

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM – ACGR**

**ANNUAL CORPORATE GOVERNANCE REPORT**

1. Report is Filed for the Year: **2014**
2. Exact Name of Registrant as Specified in its Charter: **EMPIRE EAST LAND HOLDINGS, INC.**
3. 21<sup>st</sup> Floor, The World Centre Bldg., 330 Sen. Gil Puyat Avenue, **1234**  
Makati City **Postal Code**  
**Address**
4. SEC Identification Number: **AS094-6430**
5.  (SEC Use Only)  
Industry Classification Code
6. BIR Tax Identification Number: **003-942-108**
7. **(02) 867 8351 to 59**  
Issuer's Telephone Number, including area code
8. same address  
Former name or former address, if changed from the last report



# **EMPIRE EAST LAND HOLDINGS, INC.**

## **2014 ANNUAL CORPORATE GOVERNANCE REPORT**

## TABLE OF CONTENTS

	Page Number
<b>A. BOARD MATTERS</b>	<b>5</b>
<hr/>	
1) BOARD OF DIRECTORS	
(a) Composition of the Board	5
(b) Directorship in Other Companies	6
(c) Shareholding in the Company	8
2) CHAIRMAN AND CEO	8
3) BOARD OF DIRECTORS SUCCESSION PLAN	9
4) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS	9
5) CHANGES IN THE BOARD OF DIRECTORS	11
6) ORIENTATION AND EDUCATION PROGRAM	16
<b>B. CODE OF BUSINESS CONDUCT &amp; ETHICS</b>	<b>17</b>
<hr/>	
1) POLICIES	17
2) DISSEMINATION OF CODE	19
3) COMPLIANCE WITH CODE	19
4) RELATED PARTY TRANSACTIONS	19
(a) Policies and Procedures	19
(b) Conflict of Interest	20
5) FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS	20
6) ALTERNATIVE DISPUTE RESOLUTION	21
<b>C. BOARD MEETINGS AND ATTENDANCE</b>	<b>21</b>
<hr/>	
1) SCHEDULE OF MEETINGS	21
2) DETAILS OF ATTENDANCE OF DIRECTORS	21
3) SEPARATE MEETING OF NON-EXECUTIVE DIRECTORS	21
4) QUORUM REQUIREMENT	21
5) ACCESS TO INFORMATION	21
6) EXTERNAL ADVICE	22
7) CHANGES IN EXISTING POLICIES	22
<b>D. REMUNERATION MATTERS</b>	<b>22</b>
<hr/>	
1) REMUNERATION PROCESS	22
2) REMUNERATION POLICY AND STRUCTURE FOR DIRECTORS	23
3) AGGREGATE REMUNERATION	23
4) STOCK RIGHTS, OPTIONS AND WARRANTS	24
5) REMUNERATION OF MANAGEMENT	24
<b>E. BOARD COMMITTEES</b>	<b>25</b>
<hr/>	
1) NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES	25
2) COMMITTEE MEMBERS	26
3) CHANGES IN COMMITTEE MEMBERS	27
4) WORK DONE AND ISSUES ADDRESSED	28
5) COMMITTEE PROGRAM	28
<b>F. RISK MANAGEMENT SYSTEM</b>	<b>28</b>
<hr/>	
1) STATEMENT ON EFFECTIVENESS OF RISK MANAGEMENT SYSTEM	29
2) RISK POLICY	29
3) CONTROL SYSTEM	30

## TABLE OF CONTENTS

	Page Number
<b>G. INTERNAL AUDIT AND CONTROL</b>	<b>31</b>
1) STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM	31
2) INTERNAL AUDIT	31
(a) Role, Scope and Internal Audit Function	31
(b) Appointment/Removal of Internal Auditor	32
(c) Reporting Relationship with the Audit Committee	32
(d) Resignation, Re-assignment and Reasons	32
(e) Progress against Plans, Issues, Findings and Examination Trends	32
(f) Audit Control Policies and Procedures	32
(g) Mechanisms and Safeguards	33
<b>H. ROLE OF STAKEHOLDERS</b>	<b>33</b>
1) POLICIES AND ACTIVITIES	33
2) CORPORATE RESPONSIBILITY	34
3) EMPLOYEE PARTICIPATION MECHANISM	34
4) HANDLING EMPLOYEE COMPLAINTS	34
<b>I. DISCLOSURE AND TRANSPARENCY</b>	<b>34</b>
1) OWNERSHIP STRUCTURE	34
2) ANNUAL REPORT DISCLOSURE	35
3) EXTERNAL AUDITORS' FEE	35
4) MEDIUM OF COMMUNICATION	35
5) AUDITED FINANCIAL REPORT SUBMISSION	35
6) COMPANY WEBSITE	35
7) DISCLOSURE OF RPT	36
<b>J. RIGHTS OF STOCKHOLDERS</b>	<b>36</b>
1) RIGHT TO PARTICIPATE EFFECTIVELY IN STOCKHOLDERS' MEETINGS	36
2) TREATMENT OF MINORITY STOCKHOLDERS	41
<b>K. INVESTORS RELATIONS PROGRAM</b>	<b>41</b>
<b>L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES</b>	<b>42</b>
<b>M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL</b>	<b>42</b>
<b>N. INTERNAL BREACHES AND SANCTIONS</b>	<b>42</b>
<b>O. SIGNATURE PAGE</b>	<b>43</b>

## A. BOARD MATTERS

### 1) Board of Directors

Number of Directors per Articles of Incorporation	7
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Actual number of Directors for the year	7
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#### (a) Composition of the Board (updated as of June 10, 2014)

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) <sup>1</sup>	Elected when (Annual /Special Meeting)	No. of years served as director
ANDREW L. TAN	ED	Megaworld Corporation		July 15, 1994	<u>10 June 2014</u>	Annual Stockholders Meeting	<u>21</u>
GERARDO C. GARCIA	ID		Rommel Canto, (not related to ID)	October 1994	<u>10 June 2014</u>	Annual Stockholders Meeting	<u>20</u>
KATHERINE L. TAN	NED	Megaworld Corporation		1994	<u>10 June 2014</u>	Annual Stockholders Meeting	<u>5</u>
ANTHONY CHARLEMAGNE C. YU	ED	Megaworld Corporation		January 1998	<u>10 June 2014</u>	Annual Stockholders Meeting	<u>16</u>
EVELYN G. CACHO	ED	Megaworld Corporation		February 20, 2009	<u>10 June 2014</u>	Annual Stockholders Meeting	<u>5</u>
ENRIQUE SANTOS L. SY	NED	Megaworld Corporation		April 1996	<u>10 June 2014</u>	Annual Stockholders Meeting	<u>18</u>
ALEJO L. VILLANUEVA, JR.	ID		Maria Rosario Justo, (not related to ID)	June 13, 2007	<u>10 June 2014</u>	Annual Stockholders Meeting	<u>8</u>

**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.**

**Answer:** The Company has adopted a Manual of Corporate Governance following the guidelines set by the Securities and Exchange Commission in SEC Memorandum Circular No. 6 Series of 2009 (the "Code"). The Code encapsulates the Company's best practices commitment and highlights the duties and obligation of the Board of Directors, the Board Committees and officers of the Company. The Code further highlights the Company's commitment to protect the rights of its stockholders and provides, in Section 3 thereof, that the right of its stockholders to the following matters shall at all times be respected: (i) to vote on all matters that require their consent and approval, (ii) pre-emptive right to all stock issuances of the Corporation; (iii) to inspect the corporate books and records, including the Code, which shall be made available for inspection by any stockholder of the Company at reasonable hours on business days; (iv) right to information; (v) dividends; and (vi) appraisal right.

Stockholders are invited to attend the annual and special stockholders' meetings of the Company and are encouraged to personally attend such meetings. If they cannot attend, they are informed ahead of time of their right to appoint a proxy in accordance with the by-laws of the Company.

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

Although all stockholders are treated equally, the Code also directs the Company's Board of Directors to give minority stockholders the right to propose the holding of meetings and items for discussion in the agenda that relate directly to the business of the Company.

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

**Answer:** The Board, as may be necessary, may conduct an evaluation of the Company's mission and vision, in keeping with the strategic direction set by the Board for the Company.

**(b) Directorship in Other Companies**

**(i) Directorship in the Company's Group<sup>2</sup> (updated as of December 31, 2014)**

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
ANDREW L. TAN	<ol style="list-style-type: none"> <li>Megaworld Corporation</li> <li>Gilmore Property Marketing Associates, Inc.</li> <li>Megaworld Central Properties, Inc.</li> <li>Sherman Oak Holdings, Inc.</li> <li>Sonoma Premier Land, Inc.</li> <li>Valle Verde Properties, Inc.</li> <li>Global-Estate Resorts, Inc.</li> </ol>	<ol style="list-style-type: none"> <li>Executive Director &amp; Chairman</li> </ol>
GERARDO C. GARCIA	<ol style="list-style-type: none"> <li>Megaworld Corporation</li> <li>Global-Estate Resorts, Inc.</li> </ol>	<ol style="list-style-type: none"> <li>Independent Director</li> <li>Independent Director</li> </ol>
KATHERINE L. TAN	<ol style="list-style-type: none"> <li>Megaworld Corporation</li> </ol>	<ol style="list-style-type: none"> <li>Non-Executive Director</li> </ol>
ANTHONY CHARLEMAGNE C. YU	<ol style="list-style-type: none"> <li>Empire East Communities, Inc.</li> <li>Laguna BelAir School, Inc.</li> <li>Megaworld Central Properties, Inc.</li> <li>Sherman Oak Holdings, Inc.</li> <li>Sonoma Premier Land, Inc.</li> <li>Valle Verde Properties, Inc.</li> <li>Megaworld Newport Property Holdings, Inc.</li> </ol>	<ol style="list-style-type: none"> <li>Executive Director &amp; Chairman Executive Director &amp; Chairman</li> <li>Non-Executive Director</li> <li>Non-Executive Director</li> <li>Non-Executive Director</li> <li>Non-Executive Director</li> <li>Non-Executive Director</li> </ol>
EVELYN G. CACHO	<ol style="list-style-type: none"> <li>Empire East Communities, Inc.</li> <li>Laguna BelAirSchool, Inc.</li> <li>Sherman Oak Holdings, Inc.</li> <li>Sonoma Premier Land, Inc.</li> <li>Valle Verde Properties, Inc.</li> <li>Suntrust Home Developers, Inc.</li> </ol>	<ol style="list-style-type: none"> <li>Non-Executive Director</li> <li>Non-Executive Director</li> <li>Non-Executive Director</li> <li>Non-Executive Director</li> <li>Non-Executive Director</li> <li>Non-Executive Director</li> </ol>
ENRIQUE SANTOS L. SY	<ol style="list-style-type: none"> <li>Megaworld Corporation</li> </ol>	<ol style="list-style-type: none"> <li>Non-Executive Director</li> </ol>

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

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

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
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<sup>2</sup> The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

Andrew L. Tan	Alliance Global Group, Inc. Global-Estate Resorts, Inc. Emperador Inc.	Executive Director/Chairman Executive Director/Chairman Executive Director/Chairman
Katherine L. Tan	Alliance Global Group, Inc. Emperador Inc.	Non-Executive Director Non-Executive Director
Alejo L. Villanueva, Jr.	Alliance Global Group, Inc. Suntrust Home Developers, Inc.	Independent Director Independent Director
Gerardo C. Garcia	Global-Estate Resorts, Inc.	Independent Director
Evelyn G. Cacho	Suntrust Home Developers, Inc.	Executive Director
Enrique Santos L. Sy	Megaworld Corporation	Non-Executive Director

**(iii) Relationship within the Company and its Group (updated as of December 31, 2014)**

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
Andrew L. Tan	Megaworld Corporation  Gilmore Property Marketing Associates, Inc. Megaworld Central Properties, Inc. Sherman Oak Holdings, Inc. Sonoma Premier Land, Inc. Valle Verde Properties, Inc.	Director, Chairman & CEO Director Director Director Director
Katherine L. Tan	Megaworld Corporation	Director
Gerardo C. Garcia	Megaworld Corporation	Independent Director
Enrique Santos L. Sy	Megaworld Corporation	Director
Anthony Charlemagne C. Yu	Empire East Communities, Inc. Laguna Bel Air School, Inc. Megaworld Central Properties, Inc. Sherman Oak Holdings, Inc. Sonoma Premier Land, Inc. Valle Verde Properties, Inc. Megaworld Newport Property Holdings, Inc.	Director Director Director Director Director Director Director
Evelyn G. Cacho	Empire East Communities, Inc. Laguna Bel-Air School, Inc. Sherman Oak Holdings, Inc. Sonoma Premier Land, Inc. Valle Verde Properties, Inc. Suntrust Home Developers, Inc.	Director Director Director Director Director Director

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

	Guidelines	Maximum Number of Directorships in other companies
<b>Executive Director</b>	The Company has no specific policy limiting the number of board seats that its Executive and Non-Executive Directors may hold in other publicly-listed companies. For Independent Directors, the Company observes the limitation set forth in SEC Circular Memorandum No. 9 Series of 2011 and has not elected any Independent Director with more than five directorships within the Group.	
<b>Non-Executive Director</b>		
<b>CEO</b>		



		directions and/or policies.
Accountabilities	<ul style="list-style-type: none"> <li>(i) Ensures that Company policies are consistent with its commitments in the Code;</li> <li>(ii) Ensures that the corporate actions approved by the Board are in line with the plans, objectives and goals set by the Company for the relevant period.</li> <li>(iii) Supervises the preparation of the agendas in meetings, in consultation with the CEO, Corporate Secretary and Management;</li> </ul>	<ul style="list-style-type: none"> <li>(i) Effective Implementation of the plans and resolutions approved by the Board of Directors;</li> <li>(ii) Identify issues affecting the business of the Company and informs the Board according;</li> </ul>
Deliverables	<ul style="list-style-type: none"> <li>(i) Board approvals consistent with the business plans of the Company.</li> </ul>	<ul style="list-style-type: none"> <li>(i) Management Report conveyed to the Board of Directors and stockholders, which details the report of the operations of the Company for the preceding year, and the state of its affairs.</li> </ul>

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

**Answer:** The Amended By-Laws of the Company, particularly Article III. Section 2 thereof, provides for the mode of succession of key officers of the Company, who shall be elected by every newly constituted Board at its organizational meeting. The Board, in making appointments, is guided by the standards, more particularly the definition of the roles and responsibilities to be assumed by said officers as set forth in the Code and in the Company's By-laws, in evaluating the merit of each appointee. Unless removed from office, said officers shall hold office until their successors are appointed and qualified. Vacancies are filled by the Board of Directors.

**3) Other Executive, Non-Executive and Independent Directors**

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

**Answer:** Yes. Aside from meeting the qualifications prescribed in the Corporation Code, the Securities Regulation Code and other relevant laws, the members of the Board maybe composed of both Executive and Non-Executive Directors who have business experience, practical understanding of the business of the Company and are members in good standing in relevant professional industry, business and professional organizations (Section 2.2, Code).

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

**Answer:** Yes. Section 2.2.3 of the Manual of Corporate Governance ensures that a director possesses a practical understanding of the business of the Company and has business experience.

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

	Executive	Non-Executive	Independent Director
Role	(i) Responsible for the formulation of the Company's strategic	(i) Responsible for the formulation of the Company's strategic	(i) Responsible for the formulation of the Company's strategic

	<p>direction to foster success and long term growth;</p> <p>(ii) Ensure the effective implementation of the corporate plans and strategies formulated by the Board.</p>	<p>direction to foster success and long term growth;</p> <p>(ii) Act as an independent adviser and decision maker on matters brought before the Board.</p>	<p>direction to foster success and long term growth;</p> <p>(ii) Bring an independent judgment on matters brought before the Board.</p> <p>(iii) Promote the Company's commitment to transparency and in this regard, is a member of the Company's Compensation and Remuneration Committee as well as the Audit Committee, which must be chaired by an independent director.</p>
Accountabilities	<p>(i) Ensure that the Board conducts itself with honesty and integrity in the performance of all actions according to a high standard of best practices for the Company and its stockholders;</p> <p>(ii) Implement the process for the selection of directors who can add value and contribute independent judgment to the formulation of corporate policies;</p> <p>(iii) Appoint competent, professional, honest and highly motivated management officers;</p> <p>(iv) Provide strategic policies and guidelines to the Company on major capital expenditures and programs that can sustain long-term viability and strength;</p> <p>(v) Ensure that the Company faithfully complies with all applicable laws, regulations and best business practices;</p> <p>(vi) Formulate and implement policies and procedures that ensure integrity and transparency of related party transactions between and among the Company and its parent company,</p>	<p>(i) Ensure that the Board conduct itself with honesty and integrity in the performance of all actions according to a high standard of best practices for the Company and its stockholders;</p> <p>(ii) implement the process for the selection of directors who can add value and contribute independent judgment to the formulation of corporate policies;</p> <p>(iii) Appoint competent, professional, honest and highly motivated management officers;</p> <p>(iv) Provide strategic policies and guidelines to the Company on major capital expenditures and programs that can sustain long-term viability and strength;</p> <p>(v) Ensure that the Company faithfully complies with all applicable laws, regulations and best business practices;</p> <p>(vi) Formulate and implement policies and procedures that ensure integrity and</p>	<p>(i) Ensure that the Board conduct itself with honesty and integrity in the performance of all actions according to a high standard of best practices for the Company and its stockholders;</p> <p>(ii) implement the process for the selection of directors who can add value and contribute independent judgment to the formulation of corporate policies;</p> <p>(iii) Appoint competent, professional, honest and highly motivated management officers;</p> <p>(iv) Provide strategic policies and guidelines to the Company on major capital expenditures and programs that can sustain long-term viability and strength;</p> <p>(v) Ensure that the Company faithfully complies with all applicable laws, regulations and best business practices;</p> <p>(vi) Formulate and implement policies and procedures that ensure integrity and transparency of related party transactions</p>

	joint ventures, subsidiaries, associates, affiliates, and other related parties;  (vii) Participation in the Relevant Board Committees.	transparency of related party transactions between and among the Company and its parent company, joint ventures, subsidiaries, associates, affiliates, and other related parties;  (vii) Participation in the relevant Board Committees.	between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, and other related parties;  (vii) Participation in the Relevant Board Committees. More particularly in, the Compensation and Remuneration Committee and in the Audit Committee.
Deliverables	(i) Board Actions, approvals and strategic direction in line with corporate goals and the Company's best practices commitment;  (ii) Internal control system that ensures adequacy and effectiveness of the Company's checks and balances.	(i) Board Actions, approvals and strategic direction in line with corporate goals and the Company's best practices commitment;  (ii) Internal control system that ensures adequacy and effectiveness of the Company's checks and balances.	(i) Board Actions, approvals and strategic direction in line with corporate goals and the Company's best practices commitment;  (ii) Internal control system that ensures adequacy and effectiveness of the Company's checks and balances.

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

**Answer:** The Company defines an Independent Director as a qualified individual in accordance with the Code, who, other than the per diem given by the Company for attendance in board meetings and his shareholdings, is independent of management and free of material or pecuniary relationship with the Company which can materially affect the exercise of independent judgment in the conduct of his responsibilities to the Company. The Company adheres to the said standard and has applied the same in the election of its Independent Directors.

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

**Answer:** The Company follows the term limits for Independent Directors prescribed by the Securities and Exchange Commission in SEC Memorandum Circular No. 9, Series of 2011 and allows its Independent Directors to serve for only five (5) consecutive years from January 2, 2012. In the same manner, the Company observes the cooling-off period imposed in the said circular.

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

**(a) Resignation/Death/Removal**

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

Name	Position	Date of Cessation	Reason
<b>There was no change in the composition of the Board of Directors during the covered period.</b>			

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

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

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors	The stockholders send their nomination to the Nomination Committee. The Nomination Committee determines if a nominee possesses the qualifications and none of the disqualifications for the position. Qualified Nominees are entitled to be voted upon during the Annual Stockholders Meeting.	The directors shall have such qualifications prescribed in the Corporation Code, the Securities Regulation Code and other relevant laws, as well as (i) a college degree; (ii) business experience; (iii) practical understanding of the business of the Corporation, and (iv) membership in good standing in a relevant industry, business or professional organization.
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>b. Re-appointment</b>		
(i) Executive Directors	For Executive and Non-Executive Directors, re-appointment is allowed, following the above-enumerated process for the selection of the members of the Board of Directors.  For Independent Directors, re-appointment is allowed as long as the term limits for Independent Directors in SEC Memorandum Circular No. 9, Series of 2011 is observed. The appointment process follows the above-enumerated selection process.	The same criteria is imposed for appointment and re-appointment, to wit: The directors shall have such qualifications prescribed in the Corporation Code, the Securities Regulation Code and other relevant laws, as well as (i) a college degree; (ii) business experience; (iii) practical understanding of the business of the Corporation, and (iv) membership in good standing in a relevant industry, business or professional organization.
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>c. Permanent Disqualification</b>		
(i) Executive Directors	All matters pertaining to the qualification and/or disqualification of a director are referred to the Nomination Committee. The Nomination Committee reviews and evaluates the qualifications of all persons nominated to the Board.	Any of the following shall be a ground for permanent disqualification of a director:  (i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that  (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code;  (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor,
(ii) Non-Executive Directors		
(iii) Independent Directors		

		<p>mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker;</p> <p>(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;</p> <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</p> <p>(a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures, commission merchant, commodity trading advisor, or floor broker,</p> <p>(b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company;</p> <p>(c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs above, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engaged 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</p>
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		<p>organization;</p> <p>(iii) Any person convicted by final judgment or order by a competent judicial or administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent act or transgression;</p> <p>(iv) Any person who has been adjudged by final judgment or order of the Commission or a court or other competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;</p> <p>(v) Any independent director who becomes an officer, employee or consultant of the Corporation shall cease to be an independent director until such time that his disqualification is lifted pursuant to the Securities Regulation Code and the rules and regulations of the Commission;</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 listed in the foregoing paragraphs; and</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>
<b>d. Temporary Disqualification</b>		
(i) Executive Directors	A temporarily disqualified director is	Any of the following shall be a

(ii) Non-Executive Directors	given 60 business days to take appropriate actions that will remedy or correct such disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	ground for the temporary disqualification of a director:
(iii) Independent Directors		
<b>e. Removal</b>		
(i) Executive Directors	The Company follows the procedure for the removal of directors provided in the Corporation Code.	Removal of a director from office may be due to death, voluntary resignation and/or permanent disqualification from office
(ii) Non-Executive Directors		
(iii) Independent Directors		

		consistent with the criteria enumerated in sub-section c (Permanent Disqualification) of this Table.
<b>f. Re-instatement</b>		
(i) Executive Directors	A temporarily disqualified director is given 60 business days to take appropriate actions that will remedy or correct such disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent	Satisfactory corrective action performed by the director within the 60 day period, addressing the specific cause for disqualification.
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>g. Suspension</b>		
(i) Executive Directors	The Company follows the procedure provided for in the Corporation Code.	Suspension is based on the grounds provided for in the Company's Manual of Corporate Governance.
(ii) Non-Executive Directors		
(iii) Independent Directors		

#### Voting Result of the last Annual General Meeting held on 10 June 2014

Name of Director	Votes Received
Andrew L. Tan	12,298,393,745 shares
Katherine L. Tan	12,298,393,745 shares
Gerardo C. Garcia	12,298,393,745 shares
Anthony Charlemagne C. Yu	12,298,393,745 shares
Evelyn G. Cacho	12,298,393,745 shares
Enrique Santos L. Sy	12,298,393,745 shares
Alejo L. Villanueva, Jr.	12,298,393,745 shares

#### 5) Orientation and Education Program

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

Answer: The Company has no formal orientation program for new directors, but all directors are required to attend the seminar/training conducted by the Institute of Corporate Directors.

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

1. Mandatory Continuing Legal Education
2. Corporate Governance and Anti-Money Laundering Act Seminar

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Andrew L. Tan	October 02, 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.
Katherine L. Tan	November 11, 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.

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

Enrique Santos L. Sy	November 14, 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.
Gerardo G. Garcia	November 14, 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.
Anthony Charlemagne C. Yu	November 14, 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.
Evelyn G. Cacho	November 11, 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.
Alejo L. Villanueva, Jr.	November 14, 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.
Ricky S. Libago	December 5, 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.
Antonio E. Llantada, Jr.	November 11, 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.
Ricardo B. Gregorio	November 14, 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.
Jhoanna Lyndelou T. Llaga	November 11, 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.
Giovanni C. Ng	November 14, 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.
Dennis E. Edaña	November 11, 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.
Celeste Z. Sioson	November 11, 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management, Inc.

## B. CODE OF BUSINESS CONDUCT & ETHICS

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p>All directors should conduct themselves with honesty and integrity in the performance of their duties and functions to ensure a high standard of best practices for the Company (Section 2.2.6, Code).</p> <p>A director should conduct fair business transaction with the Company and ensure that his personal interest does not conflict with the interests of the company [Section 2.2.7 (i), Code].</p>	<p>The Company expects each employee to observe the highest standards of business ethics. An employee cannot engage in any activity that will create conflict or interfere with the performance of his responsibilities (Company Code of Discipline).</p>	<p>The Company expects each employee to observe the highest standards of business ethics. An employee cannot engage in any activity that will create conflict or interfere with the performance of his responsibilities (Company Code of Discipline).</p>
(b) Conduct of Business and Fair Dealings	<p>All directors should conduct themselves with honesty and integrity in the</p>	<p>The Company expects each employee to observe the highest standards of business ethics. An</p>	<p>The Company expects each employee to observe the highest standards of business ethics. An employee cannot engage in any</p>

	performance of their duties and functions to ensure a high standard of best practices for the Company (Section 2.2.6, Code).	employee cannot engage in any activity which would create conflict or interfere with the performance of his responsibilities (Code of Discipline).	activity which would create conflict or interfere with the performance of his responsibilities (Code of Discipline).
(c) Receipt of gifts from third parties	N/A	Receipt of gifts from third parties is not allowed.	Receipt of gifts from third parties is not allowed.
(d) Compliance with Laws & Regulations	The Board shall ensure the Company's faithful compliance with all applicable laws, regulations and best business practices (Section 2.2.6, Code).	The Company, thru the Board, shall ensure the Company's faithful compliance with all applicable laws, regulations and best business practices (Section 2.2.6, Code).	The Company, thru the Board, shall ensure the Company's faithful compliance with all applicable laws, regulations and best business practices (Section 2.2.6, Code).
(e) Respect for Trade Secrets/Use of Non-public Information	The Company respects the proprietary ownership of trade secrets and observes the confidentiality of non-public information.  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 authority of the Board [2.2.7 (vi), Code].	The Company respects the proprietary ownership of trade secrets and observes the confidentiality of non-public information.	The Company respects the proprietary ownership of trade secrets and observes the confidentiality of non-public information.
(f) Use of Company Funds, Assets and Information	The Board shall provide sound strategic policies and guidelines to the Company on major capital expenses and, establish programs that can sustain its long term viability and strength. The Board shall periodically monitor the implementation if such policies and strategies, including the business plans and operating budget (Section 2.2.6, Code).	All employees are advised to take care of the property of the Company and treat it like his own asset. Careless use or intentional damage to Company property shall make an employee liable for damages (Code of Discipline).	All employees are advised to take care of the property of the Company and treat it like his own asset. Careless use or intentional damage to Company property shall make an employee liable for damages (Code of Discipline).
(g) Employment & Labor Laws & Policies	The Board shall ensure the Company's faithful compliance with all applicable laws, regulations and best business practices (Section 2.2.6, Code).		
(h) Disciplinary action	The Code provides the grounds for permanent and temporary	Disciplinary actions are initiated, processed and violations of Company	Disciplinary actions are initiated, processed and violations of Company rules and regulations

	disqualification of a member of the Board.	rules and regulations are handled in accordance with the Company's Code of Conduct.	are handled in accordance with the Company's Code of Conduct.
(i) Whistle Blower	All information received from whistle blowers and/or anonymous sources are referred to the Grievance Committee of the Company which consists of the HR, Audit, and the Legal Department Head.		
(j) Conflict Resolution	One of the functions of the Board is to establish and maintain an alternative dispute resolution system in the Company that can amicably settle conflicts or differences between the Company and its stockholders and third parties (Section 2.2.6, Code).	Misunderstandings, differences in opinion and disputes among members of the Company are referred to the Grievance Committee (Code of Conduct).	Misunderstandings, differences in opinion and disputes among members of the Company are referred to the Grievance Committee (Code of Conduct).

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

**Answer:** Yes. To ensure that all directors, senior management and employees of the Company has access to the Code of Conduct at all times, the Code was disseminated online through the intranet system of the Company, which may be accessed by all employees.

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

**Answer:** Compliance with the Company's Code of Conduct is lodged with the Human Resources Department. The said department is in charge of processing all complaints for violations thereof, in accordance with established due process standards.

**4) Related Party Transactions**

**(a) Policies and Procedures**

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

Related Party Transactions	Policies and Procedures
(1) Parent Company	The Company, in the normal course of business, enters into transaction with related companies primarily consisting of lease of properties and advances for real estate transactions, working capital requirements and other business related purposes. Rental for lease properties and interest on interest-bearing advances are within market rates.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	The Company has no related party transaction with a director/officer, their family, siblings or 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% or more shareholders may be involved.

	<b>Details of Conflict of Interest (Actual or Probable)</b>
Name of Director/s	The Company has no knowledge of a conflict of interest situation between the Company and its significant shareholders and officers. In any case the Code and the Code of Conduct provisions on Conflict of Interest shall serve as basis in handling the issue.
Name of Officer/s	
Name of Significant Shareholders	

**(ii) Mechanism**

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

	<b>Directors/Officers/Significant Shareholders</b>
Company	The Company has no knowledge of a conflict of interest situation between the Company and its significant shareholders and officers. In any case the Code and the Code of Conduct provisions on Conflict of Interest shall serve as basis in handling the issue.
Group	

**5) Family, Commercial and Contractual Relations**

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

<b>Names of Related Significant Shareholders</b>	<b>Type of Relationship</b>	<b>Brief Description of the Relationship</b>
ANDREW L. TAN and KATHERINE L. TAN	Family	Spouses

**(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:**

<b>Names of Related Significant Shareholders</b>	<b>Type of Relationship</b>	<b>Brief Description</b>
Megaworld Corporation	Joint venture	Joint development of selected projects.

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

<b>Name of Shareholders</b>	<b>% of Capital Stock affected (Parties)</b>	<b>Brief Description of the Transaction</b>
The management of the Company is not aware of any shareholder agreement that may impact on the control, ownership and strategic direction of the Company.		

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

**6) Alternative Dispute Resolution**

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

<b>Alternative Dispute Resolution System</b>	
<b>Corporation &amp; Stockholders</b>	The Company abides by and adheres to the judicial dispute resolution processes adopted by judicial and regulatory authorities.
<b>Corporation &amp; Third Parties</b>	The Company abides by and adheres to the judicial dispute resolution processes adopted by judicial and regulatory authorities.
<b>Corporation &amp; Regulatory Authorities</b>	The Company abides by and adheres to the judicial dispute resolution processes adopted by judicial and regulatory authorities.

**C. BOARD MEETINGS AND ATTENDANCE (updated as of December 31, 2014)**

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

**Answer:** The meetings of the Board of Directors are scheduled at the beginning of the year. The Board may, from time to time, be convened for special meetings, as may be necessary to address operational exigencies.

**2) Attendance of Directors**

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Andrew L. Tan	10 June 2014	9	9	100%
Member	Katherine L. Tan	10 June 2014	9	8	89%
Member	Anthony Charlemagne C. Yu	10 June 2014	9	9	100%
Member	Evelyn G. Cacho	10 June 2014	9	9	100%
Member	Enrique Santos L. Sy	10 June 2014	9	9	100%
Independent	Gerardo C. Garcia	10 June 2014	9	9	100%
Independent	Alejo L. Villanueva, Jr.	10 June 2014	9	9	100%

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

**Answer:** No

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

**Answer:** The Company follows the quorum requirement of the Corporation Code.

**5) Access to Information**

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

**Answer:** Board papers are provided to the Board, together with the notices, in accordance with the Company's By-Laws

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

**Answer:** Yes.

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

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

**Answer:** Yes. The Corporate Secretary's function includes assisting the Chairman in the preparation of the board agenda, safekeeping the minutes of the meetings of the Board and its Committees, as well as the other official records of the Corporation. The Corporate Secretary keeps all directors informed and updated of the agenda of their meetings and ensures that the members have before them accurate information that will enable them to come up with intelligent decisions on matters that require their approval.

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

**Answer:** Yes. Mr. Dennis E. Edaño is a lawyer by profession.

**(e) Committee Procedures**

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

Yes  No

Committee	Details of the procedures
Executive	Reports and other data relevant to a committee are available to the Board upon request.
Audit	Reports and other data relevant to a committee are available to the Board upon request.
Nomination	Reports and other data relevant to a committee are available to the Board upon request.
Remuneration	Reports and other data relevant to a committee are available to the Board upon request.
Others (specify)	N/A

**6) External Advice**

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

Procedures	Details
The Board may seek the advice or counsel of professional advisers as may be necessary in the performance of its mandate.	

**Change/s in existing policies**

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

Existing Policies	Changes	Reason
The Board has not introduced amendments to existing policies which may have an effect on its business.		

**D. REMUNERATION MATTERS**

**1) Remuneration Process**

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

management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	The remuneration and compensation package are determined by, among others, the annual performance evaluation results, industry salary bench marks, tenure, level of responsibility and the position held.	
(2) Variable remuneration	NONE	
(3) Per diem allowance	NONE	
(4) Bonus	Bonuses are discretionary. This may depend on the profitability, productivity and fund availability.	
(5) Stock Options and other financial instruments	NONE	
(6) Others (specify)	NONE	

2) Remuneration Policy and Structure for Executive and Non-Executive Directors (updated as of July 10, 2013)

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

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	The remuneration and compensation package are determined by, among others, the annual performance evaluation results, industry salary bench marks, tenure, level of responsibility and the position held.		
Non-Executive Directors	Non-Executive Directors are not entitled to remuneration other than per diem for attendance in Board meetings.		

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

Remuneration Scheme	Date of Stockholders' Approval
There is no change in the Company's remuneration policy and scheme mentioned above, and the same has been approved during the respective annual stockholders' meetings.	10 June 2014
	10 July 2013
	June 13, 2012

3) Aggregate Remuneration (updated as of December 31, 2014)

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	NONE	NONE	NONE
(b) Variable Remuneration	NONE	NONE	NONE
(c) Per diem Allowance	P200,000.00	P100,000.00	P200,000.00
(d) Bonuses	VARIABLE	NONE	NONE
(e) Stock Options and/or other financial instruments	NONE	NONE	NONE
(f) Others (Specify)	N/A	N/A	N/A
<b>Total</b>			

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	NONE	NONE	NONE
2) Credit granted	NONE	NONE	NONE
3) Pension Plan/s Contributions	NONE	NONE	NONE
(d) Pension Plans, Obligations incurred	NONE	NONE	NONE
(e) Life Insurance Premium	NONE	NONE	NONE
(f) Hospitalization Plan	NONE	NONE	NONE
(g) Car Plan	NONE	NONE	NONE
(h) Others (Specify)	NONE	NONE	NONE
<b>Total</b>			

#### 4) Stock Rights, Options and Warrants

##### (a) Board of Directors

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

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
NONE				

##### (b) Amendments of Incentive Programs

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

Incentive Program	Amendments	Date of Stockholders' Approval
NONE		

#### 5) Remuneration of Management (updated as of December 31, 2014)

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
Senior Management as a group (Senior Vice President, and Vice Presidents)*	Php7,790,628.00

\*includes the following officers:

- a. Mr. Ricky S. Libago, Senior Vice President for Property Development
- b. Mr. Antonio E. Llantada, Vice President for Audit and Management Services
- c. Mr. Ricardo B. Gregorio, Vice President for Human Resources and General Administrative Services
- d. Ms. Johanna Lyndelou T. Llaga, Vice President for Marketing
- e. Mr. Dennis E. Edano, Senior Assistant Vice President for Legal and Corporate Affairs

## E. BOARD COMMITTEES

### 1) Number of Members, Functions and Responsibilities

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	2	1	-		To act, by majority vote of all its members, on specific matters within the competence of the Board, as may be delegated in the By-Laws or on a majority vote of the Board, except in those instances expressly provided under Section 35 of the Corporation Code.	Acts on all matters that may be assigned by the Board	Acts on all matters that may be assigned by the Board
Audit	1	-	2	Audit Committee Charter	Oversight responsibilities for the financial reporting process, internal control, risk management, internal audit, external audit, management and legal, tax and regulatory compliance	Financial Reporting Risk Management Internal Control Internal Audit External Audit	Conduct investigation on matters within the scope of its responsibilities
Nomination	-	1	2	None	Prescreens and shortlists all candidates nominated to become a member of the Board.	Reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval, and assesses the effectiveness of the Board's	Prescreens nominees and prepares final list of candidate

						processes and procedures in the election and replacement of directors	
Remuneration	-	1	2	None	Responsible for establishing a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, as well as providing oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and control environment.	Establishes a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and business environment	Establishes a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and business environment
Others (specify)	-	-	-				

## 2) Committee Members

### (a) Executive Committee (updated as of December 31, 2014)

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	ANDREW L. TAN	10 June 2014	11	11	100	2 years
Member (ED)	ANTHONY CHARLEMAGNE C. YU	10 June 2014	11	11	100	2 years
Member (ED)	EVELYN G. CACHO	10 June 2014	11	11	100	2 years

### (b) Audit Committee (updated as of December 31, 2014)

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	GERARDO C. GARCIA	10 June 2014	4	4	100	2 years
Member (ED)	EVELYN G. CACHO	10 June 2014	4	4	100	2 years
Member (ID)	ALEJO L. VILLANUEVA, JR.	10 June 2014	4	4	100	2 years

**Disclose the profile or qualifications of the Audit Committee members.**

**Answer:** The Audit Committee is chaired by Mr. Gerardo C. Garcia, an Independent Director, who has extensive background in finance.

Members of the Audit Committee are Ms. Evelyn G. Cacho and Mr. Alejo L. Villanueva, Jr.

Ms. Evelyn G. Cacho is a Certified Public Accountant and is currently the Corporation's Vice President for Finance.

Mr. Alejo L. Villanueva, Jr. is a professional consultant who has more than twenty years of experience in the fields of training and development, public relations, community relations, institutional communication, and policy advocacy, among others. He has done consultancy work for the Office of the Vice President, the Office of the Senate President, the Commission on Appointments, the Securities and Exchange Commission, the Home Development Mutual Fund, the Home Insurance Guaranty Corporation, Department of Agriculture and World Bank (Subic Conversion Program).

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

**Answer:** The Audit Committee has an oversight function over the Company's internal and external auditors. It ensures that both auditors act independently of each other, and that both auditors are given unrestricted access to all records, properties, and personnel to enable them to effectively perform their function.

The Audit Committee reviews the reports submitted by the internal and external auditors and may conduct investigations on matters within the scope of its responsibilities.

**Nomination Committee (Updated as of December 31, 2014)**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	ENRIQUE SANTOS L. SY	10 June 2014	1	1	100	2 years
Member (ID)	ALEJO L. VILLANUEVA, JR.	10 June 2014	1	1	100	2 years
Member (ID)	GERARDO C. GARCIA	10 June 2014	1	1	100	2 years

(c) Remuneration Committee (Updated as of December 31, 2014)

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	ANDREW L. TAN	10 June 2014	1	1	100	2 years
Member (ID)	GERARDO C. GARCIA	10 June 2014	1	1	100	2 years
Member (ID)	ALEJO L. VILLANUEVA, JR.	10 June 2014	1	1	100	2 years

(d) Others (Specify)

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

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	THERE ARE NO OTHER BOARD COMMITTEES ASIDE FROM THE ABOVE-IDENTIFIED COMMITTEES.					
Member (ED)						

**3) Changes in Committee Members**

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

Name of Committee	Name	Reason
Executive	<b>THERE IS NO CHANGE IN COMMITTEE MEMBERSHIP FOR THE COVERED PERIOD.</b>	
Audit		
Remuneration		
Nomination		

#### 4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Executive	Acted on all matters delegated by the Board.	Issued operational approvals within the scope of the Executive Committee's authority, as provided in the Company's By-Laws.
Audit	Implementation of the Company's Audit Committee Charter	Compliance with the Audit Committee Charter.
Nomination	Prepared the final list of candidates for election at the annual meeting of stockholders	Qualification of Nominees and finalization of the list of candidates.
Remuneration	Reviewed compensation of directors and officers	Determination of Industry Compensation and remuneration trends.

#### 5) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Implement the strategic direction set by the Board	Operational concerns vis-à-vis strategic direction set by the Board
Audit	Review of Risk Management System	Adherence to internal control policies
Nomination	Review of existing qualification and disqualification standards	Ensure compliance with new rules and regulations
Remuneration	Review of Organizational Structure and Company Benefits Program	Industry compensation/remuneration benchmarking
Others (specify)	NONE	NONE

#### F. RISK MANAGEMENT SYSTEM

##### 1) Disclose the following:

- (a) Overall risk management philosophy of the company;
- (b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;
- (c) Period covered by the review;
- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness;

and

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

**Answer:** The Board, thru the Audit Committee, periodically reviews the effectiveness of the Company's risk management systems with emphasis on monitoring of existing and emerging risks as well as risk mitigation measures. Risk management review is conducted annually with the Internal Audit Department. A review for the period 2012 was conducted in the first quarter of the year. Criteria used for review are compliance with controls and accuracy of identified risks and appropriateness of risk treatment plans.

## 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
Country Risk relating to the continued performance of the Philippine economy and political stability.	Use of pre-selling as a project financing tool.  Entering into joint development agreements from the acquisition of land.	Minimize cash outlays for projects, control development costs and maintain a new cash position.  Maximize cost efficiencies and resources.
Project Cost and Completion Risk	Establish linkages with a broad base of supplies. Efficient project management and monitoring.	On-time completion of projects, efficient sourcing of construction materials.
Customer Default Risk	Maintaining a diversified earnings base from a product mix of middle-income residential and commercial spaces. Constant product innovation.	Revenue and property diversification.

### (b) Group

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

Risk Exposure	Risk Management Policy	Objective
Country Risk relating to the continued performance of the Philippine economy and political stability.	Use of pre-selling as a project financing tool.  Entering into joint development agreements from the acquisition of land.	Minimize cash outlays for projects, control development costs and maintain a new cash position.  Maximize cost efficiencies and resources.
Project Cost and Completion Risk	Establish linkages with a broad base of supplies. Efficient project management and monitoring.	On-time completion of projects, efficient sourcing of construction materials.
Customer Default Risk	Maintaining a diversified earnings base from a product mix of middle-income residential and commercial spaces. Constant product innovation.	Revenue and property diversification.

### (c) Minority Shareholders

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

Risk to Minority Shareholders

Megaworld's voting power in the Company poses a risk to the ability of minority shareholders to influence corporate strategy.

### 3) Control System Set Up

#### (a) Company

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Country Risk relating to the continued performance of the Philippine economy and political stability.	Institutional reviews of the Philippine economy particularly the real property sector	Minimize each outlay for projects, control development costs and maintain a new each position.  Maximize cost efficiencies and resources.
Project Cost and Completion Risk	Project monitoring teams	On-time completion of projects, efficient sourcing of construction materials.
Customer Default Risk	Customer Satisfaction/Default reports	Revenue and property diversification.

#### (b) Group

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Country Risk relating to the continued performance of the Philippine economy and political stability.	Institutional reviews of the Philippine economy particularly the real property sector.	Minimize each outlay for projects, control development costs and maintain a new each position.  Maximize cost efficiencies and resources.
Project Cost and Completion Risk	Project monitoring teams	On-time completion of projects, efficient sourcing of construction materials.
Customer Default Risk	Customer Satisfaction/Default reports	Revenue and property diversification.

#### (c) Committee

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

Committee/Unit	Control Mechanism	Details of its Functions
Board Audit Committee	The mechanism established by the company to safeguard the independence of internal auditors is such that the auditor's report directly to the Board of Directors through the President. It has a duly approved Audit Charter as well as a duly approved Audit Manual of Policies and Procedures. The department annually declares/undertake a non-conflict of interests by its auditors.	Provides oversight over Management's risk management process, financial reporting process and reviews internal audit plans.

## G. INTERNAL AUDIT AND CONTROL

### 1) Internal Control System

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

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

**Answer:** Internal Control System refers to the management's ability to control particular risks or business activities that the Company is exposed to. Internal Control is effected by the board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations.

**(b) Period covered by the review;**

**Answer:** January to December of each year

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

**Answer:** Internal controls are reviewed annually. The Internal Audit Group submits a post-audit report assessing the effectiveness of the internal control system of the Company to the Audit Committee of the Board.

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

**Answer:** N/A

### 2) Internal Audit

**(a) Role, Scope and Internal Audit Function**

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

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Internal audit's role is to provide an independent, objective assurance and consulting services designed to add value and improve the Company's operations. It assists the Company in achieving its objectives by bringing a systematic approach to evaluate and improve the effectiveness of internal control.	The scope of work of internal audit is to determine whether the company's internal control systems, procedures and processes is adequate and functioning to ensure that significant financial, managerial and operating information is accurate, reliable and timely; that employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations; and resources are acquired economically, used	The Internal Audit function in the company is done in-house.		i) Initial Planning; ii) Evaluation Process; iii) Compliance Tests and Analysis of Data Gathered; iv) Reporting; v) Review and Supervision of Audit Work/Report; vi) Follow-up of Reported Issues.

	efficiently, and adequately protected.			
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**Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?**

**Answer:** Yes, as stated in the Audit Committee Charter of the Company.

**(b) 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?**

**Answer:** Yes

**(c) Resignation, Re-assignment and Reasons (updated as of December 31, 2014)**

**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.**

**Answer:** There are no resignations or reassignments of audit staff as of December 31, 2014.

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

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

<b>Progress Against Plans</b>	The progress of the annual internal audit plan is being monitored monthly and is reported to the President.
<b>Issues<sup>6</sup></b>	Issues are discussed with the Auditor during closing meetings and their responses are incorporated in the internal audit report.
<b>Findings<sup>7</sup></b>	Findings are reported to the President and concerned management through the internal audit report.
<b>Examination Trends</b>	Examinations are being done on the different departments of the Company and its subsidiaries regularly.

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

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

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

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

<b>Policies &amp; Procedures</b>	<b>Implementation</b>
Internal Audit	Internal Audit is guided by a manual of internal control systems, policies and procedures as well as audit programs which it uses in its review and evaluation of the different departments of the Company and its subsidiaries.

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

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

**(f) Mechanism and Safeguards**

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
The mechanism established by the Company to safeguard the independence of internal auditors is such that, the auditor's report directly to the Board of Directors through the President. It has a duly approved Audit Charter as well as a duly approved Audit Manual of Policies and Procedures.			

**(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.**

Name	Position in the Company
Andrew L. Tan	Chairman of the Board of Directors
Gerardo C. Garcia	Vice Chairman/ Independent Director
Katherine L. Tan	Director
Anthony Charlemagne C. Yu	Director/ President
Alejo J. Villanueva, Jr.	Independent Director
Evelyn G. Cacho	Director/Vice President for Finance
Enrique Santos L. Sy	Director
Ricky S. Libago	Senior Vice President for Property Development
Antonio E. Llantada, Jr.	Vice President for Audit and Management Services
Ricardo B. Gregorio	Vice President for Human Resources General and Administration Services
Jhoanna Lyndelou T. Llaga	Vice President for Marketing
Giovanni C. Ng	Treasurer
Dennis E. Edaño	Corporate Secretary
Celeste Z. Sioson	Assistant Corporate Secretary

**H. ROLE OF STAKEHOLDERS**

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

	Policy	Activities
Customers' welfare	To deliver innovative, responsive and high quality products in keeping with market demands.	Product innovation and focus on skill enhancement to meet market trends and ensure positive customer experience.
Supplier/contractor selection practice	Selection of suppliers and contractors on the basis of quality and pricing.	Canvassing and bid processes are observed to ensure quality and price competitiveness for the supply chain.
Environmentally friendly value-chain	Incorporate environmentally friendly practices as a form of corporate social responsibility.	Preference for suppliers with environmental advocacy, keeping the specific supply requirements of the Company in mind.

Community interaction	Responsible, innovative and responsive business practices with the well-being, safety and satisfaction of its clients and the community in mind.	The Company focuses on developing transit-oriented projects to maximize access to public transport, thereby reducing carbon-footprint.  The Company also utilizes an intranet system for all communications within the organization in order to reduce paper consumption.  The Company encourages the use of recycled paper in its communications.
Anti-corruption programmes and procedures?	Foster a culture of honesty and integrity.	Inculcate honesty and integrity in its workforce. Ensure compliance through the Code of Conduct.
Safeguarding creditors' rights	Full disclosure and transparency	Timely meeting of the Company's obligations and proper fund allocation.

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

**Answer:** Yes, the Annual Report has a corporate responsibility report.

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

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

**Answer:** The Company values the health and safety of its employees and provides in its Code of Conduct, standards for health and safety which must be observed by its employees.

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

**Answer:** There have been no reported work-related accidents or health concerns in the Company.

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

**Answer:** The Company encourages its officers and employees to avail of continuing education programs to further enhance and/or complement their technical knowledge.

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

**Answer:** NONE

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

**Answer:** Complaints concerning misunderstandings and differences among members of the Company are handled by the Company's Grievance Committee, which spearheads investigations concerning such complaints.

**I. DISCLOSURE AND TRANSPARENCY**

1) **Ownership Structure (updated as of December 31, 2014)**

**(a) Holding 5% shareholding or more**

Shareholder	Number of Shares	Percent	Beneficial Owner
Megaworld Corp.	11,993,051,438	81.7176%	Megaworld Corporation
PCD Nominee Corp. (Filipino)	1,470,306,568	10.0183%	The shares registered in the name of PCD Nominee Corporation (Filipino and Non-Filipino) are either beneficially owned by the participants of the PCD composed of custodian banks and brokers or held by them in trust for their clients. No PCD participants owns 5% or more of the Company's shares of common stocks.
PCD Nominee Corp. (Non-Filipino)	783,792,192	5.3406%	

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

2) Does the Annual Report disclose the following:

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

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

3) External Auditor's fee (updated as of December 31, 2014)

Name of auditor	Audit Fee	Non-audit Fee
Punongbayan & Arullo	<u>Php1,600,000.00</u>	NONE

4) Medium of Communication

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

Answer: Annual Report (both in printed and in digital format), Online Website.

5) Date of release of audited financial report: April 30, 2014

6) Company Website: <http://www.empire-east.com>

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

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	No

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

**7) Disclosure of RPT**

RPT	Relationship	Nature	Value
The Company's Annual Financial Statements provide a disclosure of its related party transactions. In the normal course of business, the Company enters into transactions with related companies primarily consisting of lease of properties and advances for real estate transactions, working capital requirements and other business-related purposes.			

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

**Answer:** The Company, in the normal course of business, enters into transactions with related companies primarily consisting of lease of properties and advances for real estate transactions, working capital requirements and other business-related purposes. Rental for leased properties and interest on interest-bearing advances are within market rates. Related parties are able to settle their obligations in connection with transactions with the Company and the Company does not foresee risks or contingencies arising from these transactions.

**J. RIGHTS OF STOCKHOLDERS**

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

**(a) Quorum**

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

<b>Quorum Required</b>	The Company follows the quorum requirement of the Corporation Code.
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**(b) System Used to Approve Corporate Acts**

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

<b>System Used</b>	Corporate acts except those requiring stockholders' approval are approved by the Board.
<b>Description</b>	At least a majority vote of the directors present in a meeting is required to approve corporate acts.

(c) **Stockholders' Rights**

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

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
The Company complies with and follows the Corporation Code provisions for Stockholders' Rights concerning Annual and/or Special Stockholders' Meeting.	

**Dividends**

Declaration Date	Record Date	Payment Date
2006	13 July 2006	2006

(d) **Stockholders' Participation (updated as of June 10, 2014)**

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
Open forum during Annual Stockholders Meeting	Verbal communication
Information Statement, Notice of Meeting	Written Communication

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

- a. **Amendments to the company's constitution**
- b. **Authorization of additional shares**
- c. **Transfer of all or substantially all assets, which in effect results in the sale of the company**

**Answer:** The Company complies with the requirements of the Corporation Code and requires a 2/3 vote of stockholders for amendments to the Company's Articles of Incorporation and sale of all or substantially all of the Company's assets.

Pre-emptive rights to subscribe to all stock issuances of the Company are waived in the Company's Articles of Incorporation.

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

**Answer:** Yes

- a. **Date of sending out notices:** 20 May 2014
- b. **Date of the Annual/Special Stockholders' Meeting:** 10 June 2014

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

Question: I read an article in National Geographic magazine which featured Empire East's lead in the middle income market and how the company can catch up with the rapid emergence of the Philippines as Asia's new economic tiger. You state there that it is the most stable segment in the housing sector. But other developers are also tapping in the mid segment. Will there be no oversupply of residential properties in that sector? Would that sector not be over saturated?

Answer: Honestly we think we have just started. The residential sector is booming and we would like to

throw a comparison between our country and those neighboring Asian countries. The Philippines compared to other Asian neighbors has a lot of room for growth in the residential development. There are three important factors which I would like to highlight. First, unlike other Asian neighbors we have no massive government housing project. There is a huge gap that continues to be filled by the private sector. That is a very important distinction because unlike our other Asian neighbors where nearly 85% of housing needs are met by government resources, in this country, it is the private sector that supplies them.

The second factor is the Overseas Filipino Workers phenomenon. It is not unique in the Philippines. All countries around the world have sent overseas workers abroad where they are in need. But the Overseas Filipino Workers phenomenon here is different because it has been sustained through decades. Whereas before we used to send Filipino workers to work at the lower level, now we are going to the service sector which is a more creative sector.

The third factor would be the BPO factor or business process outsourcing. It is relatively new in our country but it has played very significant inroads in our economic growth. Business process outsourcing was pioneered in this country by Megaworld here in Eastwood City. Many years ago when we had the Asian crisis, Megaworld had to bring officials from the government to Bangalore in India to show them that there is a BPO industry and that if it can be done in India, it can be done in the Philippines. Because of that trip, Eastwood City was the first accredited cyber city in the Philippines. Today, we remain the biggest lessor for cyberspace. These factors create the demand for housing that we are supplying and that demand continues to grow. The only difference between us and the other companies is that we have the competitive advantage. We were there when no developer was there. We know the middle income sector very well and we believe that we have just started. The fact that they are all now tapping the middle income sector just proves that there is a very wide potential for the middle income sector which our Company continues to lead. We believe that there is no oversupply and that we have many more productive years to come in the middle income sector.

Question: I was personally amazed by your Olivia will you marry me campaign. Honestly, it made me think about who that rich man was. What is the next big idea in the Empire East marketing strategies? Will there be a continuation of the Olivia story?

Answer: Thank you for noticing the Olivia will you marry me ad campaign. That campaign was aimed not only to catch attention but to really introduce a new mindset. We would like to use that campaign as a campaign for us to direct their attention to consider investing in something that could grow, that will sustain them for their future. While that ad campaign became very successful and went viral, what is even more amazing is the fact that the entire concept from its conception up to its execution was done by an in-house team. Many of the ad agencies, broad sheets, broadcasting networks called us and asked who the ad agency was and they could not believe that it was a small group of very competent people in-house that conceptualized and executed this. As to your question whether or not there will be a continuation of the Olivia story, the answer is why not but at the proper time and like most successful ad campaigns, it is a secret which we will reveal in time.

Question: You mentioned about concepts that Empire East has ventured into such as transit oriented development. I've heard of concepts like serviced apartments, where in condominium floors are dedicated to serviced apartments where guests are given full service like the ones in hotels. Now my question is would Empire East decide to venture in those kind of projects as well?

Answer: Serviced apartment is a combination of two concepts – service and apartment. While it is a core competency of your company to do apartment condominium units, it is not our core competency to do the service portion of that. When we speak of serviced apartments, we're usually talking of the hotel industry, the service industry, which is actually more luxurious and big developers like Megaworld would be better suited to respond to. Not that we would preclude ourselves from ever entering into that market if the opportunity comes. But at the moment, we think that there is still a lot of room for us in the middle income sector and would like to focus on developing and selling residential units.

Question: Aside from being a stockholder, I've been a resident in one of the projects in Quezon City. Our property maintenance has been inconsistent lately. Can we first upgrade the existing property maintenance before venturing into luxury markets?

Answer: Thank you very much for trusting Empire East by being a shareholder and by buying and investing in one of our projects. We have received the feedback as well and we always make sure that we relay them to the person managing the properties. Most of the property management for properties of Empire East and other affiliates is done by First Oceanic. It has undergone some organizational changes which will definitely lift up our service for the maintenance of the different units in different projects. Also, because of the growing number of inventory in our finished products for the whole group, Empire East has also started to build its own in-house property management group in order for us to cater to the property management of the new projects of Empire East.

Question: Earlier in your report, I noticed this graph pertaining to the performance of the company's reservation sales. The figure shows the consistent increase of the sales reservations for years but now the figures have dropped. Do you believe that there is really a sales cycle? Does the Company develop a plan or strategy to increase the Company's reservation sales?

Answer: Our sales are going on an upward trajectory. However, we saw that for every four to five years there is a small dip. We're happy to note that we are at the 7<sup>th</sup> straight year of growth. For us to reach the point of 20 billion in reservation sales, we continue to build our sales team and come up with new projects. We believe that our reservation sales will continue to improve. Aside from reservation sales, there are also some portions of our project which may allow us some room for some commercial strips or even malls like in Broadway. For this, we shall be working very closely with the Megaworld Lifestyle Malls because they have the expertise there in order for us to ensure that the residents of the project around the area will get the best value for what they have in that area. We expect it to be a continuous uptrend but yes there are cycles. Your Company is watching over these cycles to make sure we are well protected should those cycles come.

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

Resolution	Approving	Dissenting	Abstaining
Engagement of External Auditor	All stockholders in attendance	None	none

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

Answer: Results were published on 10 June 2014 or on the day the Annual Stockholders' Meeting was held.

**(e) Modifications**

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

Modifications	Reason for Modification
NONE	

**(f) Stockholders' Attendance (updated as of December 31, 2014)**

**(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	- Andrew L. Tan - Gerardo C. Garcia - Anthony Charlemagne C. Yu - Katherine L. Tan - Evelyn G. Cacho - Enrique Santos L. Sy - Alejo L. Villanueva, Jr.	10 June 2014	By nomination	0.014%	84.125%	84.139 %

Special	NONE
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(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Answer: Yes

(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.

Answer: Yes

**(g) Proxy Voting Policies**

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

	Company's Policies
Execution and acceptance of proxies	Must be signed by authorized signatory of the stockholder with accompanying resolutions designating the proxy/representative
Notary	Not necessary
Submission of Proxy	Must be submitted at least 10 days before the scheduled meeting
Several Proxies	Yes. Multiple proxies is allowed.
Validity of Proxy	Appointments shall not exceed 5 years from date of grant and may be revoked by the stockholder at any time before the right granted is exercised.
Proxies executed abroad	Allowed
Invalidated Proxy	Share/s shall not be counted for quorum
Validation of Proxy	At least 10 days before scheduled meeting
Violation of Proxy	Vote/s shall not be counted

**(h) Sending of Notices**

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

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

**(i) Definitive Information Statements<sup>8</sup> and Management Report (updated as of December 31, 2014)**

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	<u>12,972<sup>9</sup> stockholders</u>
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	<u>20 May 2014</u>
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	<u>20 May 2014</u>
State whether CD format or hard copies were distributed	<u>CD format</u>

<sup>8</sup> Based on Definitive Information Statement for 2014 Annual Stockholders Meeting.

<sup>9</sup> Figure as of 31 May 2014

If yes, indicate whether requesting stockholders were provided hard copies	
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**(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:**

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	The Company opted to reinvest its earnings and profits, and no dividend has been declared since year 2006.
The amount payable for final dividends.	
Documents required for proxy vote.	Yes

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

Answer: NONE

**2) Treatment of Minority Stockholders**

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

Policies	Implementation
All stockholders are treated equally and without discrimination.	All stockholders are given the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation (Section 3(B), Manual of Corporate Governance)

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

Answer: Yes.

**K. INVESTORS RELATIONS PROGRAM**

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

Answer: All external and internal communications are being reviewed by the Compliance Officer, endorsed by the President/Chief Executive Officer, and approved by the Board of Directors prior to information distribution.

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

	Details
(1) Objectives	To keep shareholders informed of important development in the Company.
(2) Principles	Transparency and accessibility to investors
(3) Modes of Communications	Communication may be done through corporate disclosures, press release and company statements.

(4) Investors Relations Officer	Johann R. Quiazon/Tel. No. 8678048/ Email add: jquiazon@megaworldcorp.com
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**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?**

**Answer:** The Company takes guidance from the Corporation Code and the rules and regulations of the Securities and Exchange Commission and the Philippine Stock Exchange with respect to the approval, pricing and the disclosures of acquisitions of corporate control in the capital markets and extraordinary transactions.

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

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

**L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

Initiative	Beneficiary
Tree planting activities	Environment, stakeholders and the general public
Contribute to the reduction of carbon footprint by focusing on developing transit-oriented projects	Environment, stakeholders and the general public

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

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

	Process	Criteria
<b>Board of Directors</b>	Self -Assessment	No formal performance evaluation is in place but the Board, through its Audit Committee, conducts an evaluation process to ensure that the Company’s corporate governance practices are compliant with the best business practice guidelines.
<b>Board Committees</b>	Board Review	Performance of delegated functions
<b>Individual Directors</b>	Self-Assessment	No formal performance evaluation is in place but the Board, through its Audit Committee, conducts an evaluation process to ensure that the Company’s corporate governance practices are compliant with the best business practice guidelines.
<b>CEO/President</b>	Board Review	Results of Operations

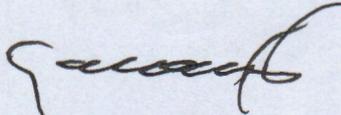
**N. INTERNAL BREACHES AND SANCTIONS**

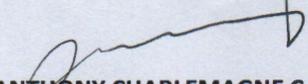
**Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees.**

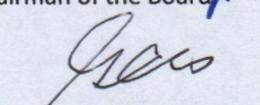
Violations	Sanctions
The Company designated a Compliance Officer who is tasked with monitoring compliance with the provisions and requirements of its Manual on Corporate Governance. The Compliance Officer has established an evaluation system, patterned after the CG Scorecard of the Institute of Corporate Director to measure or determine the level of compliance by the Company with its Manual.	

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of CITY OF MAKATI on APR 24 2015, 2015.

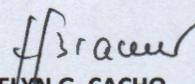
**SIGNATURES**

  
**ANDREW L. TAN**  
 Chairman of the Board

  
**ANTHONY CHARLEMAGNE C. YU**  
 Chief Executive Officer

  
**GERARDO C. GARCIA**  
 Independent Director

  
**ALEJO L. VILLANUEVA, JR.**  
 Independent Director

  
**EVELYN G. CACHO**  
 Compliance Officer

**SUBSCRIBED AND SWORN** to before me this APR 24 2015 day of 2015, affiant(s) exhibiting to me their Tax Identification Number, as follows:

<u>NAME</u>	<u>TIN NO.</u>
Andrew L. Tan	125-960-003
Gerardo C. Garcia	110-183-659
Anthony Charlemagne C. Yu	132-173-451
Alejo L. Villanueva, Jr.	107-279-348
Evelyn G. Cacho	127-326-686

**NOTARY PUBLIC**

Doc No. 82  
 Page No. 18  
 Book No. XIII  
 Series of 2015.

  
**ATTY. GERVACIO B. ORTIZ JR.**  
 Notary Public City of Makati  
 Until December 31, 2016  
 IBP No. 656155-Lifetime Member  
 MCLE Compliance No. III-0014282  
 Appointment No. M-199-(2015-2016)  
 PTR No. 4748512 Jan. 5, 2015  
 Makati City Roll No. 40091  
 101 Urban Ave. Campos Rueda Bldg.  
 Brgy. Pio Del Pilar, Makati City