 5, 2014	Distinguished Corporate Governance Seminar Speaker Series
	November 14, 2015	ASEAN Corporate Governance Conference
	August 3, 2016	SEC Corporate Governance Forum
Christopher P. Beshouri	August 19, 2016	Corporate Governance (SGV & Co.)

<sup>4</sup> Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

Carmelo Maria Luza Bautista	February 5, 2014	Distinguished Corporate Governance Seminar Speaker Series
	April 22, 2015	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
	August 24, 2015	Distinguished Corporate Governance Speaker Series
	August 31, 2016	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
Anjanette T. Dy Buncio	April 22, 2015	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
	August 19, 2016	Corporate Governance (SGV & Co.)
Alesandra T. Ty	April 22, 2015	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
	August 31, 2016	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
Antonio V. Viray	April 22, 2015	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
	August 19, 2016	Corporate Governance (SGV & Co.)
Jocelyn Kho	April 22, 2015	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
	August 31, 2016	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
Jeanne Frances T. Chua	April 22, 2015	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
	August 31, 2016	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
Francisco H. Suarez, Jr.	January 10, 2014	FMIC, Economic & Capital Markets Briefing
	January 23 – 24, 2014	JP Morgan's Philippines Conference 2014
	February 18, 2014	The Euromoney Philippines Investment Forum 2014
	February 19-20, 2014	UBS Philippine CEO Forum
	February 5, 2014	Distinguished Corporate Governance Seminar Speaker Series
	February 13, 2014	AXA Estate Planning
	February 18, 2014	The Euromoney Philippines Investment Forum 2014
	February 19-20, 2014	UBS Philippine CEO Forum
	February 28, 2014	Security Bank Economic Outlook
	March 17, 2014	BPI's Economic Outlook
	July 10, 2014	CFO Innovation Philippines Forum
	August 27, 2014	Moody's Workshop
	September 19, 2014	Introduction to the New Revenue Recognition
	January 27, 2015	SGV 17 <sup>th</sup> Executive Briefing
	January 30, 2015	Security Bank Economic Forum
	February 2 & 3, 2015	JP Morgan's Philippines Conference

	March 3,4 & 5	Moody's Spotlight on the Philippines Conference
	March 6, 2015	SGV's Data Making Decisions: The CFO's Manifesto
	March 24, 2015	Euromoney: Philippines' Investment Forum
	April 22, 2015	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
	April 29, 2015	UBS Paul Donovan Round Table Discussion
	May 20, 2015	Niall Macleod Round Table Discussion
	June 23, 2015	AXA Session on Technical Profitability
	June 25, 2015	AXA Seccion on Investment in Equity Securities
	August 25, 2015	Invest ASEAN Philippines
	June 9, 2016	Distinguished Coporate Governance Speaker Series
	August 11-12, 2016	Corporate Governance Professional
	August 31, 2016	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
Winston Andrew L. Peckson	June 1-2, 2016	Enterprise Risk Management
	August 31, 2016	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
Jose B. Crisol, Jr.	April 7, 2014	Business Economics Seminar (What ASEAN Integration Means for Business)
	June 10, 2014	CFO Innovation Philippines Forum
	July 2015	UA&P Strategic Business Economic Program
	August 2015	UA&P Strategic Business Economic Program
	February 26, 2016	2016 Tytana Academic Conference
	June 11, 2016	Strategic Business Economics Program
	August 31, 2016	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
Susan E. Cornelio	November 13 – December 21, 2014	Communication and Human Relations, Dale Carnegie
	November 25, 2014	Strategic Executive Coaching, University of Asia & the Pacific
	October 13-14, 2015	The 7 Habits Application for Manager's Public Workshop
	February 26, 2016	2016 Tytana Academic Conference
	March 2 & 3, 2016	Philippine Executive Leadership Summit
	SY 2016 & 2017	Strategic Business Economics Program
	August 31, 2016	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance

Richel D. Mendoza	July 3-4, 2014	ACL Concepts and Practice
	July 7-November 22, 2014	Diploma Program in Corporate Finance
	April 22, 2015	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
	October 15, 2015	SEC-PSE Corporate Governance Forum
	November 4-6 2015	ACIIA Conference
	July 17-20, 2016	75 <sup>th</sup> International Conference of the Institute of Internal Auditors
	August 31, 2016	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
Elsie D. Paras	April 22, 2015	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
	October 13-14, 2015	The 7 Habits Application for Manager's Public Workshop
	October 7, 2016	Distinguished Corporate Governance Speaker Series
Reyna Rose P. Manon-Og	March 2014	Strategic Systems Thinking
	June 2014	Too Hot to Handle: Burning Issues on Tax Assessments
	June 10, 2014	CFO Innovation Philippines Forum
	July 2014	Optimizing Tax Shield
	August 2014	IFRS 9 Briefing
	September 2014	Managing Assertively for Leaders
	September 19, 2014	Introduction to the New Revenue Recognition
	October 15, 2015	SEC-PSE Corporate Governance Forum
	December 4, 2015	Annual Income Tax Seminar
	February 9, 2016	The Secret of Real Estate Accounting
	February 10-11, 2016	Effective Business Writing
	May 21 to June 11, 2016	Continuing Professional Development (PICPA)
	August 31, 2016	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
Renee Lynn Miciano-Atienza	November 14, 2015	2015 ASEAN Corporate Governance Conference
	February 19-20 & 26-27, 2016	Mandatory Continuing Legal Education Lecture Series
	March 17, 2016	2016 ASEAN Corporate Governance Scorecard (ACGS)
	August 03, 2016	SEC Corporate Governance Forum
	August 31, 2016	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
	November 10, 2016	PSE Annual Disclosure Rules Seminar
	November 22, 2016	SEC-PSE Corporate Governance Forum

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

<b>Name of Director/Officer</b>	<b>Date of Training</b>	<b>Program</b>	<b>Name of Training Institution</b>
Arthur Vy Ty Francisco C. Sebastian Jaime Miguel G. Belmonte David T. Go Wilfredo A. Paras Carmelo Maria Luza Bautista	August 31, 2016	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance	Institute of Corporate Directors
Alfred V. Ty Christopher P. Beshouri	August 19, 2016	Corporate Governance Forum	Sycip Gorres Velayo & Co.
Roderico V. Puno	December 8, 2016	Corporate Governance Forum	Sycip Gorres Velayo & Co.

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

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

GT Capital's policies on business conduct or ethics for directors, senior management, and employees are discussed in detail in its Code of Ethics, the Manual, Whistleblowing Policy, and Code of Discipline. The policies and procedures manual of each department also contains policies to be followed by each department in the conduct of its responsibilities.

**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 Board of Directors, as well as GT Capital's HR and Administration Department, in coordination with the relevant heads of each department, monitors and ensures compliance with the aforementioned policies and if necessary, imposes the appropriate disciplinary action. In addition, each department is audited by GT Capital's Internal Audit Department to further verify compliance with existing policies and procedures.

**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	<p>One of the responsibilities of the Board of Directors is to “formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships by members of the Board.” <i>(Section 2.1.2 Manual on Corporate Governance)</i></p> <p>The Corporate Governance Committee shall act as a Related Party Transactions Committee when necessary. To this end, it shall pass upon and provide clearance for related party transactions with material significance, after assessing whether the transaction is for the best interest of the corporation. <i>(Section 2.2.4.4, Manual on Corporate Governance)</i></p> <p>When passing upon related party transactions, the non-independent members of the Committee shall inhibit themselves from voting on the matter at hand. <i>(Article III, Section 2, Corporate Governance Committee Charter, Manual on Corporate Governance)</i></p> <p>Loans or Assistance to a related party shall be prohibited, except when the following conditions are present:</p> <ul style="list-style-type: none"> <li>- Management has, based on the judgment of the Board, sufficiently justified the loan or assistance to the related party</li> <li>- The loan or assistance shall be provided on an arms’ length basis</li> <li>- The terms and conditions of the loan do not deviate substantially from market terms and conditions and do not jeopardize the best interest of the company.</li> </ul> <p><i>Article III, Section 3, Corporate Governance Committee Charter, Manual on Corporate Governance)</i></p> <p>Financial assistance shall not be granted to entities other than wholly owned subsidiaries of the Corporation. <i>(Article III, Section 4, Corporate Governance Committee Charter, Manual on Corporate Governance)</i></p>
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

**(b) Conflict of Interest**

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

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

The Corporation has had no instance of actual conflict of interest because in compliance with the Manual, if an actual or potential conflict of interest arises on the part of a director, he fully and immediately discloses it and abstains from participating in the decision-making process.

	<b>Details of Probable Conflict of Interest</b>
George S.K. Ty	Chairman of Toyota Motor Philippines Group Chairman of Metropolitan Bank & Trust Company
Arthur Vy Ty	Chairman/Director of Metropolitan Bank & Trust Company Director of Philippine Savings Bank Director of Federal Land, Inc. Director of Philippine AXA Life Insurance Corporation
Francisco C. Sebastian	Vice Chairman/Director of Metropolitan Bank & Trust Company Director of Property Company of Friends, Inc. Director of Metro Pacific Investments Corporation Director of Federal Land, Inc.
Alfred Vy Ty	Vice-Chairman/Director of Toyota Motor Philippines Corporation Chairman/Director of Federal Land, Inc. Chairman of Property Company of Friends, Inc. Director of Metro Pacific Investments Corporation Director of Metropolitan Bank & Trust Company Director of GT Capital Auto Dealership Holdings, Inc.
Carmelo Maria Luza Bautista	Director of Federal Land, Inc. Director of Property Company of Friends, Inc. Director of Toyota Motor Philippines Corporation Director of GT Capital Auto Dealership Holdings, Inc.
David T. Go	Chairman/Director of Toyota Manila Bay Corporation Director of Toyota Motor Philippines Corporation Chairman/President of GT Capital Auto Dealership Holdings, Inc.

**(ii) Mechanism**

	<b>Directors/Officers/Significant Shareholders</b>
Company	<p>The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. 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. A director who has a continuing material conflict of interest should seriously consider resigning from his position.</p> <p>A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation.</p> <p><i>(Section 2.1.3(a), Manual on Corporate Governance)</i></p>
Group	

## 5) Family, Commercial and Contractual Relations

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
Grand Titan Capital Holdings, Inc.	Family/commercial	Parent company and owned by the Ty Family.

- (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:

Aside from the abovementioned relationship, there is no relation of commercial, contractual or business nature that exists between holders of significant equity and the Corporation.

Names of Related Significant Shareholders	Type of Relationship	Brief Description
Not applicable	Not applicable	Not applicable

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

All issues that may result in disputes, claims, or which may be reasonably expected to be subject to corrective action shall be documented in writing by the Corporation's Legal & Compliance Officer. In cases which may result in a claim, the Legal and Compliance Officer shall be responsible for determining the validity of the claim. The Corporation may decide to settle an issue, dispute or claim through judicial or extrajudicial means (including alternative dispute resolution), upon the recommendation of the Legal & Compliance Head and, if necessary, the Company's Board of Directors. (*Section 6.1.3.4.3, Legal and Compliance Division Policies and Procedures Manual*)

The Corporation has not had any disputes to date with its stockholders, third parties, or regulatory authorities.

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<sup>5</sup> 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?

Yes, the meetings of the Board of Directors are set before the beginning of the year.

### 2) Attendance of Directors

2016

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Group Chairman	George S.K. Ty	July 20, 2007	7	4	57.14%
Chairman	Arthur Vy TY	July 20, 2007	7	6	85.71%
Co-Vice Chairman	Alfred Vy Ty	July 20, 2007	7	6	85.71%
Co-Vice Chairman	Francisco C. Sebastian	May 12, 2014	7	7	100.00%
Member	Carmelo Maria Luza Bautista	August 5, 2011	7	7	100.00%
Member	Roderico V. Puno	August 5, 2011	7	7	100.00%
Member	David T. Go	May 12, 2014	7	7	100.00%
Independent Director	Jaime Miguel G. Belmonte	July 11, 2012	7	7	100.00%
Independent Director	Christopher P. Beshouri	May 14, 2013	7	6	85.71%
Independent Director	Wilfredo A. Paras	May 14, 2013	7	6	85.71%
Independent Director	Peter B. Favila	May 11, 2015	7	6	85.71%

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

Under the Manual, the Corporate Secretary is tasked with encouraging and arranging for all the Corporation's non-executive directors to meet as a group at least once a year, without the presence of any executive director or representative from management. (Section 2.5.2 (f) Manual on Corporate Governance)

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

When there are important matters to be decided on the agenda, in particular when there are issues therein that will have a significant impact on the character of the Corporation, the quorum required for the Board to do business shall be two-thirds of its members. (*Section 2.5.2 (e) Manual on Corporate Governance*)

**5) Access to Information**

**(a) How many days in advance are board papers<sup>6</sup> for board of directors meetings provided to the board?**

The Corporate Secretary shall ensure that the requisite board papers associated with items on the agenda of a Board meeting are sent out at least five (5) business days in advance of the scheduled Board meeting. (*Section 2.5.2 (a) Manual on Corporate Governance*)

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

Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by members of the Board to enable him to properly perform his duties and responsibilities. For this purpose, members shall be given independent access to Management and the Corporate Secretary on any issue which requires clarification. (*Section 2.1.3 Manual on Corporate Governance*)

**(c) State the policy on 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 regulatory changes, etc.?**

Yes. The role of the Corporate Secretary and the Office of the Corporate Secretary is found in Section 2.5 of the Manual:

**2.5 The Corporate Secretary**

The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, is an officer of the corporation.

**2.6 Duties and Responsibilities**

- (a) Be responsible for the safekeeping and preservation of the integrity of the minutes of the Board and its committees, as well as other official records of the corporation;
- (b) Be loyal to the mission, vision and objectives of the corporation;
- (c) Work fairly and objectively with the Board, Management and stockholders;

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<sup>6</sup> Board papers consist of complete and adequate information about the matters to be taken in the board meetings. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

- (d) Have appropriate administrative and interpersonal skills;
- (e) If he is not at the same time the corporation's general counsel, be aware of the laws, rules, and regulations necessary in the performance of his duties and responsibilities;
- (f) Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- (g) Attend all Board meetings, except when justifiable causes, such as, illness death in the immediate family and serious accidents prevent him from doing so;
- (h) Ensure that all Board procedures, rules and regulations are strictly followed by the members;
- (i) Submit reports to the Commission as required under existing rules
- (j) Have knowledge of the operations of the corporation
- (k) Identify and monitor compliance with the rules and regulations of regulatory agencies, and take appropriate corrective measures to address all regulatory issues and concerns.
- (l) If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer provided herein.

2.7 The Office of the Corporate Secretary shall provide reasonable and adequate support to the Board of Directors and the members of the Board in the discharge of their functions.

Among the duties of the Office of the Corporate Secretary are as follows:

- (a) Provide the requisite board papers associated with items on the agenda of a Board meeting and to arrange that these are sent to all directors at least five business days in advance of the scheduled Board meeting.
- (b) Provide ready and reasonable access to information that directors may need for their deliberation on issues listed on the agenda of the Board.
- (c) Ensure that the Corporate Secretary has access to training in "legal, accountancy and company secretarial best practices", which help raise the standards of professionalism actually observed by the Office of the Corporate Secretary.
- (d) Set the dates of the Corporation's Board meetings at the beginning of the year. The Board shall meet regularly, as required by its by-laws.

(e) Ensure that at least two-thirds of the directors are present when there are important matters to be decided on the agenda, in particular when issues that will have a significant impact on the character of the Corporation. In such cases, the number required to determine whether there is a quorum to do business shall be two-thirds of the directors.

(f) Encourage and arrange for all the Corporation's non-executive directors to meet as a group at least once a year, without the presence of any executive director or representative from management.

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

Please see Section 2.5.2 (c) of the Manual, as quoted above. The current Corporate Secretary, Atty. Antonio V. Viray, is a lawyer by profession and has served as Corporate Secretary in various boards during the course of his career. He is well versed in legal and company secretarial practices. Furthermore, as stated in Section 2.5.2(c), quoted above, the Corporate Secretary is provided access to training in these fields.

**(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 ☐

Materials are sent to the members at least two (2) days before the scheduled meeting.

**6) External Advice**

**Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:** External advice may be obtained on a case-to-case basis, upon the request of the director concerned.

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

**Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:** None.

## D. REMUNERATION MATTERS

### 1) Remuneration Process

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

The process for determining the remuneration of Senior officers is covered under the Compensation Committee Charter.

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed Remuneration	Please see above policy. CEO and Top 4 highest paid management officers are Senior Officers.	
(2) Variable Remuneration		
(3) Per diem allowance		
(4) Bonus		
(5) Stock Options and other financial instruments		
(6) Others (specify)		

### 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 Executives and Non-Executive Directors is calculated.**

Under the Corporation's Compensation Committee Charter, a director is not allowed to decide his or her own remuneration. The Compensation Committee shall establish a formal and transparent procedure for developing a policy for fixing the remuneration packages of corporate directors. It shall designate amount of remuneration, which shall be in a sufficient level to be able to attract and retain the services of qualified and competent directors and officers. Remuneration of directors (including Independent and Non-Executive Directors) consists of per diem as well as a year-end bonus which is not dependent upon performance. Independent and Non-Executive Directors likewise do not receive any remuneration in the nature of options or performance shares.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Please see above.		
Non-Executive Directors			

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

Remuneration Scheme	Date of Stockholders' Approval
Remuneration of directors is deemed included in the item "General ratification of the acts of the Board of Directors and management", which is found in the agenda of the Corporation's Annual Stockholders' Meetings. Information on compensation of directors is included in the Corporation's Definitive Information Statement.	May 12, 2014
	May 11, 2015
	May 11, 2016

### 3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year (2016). In million pesos

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	-	-	-
(b) Variable Remuneration	-	-	-
(c) Per diem Allowance	0.99	6.32	4.42
(d) Bonuses	0.60	14.20	3.25
(e) Stock Options and/or other financial instruments	-	-	-
(f) Others (Specify) Transportation allowance	-	-	0.33
<b>Total</b>	1.59	20.52	8.0

Other Benefits	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Advances	-	-	-
(b) Credit granted	-	-	-
(c) Pension Plan/s Contributions	-	-	-
(d) Life Insurance Premium	-	-	-
(e) Life Insurance Premium	-	-	-
(f) Hospitalization Plan	-	-	-
(g) Car Plan	-	-	-
(h) Others (Specify)	-	-	-
<b>Total</b>	-	-	-

### 4) Stock Rights, Options and Warrants – None.

#### (a) Board of Directors

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

Director's Name	Number of Direct Options/Rights/Warrants	Number of Indirect Options/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
None of the Company's Board of Directors is entitled to stock rights, options or warrants over the company's shares.				

**(b) Amendments of Incentive Programs**

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

Incentive Program	Amendments	Date of Stockholders' Approval
Not applicable. There have been no amendments or discontinuation of any incentive programs.		

**5) Remuneration of Management**

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

Name of Officer/Position	Total Remuneration (in million pesos)
Francisco H. Suarez, Jr. / Executive Vice President and Chief Financial Officer	Php32.238 million
Winston Andrew L. Peckson / First Vice President and Chief Risk Officer	
Jose B. Crisol, Jr. / First Vice President and Head, Investor Relations	
Elsie D. Paras / Vice President and Deputy Chief Financial Officer	
Richel D. Mendoza / Vice President and Chief Audit Executive	

**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 (Actual Membership as of May 11, 2016)			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-Executive Director (NED)	Independent Director (ID)				
Executive Committee	1	3	0	✓	Please see enumeration of power, functions and key responsibilities for each committee below, based on the Manual on Corporate Governance and each committee’s charter.		
Audit Committee	0	1	3	✓			
Risk Oversight Committee	0	1	3	✓			
Compensation Committee	0	1	2	✓			
Nominations Committee	1	0	2	✓			
Corporate Governance Committee	0	0	3	✓			

### *Powers, Functions and Key Responsibilities of Each Committee:*

#### *Executive Committee*

- Act on such specific matters within the competence of the Board as may from time to time be delegated to the Committee in accordance with GT Capital's By-Laws, except with respect to:
  - Approval of any action for which shareholders' approval is also required
  - The filling of vacancies in the Board or the Committee
  - The amendment or repeal of By-Laws or the adoption of new By-Laws
  - The amendment or repeal of any resolution of the Board which by its express terms is not so amenable or repealable
  - The declaration of cash dividends
  - The exercise of powers delegated by the Board exclusively to other committees

An act of the Committee which is within the scope of its powers shall not require ratification or approval for its validity and effectivity, provided however that the Board may at any time enlarge or redefine the powers of the Committee.

- Report all its actions to the Board, which may subject such actions to revision or alteration; provided that no rights or acts of third parties shall be prejudiced.
- Keep regular minutes of its proceedings in a book provided for the purpose.
- Fix its own rules and procedures.
- Review and assess annually the adequacy of its Charter and then recommend changes for the approval of the Board when and where necessary.

#### *Audit Committee*

- Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
- Provide oversight over Management's activities in managing credit, market liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
- Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it;
- 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;

- Organize an internal audit department, and consider the appointment of an independent internal auditor and determine the terms and conditions of its engagement and removal/termination;
- Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;
- Review the reports submitted by the internal and external auditors;
- Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
  - Any change/s in accounting policies and practices
  - Major judgmental areas
  - Significant adjustments resulting from the audit
  - Going concern assumptions
  - Compliance with accounting standards
  - Compliance with tax, legal and regulatory requirements.
- Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report;
- Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. The Internal Auditor shall functionally report directly to the Audit Committee.
- The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.
- In lieu of organizing an internal audit department, the Audit Committee may outsource the internal audit services/function from a service provider.
- Address all issues and concerns from the auditors expeditiously and effectively to avoid the possibility of their having to render a qualified or adverse opinion, including substantive and significant disclaimers.
- Ensure that no revisions to the company's financial statements are necessary for reasons other than mandated changes in accounting practices.
- Certify in behalf of the Board of Directors as to the adequacy of the company's internal controls and risk management system.

- Approve all non-audit services conducted by the external auditor and ensure that non-audit fees do not outweigh the fees earned from the external audit.
- Ensure that the external auditor is credible, competent, and should have the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.
- Ensure that the external auditor has adequate quality control procedures
- Ensure that the external audit firm is selected on the basis of a fair and transparent tender process
- Conduct regular meetings and dialogues with the external audit team without anyone from management present
- Ensure that, should the external auditor not be rotated, the lead audit partner is rotated every five years.

#### *Risk Oversight Committee*

The Risk Oversight Committee shall be responsible for institutionalizing and overseeing the Company's risk management program and for monitoring the risk management policies and procedures of the Company's subsidiaries in relation to those of the Company. The ROC may, in coordination with the Risk Management Officer, evaluate the risk portfolio of the Company and its subsidiaries and recommend integrated and responsive risk management policies and procedures so that a comprehensive and effective control and risk management environment exists within the group of companies.

The core responsibilities of the Risk Oversight Committee are:

- a. Identify, assess, and prioritize business risks. The ROC shall identify key risk factors for the Company and its subsidiaries; assess the probability of each risk happening; and estimate the potential consequence to the Company and the group. Priority areas of concern are those risks that are the most likely to occur and which have significant financial or operational impact.
- b. Develop risk management strategies. The risk oversight committee shall develop a written plan (the "Risk Management Plan") in accordance with internationally recognized frameworks that defines the strategies and activities for managing and controlling identified key risk factors. It shall develop practical procedures that the Company should follow in the event a particular risk occurs to ensure business continuity and to minimize detrimental effects and consequences.
- c. Oversee the implementation of the Risk Management Plan. The ROC shall report quarterly to the Company's Board of Directors regarding the Company's overall risk exposure, any actions taken to avoid or minimize the risks, and recommend further action or plans as necessary under the circumstances. To this end, it shall conduct regular discussions with the Company's management and Risk Management Officer regarding the Company's current risk exposure based on regular management reports and direct how these areas of concern may be avoided or mitigated.

- d. Review and revise the Risk Management Plan. The ROC shall seek opportunities to improve and upgrade the Risk Management Plan through regular evaluation thereof to ensure its continued adequacy and effectiveness. It shall revisit strategies to ensure that these continue to be responsive to relevant and material risks as they arise and develop, and shall stay abreast of developments in the area of risk management. The review and revision of the Risk Management Plan and criteria for its effectiveness shall be done annually or in such frequency as determined by the ROC in collaboration with the Risk Management Officer and in consultation with management.

Furthermore, the following are the other allied responsibilities of the Risk Oversight Committee:

1. Recommend for approval by the Board of Directors specific policies, guidelines and procedures to address unforeseen situations;
2. Review and recommend a system of risk thresholds for approval by the Board of Directors;
3. Monitor the timely and accurate reporting of risks by management;
4. Oversee the system of limits to discretionary authority that the Board delegates to management, ensure that the system remains effective and that the limits are observed, and recommend immediate corrective actions whenever limits are breached;
5. Promote the professional development and training of Risk Oversight Committee members as well as the Company's personnel engaged in both risk management and control activities and risk-taking activities;
6. Create and promote a risk culture that requires the highest standards of ethical behavior among all personnel; and
7. Jointly, with the Company's Audit Committee, certify on behalf of the Board of Directors as to the adequacy of the Company's internal controls and risk management system in the Annual Report.

#### *Compensation Committee*

- The Compensation Committee shall establish a formal and transparent procedure for developing a policy on remuneration of directors and officers and to ensure that their compensation is consistent with the corporation's culture, strategy and the business environment in which it operates. The committee shall meet at least semi-annually.
- Disallow any director to decide his or her own remuneration.
- Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.
- Designate amount of remuneration, which shall be in a sufficient level to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or based on corporate and individual performance.
- Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.

- Provide in the Corporation's annual reports, a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year.
- Ensure that the Corporation's annual reports and information and proxy statements include a clear, concise and understandable disclosure of all fixed and variable compensation that are paid, directly or indirectly to all its directors and top four (4) management officers during the preceding fiscal year.
- Adopt policies to strengthen provisions on conflict of interest, salaries and benefits, promotion and career advancement directives and compliance with statutory requirements.
- Disclose the remuneration policy of the Corporation. Remuneration shall cover: "fees, allowances, benefits in kind and other emoluments".
- Submit the remuneration structure for non-executive directors to shareholders for approval and specifically disclose any "options, performance shares or bonuses" for independent directors.
- Disclose the identity, independence, and absence of conflict of interest on the part of any adviser or consultant it may hire to assist the committee carry out its tasks.
- Review and assess, at least annually, the adequacy of its charter and recommend changes for the approval of the Board.

#### *Nominations Committee*

- Prepare and review the list of nominee-directors for election during the stockholders' meeting, ensuring that each director has the qualifications and none of the disqualifications pursuant to relevant regulations.
- Review and recommend to the Board, membership in the committees.
- Review and evaluate the qualifications of all persons nominated to positions in company, which require appointment by the Board. In reviewing and evaluating the qualifications of candidates for nomination to the Board, the Committee shall consider the Corporation's vision, mission, corporate objectives and strategy, including the needs of its component companies, as well as the entire Group.
- Review and assess, at least annually, the adequacy of its charter and its overall performance; and recommend changes for the approval of the Board.
- Disclose the criteria it uses in the selection and nomination of members of the Board. This includes, but is not limited to, the proper profiling of the skills and competencies of the currently serving directors, the gaps in skills and competencies identified, and the search for candidates to fill the gaps.
- Use an external search agency or external bases for qualified corporate directors in its search for candidates to the Board.

- Adhere to the policy, consistent with rules and regulations, of submitting all directors for election or re-election once a year.

*Corporate Governance Committee*

- The committee shall be responsible for ensuring the board's effectiveness and due observance of corporate governance principles and guidelines. It shall oversee the periodic performance evaluation of the Board and its committees and executive management; and shall also conduct an annual self-evaluation of its performance. The committee shall decide the manner by which the Board's performance may be evaluated and propose an objective performance criteria approved by the Board.
- The committee shall act as a Related Party Transactions Committee when necessary. To this end, it shall pass upon and provide clearance for related party transactions with material significance, after assessing whether the transaction is for the best interest of the corporation.
- The Committee shall see to it that the Board complies with the minimum requirement of two (2) qualified independent directors.
- The Committee shall seek a ratio of executive and non-executive directors, such that no individual or small group of individuals dominates the Board's decision making.
- The Committee shall pass upon and provide clearance for related party transactions with material significance. In all cases, the Committee shall make its decision taking into consideration the best interest of the corporation.
- Be responsible for ensuring the Board's effectiveness and due observance of corporate governance principles and guidelines.
  - Oversee the periodic performance evaluation of the Board and its committees and executive management.
  - Conduct an annual self-evaluation of its performance.
  - Decide whether or not a director is able to and has been adequately carrying out his/her duties as director bearing in mind the director's contribution and performance (e.g., competence, candor, attendance, preparedness and participation).
  - Make continuing recommendations to the Board regarding the continuing education of directors, assignment to board committees, succession plan for the board members and senior officers and their remuneration commensurate with corporate and individual performance.
  - Decide the manner by which the Board's performance may be evaluated and propose an objective performance criteria to be approved by the Board. Such performance indicators shall address how the Board has enhanced long term shareholder's value.
  - Conduct an annual review of the Company's Corporate Governance Charter, Manual on Corporate Governance, Corporate Strategy Map and the governance and any related scorecards.

## 2) Committee Members

### (a) Executive Committee

2016

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Arthur Vy Ty	May 11, 2015	18	13	72.22%	1 year 7 months
Vice-Chairman/ Member (NED)	Alfred Vy Ty	February 14, 2012	18	16	88.89%	4 years 10 months
Member (ED)	Carmelo Maria Luza Bautista	February 14, 2012	18	18	100%	4 years 10 months
Member (NED)	Francisco C. Sebastian	June 30, 2014	18	18	100%	2 years and 6 months
Adviser (NED)	Mary Vy Ty	May 11, 2015	18	18	100%	1 year and 7 months

### (b) Audit Committee

2016

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Wilfredo A. Paras	May 14, 2013	4	4	100%	3 years and 7 months
Member (ID)	Christopher P. Beshouri	May 14, 2013	4	3	75%	3 years and 7 months
Member (NED)	David T. Go	June 30, 2014	4	4	100%	2 years and 6 months
Member (ID)	Peter B. Favila	May 11, 2015	4	3	75%	1 year 7 months
Adviser (NED)	Pascual M. Garcia, III	May 11, 2016	2	2	100%	7 months

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

#### *Wilfredo A. Paras*

Wilfredo A. Paras, 70 years old, Filipino, was elected as Independent Director of GT Capital on May 14, 2013. He currently holds various positions in Philippine corporations, such as: Independent Director of Philex Mining Corporation, a listed company, (2011-present); Member of the Board of Trustees of Dualtech Training Center (2012-present); and President of WAP Holdings, Inc. (2007-present). He also served as the Executive Vice President/Chief Operating Officer and Director of JG Summit Petrochemical Corporation; President of Union Carbide Philippines; President/Director of Union Carbide-Indonesia; Managing Director of Union Carbide Singapore; and Business Director for Union Carbide Asia-Pacific. Mr. Paras holds a Bachelor of Science (BS) Industrial Pharmacy degree from the University of the Philippines and a Masters Degree in Business Administration (MBA) from the De la Salle University Graduate School of Business. He finished a Management Program from the

University of Michigan, Ann Arbor, Michigan, USA. He is also a Fellow of the Institute of Corporate Directors.

*Christopher P. Beshouri*

Christopher P. Beshouri, 54 years old, American, was elected as Independent Director of GT Capital on 14 May 2013. He is Group President and COO of Vicsal Development (Gaisano), which has holdings in Property, Retail, and Financial Services. Prior to joining the Gaisanos, Chris was with McKinsey and Company for more than 15 years, where he held 3 distinct roles: Managing Partner of Philippines (2005-2013), Chief of Staff of Asia (2004-2005); and Senior Consultant (1997-2004). Mr. Beshouri also worked as a Senior Financial Economist and Director at the United States Treasury from 1989 to 1997, where he focused on financial markets and banking regulation. In addition, Mr. Beshouri was an Adjunct Professor of Georgetown University, College of Business from 1996-1997, a Consultant for the West Africa Country Operations of the World Bank in 1988, a Financial Auditor of the Catholic Relief Services from 1987 to 1988, and an Analyst and Research Assistant for the Federal Reserve Bank of Atlanta from 1984 to 1986. Mr. Beshouri holds a Bachelor of Arts Degree (Dual Major in Economics and Public Policy) from the Michigan State University, and a degree in Master of Public Affairs from Princeton University.

*David T. Go*

Dr. David T. Go, 62 years old, Filipino, has been a Director of GT Capital since May 2014. He acquired his Doctor of Philosophy Degree (International Relations) from New York University in 1982. He currently serves as Director, Senior Executive Vice President, and Treasurer of TMP. He is also the Vice Chairman of Toyota Autoparts Phils., Inc.; Board Adviser and Treasurer of Toyota Financial Services Philippines Corporation ("TFSPH"); President of Toyota Motor Philippines Foundation, Inc.; Trustee of Toyota Savings and Loan Association; Chairman of Toyota San Fernando, Inc., Toyota Makati, Inc., Toyota Manila Bay Corporation ("TMBC"), Toyota Sta. Rosa Inc., Toyota Logistics, Inc., GTCAD and TSI; Director of Lexus Manila; and President of Toyota Motor Phils. School of Technology, Inc. Dr. Go has no directorships in other listed companies aside from GT Capital.

*Peter B. Favila*

Peter B. Favila, 68 years old, Filipino, was elected as Independent Director on May 11, 2015. Prior to this, he served as GT Capital's Board Adviser since October 23, 2014. He is presently a Consultant to the Bangko Sentral ng Pilipinas ("BSP") after completing his fixed term as Member of the Monetary Board. Likewise, Mr. Favila is the Chairman of the Supervisory Committee of the (ABF) Philippines Index Bond Fund and member of the Advisory Council of the Asian Bankers Association. He is a member of the Board of Trustees of the Ramos for Peace and Development Foundation, Inc. (RPDev) and Trustee of the Alay sa Kawal Foundation, Inc. With more than 40 years of experience in the field of banking and finance, he held various executive positions in both the public and private sector. In 2005, he was appointed Secretary of the Department of Trade and Industry ("DTI") where, in his concurrent capacity as such, he chaired several attached agencies to DTI until the end of his term in 2010. Mr. Favila, in the private sector, has served as Senior Vice President of MBT; President/CEO of Security Banking Corporation; Vice-Chairman/President/CEO of Philippine National Bank; and President/CEO of Allied Banking Corporation. Prior to his stint in government service, he was elected as Chairman of the Philippine Stock Exchange. Mr. Favila has no directorships in other listed companies aside from GT Capital. Mr. Favila is a recipient of various recognitions and awards prominent of which are the Republic of the Philippine's Order of Lakandula with the rank of Bayani conferred by President Gloria Macapagal-Arroyo; the Gran Cruz Orden de Isabel la Catolica

conferred by King Juan Carlos I of Spain; the Order of the Rising Sun, Gold and Silver Star conferred by His Majesty Emperor Akihito of Japan. Mr. Favila earned his Bachelor of Science degree in Commerce from the Santo Tomas University and completed his Advance Management Program at the Wharton School, University of Pennsylvania. He is an adopted member of Class 1982 of the Philippine Military Academy.

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

- Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- 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;
- Review the reports submitted by the internal and external auditors;
- Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report;
- Address all issues and concerns from the auditors expeditiously and effectively to avoid the possibility of their having to render a qualified or adverse opinion, including substantive and significant disclaimers.
- Ensure that no revisions to the company's financial statements are necessary for reasons other than mandated changes in accounting practices.
- Certify in behalf of the Board of Directors as to the adequacy of the company's internal controls and risk management system.
- Approve all non-audit services conducted by the external auditor and ensure that non-audit fees do not outweigh the fees earned from the external audit.
- Ensure that the external auditor is credible, competent, and should have the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.
- Ensure that the external auditor has adequate quality control procedures
- Ensure that the external audit firm is selected on the basis of a fair and transparent tender process
- Conduct regular meetings and dialogues with the external audit team without anyone from management present

- Ensure that, should the external auditor not be rotated, the lead audit partner is rotated every five years.

**(c) Nominations Committee**

2016

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Wilfredo A. Paras	May 11, 2013	2	2	100%	3 years 7 months
Member (ID)	Jaime Miguel G. Belmonte	May 11, 2015	1	1	100%	1 year *no longer a member as of May 11, 2016
Member (ID)	Peter B. Favila	May 11, 2015	2	2	100%	1 year 7 months
Member (ED)	Carmelo Maria Luza Bautista	May 11, 2016	1	1	100%	7 months

**(d) Compensation Committee**

2016

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Jaime Miguel G. Belmonte	May 14, 2013	1	1	100%	3 years and 7 months
Member (NED)	Alfred Vy Ty	February 14, 2012	1	1	100%	4 years and 10 months
Member (ID)	Christopher P. Beshouri	May 11, 2016	1	0	0%	7 months

**(e) Corporate Governance Committee**

2016

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Christopher P. Beshouri	May 14, 2013	4	3	75%	3 years and 7 months
Member (ID)	Jaime Miguel G. Belmonte	February 14, 2012	4	4	100%	4 years and 10 months
Member (ID)	Wilfredo A. Paras	May 14, 2013	4	3	75%	3 years and 7 months

**(f) Risk Oversight Committee**

2016

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Peter B. Favila	May 11, 2015	2	2	100%	1 year 7 months
Member (ID)	Christopher P. Beshouri	May 11, 2015	2	2	100%	1 year 7 months
Member (ID)	Wilfredo A. Paras	May 11, 2015	2	1	50%	1 year 7 months
Member (NED)	Roderico V. Puno	May 11, 2015	2	2	100%	1 year 7 months

**3) Changes in Committee Members**

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

Please see Item 2 (Committee Members) above for changes in committee membership.

**4) Work Done and Issues Addressed**

**Describe the work done by each committee and the significant issues addressed during the year 2016.**

Name of Committee	Name	Reason
Audit Committee	1) Approval of Quarterly Reports (17-Q) for the periods ended: a. March 31, 2016 b. June 30, 2016 c. September 30, 2016 2) Approval of 2015 Annual Report (17-A) and discussion of 2015 Financial Highlights 3) Recommendation on appointment of external auditors 4) Approval of Revised Escalation Policy	The Audit Committee performs all its duties and responsibilities as mandated by GT Capital's Manual on Corporate Governance and its Committee Charter.
Risk Oversight Committee	1) Appointment of Chief Risk Officer 2) Risk Road Map 3) ERM Management Outcome 4) Results of Key Risk Indicators for Q1 and Q2 2016 5) GT Capital and component companies ERM updates	The Risk Oversight Committee performs all its duties and responsibilities as mandated by GT Capital's Risk Oversight Committee Charter.

Nominations Committee	<ol style="list-style-type: none"> <li>1) Review of the profiles of candidates for election to the Board of Directors.</li> <li>2) Appointment of Mr. Guillermo C. Choa as an adviser to the Board</li> </ol>	The Nominations Committee performs all its duties and responsibilities as mandated by GT Capital's Manual on Corporate Governance and its Committee Charter.
Compensation Committee	<ol style="list-style-type: none"> <li>1) Director's Compensation for 2016-2017</li> </ol>	The Compensation Committee performs all its duties and responsibilities as mandated by GT Capital's Manual on Corporate Governance and its Committee Charter.
Corporate Governance Committee	<ol style="list-style-type: none"> <li>1) Approval of: <ul style="list-style-type: none"> <li>- Amendments to Manual on Corporate Governance</li> <li>- PSE Corporate Governance Guidelines Disclosure Survey</li> <li>- Annual Corporate Governance Report</li> <li>- ASEAN Corporate Governance Scorecard</li> <li>- Committee Self-Assessment Template</li> <li>- Committee Composition for 2016-2017</li> <li>- Acquisition of MPIC Shares</li> <li>- Sale of the Group's stake in Global Business Power Corporation</li> <li>- Investment in Toyota Subic, Inc.</li> </ul> </li> <li>2) Approval of related party transactions: <ul style="list-style-type: none"> <li>- Engagement of FMIC: for Offer of Perpetual Preferred Shares; for sale of Charter Ping An Corporation; for sale of the Group's stake in Global Business Power Corporation; for acquisition of MPIC shares</li> <li>- Engagement of MBTC-Trust Banking Group for Offer of Perpetual Preferred Shares</li> <li>- Acceleration of Majority Ownership in PCFI</li> </ul> </li> <li>3) Discussion of: <ul style="list-style-type: none"> <li>- Annual In-House Corporate Governance Seminar</li> <li>- Results of Director and Board Self-Assessment Exercise</li> </ul> </li> </ol>	The Corporate Governance Committee performs all its duties and responsibilities as mandated by GT Capital's Manual on Corporate Governance and its Committee Charter.

## 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.**

Continuing assessment of corporate governance practices and compliance with the Code of Corporate Governance for Publicly Listed Companies.

## F. RISK MANAGEMENT SYSTEM

### 1) Disclose the following:

#### (a) Overall risk management philosophy of the company.

GT Capital's philosophy and approach to enterprise risk management strategy stems from its vision, mission, corporate values, strategies and objectives. The Corporation will manage its aggregate risks and all risks from all sources, taking into consideration the interest of its stakeholders, in a way that will provide an optimum balance of risks, profitability and growth.

The Corporation will not take risks position that will threaten the sustainability of our market position and growth and expose us to level of risks to our reputation and brand, legal, accounting and regulatory compliance.

The Enterprise Risk Management ("ERM") initiative aims to help GT Capital grow shareholder value by comprehensively reviewing and improving its risk management infrastructure and culture and ensuring that the relevant activities are aligned with the overall goals and strategies of GT Capital. This policy provides the framework for managing the risks in GT Capital. It contains the baseline policies to guide GT Capital personnel who are directly or indirectly involved in operations, at all levels, including senior management and the Board of Directors, in taking appropriate actions and decisions pertaining to the management of GT Capital's portfolio of risks.

*(Overview, Risk Management Policy)*

ERM shall provide GT Capital with both the structure and mechanisms to effectively manage existing and emerging risks as well as enhance its ability to take on additional risks accompanying new growth opportunities.

ERM shall provide a strategic business process and function that will ensure that all business risks are identified, measured and managed effectively and continuously within a structured, robust, integrated and proactive framework. This risk management framework is intended to enhance GT Capital's shareholder value by sustaining sources of its competitive advantage, optimizing risk management costs, and enabling it to pursue strategic growth opportunities with efficiencies that surpass industry standards.

*(ERM Goals, Risk Management Policy)*

- (b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof.** Please see the 2016 Annual Report of GT Capital Holdings, Inc.
- (c) Period covered by the review.** For the year ended 2015 and 2016.
- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness.** At least annually
- (e) Where no review was conducted during the year, an explanation why not.** Not applicable

## 2) Risk Policy

### (a) Company

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

Risk Exposure	Risk Management Policy	Objective
Brand and Reputation	GT Capital has a zero tolerance for any activity that would permanently damage its brand and reputation.	To maintain and improve GT Capital's good reputation among its stakeholders.
Portfolio Management	GT Capital's diversification and portfolio management strategy aims to: 1. Maximize synergy among existing component companies 2. Boost growth of existing companies 3. Expand into new sectors provided the strategy is within the risk appetite of GT Capital.	To minimize overconcentration in sectors that pose undue risk to GT Capital.
Regulatory/Compliance	GT Capital has a zero tolerance for non-compliance to regulations relevant to its business.	To be compliant to all relevant regulations to GT Capital.

### (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:

GT Capital is an investment holding company that conducts its business through its component companies, which operate in their respective sectors, namely banking, insurance, property development, automotive assembly and distribution, and infrastructure and utilities. The following are the common risks across the Group:

Risk Exposure	Risk Management Policy	Objective
Market Risk	GT Capital component companies can be adversely affected by market factors (e.g. interest rate, foreign exchange, inflation).	To minimize risk exposure and negative impact to profitability
Regulatory/ Compliance Risk	Component company operations and performance may be affected by changes in the regulatory environment. Each component company is required to comply with several regulatory bodies with varying degrees of requirements.	To safeguard stakeholders from any regulatory risks

**(c) Minority Shareholders**

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

<b>Risk to Minority Shareholders</b>
GT Capital is effectively controlled by the Ty family and their interests may differ significantly from the interests of other shareholders. <i>(Risks Relating to GT Capital, GT Capital Prospectus)</i>

**3) Control System Set Up**

**(a) Company**

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

<b>Risk Exposure</b>	<b>Risk Assessment (Monitoring and Measurement Process)</b>	<b>Risk Management and Control (Structures, Procedures, Actions Taken)</b>
Brand and Reputation	For each risk, GT Capital has identified key risk indicators that it monitors on a quarterly basis.	-Roadshows to touch base with investors -Attendance in conferences/one on one meetings -Briefings, disclosures, press releases -Corporate Social Responsibility Initiatives
Portfolio Management		-Annual Strategic Planning -Regular Portfolio Analysis and Review
Regulatory/Compliance		-Regulatory submission schedules in place -Regular monitoring of PSE, SEC websites for issuances and updates -Black out rule -Careful and regular review of contracts -Regular participation in good corporate governance seminars by executives and directors.

**(b) Group**

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

<b>Risk Exposure</b>	<b>Risk Assessment (Monitoring and Measurement Process)</b>	<b>Risk Management and Control (Structures, Procedures, Actions Taken)</b>
Market Risk	For each risk, GT Capital has identified key risk indicators that it monitors on a quarterly basis.	-Monitoring of Key Market Indicators -Sensitivity Analysis
Regulatory/ Compliance Risk		-Each component company has a legal and compliance department that is responsible for ensuring the company is not exposed to any significant regulatory/compliance risk
Brand and Reputation		-Monitoring and acting on customer complaints -Quality control procedures

**(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:**

<b>Committee/ Unit</b>	<b>Control Mechanism</b>	<b>Details of its Functions (Risk Oversight Committee Charter)</b>
Risk Oversight Committee	Risk Management Program	<p>The core responsibilities of the Risk Oversight Committee are:</p> <ul style="list-style-type: none"><li>a) Identify, assess and prioritize business risks</li><li>b) Develop risk management strategies</li><li>c) Oversee the implementation of the Risk Management Plan</li><li>d) Review and Revise the Risk Management Plan</li></ul> <p>Other allied responsibilities of the Risk Oversight Committee are as follows:</p> <ul style="list-style-type: none"><li>1.) Recommend for approval by the Board of Directors specific policies, guidelines and procedures to address unforeseen situations;</li><li>2.) Review and recommend a system of risk thresholds for approval by the Board of Directors;</li><li>3.) Monitor the timely and accurate reporting of risks by management;</li><li>4.) Oversee the system of limits to discretionary authority that the Board delegates to management, ensure that the system remains effective and that the limits are observed, and recommended immediate corrective actions whenever limits are breached;</li><li>5.) Promote the professional development and training of Risk Oversight Committee members as well as the Company's personnel engaged in both risk management and control activities and risk-taking activities;</li><li>6.) Create and promote a risk culture that requires the highest standards of ethical behavior among all personnel; and</li><li>7.) Jointly, with the Company's Audit Committee, certify on behalf of the Board of Directors as to the adequacy of the Company's internal controls and risk management system in the Annual Report.</li></ul>

## **G. INTERNAL AUDIT AND CONTROL**

Under the Manual, there should be a continuing review of the Corporation's internal control system in order to maintain its adequacy and effectiveness. The Audit Committee shall assist the Board in the performance of its oversight responsibility over the internal control system of the Corporation. It shall monitor and evaluate, through the internal audit activities, the adequacy and effectiveness of the Corporation's internal controls, including financial reporting control and information technology security and certify in behalf of the Board of Directors as to the adequacy of the Corporation's internal controls.

### **1) Internal Control System**

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

- (a) Explain how the internal control system is defined for the company.** Under the Manual, the internal control system includes financial reporting control and information technology security. The Corporation, using the COSO framework, defines internal control as a process, effected by an entity's board of directors, management and other personnel, designed to provide "reasonable assurance" regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations, reliability of financial reporting, compliance with applicable laws and regulations, and safeguarding of assets.
- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate.** The Audit Committee exercises oversight responsibility for the financial reporting process, system of internal control, audit process, and the monitoring of compliance with applicable laws, rules and regulations. The Audit Committee also oversees the Corporation's external and internal auditors and is responsible for the review of the audit and non-audit fees paid.
- (c) Period covered by the review.** As of December 31, 2016.
- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system.**  
Under the Manual, the Audit Committee shall ensure that a review of the effectiveness of the Corporation's internal controls is conducted at least annually.

The Chief Audit Executive periodically reports to senior management and the Audit Committee on the internal audit activity's purpose, authority and responsibility, as well as performance relative to its plan. Reporting also includes significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Audit Committee. (*Periodic Assessment, Internal Audit Charter*)

- (e) Where no review was conducted during the year, an explanation why not.** Not applicable. Periodic review of the internal controls of GT Capital is performed by its Internal Audit Department.

## 2) Internal Audit

### (i) Role, Scope and Internal Audit Function

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

Role	Scope	Indicate whether In-house or outsource Internal Audit Function	Name of Chief Internal Auditor/ Auditing Firm	Reporting Process
<p>Provide the Board, senior management, and stockholders reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.</p> <p><i>(Section 2.8.1, Manual on Corporate Governance)</i></p>	<p>The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.</p> <p><i>(Section 2.8.5, Manual on Corporate Governance)</i></p> <p>The scope of internal auditing encompasses, but is not limited to, the examination, and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal control processes as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. This includes:</p> <ul style="list-style-type: none"> <li>Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.</li> <li>Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws and regulations which could have significant impact on the organization.</li> </ul>	<p>The Corporation will employ both in-house as well as outsource this function, when necessary.</p> <p>The Manual provides that the Internal Audit Function may be performed by an Internal Auditor or a group of Internal Auditors, or a service provider.</p> <p><i>(Section 2.8.1, Manual on Corporate Governance)</i></p>	<p>Richel D. Mendoza/ Vice President and Chief Audit Executive</p>	<p>The Internal Auditor shall have a direct reporting line to the Audit Committee.</p> <p><i>(Section 2.8.2, Manual on Corporate Governance)</i></p> <p>The Chief Audit Executive will report functionally to the Audit Committee and administratively (i.e. day to day operations) to the President / Chief Executive Officer.</p> <p><i>(Internal Audit Charter)</i></p>

	<ul style="list-style-type: none"> <li>• Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.</li> <li>• Evaluating the effectiveness and efficiency with which resources are employed.</li> <li>• Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.</li> <li>• Monitoring and evaluating governance processes.</li> <li>• Monitoring and evaluating the effectiveness of the organization's risk management processes.</li> <li>• Evaluating the quality of performance of external auditors and the degree of coordination with internal audit.</li> <li>• Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization.</li> <li>• Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.</li> <li>• Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Board.</li> <li>• Evaluating specific operations at the request of the Board's Audit Committee or management, as appropriate.</li> </ul> <p><i>(Responsibility, Internal Audit Charter)</i></p>			
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**(ii) Do the appointment and/or removal of the External Auditor or the accounting/auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?**

Yes. The appointment or removal of the head of the internal audit office shall be subject to the approval of the Audit Committee (*Section 2.8.3, Manual on Corporate Governance*). The Audit Committee will approve all decisions regarding the performance evaluation, appointment, or removal of the Chief Audit Executive as well as the Chief Audit Executive's annual compensation and salary adjustment. (*Organization, Internal Audit Charter*).

**(iii) 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?**

Yes. The Internal Auditor shall have a direct reporting line to the Audit Committee (*Section 2.8.2, Manual on Corporate Governance*). The Audit Committee shall ensure that the Internal Auditor is given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions (*Audit Committee Charter*). The Chief Audit Executive will report functionally to the Audit Committee and administratively (i.e. day to day operations) to the President/ Chief Executive Officer. The Chief Audit Executive will communicate and interact directly with the Board's Audit Committee, including in executive sessions and between Audit Committee meetings as appropriate. (*Organization, Internal Audit Charter*).

**(iv) 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.**

During the year 2016, an internal audit officer resigned for personal reasons. Also, the CAE was appointed as the concurrent CAE of a newly-acquired subsidiary.

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

The Audit Committee exercises oversight responsibility for the financial reporting process, system of internal control, and the monitoring of compliance with applicable laws, rules and regulations. The Audit Committee also oversees the Corporation's external and internal auditor and is responsible for the review of the audit and non-audit fees paid.

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

The audit control policies and procedures may be found in the Internal Audit Charter and the Internal Audit Policies and Procedures Manual, which was approved by the Board of Directors on March 11, 2014.

**(vii) 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):**

<b>Auditors (Internal and External)</b>	<b>Financial Analysts</b>	<b>Investment Banks</b>	<b>Rating Agencies</b>
<p>The Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence.</p> <p><i>(Section 2.2.3.3, Manual on Corporate Governance)</i></p> <p>The internal audit activity will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.</p> <p>Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment.</p> <p>Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.</p> <p>The Chief Audit Executive will confirm to the Board's Audit Committee, at least annually, the organizational independence of the internal audit activity.</p> <p><i>(Independence and Objectivity, Internal Audit Charter)</i></p> <p>Annual Declaration of No Conflict of Interest</p>	None.	None.	None.

- (viii) 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.**

Corporate Secretary, Corporate Governance Officer, Chairman, and President.

## H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' Welfare	GT Capital coordinates with its component companies on their activities to improve the welfare and safety of end customers, community interaction, and environmentally-friendly chain.	<p><i>GT Capital Holdings, Inc.</i> ("GT Capital" or the "Corporation")</p> <p>In early June 2016, GT Capital participated in Brigada Eskwela of the Lakandula Elementary School in Tondo, Manila. Executives and employees of the Corporation, with the help of the school's faculty and parents of the students, conducted a whole-day painting activity for the improvement of the school's façade and rooms in time for the start of the school year. GT Capital also donated computer units for the use of the students.</p> <p>On December 10, 2016, GT Capital also conducted an Outreach Program at the Our Lady of Queen of Peace in Bacoar, Cavite.</p> <p><i>Metrobank Foundation, Inc.</i> ("MBFI")</p> <p>The Metrobank Group and GT Capital, through the initiative of Group Chairman Dr. George S.K. Ty, sustain their tradition of giving back to underprivileged families. On its fourth year, the "Bags of Blessing" gift-giving project was conducted in February 2016. Ten million pesos worth of food items were given to 10,000 families nationwide, including those from Imus, Marikina City, Quezon City, Taguig City, Dagupan City, Makati, Manila, Leyte, Eastern Samar, Cebu City, Bohol, and Iloilo City.</p> <p>MBFI and GT Foundation, Inc. ("GTFI") conducted in May 2016 the annual Grants Roundtable Discussion, with the theme, "Health for All or None at All: Making the 4As of Health Possible." The discussion focused on experiences and best practices in upholding the 4As in primary healthcare – Availability, Accessibility, Affordability, and Attainability.</p>
Environmentally friendly value chain		
Community interaction		

		<p>MBFI, through the Metrobank Art &amp; Design Excellence Network of Winners ("MADE NOW"), concluded the celebration of the National Arts Month through the "2016 Art MADE Public" exhibition featuring Project HeART: an art psychosocial intervention from March 3-7, 2016 at SM Lanang Premiere, Davao City.</p> <p>In June 2016, MBFI recognized 30 scholars who graduated this year during the 18<sup>th</sup> Graduates' Forum. This year's graduates are recipients of the MBFI-Youth for Excellence and Service, MBFI-Boysen, and Fluor-MBFI scholarship programs.</p> <p>More information on MBFI's CSR activities during the period may be found at <a href="http://www.mbfoundation.org.ph">www.mbfoundation.org.ph</a>.</p> <p><i>GT Foundation, Inc.</i></p> <p>GTFI was established in 2009 to integrate the philanthropic activities of Dr. George S.K. Ty and his family, and invest in strategic programs that advance the development of underprivileged communities.</p> <p>To kick-off 2016, GTFI, in partnership with Project LAAN, a youth-led organization that empowers the poor and vulnerable through health education and health literacy, and advocates for the right to health of all Filipinos, provided 124 families in Calawis, Antipolo, Rizal with PhilHealth coverage for one year in an effort to promote a healthy lifestyle and health-seeking behavior in needful communities.</p> <p>In March 2016, GTFI continued its commitment for the advancement of quality education in the Philippines through its Php75 million pledge to Xavier School, one of the country's top Chinese-Filipino schools, which will support the school's development plans, including the provision of scholarships to deserving yet</p>
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		<p>financially-challenged students in its San Juan and Nuvali campuses through the Xavier School Educational and Trust Fund.</p> <p>Other GTFI CSR activities may be found at <a href="http://www.facebook.com/gtmetro">www.facebook.com/gtmetro</a>.</p> <p><i>Property Company of Friends, Inc. ("PCFI")</i></p> <p>The social development thrust of PCFI, a subsidiary of GT Capital, has always been anchored on its tagline, "Creating communities, transforming lives." PCFI has always initiated CSR projects that aim to transform lives in more ways than one.</p> <p>One of PCFI's continuing CSR activities is its Passi Rural Social Housing Program, which is a tripartite effort among PCFI, the City Government of Passi in Iloilo, and Gawad Kalinga ("GK"), and is aimed at alleviating poverty through rural community development. The beneficiaries, who are mainly poor families affected by the typhoon Yolanda, are awarded usufruct rights over individual home lots and housing units in the project. Under the grant, families are not burdened by monthly mortgage or rent payments and are further equipped with community and livelihood uplifting activities.</p> <p>PCFI donated an initial ten-hectare property to the City Government of Passi to be used for the project. PCFI also took care of the land development component of the property and is committed to build schools for the rural community to aid in larger and longer term community development. The City Government of Passi facilitates securing all necessary land development permits and requirements, pre-screens the beneficiary families, and contributes in efforts in house construction together with the beneficiaries. The beneficiary families are also provided</p>
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		<p>with values formation seminars conducted by GK as part of a larger community development and upbuilding initiative.</p> <p>As of June 2016, land development is 75% completed and 483 lots have already been awarded to beneficiary families. Families have already gone through values formation seminars and succeeding sessions have already been put in place. The construction of a six-classroom school building to service the community is already underway.</p> <p>Lancaster New City ("LNC"), PCFI's flagship and largest project and primed to become Cavite's first full-fledged "New Town" development with more than 1,600 hectares, continuously runs a greening program throughout the expanse of the development. As of June 2016, a total of 11,521 trees have already been planted at LNC. Various tree planting activities have also been conducted with the participation of PCFI employees, partner sales networks, and homeowners.</p> <p><i>Toyota Motor Philippines Corporation ("TMP")</i></p> <p>In partnership with the City Government of Santa Rosa and GK, TMP, through TMPF, developed the Toyota-City of Santa Rosa-Gawad Kalinga Village for deserving beneficiaries. In January 2016, a multi-purpose hall was inaugurated, which will provide the homeowners of the GK site an area to hold meetings and livelihood seminars.</p> <p>Likewise, in June 2016, TMP celebrated Global Toyota's Environment Month, an annual celebration among the Toyota Group to promote environmental awareness among the value chain, by holding tree planting activities in the Toyota Special Economic Zone in Sta. Rosa, Laguna and at Nuvali Evolving.</p>
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		Kindly visit <a href="http://www.gtcapital.com.ph/csr">www.gtcapital.com.ph/csr</a> for more information on CSR activities of the GT Capital Group.
Supplier/ contractor selection practice	<p>As part of the administrative services of the Corporation, the HR and Administration Department (oversees procurement of goods and services essential to the operations of the Company.</p> <p>The HR and Administration Department Policies and Procedures Manual contains the policies of the Corporation with regard to procurement, including General Guidelines, Procurement Ethics, Requisition, Formal and Informal Bidding Processes, etc.</p> <p>(HR and Administration Department Policies and Procedures Manual: Section 7.1 – Procurement)</p>	GT Capital implements policies and procedures to prevent risk exposure related to unreasonable spending. The Corporation has a list of accredited suppliers for office supplies and equipment which were screened to provide competitive process. Contracts for availment of crucial services are reviewed and approved by the Bids and Awards Committee or the Executive Committee in case of extraordinary service engagements.
Anti-corruption programmes and procedures	Under the Policies and Procedures Manual of the Legal and Compliance Division, employees of the Corporation shall carry out their tasks in accordance with the applicable Legal and Compliance framework and generally accepted standards of sound financial and administrative practices.	There has been no instance of violation of the foregoing policy of the Corporation as aforementioned.
Safeguarding creditors' rights	GT Capital's policies on creditor protection are found in the Policies and Procedures Manual of the Accounting and Financial Control Division. These include policies on ensuring timely payment and compliance with loan covenants contained in loan agreements.	Specific provisions on GT Capital's issuance of corporate fixed rate bonds are also included for the protection of bondholders, including the appointment of a trustee bank to act in behalf of the bondholders.

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

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

Training being a crucial factor in organizational development and success, GT Capital's Human Resources and Administration Department identifies programs that allow employees to acquire and enhance technical and behavioral competencies. Programs attended by the employees address competency gaps which help employees perform positions held, expose them to latest concepts, information and techniques, as well as further build competencies in preparation for higher responsibilities in the future.

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

The Corporation's policies for the safety, health and welfare of its employees may be found in the Policies and Procedures Manual of the Human Resources Division. These include policies on benefits such as: allowances, leave benefits, bonuses, travel allowances, emergency loan, car loan, company

assigned car, car plan, housing assistance, retirement benefits, burial assistance, employee medical and dental benefits, and group life insurance plan.

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

Activity	Employees	Dependents
Annual Executive Check-up	5	-
Annual Check-up	14	-
Dental Check-up	3	13
Safety, fire, and earthquake drill	24	-
Emergency grab bags	33	-
Halloween Party	26	10
The Biggest Loser	15	-
Mooncake Festival	26	-
Christmas Party	24	-

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

The Corporation's Orientation and Education Program includes the New Hires Orientation Program ("Orientation Program") and Technical Competence Building.

The Orientation Program includes information on the company's vision, mission and corporate values; the organizational structure, executive officers and directors; history and milestones of GT Capital; component companies and Metrobank Group; Investor Relations; Compensation and Fringe Benefits; Office Decorum and Code of Conduct; and Performance Management System. A one-day orientation for new hires was conducted by the Corporation's HR Department on October 28, 2016.

The Corporation also sponsors courses or activities which will be attended by the employee with the objective of improving or reinforcing any knowledge, skills, or personal qualities which will be useful when performing his/her duties or will qualify or better qualify the employee to undertake the employment. Training courses or activities for technical competence building may also be determined by the manager on the employee's developmental profile in the performance assessment and management system as part of the employee's career planning and development. Sources of training may be in-house or within the Metrobank Group, Public Seminar (professional organizations, government agencies), and educational institutions.

Name of Employee	Date	Program
Rayza Villarin	October 4, 2016	Effective Communication Skills
Farrah Lyra Q. De Ala	February 9, 2016	The Secret of Real Estate Accounting
	November 23-24, 2016	Analytical Problem Solving Workshop
John Brandy Crisostomo de Gorosti	February 9, 2016	The Secret of Real Estate Accounting
	April 30 & May 7, 2016	VBA Macro 2013 Training
	November 9-10, 2016	7 Habits for Managers Public Workshop
	November 19, 2016	Effective Communications & Human Relations
Rachel de Leon	April 30 & May 7, 2016	VBA Macro 2013 Training
	December 2016	CFA Level 1 Examination
Renz Anthony Cañete	April 30 & May 7, 2016	VBA Macro 2013 Training
Eira Ignacio	February 26, 2016	2016 Tytana Academic Conference
Marcher Angeli R. Marasigan	February 9, 2016	The Secret of Real Estate Accounting
	August 12-13 & 20, 2016	Company Valuation, Principles, Method and Application
David Louis Augustus De Jesus	February 13, to May 14, 2016	Effective Communications & Human Relations
	July 11 to December 10, 2016	6 <sup>th</sup> Diploma Profram in Corporate Finance
Precious Antonio	June 24, 2016	Value Added Tax Philippines: In and Out
Jiselle B. Compuesto	March 9 , 2016	ASEAN Corporate Governance Scorecard for Publicly Listed Companies
	August 3, 2016	SEC Corporate Governance Forum
	August 31, 2016	GT Capital Holdings, Inc. Annual Training Program for Corporate Governance
	November 10, 2016	PSE Annual Disclosure Rules Seminar
	November 22, 2016	SEC-PSE Corporate Governance Forum
	December 1-2, 2016	Advanced Course in Commercial Arbitration IBP & PIARB Dual Accreditation Course
Lynaira Y. Pineda	September 13-14, 2016	Business Continuity Management Practitioner

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

The Corporation has a Performance and Management Rewards System which evaluates employees based on (1) Goals or Key Result Areas; and (2) Core Competency. At the end of the performance period, each key performance standard will be evaluated and officers may be given a performance bonus commensurate to their individual contribution to the company during a particular period.

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

The Board approved GT Capital's Whistleblowing Policy as part of its continuing effort to improve its corporate governance practices. The Whistleblowing Policy can be accessed in GT Capital's website and is attached as an annex to the Manual. It defines who qualifies as a whistleblower; outlines a

procedure for reporting in good faith acts and omissions that violate any law, rule or regulation, or that constitute unethical conduct or fraudulent accounting, among others; and provides protection for the Whistleblower through policies on confidentiality and non-retaliation.

Reports by employees or non-employees may be submitted by e-mail to [governance@gtcapital.com.ph](mailto:governance@gtcapital.com.ph) or directly in writing to the CAE. The CAE may then investigate the report, appoint an investigating officer, create a special Task Force (internal or outsourced) to investigate the matter independently, or elevate the report to the Discipline, Ethics and Values Committee composed of the CAE and the respective heads of the Human Resources and Administration Division and Legal and Compliance Division. As a general rule, the investigation shall be completed within sixty (60) calendar days from receipt of the report. The anonymity of the whistleblower shall be protected, and his identity shall not be revealed without his/ her explicit consent while the investigation is ongoing.

## 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
Grand Titan Capital Holdings, Inc.	89,427,110	51.31%	Same.
PCD Nominee – Filipino	24,387,086	13.99%	Various.
PCD Nominee – Non-Filipino	59,881,402	34.35%	Various.

Name of Senior Management	Number of Direct Shares	Number of Indirect shares/through name of record owner)	% of Capital Stock
No member of Senior Management has shareholdings in GT Capital Holdings, Inc. amounting to 5% or more of its outstanding capital stock.			

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

Key risks	✓
Corporate Objectives	✓
Financial performance indicators	✓
Non-financial performance indicators	✓
Dividend policy	✓
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	✓
Training and/or continuing education programme attended by each director/commissioner	✓
Number of board of directors/commissioners meetings held during the year	✓
Attendance details of each director/commissioner in respect of meetings held	✓
Details of remuneration of the CEO and each member of the board of directors/commissioners	✓

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

### 3) External Auditor's Fee (2016)

Name of auditor	Audit and Audit –Related Services Fee	Non-Audit Fee
Sycip, Gorres, Velayo & Company	11.37	0.04

### 4) Medium of Communication

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

Disclosures made through the Philippine Stock Exchange, quarterly briefings, one-on-one investor meetings, road shows, investor conferences, e-mail correspondences or telephone queries, teleconferences, annual reports, and the company website.

5) Date of release of audited financial report: March 23, 2016

### 6) Company Website

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

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

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

### 7) Disclosure of RPT

Related Party Transactions may be found under Notes to the Consolidated Financial Statements, which is included in the Corporation's Annual Report, SEC Form 17-A, and Definitive Information Statement.

## 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 in the Annual/Special Stockholders' Meeting as set forth in its By-laws: Majority/50% plus one share

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

**Explain the system used to approve corporate acts.**

<b>System Used</b>	<b>By poll</b>
<b>Description</b>	<p>The Voting Procedure for the approval of corporate acts in the Definitive Information Statement of the Corporation are as follows:</p> <p>“a. Election of Directors</p> <p>As stated in Section 2 of Article III of the Company’s By-Laws, “The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.”</p> <p>Section 24 of The Corporation Code of the Philippines states that “At all elections of directors or trustees, there must be present, either in person or by representative authorized to act by written proxy, the owners of a majority of the outstanding capital stock... entitled to vote”.</p> <p>b. Appointment of External Auditor</p> <p>As stated in Section 1 of Article VII of the Company’s By-Laws, “At the regular stockholders’ meeting the external auditor of the corporation for the ensuing year shall be appointed. The external auditor shall examine, verify and report on the earnings and expenses of the corporation.” The stockholders representing the majority of the subscribed capital stock approves the appointment of the external auditor.</p> <p>Methods by which votes will be counted</p> <p>All matters subject to vote, except in cases where the law provides otherwise, shall be decided by the plurality vote of stockholders present in person or by proxy and entitled to vote thereat, a quorum being present.</p> <p>Unless required by law, or demanded by a stockholder present in person or by proxy at any meeting, and entitled to vote thereat, the vote of any question need not be by ballot. On a vote by ballot, each ballot shall be signed by the stockholder voting, or in his name by his proxy if there be such proxy, and shall state the number of shares voted by him.</p> <p>The external auditor of the Company, SGV &amp; Co., will validate the ballots when voting is done by secret ballot. Likewise, SGV &amp; Co. will count the number of hands raised when voting by show of hands is done.”</p>

**(c) Stockholders' Rights**

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

<b>Stockholders' Rights under the Corporation Code</b>	<b>Stockholders' Rights <u>not</u> in the Corporation Code</b>
Right to attend and participate in the Annual Stockholders' Meeting and to receive written notice thereof under Section 50 of the Corporation Code.	On all matters of importance to investors, especially institutional investors, such as decisions related to mergers and acquisitions, our company shall observe the principle of fair treatment of all shareholders. All resolutions put forward in an ASM concerning mergers and acquisitions shall be accompanied by a report on fair value and on equitable terms and conditions for all shareholders, from an independent valuation company.  <i>(Section 6.2.2 Manual on Corporate Governance)</i>
Right to vote in person or by proxy in all meetings of stockholders under Section 58 of the Corporation Code, on matters requiring a vote of shareholders.	Shareholders shall be given the opportunity to ask and receive answers to questions of relevance to the Corporation, its performance and prospects. For this purpose, the Corporation requires the attendance of the following at the ASM: a. The Chairman of the Board b. The CEO c. The Chairman of the Audit Committee d. At least some of the directors, whose presence (or absence) should be noted in the Minutes of the ASM.  <i>(Section 6.2.3(f), Manual on Corporate Governance)</i>
Right to inspect records of the corporation under Section 74 of the Corporation Code.	Shareholders shall not be prevented from consulting or communicating with one another  <i>(Section 6.2.3(g), Manual on Corporate Governance)</i>
Right to financial statements under Section 75 of the Corporation Code.	Shareholders may nominate candidates for seats in the Board of Directors, provided that the said nomination is made at least ten (10) days prior to the date of the ASM and the prospective candidate is qualified under the Corporation Code and this Manual, as shown by his Curriculum Vitae, which should be submitted when the nomination is made. Nominations, along with the nominee's Curriculum Vitae, shall be submitted to the Corporate Secretary, who shall provide the members of the Nominations Committee with copies thereof. <i>(Section 6.3.7, Manual on Corporate Governance)</i>

Right to receive dividends pursuant to Section 43 of the Corporation Code.	<p>Right to Information (<i>Section 6.6, Manual on Corporate Governance</i>)</p> <p>6.6.1 The Shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the company's shares, dealings with the company, relationships among directors and key officers, and the aggregate compensation of directors and officers.</p> <p>6.6.2 The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.</p> <p>6.6.3 The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".</p> <p>6.6.4 The right of shareholders, in particular minority shareholders, to equitable treatment shall be respected. To this end, majority shareholders, directors, officers and employees are prohibited from benefiting from knowledge not available to minority shareholders and the general public.</p>
Appraisal right under Title X of the Corporation Code.	The Corporation shall ensure that all shareholders of the same class are treated equally and fairly with respect to voting rights, subscription rights, transfer rights, and share repurchases. ( <i>Section 6.8, Manual on Corporate Governance</i> )

#### **Dividends (Common shares)**

<b>Declaration Date</b>	<b>Record Date</b>	<b>Payment Date</b>
March 13, 2015	April 17, 2015	May 4, 2015
March 10, 2016	April 8, 2016	May 4, 2016

#### **(d) Stockholders' Participation**

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

Measures Adopted	Communication Procedure
<p>The Corporation shall hold its ASMs at a place that is easily accessible to investors, including institutional investors.</p> <p>The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject of the requirements of the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in stockholder's favor.</p> <p>The Board should take appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy</p>	<p>Notice of Annual Stockholders' Meeting.</p>
<p>Stockholders may communicate directly with the Chairman of the Board, individual directors or board committees during the Annual Stockholders' Meeting or Special Stockholders' Meeting.</p>	<p>The Chairman, who is the presiding officer during stockholders' meetings, opens the floor for any questions and comments of stockholders.</p>

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

**a. Amendment to the company's constitution**

Any amendment to the GT Capital's Articles of Incorporation is subject to the approval of 2/3, while any amendment to its By-laws is subject to the approval of a majority of the issued and outstanding capital stock, after due notice on the proposed amendment is distributed in the form of a Definitive Information Statement to all shareholders through the Exchange, the GT Capital website, and GT Capital's stock and transfer agent.

**b. Authorization of additional shares**

Any proposed increase to GT Capital's Authorized Capital Stock is subject to the approval of 2/3 of the issued and outstanding capital stock, after due notice on the proposed amendment is distributed in the form of a Definitive Information Statement to all shareholders through the Exchange, the GT Capital website and GT Capital's stock and transfer agent.

**c. Transfer of all or substantially all assets, which in effect results in the sale of the company**

Any proposed transfer of all or substantially all the assets of GT Capital would be subject to the approval of 2/3 of the issued and outstanding capital stock, after due notice on the proposed amendment is distributed in the form of a Definitive Information Statement to all shareholders through the Exchange, the GT Capital website and GT Capital's stock and transfer agent.

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

**a. Date of sending out notices:** March 11, 2016

**b. Date of Annual/Special Stockholders' Meeting:** May 11, 2016

**4) State, if any, questions and answers during the Annual/Special Stockholders' Meeting:** At the last Annual Stockholders' Meeting held on May 11, 2016, a stockholder inquired whether the Corporation will be venturing in other sectors to optimize its performance. President Bautista stated that it was a great risk for a conglomerate to expand beyond its core competencies. The Corporation has always been consistent with its business model of having global business partners who are experts in their industries. The stockholder made a follow-up question and inquired as to the Corporation's strategy in identifying other areas for investment. The Chairman replied that the Corporation has to be cautious in going beyond its areas of competence and that there is still room for growth in the industries of its component companies. Nevertheless, it is constantly looking for opportunities to invest in other industries outside its core competencies.

**5) Results of Annual/Special Stockholders' Meeting's Resolutions:** All matters submitted to a vote of the stockholders were duly approved.

**6) Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:** May 12, 2016.

**(e) Modifications**

**State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:** None

**(f) Stockholders' Attendance**

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

Type of Meeting	Names of Board members/ Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	The following directors were present: 1. Francisco C. Sebastian 2. Arthur Vy Ty 3. Alfred Vy Ty 4. Carmelo Maria Luza Bautista 5. Roderico V.	May 11, 2016	By poll	0.0007%	88.168%	88.169%

	Puno 6. David T. Go 7. Jaime Miguel G. Belmonte 8. Wilfredo A. Paras 9. Christopher P. Beshouri 10. Peter B. Favila  All Corporate Officers were present.					
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**(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?**

Yes. During the 2016 Annual Stockholders' Meeting, the external auditor of the Company, SGV & Co., validated the ballots and the voting was done by secret ballot.

**(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.**

The Corporation observes the basic principle of "one vote per one common share" and does not intend to deviate from this principle. (*Section 6.3.1, Manual on Corporate Governance*). The Corporation also has outstanding voting preferred shares, which carry one vote per share.

**(g) Proxy Voting Policies**

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

	<b>Company Policies</b>
Execution and acceptance of proxies	The Corporation allows voting by proxy.
Notary	Notarization of the proxy form is not required.
Submission of Proxy	Proxies are required to be submitted at least ten (10) days from the date of the meeting.
Several Proxies	The appointment of several proxies is not prohibited.
Validity of Proxy	Validity of proxy is determined based on the list of stockholders as of record date.
Proxies executed abroad	The execution of proxies abroad is not prohibited.
Invalidated proxy	Invalidated proxies shall not be counted.
Validation of proxy	Validity of proxy is determined based on the list of stockholders as of record date.
Violation of proxy	None.

**(h) Sending of Notices**

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

<b>Policies</b>	<b>Procedure</b>
<p>The company shall, as far as practicable, issue the call for the ASM to all shareholders at least 30 days before the date set for the ASM, or 20 days in case of a Special Meeting.</p> <p><i>(Section 6.2.3(a), Manual on Corporate Governance)</i></p>	<p>The Corporation files with the SEC the Preliminary Information Statement ("PIS"), which includes the notice and the agenda of the Stockholders' Meeting at least ten (10) business days prior to the date when copies of the Definitive Information Statement ("DIS") are sent out to the stockholders.</p> <p>The PIS is finalized in DIS form once it is approved by the SEC, after which, it is sent out to the stockholders of Record Date at least fifteen (15) business days prior to the Annual Stockholders' Meeting.</p> <p>The PIS and DIS are also submitted to the PSE for disclosure to the investing public through its website, and thereafter uploaded on the GT Capital Holdings, Inc. website.</p>

**(i) Definitive Information Statements and Management Report**

<b>Number of Stockholders entitled to receive definitive and Management Report and Other Materials</b>	The number varies depending on the stockholders as of record date, as provided by the Corporation's stock and transfer agent.
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	The company shall, as far as practicable, issue the call for the ASM to all shareholders at least 30 days before the date set for the ASM, or 20 days in case of a Special Meeting.
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	<p><i>(Section 6.2.3(a), Manual on Corporate Governance)</i></p> <p>The call for the ASM includes the notice, agenda, and the Information Statement.</p>
<b>State whether CD format or hard copies were distributed</b>	Hard copies. A scanned copy was also available for download on the Corporation's website.
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	Copies were made available in case of requests.

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

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

**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.**

A director shall not be removed without cause if it will deny minority shareholders representation in the Board. *(Section 6.3.9, Manual on Corporate Governance)*

The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided that the items are for legitimate business purposes. *(Section 6.6.2, Manual on Corporate Governance)*

The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes". *(Section 6.6.2, Manual on Corporate Governance)*

The right of shareholders, in particular minority shareholders, to equitable treatment shall be respected. To this end, majority shareholders, directors, officers and employees are prohibited from benefiting from knowledge not available to minority shareholders and the general public. *(Section 6.6.4, Manual on Corporate Governance)*

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

Shareholders may nominate candidates for seats in the Board of Directors, provided that the said nomination is made at least ten (10) days prior to the date of the ASM and the prospective candidate is qualified under the Corporation Code and this Manual, as shown by his Curriculum Vitae, which should be submitted when the nomination is made. Nominations, along with the nominee's Curriculum Vitae, shall be submitted to the Corporate Secretary, who shall provide the members of the Nominations Committee with copies thereof. *(Section 6.3.7, Manual on Corporate Governance)*

## K. INVESTOR RELATIONS PROGRAM

The Investor Relations Division compiles and reports documents and requirements to meet the needs of the investing public and shareholders, and disclosure of the same is made through the Philippine Stock Exchange, quarterly briefings, one-on-one investor meetings, road shows, investor conferences, e-mail correspondences or telephone queries, teleconferences annual reports, and the company website.

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

The Corporation's external and internal communications policies are contained in the respective policies and procedures manuals of the Investor Relations Division and the Legal and Compliance Division. Substantive changes to the Manual are reviewed and approved by the authorized officer/s, as necessary.

The Manual of the Legal and Compliance Division of the Corporation covers the disclosure of material non-public information, including major company announcements, in the policies and procedures for unstructured compliance reporting. All disclosures are approved by the President, Chief Financial Officer, and the Heads of the Legal and Compliance and Investor Relations.

- 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 e-mail) of the officer responsible for investor relations.**

	Details
(1) Objectives	1) To provide accurate and timely information that will assist shareholders in making sound investment decisions regarding their ownership of GT Capital shares 2) To assist and guide research analysts, portfolio managers, and other investors in preparing their valuations, reports, forecasts, and recommendations regarding GT Capital 3) To submit and disseminate to regulators, the media, and the public the most current and vital information about GT Capital 4) To ensure that all relevant disclosures are immediately distributed, through proper channels, to all concerned stakeholders (Objectives, Investor Relations Policies and Procedures Manual)
(2) Principles	Investor Relations (IR) utilizes various communication tools and events such as the Company website, annual stockholders' meetings, investor meetings and briefings, annual reports, multi-media presentations, as well as media releases and press conferences. These are all designed and implemented to properly inform and update various stakeholders about GT Capital. Consequently, these stakeholders gain a sufficiently clearer and deeper understanding of the manifold facets of the Company, encompassing key aspects such as financial and operating results, existing and pipeline projects, corporate governance and social responsibility initiatives, future prospects, strategies and outlook. (Overview, Investor Relations Policies and Procedures Manual)

(3) Modes of Communications	annual report, annual stockholders meeting, press release, powerpoint presentation material, corporate website, one-on-one meetings, analysts and media briefing, roadshows, information kit, corporate video, ad hoc tools ( <i>Framework, Investor Relations Policies and Procedures Manual</i> )
(4) Investor Relations Officer	Jose B. Crisol, Jr. First Vice President Head, Investor Relations T: (632) 836 4500 loc. 7913 E: jose.crisol@gtcapital.com.ph

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

The Corporation shall abide by the appropriate laws, rules, and regulations in cases of mergers, and sales of substantial portions of the Corporation's assets.

The essence of corporate governance is transparency. The more transparent the internal workings of the corporation are, the more difficult it will be for management and dominant stockholders to mismanage the corporation or misappropriate its assets. It is therefore essential that all material information about the corporation which could adversely affect its viability of interest of its stockholders and other stakeholders should be publicly and timely disclosed. (*Reportorial or Disclosure System of Company's Corporate Governance Policies*)

On all matters of importance to investors, especially institutional investors, such as decisions related to mergers and acquisitions, our company shall observe the principle of fair treatment of all shareholders. All resolutions put forward in an ASM concerning mergers and acquisitions shall be accompanied by a report on fair value and on equitable terms and conditions for all shareholders, from an independent valuation company. (*Section 6.2.2, Manual on Corporate Governance*)

**Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.** Independent party appointed to evaluate fairness of the transaction price shall be determined as the need arises.

**L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

In 2016, the Corporation's subsidiaries undertook various Corporate Social Responsibility Initiatives. Details may be found in the Corporation's Annual Report and website.

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

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

The Board of Directors approved on March 13, 2015 the Board and Director Assessment Templates. The Board of Directors approved on October 17, 2016 the Committee Self-Assessment Forms.

	Process	Criteria
Board of Directors	<p>Directors are given forms wherein each indicates his/her response by marking it on the questionnaire. Some items may require a “yes” or “no” response, while others may be answered based on a scale ranging from “strongly disagree” to “strongly agree”. An additional page is provided for comments and suggestions.</p> <p>Tabulation of questionnaire results will be provided in the Board meeting scheduled after the dissemination of the forms for completion of the directors.</p>	<p>For Board of Directors, criteria includes:</p> <p>(1) Enablers of Board Performance</p> <p>(2) Board Function</p> <p>(3) Board Practices</p> <p>(4) Executive Performance</p>
Board Committees		
Individual Directors		
CEO/President		<p>For Board of Directors, criteria includes:</p> <p>(1) Foundational criteria</p> <p>(2) Board citizenship</p> <p>(3) Director Responsibilities</p> <p>(4) Board Meetings</p> <p>(5) Overall Performance</p>
Committee		<p>For the Committees, criteria include:</p> <p>(1) Charter</p> <p>(2) Composition and Quality</p> <p>(3) Meetings</p> <p>(4) Duties and Responsibilities</p> <p>(5) Performance as a member</p>

## 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 following penalties shall be imposed, after notice and hearing, on the company’s directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of the Manual:

Violations	Sanctions
First Violation	Reprimand
Second Violation	<p>Suspension</p> <p>Duration of Suspension shall depend on the gravity of the violation.</p>
Third Violation	Removal

The Corporate Governance Committee shall be responsible for reporting violation/s after due notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board. *(Section 8, Manual on Corporate Governance)*

Pursuant to the requirements of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on MAR 21 2017.

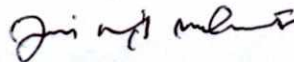
**SIGNATURES**



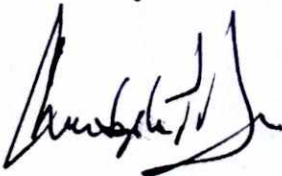
**ARTHUR VY TY**  
Chairman of the Board



**CARMELO MARIA LUZA BAUTISTA**  
President



**JAIME MIGUEL G. BELMONTE**  
Independent Director



**CHRISTOPHER P. BESHOURI**  
Independent Director



**WILFREDO A. PARAS**  
Independent Director



**PETER B. FAVILA**  
Independent Director



**RENEE LYNN MICIANO-ATIENZA**  
AVP/Head, Legal and Compliance Department

SUBSCRIBED AND SWORN to before me this MAR 21 2017 in the City of Makati,  
affiants exhibiting to me competent evidence of identity as follows:

Name	Passport No.	Date of Issue	Expiry Date	Place of Issue
Arthur Vy Ty				
Carmelo Maria Luza Bautista				
Jaime Miguel G. Belmonte				
Christopher P. Beshouri				
Wilfredo A. Paras				
Peter B. Favila				
Renee Lynn Miciano-Atienza				

Doc. No. 61;  
Book No. 13;  
Page No. 4;  
Series of 2017.



**ATTY. MELISSA B. REYES**  
NOTARY PUBLIC FOR MAKATI CITY UNTIL DEC. 31, 2018  
ROLL NO. 41369 / APPOINTMENT NO. M-173  
IBP NO. 0983825 / PTR. NO. 5909887  
45/F GT TOWER INTERNATIONAL, AYALA AVENUE  
CORNER H.V. DE LA COSTA, MAKATI CITY