

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM – ACGR**

**2014 UPDATED ANNUAL CORPORATE GOVERNANCE REPORT**

1. Report is Filed for the Year 2014
2. Exact Name of Registrant as Specified in its Charter Ayala Land, Inc.
3. 30<sup>th</sup> Floor Tower One & Exchange Plaza  
Ayala Triangle, Ayala Avenue, Makati City 1226  
Address of Principal Office Postal Code
4. SEC Identification Number 152747
5.  (SEC Use Only)  
Industry Classification Code
6. BIR Tax Identification Number 000-153-790-000
7. (632) 750 6974  
Issuer's Telephone number, including area code
8. Not Applicable  
Former name or former address, if changed from the last report

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**A. BOARD MATTERS**

1) Board of Directors

Number of Directors per Articles of Incorporation	9
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Actual number of Directors for the year	9
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(a) Composition of the Board (Definitive Information Statement)

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director
Fernando Zobel de Ayala	NED	Ayala Corp.	Dolores Danila	4/1999	04/7/2014	Annual Meeting	15 (Chairman)
Jaime Augusto Zobel de Ayala	NED	Ayala Corp.	Dolores Danila	6/1988	04/7/2014	Annual Meeting	25
Antonino T. Aquino	NED	Ayala Corp.	Dolores Danila	4/2009	04/7/2014	Annual Meeting	5
Francis G. Estrada	ID	N.A	Dolores Danila (not related with Mr. Estrada)	4/2008	04/7/2014 - 6 years	Annual Meeting	6
Jaime C. Laya	ID	N.A	Dolores Danila (not related with Mr. Laya)	4/2010	04/7/2014 - 4 years	Annual Meeting	4
Delfin L. Lazaro	NED	Ayala Corp.	Dolores Danila	4/1996	04/7/2014	Annual Meeting	18
Bernard Vincent O. Dy	ED	Ayala Corp.	Dolores Danila	4/2014	04/7/2014	Annual Meeting	-
Vincent Y. Tan	NED	Ayala Corp.	Dolores Danila	4/2014	04/7/2014	Annual Meeting	-
Rizalina G. Mantaring	ID	N.A	Dolores Danila (not related with Mrs. Mantaring)	4/2014	04/7/2014 Newly Elected	Annual Meeting	-

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

*The machinery for corporate governance of Ayala Land, Inc. ("Ayala Land, Inc." or the "Corporation" or the "Company") is principally contained in the Corporation's Articles of Incorporation and By-Laws and their amendments. These constitutive documents lay down, among others, the basic structure of governance, minimum qualifications of directors, and the principal duties of the Board of Directors and officers of the Corporation. The function of the Manual of Corporate Governance is to supplement and complement the Corporation's Articles and By-Laws by setting forth principles of good and transparent governance.*

*The Board of Directors, Management, Officers and employees of Ayala Land, Inc. commit themselves to the principles and best practices of governance contained in its Corporate Governance Manual as a guide in the attainment of its corporate goals. The Corporation shall make a continuing effort to create awareness of good corporate governance within the organization. At the same time, the entire organization has a continuing commitment to the Vision statement and corporate values of Ayala Land, Inc.*

*The Board of Directors is the supreme authority in matters of governance and managing the regular and ordinary business of the Corporation. Within their chartered authority, the directors acting as a board have the fullest powers to regulate the concerns of the Corporation according to their best judgment.*

*It is the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholder rights and recognize lawful mechanisms to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.*

*Management shall be primarily responsible for the adequate flow of information to the Board. This information may include the background or explanatory information relating to matters to be brought before the Board, copies of disclosure statements and documents, budgets, forecasts, and monthly internal financial statements. Any variance between projections and actual results should also be disclosed. Moreover, the Investor Relations Division is in charge of formulating a clear policy on communicating relevant and accurate information to stockholders and the investing public in a timely manner as well as preparation of disclosure documents to regulatory bodies.*

*In accordance with existing law and jurisprudence, minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management should include such information and, if not included, then the minority shareholders can propose to include such matters in the agenda of the stockholders' meeting provided always that this right of access is conditioned upon the requesting shareholders having a legitimate purpose for such access.*

*The Company respects all the rights of all shareholders, especially the minority shareholders, which are as follows:*

*i) Voting Right*

*Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.*

*Cumulative voting shall be used in the election of directors. Directors may be removed with or without cause, but directors shall not be removed without cause if it will deny minority shareholders representation in the Board. Removal of directors requires an affirmative vote of two-thirds (2/3) of the outstanding capital of the Corporation.*

*ii) Pre-emptive Right*

*All stockholders have pre-emptive rights, unless there is a specific denial of this right in the Articles of Incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation may lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which are protected by law so long as they are not in conflict with the Corporation Code.*

*iii) Right of Inspection*

*Shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be provided an annual report, including financial statements, without cost or restrictions.*

*iv) Right to Information*

*Upon request and for a legitimate purpose, a shareholder shall be provided, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among directors and key officers, and the aggregate compensation of directors and officers. The Information Statement/Proxy Statement where these are stated must be distributed to the shareholders before annual general meetings and in the Registration Statement and Prospectus in case of registration of shares for public offering with the Commission.*

*The minority shareholders shall have the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.*

*In accordance with existing law and jurisprudence, minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management should include such information and, if not included, then the minority shareholders can propose to include such matters in the agenda of stockholders' meeting provided always that this right of access is conditioned upon the requesting shareholder's having a legitimate purpose for such access.*

*v) Right to Dividends*

*Shareholders have the right to receive dividends subject to the discretion of the Board. However, the Commission may direct the corporation to declare dividends when its retained earnings is in excess of 100% of its paid-in capital stock, except:*

- 1) when justified by definite corporate expansion projects or programs approved by the Board or*
- 2) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or*
- 3) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for a special reserve for probable contingencies.*

*vi) Appraisal Right*

*In accordance with the Corporation Code, shareholders may exercise appraisal rights under the following circumstances:*

- 1) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;*
- 2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and*
- 3) In case of merger or consolidation*

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

*The Board of Directors, through the Executive Committee, reviews and approves the vision and mission every five years.*

(d) Directorship in Other Companies

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

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

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.
Fernando Zobel de Ayala	Ayala Corporation Manila Water Company, Inc. AC International Finance LTD. Ayala International PTE LTD. Ayala DBS Holdings Inc. Alabang Commercial Corp. AC Energy Holdings, Inc. Hero Foundation, Inc. Mermac, Inc. Bank of the Philippine Islands Globe Telecom, Inc. Integrated Micro-Electronics, Inc. Livelt Investments, LTD. Asiacom Philippines, Inc. AG Holdings Limited Ayala International Holdings LTD. AI North America, Inc. Vesta Property Holdings, Inc. Honda Cars Philippines, Inc. Isuzu Philippines Corporation	Executive Non-Executive, Chairman Non-Executive, Chairman Non-Executive, Chairman Non-Executive, Chairman Non-Executive, Chairman Non-Executive, Chairman Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive
Jaime Augusto Zobel de Ayala	Ayala Corporation  Globe Telecom, Inc. Bank of the Philippine Islands Integrated Micro-Electronics, Inc. Manila Water Company, Inc. Mermac, Inc. Alabang Commercial Corp. Ayala International PTE LTD. AC Energy Holdings, Inc.	Executive Chairman Non-Executive, Chairman Non-Executive, Chairman Non-Executive, Chairman Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive
Antonino T. Aquino	Alveo Land Corporation Cebu Holdings, Inc. Cebu Property Ventures & Development Corporation Ayala Hotels, Inc. Makati Development Corporation North Triangle Depot Commercial Corporation Station Square East Commercial Corporation Fort Bonifacio Development Corporation Alabang Commercial Corporation Accendo Commercial Corporation Aurora Properties, Inc. Ceci Realty, Inc. Vesta Property Holdings, Inc. Manila Water Company, Inc.	Non-Executive, Chairman Non-Executive, Chairman Non-Executive, Chairman  Non-Executive, Chairman Non-Executive, Chairman Non-Executive, Chairman  Non-Executive, Chairman  Executive  Executive Executive Executive Executive Executive Non-Executive
Delfin L. Lazaro	Ayala Corporation Globe Telecom Integrated-Micro Electronics, Inc. Manila Water Company, Inc. Ayala DBS Holdings, Inc. AC Energy Holdings, Inc. Ayala International Holdings, Inc. AG Holdings, Inc. AI North America, Inc.	Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive
Bernard Vincent O. Dy	Ayala Land International Sales, Inc.	Chairman

	Anvaya Cove Golf & Sports Club, Inc. Amicassa Process Solutions, Inc. Avida Land Corporation Alveo Land Corporation Serendra, Inc. Varejo Corporation Fort Bonifacio Development Corp. Ayala Land Sales, Inc. BellaVita Land Corporation Amaia Land Corporation North Triangle Depot Commercial Corp. Alabang Commercial Corp. Station Square East Commercial Corp. Ayala Greenfield Golf & Leisure Club, Inc. Philippine FamilyMart CVS, Inc. SIAL Specialty Retailers, Inc. SIAL CVS Retailers, Inc.	Chairman Chairman Non-Executive Non-Executive Executive Executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive
Vincent Y. Tan	Ayala Greenfield Golf & Leisure Club, Inc. Ayala Property Partners Corporation First Gateway Real Estate Corporation Glensworth Development, Inc. One Dela Rosa Property Development, Inc. Gisborne Property, Inc. UP North Property Holdings, Inc. Station Square East Commercial Corp. North Triangle Depot Commercial Corp.	Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive
Rizalina G. Mantaring	Sun Life of Canada (Philippines) Inc. Sun Life Financial – Philippines Foundation Microventures Foundation	President & CEO Chairman Non-executive

(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.
Jaime C. Laya	Philippine Trust Company GMA Network, Inc. GMA Holdings, Inc.	Executive, Chairman Independent Independent
Francis G. Estrada	Rizal Commercial Banking Corp.	Non-Executive

(iii) Relationship within the Company and its Group

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Fernando Zobel de Ayala	12,000	-	0.00004%
Jaime Augusto Zobel de Ayala	12,000	-	0.00004%
Antonino T. Aquino	19,834,017 (direct & indirect)	-	0.07281%
Mercedita S. Nollo	406,305 (direct & indirect)	-	0.00152%



Jaime C. Laya	10,000	-	0.00004%
Oscar S. Reyes	231,601 (direct & indirect)	-	0.00086%
Delfin L. Lazaro	1	-	0.00000%
Francis G. Estrada	1	-	0.00000%
Aurelio R. Montinola III	3,579 (direct & indirect)	-	0.00001%
<b>TOTAL</b>	<b>20,509,504</b>		<b>0.07342%</b>

(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>	A director shall exercise due discretion in accepting and holding directorships outside of Ayala Land, Inc. A director may hold any number of directorships outside of the Company provided that in the director's opinion, these other positions do not detract from the director's capacity to diligently perform his duties as a director of the Corporation.	
<b>Non-Executive Director</b>		
<b>CEO</b>		

(e) Shareholding in the Company

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Fernando Zobel de Ayala	12,000	-	0.00004%
Jaime Augusto Zobel de Ayala	12,000	-	0.00004%
Antonino T. Aquino	19,834,017 (direct & indirect)	-	0.07281%
Mercedita S. Nollo	406,305 (direct & indirect)	-	0.00152%
Jaime C. Laya	10,000	-	0.00004%
Oscar S. Reyes	231,601 (direct & indirect)	-	0.00086%
Delfin L. Lazaro	1	-	0.00000%
Francis G. Estrada	1	-	0.00000%
Aurelio R. Montinola III	3,579 (direct & indirect)	-	0.00001%
<b>TOTAL</b>	<b>20,509,504</b>		<b>0.07342%</b>

2) Chairman and CEO

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

Yes

No

Identify the Chair and CEO:

Chairman of the Board	Fernando Zobel de Ayala
CEO/President	Bernard Vincent O. Dy

(b) Roles, Accountabilities and Deliverables

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

	<b>Chairman</b>	<b>Chief Executive Officer</b>
Role	The Chairman of the Board is responsible for setting the overall business direction.	The Chief Executive Officer is in charge of preparing and executing the business plan as outlined by the Chairman. Minimum internal control mechanisms for management's operational responsibility shall center on the President/CEO, being ultimately accountable for the Corporation's organizational and procedural controls. In addition, to the duties imposed on the President/CEO by the Board of Directors, the President shall:
Deliverables	<p>The Chairman shall, when present, preside at all meetings of the Board and shall render advice and counsel to the President. He shall:</p> <ul style="list-style-type: none"> <li>• Schedule meeting to enable the Board to perform its duties responsibly while not interfering with the flow of the Corporation's operations</li> <li>• Prepare the meeting agenda in consultation with the CEO</li> <li>• Exercise control over quality, quantity and timeliness of the flow of information between Management and the Board</li> <li>• Assist in ensuring compliance with the Corporation's guidelines on corporate governance</li> </ul> <p>The Chairman shall have such other responsibilities as the Board of Directors may impose upon him.</p>	<ul style="list-style-type: none"> <li>• Have general supervision of the business, affairs, and property of the Corporation, and over its employees and officers</li> <li>• See that all orders and resolutions of the Board of Directors are carried into effect</li> <li>• Submit to the Board as soon as possible after the close of each fiscal year, and to stockholders at the annual meeting, a complete report of the operations of the Corporation for the preceding year, and the state of its affairs</li> <li>• Report to the Board from time to time all matters within its knowledge which the interest of the Corporation may require to be brought to their notice</li> </ul> <p>The President/CEO shall have such other responsibilities as the Board of Directors may impose upon him.</p>
Accountabilities	<p>The Chairman and CEO shall be accountable for willfully and knowingly voting or consenting to patently unlawful acts of the Corporation and gross negligence or bad faith in directing the affairs of the Corporation or acquire any personal or pecuniary interest in conflict with their duties as such Chairman and CEO (as directors). They shall be liable jointly and severally for all damages resulting from these forms suffered by the Corporation, its stockholders and other persons.</p> <p>Furthermore, when they attempt to acquire or acquires, in violation of their duties, any interest adverse to the Corporation, in respect of any matter which has been reposed in them in confidence, as to which equity imposes a disability upon them to deal in their own behalf, they shall be liable as a trustee for the Corporation and must account for the profits which otherwise would have accrued to the Corporation.</p>	

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

*The Company institutes a plan of succession that formalizes the process of identifying, training and selection of successors in key positions in the Corporation. The Board of Directors prioritizes senior officers from within the organization. Strong candidates are usually given expanded roles for a few years prior to assuming a higher post. In the event that the Board opts to hire externally, the Human Resource Department and accredited executive search firms are tasked to source potential candidates.*

4) Other Executive, Non-Executive and Independent Directors

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

*Ayala Land, Inc., through its Nomination Committee, implements and maintains a process which ensures that all directors nominated for election during the Annual Stockholders' Meeting have all the qualifications and none of the disqualifications as stated in the By-Laws and Manual of Corporate Governance. To ensure diversity of experience and sound backgrounds, nominated directors shall have the following qualifications:*

- *Ownership of at least one share of the capital stock of the Corporation*
- *A college degree or its equivalent or adequate competence and understanding of the fundamentals of the real estate industry or sufficient experience and competence in managing a business to substitute for such formal education*
- *Membership in good standing in relevant industry and membership in business or professional organizations*
- *Possesses integrity, probity and shall be diligent and assiduous in the performance of his/her functions*

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

*A director of the company is required to have adequate competence and understanding of the fundamentals of the real estate industry or sufficient experience and competence in managing a business to substitute for formal education, as well as to be a member in good standing in relevant industry and professional organizations.*

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

	Executive	Non-Executive	Independent Director
Role			
Accountabilities	<p><b><u>Govern and manage the business of the Corporation.</u></b></p> <p><b><u>Conduct fair business transactions with the corporation and ensure that personal interest does not bias Board decisions.</u></b> A director shall not use his position to make profit or to acquire benefit advantage for himself or his related interests. He should avoid situations that may compromise his impartiality and observe the conflict of interest policy of the company.</p> <p><b><u>Devote time and attention necessary to properly discharge his duties and responsibilities.</u></b> A director should attend and actively participate in Board meetings.</p> <p><b><u>Act judiciously.</u></b> Before deciding on any matter brought before the Board of Directors, every director should evaluate the issues, ask questions and seek clarifications as appropriate.</p> <p><b><u>Exercise independent judgment.</u></b> A director should view each problem/situation objectively and support plans and ideas which he believes are beneficial to the company.</p> <p><b><u>Have a working knowledge of the statutory and regulatory requirements affecting the Corporation.</u></b> This would include a firm knowledge of the contents of the Articles of Incorporation and By-laws of the Corporation and the amendments thereof, the requirements of the PSE and SEC for the conduct of the Corporation's business, and where applicable, the requirements of other regulatory agencies.</p> <p><b><u>Observe confidentiality.</u></b> A director shall observe the confidentiality of non-public information acquired by reason of his position as director. He should not disclose any information to any other person without the authority of the Board.</p> <p><b><u>Ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.</u></b> Each director is responsible for assuring that actions taken by the Board maintain the adequacy of the control environment within the Corporation.</p> <p><b><u>Exercise of degree of skill, diligence and care that a reasonably prudent person would exercise in similar circumstances.</u></b> It shall be sufficient for a director to act on an informed basis in good faith and in an honest belief that the action was taken in the best interest of the Corporation.</p> <p><b><u>Prior to assuming office, attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institution.</u></b></p>		
Deliverables			

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

*Independent directors shall hold no interests or relationships with the Corporation that may hinder their independence from the Corporation or Management which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.*

*The Corporation's set of independent directors is in full compliance with its definition of independence. All independent directors of the Corporation have submitted a letter of confirmation to the Corporate Secretary stating that he/she holds no interests affiliated with the corporation, management or controlling shareholder at the time of his/her election, re-election or appointment as director. Moreover, for purposes of compliance with the legal requirement on independent directors:*

- *Officers, executives and employees of the Corporation may be elected as directors but cannot and shall not be characterized as independent directors*
- *If a director elected or appointed as an independent director subsequently becomes an officer or employee of the Corporation, the Corporation shall forthwith cease to consider him/her as an independent director*
- *If the beneficial security ownership of an independent director of the Corporation or in its related companies exceeds two percent, the Corporation shall forthwith cease to consider him/her as an independent director until the beneficial security ownership of the director is reduced to two percent or lower.*

Does the company have a term limit of five consecutive years for independent directors?

*The Board of Directors shall have nine (9) members who shall be elected by the Corporation's stockholders entitled to vote at the annual meeting, and shall hold office for one year and until their successors are elected and qualified in accordance with the By-Laws of the Corporation.*

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

*The Company abides by SRC Rule 38 wherein an independent director can serve as such for five consecutive years. He or she may be re-elected after the two year cooling-off period and can serve for another five consecutive years.*

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

(a) Resignation/Death/Removal

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

<b>Name</b>	<b>Position</b>	<b>Date of Cessation</b>	<b>Reason</b>
Antonino T. Aquino	President	April 07, 2014	Retirement
Aurelio R. Montinola III	Non-Executive	April 07, 2014	Retirement
Mercedita S. Nollo	Non-Executive	April 07, 2014	Retirement
Oscar S. Reyes	Independent	April 07, 2014	Retirement

(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:

<b>Procedure</b>	<b>Process Adopted</b>	<b>Criteria</b>
<b>a. Selection/Appointment</b>	The Board of Directors is the supreme authority in matters of governance and managing the regular and ordinary business of the	
(i) Executive Directors		

(ii) Non-Executive Directors	Corporation. Within their chartered authority, the directors acting as a board have the fullest powers to regulate the concerns of the Corporation according to their best judgment.
(iii) Independent Directors	
<b>b. Re-appointment</b>	
(i) Executive Directors	The Company abides by SRC Rule 38 wherein an independent director can serve as such for five consecutive years. He or she may be re-elected after the two year cooling-off period and can serve for another five consecutive years.
(ii) Non-Executive Directors	
(iii) Independent Directors	
<b>c. Permanent Disqualification</b>	A director of the Company shall have the following qualifications:
(i) Executive Directors	
(ii) Non-Executive Directors	
(iii) Independent Directors	
<b>d. Temporary Disqualification</b>	<ul style="list-style-type: none"> <li>a) Ownership of at least one share of the capital stock of the Corporation</li> <li>b) A college degree or its equivalent or adequate competence and understanding of the fundamentals of the real estate industry or sufficient experience and competence in managing a business to substitute for such formal education</li> <li>c) Membership in good standing in relevant industry and membership in business or professional organizations</li> <li>d) Possesses integrity, probity and shall be diligent and assiduous in the performance of his functions</li> </ul>
(i) Executive Directors	
(ii) Non-Executive Directors	
(iii) Independent Directors	
<b>e. Removal</b>	The following persons are disqualified from being a Director of the Corporation:
(i) Executive Directors	
(ii) Non-Executive Directors	
(iii) Independent Directors	<ul style="list-style-type: none"> <li>a) Any person who has been finally convicted by a competent judicial or administrative body of the following: <ul style="list-style-type: none"> <li>- any crime involving the purchase or sale of securities</li> <li>- any crime arising out of the person's conduct as an underwriter, broker, dealer, investment Corporation, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor and floor broker</li> <li>- any crime arising out of his relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them</li> </ul> </li> <li>b) Any person who, by reason of any misconduct, after hearing or trial, is permanently or temporarily enjoined by order, judgment or decree of the Commission or any court or other administrative body of competent jurisdiction from: <ul style="list-style-type: none"> <li>- acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor or a floor broker</li> <li>- acting as a director or officer of a bank, quasi-bank, trust company, investment house, investment company or an affiliated person of any of them</li> <li>- engaging in or continuing any conduct or practice in connection with any such activity or willfully violating laws governing securities and banking activities</li> </ul> </li> </ul>
(i) Executive Directors	
(ii) Non-Executive Directors	
(iii) Independent Directors	Such disqualification shall also apply when such person is currently subject to an effective order of the Commission or any court or other administrative body refusing, revoking or suspending any registration, license or permit issued under the Corporation Code, Securities Regulations Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or under any rule of regulation
<b>f. Re-instatement</b>	
(i) Executive Directors	
(ii) Non-Executive Directors	
(iii) Independent Directors	
<b>g. Suspension</b>	
(i) Executive Directors	
(ii) Non-Executive Directors	
(iii) Independent Directors	

	<p>promulgated by the Commission or Bangko Sentral ng Pilipinas, or otherwise restrained to engage in any activity involving securities and banking.</p> <p>Such person is also disqualified when he is currently subject to an effective order of a self-regulatory organization suspending or expelling him from membership or participation or from association with a member or participant of the organization.</p> <p>c) Any person finally convicted judicially of an offense involving moral turpitude or fraudulent acts or transgressions</p> <p>d) Any person finally found by the Commission or a court or other 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 of the Philippines, or any other law administered by the Commission, or any rule, regulation or order of the Commission or the Bangko Sentral ng Pilipinas</p> <p>e) Any person judicially declared to be insolvent</p> <p>f) Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations, or misconduct listed in foregoing paragraphs</p> <p>g) Any person convicted by final and executory judgment of an offense punishable by imprisonment for a period exceeding six years, or a violation of the Corporation Code, committed within five years prior to the date of his election or appointment</p> <p>h) No person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Corporation, without limiting generality of the foregoing, a person shall be deemed to be so engaged:</p> <ul style="list-style-type: none"> <li>- If he is an officer, manager or controlling person or the owner of 10% or more of any outstanding class of shares of any corporation (other than one in which the Corporation owns at least 30% of the capital stock) engaged in a business which the Board, by at least three fourths (3/4) vote, determines to be competitive or antagonistic to that of the Corporation</li> <li>- If he is an officer, manager or controlling person of the owner of 10% or more of any outstanding class of shares of any other corporation or entity engaged in any line of business of the Corporation, when in judgment of the Board, by at least three-fourths (3/4) vote, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors</li> <li>- If the Board, in the exercise of its judgment in good faith, determines by at least three-fourths (3/4) vote, that he is the nominee of any person set forth in the above mentioned conditions</li> </ul> <p>In determining whether or not a person is a controlling person,</p>
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	<p>beneficial owner, or the nominee of another, the Board may take into account such factors as business and family relations.</p> <p>The following are temporary grounds for temporary disqualification of incumbent directors:</p> <p>a) <i>Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its implementing rules and regulations. This disqualification shall be in effect as long as his refusal persists.</i></p> <p>b) <i>Absence or non-participation for whatever reasons in more than Fifty Percent (50%) of all meetings, both regular and special, of the Board of Directors during his incumbency, or any twelve month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election.</i></p> <p>c) <i>Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in alleged irregularity</i></p> <p>d) <i>Being under preventive suspension by the Corporation for any reason</i></p> <p>e) <i>Conviction that has not yet become final referred to in the grounds for disqualifications of directors</i></p> <p>Temporary disqualification shall be at the discretion of the Board of Directors and shall require a resolution of a majority of the Board. A temporarily disqualified director shall within sixty days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails to do so for unjustified reasons, the disqualification shall become permanent.</p>
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#### Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Fernando Zobel de Ayala	21,105,026,736 (99.49%)
Jaime Augusto Zobel de Ayala	21,121,982,500 (99.57%)
Antonino T. Aquino	21,147,348,308 (99.69%)
Delfin L. Lazaro	21,133,830,225 (99.63%)
Bernard Vincent O. Dy	21,135,259,762 (99.63%)
Vincent Y. Tan	21,158,801,847 (99.74%)
Jaime C. Laya	21,196,361,473 (99.92%)
Francis G. Estrada	21,196,487,506 (99.92%)
Rizalina G. Mantaring	21,206,946,932 (99.97%)

#### 6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any.
- (b) State any in-house training and external courses attended by Directors and Senior Management<sup>2</sup> for the past three (3) years:

*All Board members have undergone training in corporate governance and have been certified by the Institute of Corporate Directors (ICD). ICD is a professional organization that is based in the Philippines and is accredited by the Philippine SEC and the PSE. ICD works closely with the Organization for Economic*

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

Cooperation and Development (OECD), the Global Corporate Governance Forum, and the International Corporate Governance Network and is committed to promoting world-class corporate governance principles in the East Asia region.

Along with the members of the Board, the Company requires members of the Management Committee and other key officers to receive periodic training in corporate governance. As of year-end 2012, 11 members of the Management Committee and an additional four key officers, were certified for having attended accredited corporate governance training programs. We also rolled out in 2010 an internal training module for corporate governance that is attended by all new employees of the Company to effectively broaden their awareness of the principles of good corporate governance.

Some of the regular in-house training the Corporation conducts includes the following:

- Professionals In Development – on boarding program for new hires
- New Managers Boot Camp – for new managers
- Coaching for Development – training program for senior division managers
- GM Mentoring – training program for senior management

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Fernando Zobel de Ayala	02/04/2014	Corporate Governance & Risk Management	ICD, SEC
Jaime Augusto Zobel de Ayala	02/04/2014	Corporate Governance & Risk Management	ICD, SEC
Antonino T. Aquino	02/04/2014	Corporate Governance & Risk Management	ICD, SEC
Francis G. Estrada	02/04/2014	Corporate Governance & Risk Management	ICD, SEC
Jaime C. Laya	02/04/2014	Corporate Governance & Risk Management	ICD, SEC
Delfin L. Lazaro	02/04/2014	Corporate Governance & Risk Management	ICD, SEC
Aurelio Montinola III	02/04/2014	Corporate Governance & Risk Management	ICD, SEC
Mercedita S. Nolloedo	02/04/2014	Corporate Governance & Risk Management	ICD, SEC
Oscar S. Reyes	02/04/2014	Corporate Governance & Risk Management	ICD, SEC
Solomon M. Hermosura	02/04/2014	Corporate Governance & Risk Management	ICD, SEC
Dante A. Abando	02/04/2014	Corporate Governance & Risk Management	ICD, SEC
Leovigildo D. Abot	02/04/2014	Corporate Governance & Risk Management	ICD, SEC
Augusto D. Bengzon	02/04/2014	Corporate Governance & Risk Management	ICD, SEC
Ricky M. Celis	02/04/2014	Corporate Governance & Risk Management	ICD, SEC
Bernard Vincent O. Dy	02/04/2014	Corporate Governance & Risk Management	ICD, SEC
Michael Alexis C. Legaspi	02/04/2014	Corporate Governance & Risk Management	ICD, SEC
Ma. Divina Y. Lopez	02/04/2014	Corporate Governance & Risk Management	ICD, SEC
Christopher B. Maglanoc	02/04/2014	Corporate Governance & Risk Management	ICD, SEC
Francis O. Monera	02/04/2014	Corporate Governance & Risk Management	ICD, SEC



Pamela Ann T. Perez	02/04/2014	Corporate Governance & Risk Management	ICD, SEC
Maphi S. Tandoc	02/04/2014	Corporate Governance & Risk Management	ICD, SEC
Emilio J. Tumbocon	02/04/2014	Corporate Governance & Risk Management	ICD, SEC
Jaime E. Ysmael	02/04/2014	Corporate Governance & Risk Management	ICD, SEC

## 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><b><u>Conflict of Interest</u></b></p> <p>The personal interest of directors and officers should never prevail over the interest of the Corporation. They are required to be loyal to the organization so much so that they may not directly or indirectly derive any personal profit or advantage by reason of their position in the Corporation. They must promote the common interest of all shareholders and the Corporation without regard to their own personal and selfish interest. A conflict of interest exists when a director or an officer of the Corporation:</p> <ul style="list-style-type: none"> <li>• Supplies or is attempting or applying to supply goods or services to the Corporation</li> <li>• Supplies or is attempting to supply goods, services, information to an entity in competition with the Corporation</li> <li>• By virtue of his/her office, acquires or is attempting to acquire for himself/herself a business opportunity which should belong to the Corporation</li> <li>• Is offered or receives consideration for delivering the Corporation's business to a third party</li> <li>• Is engaged or is attempting to engage in a business or activity which competes with or works contrary to the best interests of the Corporation</li> </ul> <p>If an actual or potential conflict of interest should arise on the part of directors, it should be fully disclosed and the concerned director should not participate in the decision making. A director who has continuing conflict of interest of a material nature should either resign or, if the Board deems appropriate, be removed from the Board.</p> <p>All employees shall avoid conflict of interest. In case an apparent conflict of interest develops, employees shall disclose the facts promptly to their Unit Manager and the Employee Relations Manager, who, when appropriate, will inform the Group Head and the President regarding the proper action.</p> <p><b><u>Conduct of Business and Fair Dealings</u></b></p> <p>A contract of the Corporation with one or more of its directors or officers is voidable, at the option of the Corporation, unless all the following conditions are present:</p> <ul style="list-style-type: none"> <li>• The presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting</li> <li>• The vote of such director was not necessary for the approval of the contract</li> <li>• The contract is fair and reasonable under the circumstances</li> <li>• In case of an officer, the contract has been previously approved by the Board of Directors</li> </ul> <p>Where a director, by virtue of his office, acquires himself a business opportunity which should belong to the Corporation, thereby obtaining profits to the prejudice of the Corporation, the director must account to the latter for all such profits by refunding the same. In the case of a contract with a director, such contract may be ratified by the vote of stockholders representing two-thirds of the outstanding capital stock in a meeting called for that purpose provided that full disclosure of the adverse interest of the director involved is made at such meeting and provided further that the contract is fair and reasonable under the circumstances.</p> <p>No employee shall engage or continue to be engaged in a business with a competitor,</p>		
(b) Conduct of Business and Fair Dealings			
(c) Receipt of gifts from third parties			
(d) Compliance with Laws & Regulations			
(e) Respect for Trade Secrets/Use of Non-public Information			
(f) Use of Company Funds, Assets and Information			
(g) Employment & Labor Laws & Policies			
(h) Disciplinary action			
(i) Whistle Blower			
(j) Conflict Resolution			

customer or supplier of the Corporation or any of its subsidiaries/affiliates without the prior written approval of the President. Likewise, no employee who is in position to influence the Corporation's business decisions or who is privy to confidential information, or in a position to cause undue preferential treatment in favor of a broker, customer or supplier, shall accept any donation from any of the same, without the prior written approval of the President.

**Receipts of Gifts from Third Parties**

All employees shall report to their immediate supervisors any offer or gift of any value given to them or their immediate family member that may influence their recommendation of decision on certain proposals or issues affecting the Corporation or its subsidiaries/affiliates.

**Compliance with Laws and Regulations**

The Corporation is in full compliance with all existing corporate and labor laws in the Philippines.

**Respect for Trade Secrets/Use of Non-public Information**

No employee shall disclose or use any confidential information gained in the course of employment for personal profit or advantage of the employee or any other person. The prohibition includes speculation or investments in securities.

**Use of Company Funds, Assets and Information**

No employee shall disclose or use company funds, assets and information gained in the course of employment for personal purposes or that of a third party without prior consent of his/her Unit Manager.

**Employment & Labor Laws & Policies**

The Corporation observes exemplary employment practices and strong adherence to labor laws and policies. Employee engagement and welfare is an integral part of the Corporation's overall strategy for organizational development. The Corporation's personnel development program is anchored on the belief that a highly engaged organization nurtures the most productive, effective and fulfilled employees. Employee occupational health and safety is of utmost priority while training sessions and activities are designed to enhance team and individual performance.

**Disciplinary Action**

Violation of any company policy, once proven and after due process, may constitute grounds for termination of employment for cause.

**Whistle Blower**

The Corporation has established business integrity channels that serve as communication facilities such as telephone, email, fax, website and face to face meetings, enabling individuals to freely report fraud, violations of laws, rules and regulations, or misconduct to people at authority without fear of retaliation. The ultimate goal is to give employees, third-party business partners and other stakeholders every possible means for coming forward, so that they report information to top management or to the Board of Directors.

**Conflict Resolution**

Any report must be made through appropriate reporting channels. A designated committee shall evaluate whether the information provided by the whistleblower is sufficient and within scope. If a case is deemed appropriate, the committee shall escalate all reports received to the recommended investigating unit for the conduct of preliminary investigation. At the conclusion of the investigation, if a report is substantiated, the committee shall conduct a full investigation in accordance with applicable company policies and procedures. All cases within scope of the business integrity channels must be resolved within a reasonable time as determined by the Corporation of its subsidiary from the time all relevant documents have been obtained.

The Company has no record of conflicts or differences with its stockholders, regulatory authorities and other third parties. When dispute arises, the Company, however, will meet and discuss the issue and aim to reach a compromise with the other party. If compromise agreement is not reached, final arbitration will be sought.

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

*Yes, the Corporation's Code of Conduct and Ethics has been properly disseminated to all directors, senior management and employees.*

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

*Senior Management/Division Heads/Department Managers and Supervisors shall ensure strict compliance of employees to the Corporation's Code of Conduct and Ethics.*

4) Related Party Transactions

(a) Policies and Procedures

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

Related Party Transactions	Policies and Procedures
(1) Parent Company	<p>In its regular conduct of business, the Company has entered into transactions with associates and other related parties principally consisting of advances and reimbursement of expenses, purchase and sale of real estate properties, construction contracts, development, management, underwriting, marketing, leasing and administrative service agreements.</p> <p>Transactions with related parties are made on an arm's length basis at normal market prices. There have been no guarantees provided or received for any related party receivable or payables. The Company does not provide any allowance relating to receivable from related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.</p> <p>Employees are also required to disclose on an annual basis all conflicts of interest and related party transactions.</p>
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

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

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

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

(ii) Mechanism

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

<b>Directors/Officers/Significant Shareholders</b>	
Company	Independent directors submit to the Corporate Secretary a letter of confirmation stating that he holds no interests affiliated with the Corporation, management or controlling shareholder at the time of his election or appointment and/or re-election as a director. Employees of the Company are mandated to fill out a business interest/related party disclosure form on a yearly basis. As part of the Company's policy on insider trading, employees with the rank of managers up to assistant vice president are mandated to submit a document certifying that they did not transact shares of the Company during trading black-out periods. Company executives are required to disclose the details of all their transactions in Company shares within two working days from the date of transaction.
Group	

5) Family, Commercial and Contractual Relations

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
N/A	N/A	N/A

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description
N/A	N/A	N/A

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

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
N/A	N/A	N/A

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 has no record of conflicts or differences with its stockholders, regulatory authorities and other third parties. When dispute arises, the Company, however, will meet and discuss the issue and aim to reach a compromise with the other party. If compromise agreement is not reached, final arbitration will be sought.
<b>Corporation &amp; Third Parties</b>	
<b>Corporation &amp; Regulatory Authorities</b>	

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

### C. BOARD MEETINGS & ATTENDANCE

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

*Regular meetings of the full Board are scheduled at the onset of the year and held at least once every quarter*

- 2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Fernando Zobel de Ayala	04/17/2013	7	6	86
Member	Jaime Augusto Zobel de Ayala	04/17/2013	7	7	100
Member	Mercedita S. Nollado	04/17/2013	7	7	100
Member	Delfin L. Lazaro	04/17/2013	7	6	86
Member	Aurelio Montinola III	04/17/2013	7	5	71
Member	Antonino T. Aquino	04/17/2013	7	7	100
Independent	Oscar R. Reyes	04/17/2013	7	7	100
Independent	Jaime C. Laya	04/17/2013	7	7	100
Independent	Francis G. Estrada	04/17/2013	7	6	86

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

*Executive sessions are held every now and then without the presence of any executives. In addition, our Chief Audit Executive (CAE), who heads the Internal Audit Division (IAD), regularly meets with our non-executive directors without the presence of management or any executives.*

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

*A majority of the Directors shall constitute a quorum for the holding of a meeting and any resolution by a majority of the quorum duly convened in session shall be valid as a corporate act.*

- 5) Access to Information

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

*Board materials are distributed to the Board of Directors at least five business days prior to the meeting.*

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

*Board members have separate and independent access to the Corporate Secretary who oversees the adequate flow of information to other Board members prior to meetings and serves as an adviser to the directors on their responsibilities and obligations. They do have access to management on matters that need clarification as part of their oversight functions.*

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

*The Corporate Secretary shall be a resident and citizen of the Philippines. He/she is an officer of the Corporation and his/her loyalty to the mission, vision, and specific business objectives of the Corporation must come with his duties. Considering his varied functions and responsibilities, he/she must possess organizational and interpersonal skills, and the legal skills of a Chief Legal Officer. He/she must also have some financial and accounting knowledge.*

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

The Corporate Secretary shall have the following functions:

- Serve as an adviser to the directors on their responsibilities and obligations
- Keep the minutes of meetings of the stockholders, the Board of Directors, the Executive Committee, and all other committees in a book or books kept for that purpose, and shall furnish copies thereof to the Chairman, the President and other members of the Board as appropriate
- Keep in safe custody the seal of the Corporation and affix it to any instrument requiring the same
- Have charge of the stock certificate book and such other books and papers as the Board may direct
- Attend to the giving and serving of notices of Board and shareholder meetings
- Be fully informed and be part of the scheduling process of other activities of the Board
- Prepare an annual schedule of board meetings and the regular agendas of meetings, and put the Board on notice of such agenda at every meeting
- Oversee the adequate flow of information to the Board prior to meetings
- Ensure fulfillment of disclosure requirements to the Securities and Exchange Commission and the Philippine Stock Exchange

The Corporate Secretary shall have such other responsibilities as the Board of Directors may impose upon him/her, including the facilitation of trainings for directors when necessary.

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

*Ayala Land's Corporate Secretary is trained in legal, accountancy and company secretarial practices.*

- (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	Management shall be primarily responsible for the adequate flow of information to the Board. This information may include the background or explanatory information relating to matters to be brought before the Board, copies of disclosure statements and documents, budgets, forecasts and monthly internal financial statements. Board materials are distributed to the Board of Directors, as much as possible, at least five business days prior to the meeting.
Audit	
Nomination	
Remuneration	
Others (specify)	

- 6) External Advice

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

Procedures	Details
The Corporate Secretary also serves as the Company's General Counsel. As the need arises, directors reserve the right to avail of external advice.	

- 7) Change/s in existing policies

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

Existing Policies	Changes	Reason
N/A	N/A	N/A

## D. REMUNERATION MATTERS

### 1) Remuneration Process

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

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Determined by the Board of Directors as recommended by the personnel and compensation committee	Determined by the Chairman of the Board of Directors as recommended by the President & CEO
(2) Variable remuneration	Determined by the Board of Directors as recommended by the personnel and compensation committee	<b>Performance Bonus Pool.</b> Determined by the Board of Directors as recommended by the personnel and compensation committee  <b>Individual Grant.</b> Determined by the Chairman of the Board of Directors as recommended by the President & CEO
(3) Per diem allowance	None	None
(4) Bonus	Determined by the Board of Directors as recommended by the personnel and compensation committee	Determined by the Chairman of the Board of Directors as recommended by the President & CEO
(5) Stock Options and other financial instruments	Determined by the Board of Directors as recommended by the personnel and compensation committee	<b>Stock Allocation.</b> Determined by the Board of Directors as recommended by the personnel and compensation committee  <b>Individual Grant.</b> Determined by the Chairman of the Board of Directors as recommended by the President & CEO
(6) Others (specify)	-	-

### 2) Remuneration Policy and Structure for Executive and Non-Executive Directors

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

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Market competitive  Pay for performance orientation delivered through annual variable and long term incentive programs	Fixed and variable cash compensation, stock options and benefits	Based on size and scope of role and value of individual contribution to organization

Non-Executive Directors	Market competitive  In no case shall the total yearly compensation of directors exceed one percent (1%) of the net income before income tax of the Corporation during the preceding year	Annual retainer, board meeting fee, committee meeting fee	Sum of annual retainer, board meeting fees, committee meeting fees
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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
Increase in remuneration of non-executive directors (annual retainer, board meeting fee, committee meeting fee)	13 April 2011

3) Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration		P5.0 Million (inclusive of P4.0 Million retainer fee paid to Ayala Corporation for its nominees* in the ALI Board)	P3.0 Million
(b) Variable Remuneration		None	None
(c) Per diem Allowance	None	P7.5 Million (P5.9 Million was paid to Ayala Corporation for the attendance of its nominees* in the ALI BOD and Committee meetings)	P4.6 Million
(d) Bonuses		None	None
(e) Stock Options and/or other financial instruments		None	None
(f) Others (Specify)		None	None
<b>Total</b>			

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances		None	None
2) Credit granted		None	None



3) Pension Plan/s Contributions		None	None
(d) Pension Plans, Obligations incurred		None	None
(e) Life Insurance Premium		None	None
(f) Hospitalization Plan		None	None
(g) Car Plan		None	None
(h) Others (Specify)		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

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
<b>Bernard Vincent O. Dy</b> Group Head, Residential Business Group Head, Commercial Business Group Head, Corporate Marketing and Sales Group Head, Human Resources and Public Affairs	P171,307,668
<b>Vincent Y. Tan</b> Group Head, Planning	
<b>Arturo G. Corpuz</b> Group Head, Urban and Regional Planning and Central Land Acquisition	
<b>Raul M. Irlanda</b> Group Head, Property Management	
<b>Emilio J. Tumbocon</b> Group Head, Visayas-Mindanao and Superblock Projects	

## 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	1	3	1	Please refer to Item #4 below for more details			
Audit	-	1	2				
Risk	-	1	2				
Nomination	1	1	1				
Remuneration	-	3	1				
Sustainability	1	-	2				

### 2) Committee Members

#### (a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Fernando Zobel de Ayala	04/1999 (as Chairman)	6	7	100	24 years
Member (ED)	Antonino T. Aquino	04/2009	7	7	100	4 years
Member (NED)	Jaime Augusto Zobel de Ayala	06/1988	5	7	66	25 years
Member (ED)	Bernard Vincent O. Dy	04/2014	5	5	100	1 year
Member (NED)	Delfin L. Lazaro	04/2005	6	7	33	8 years

#### (b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Jaime C. Laya	04/2010	6	7	86	3 years
Member (NED)	Antonino T. Aquino	04/2009	7	7	100	4 years
Member (ID)	Rizalina G. Mantaring	04/2014	5	5	100	1 year

Disclose the profile or qualifications of the Audit Committee members.

All committee members possess the qualifications and none of the disqualifications required to be elected.

**Jaime C. Laya** - Filipino, 74, has served as an Independent Director of ALI since April 2010. He is the Chairman of the Board of Directors and President of Philippine Trust Company (Philtrust Bank). He is also: an Independent Director of GMA Network, Inc. and Philippine AXA Life Insurance Co., Inc.; and a regular director of Philippine Ratings Services Corporation; Trustee of De la Salle University-Taft, St. Paul's University - Quezon City, Cultural Center of the Philippines, and Fundacion Santiago. He has served as Minister of the Budget, Minister of Education, Culture and Sports, and Governor of the Central Bank of the Philippines; Chairman of the National Commission for Culture and Arts; and Professor and Dean of Business Administration of the University of the Philippines.

**Antonino T. Aquino** - Filipino, 66, has served as Director and President of ALI since April 2009. He also holds the following positions: Senior Managing Director of Ayala Corporation; Chairman of Alveo Land Corp., Cebu Holdings, Inc., Cebu Property Ventures & Development Corp., Ayala Hotels, Inc., Makati Development Corp., North Triangle Depot Commercial Corp., and Station Square East Commercial Corp.; President of Fort Bonifacio Development Corp., Alabang Commercial Corp., Accendo Commercial Corp., Aurora Properties, Inc., Ceci Realty, Inc., and Vesta Property Holdings, Inc.; Director of Manila Water Company, Inc. He also serves as a member of the board of various corporate social responsibility foundations such as Ayala Foundation, Inc., Makati Commercial Estate Association, Inc., Hero Foundation, Inc. and Bonifacio Arts Foundation, Inc.. He also served as President of Manila Water Company, Inc., and Ayala Property Management Corporation and a Business Unit Manager in IBM Philippines, Inc. He was named "Co-Management Man of the Year 2009" by the Management Association of the Philippines for his leadership role in a very successful waterworks privatization and public-private sector partnership. He graduated with B.S. in Management from Ateneo de Manila University in 1968 and obtained an MBA from Ateneo de Manila University in 1975.

**Rizalina G. Mantaring** - Filipino, 54, is the country head for the Sun Life Financial group of companies in the Philippines, President and CEO of the flagship Sun Life of Canada (Philippines) Inc., and a board member of Sun Life of Canada (Philippines) Inc., Sun Life Financial Plans, Sun Life Asset Management Co. Inc., Sun Life Financial Philippine Holding Co. Inc., Sun Life Grepa Financial, Inc. and Grepalife Asset Management Corporation. She is also the Chair of Sun Life Financial-Philippines Foundation, Inc. She is an independent director of Microventures Foundation Inc. and a member of the Makati Business Club, Management Association of the Philippines, Financial Executives of the Philippines and Women Corporate Directors Philippines. In 2010, she was selected as one of the 100 Most Outstanding Alumni of the past century by the University of the Philippines College of Engineering. In 2011, she was named by Moneysense Magazine as one of the 12 Most Influential in Personal Finance. She is also a recipient of the 2011 CEO EXCEL award given by the International Association of Business Communicators. She graduated with B.S. in Electrical Engineering (Cum Laude) from the University of the Philippines in 1982 and obtained an M.S. in Computer Science from the State University of New York in 1983.

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

*The Audit and Risk Committee Assists the Board of Directors in the fulfillment of its oversight responsibility relating to the accuracy of the Company's financial statements and the soundness of its financial reporting process, the robustness of its internal control and risk management systems and processes, internal audit activities, the annual independent audit of the financial statements, and compliance with legal and regulatory requirements. The Committee likewise evaluates and/or approves specific matters presented by the Internal Audit Division and external auditor. In addition, the Committee reviews the Company's enterprise-wide risk management process and risk mitigation plans.*

(c) Risk Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Rizalina G. Mantaring	04/2014	5	5	100	1 year
Member (NED)	Antonino T. Aquino	04/2009	7	7	100	1 year
Member (ID)	Jaime C. Laya	04/2010	6	7	100	3 years

(d) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Francis G. Estrada	04/2014	1	1	100	1 year
Member (ED)	Antonino T. Aquino	04/2009	1	1	100	4 years
Member (NED)	Fernando Zobel de Ayala	04/1999	1	1	100	24 years

(e) Remuneration Committee

<b>Office</b>	<b>Name</b>	<b>Date of Appointment</b>	<b>No. of Meetings Held</b>	<b>No. of Meetings Attended</b>	<b>%</b>	<b>Length of Service in the Committee</b>
Chairman (ID)	Francis G. Estrada	04/2014	1	1	100	1 year
Member (NED)	Fernando Zobel de Ayala	04/1999	1	1	100	24 years
Member (NED)	Jaime Augusto Zobel de Ayala	06/1988	1	1	100	25 years
Member (NED)	Antonino T. Aquino	04/2009	1	1	100	4 years

(f) Sustainability Committee

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

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Jaime C. Laya	2010	-	-	-	3 years
Member (ID)	Rizalina G. Mantaring	2014	-	-	-	1 year
Member (ED)	Bernard Vincent O. Dy	2014	-	-	-	1 year

*In lieu of convening at the board level, the Sustainability Council of the management committee held five meetings in 2012, fully attended by all members.*

3) Changes in Committee Members

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

Name of Committee	Name	Reason
Executive	N/A	N/A
Audit	N/A	N/A
Nomination	N/A	N/A
Remuneration	N/A	N/A
Sustainability	N/A	N/A

4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Executive	Acted on specific matters delegated by the Board of Directors except with respect to the following: distribution of cash dividends; filling of vacancies on the Board or in the Executive Committee; amendment or repeal of By-Laws or the adoption of new exercise powers delegated by the Board exclusively to other committees.	<ul style="list-style-type: none"> <li>Discussed in detail strategic plans and directions over the short, medium, and long-term horizon</li> <li>Deliberated on, among others, various projects and business proposals (i.e. project launches, acquisitions, joint-venture partnerships, etc)</li> </ul>
Audit	Assisted the Board of Directors in the fulfillment of its oversight responsibility relating to the accuracy of the Company's financial statements and the soundness of its financial reporting process the robustness of its internal control and risk management systems and processes, internal audit activities, the annual independent audit of the financial statements, and compliance with legal and regulatory requirements.	<ul style="list-style-type: none"> <li>Reviewed and approved the 2012 Audited Financial Statements of the</li> <li>Company as prepared by the external auditors SyCip, Gorres, Velayo &amp; Co. (SGV), as well as the quarterly unaudited financial statements.</li> <li>Gave its recommendation on the re-appointment of SGV as the Company's external auditors for 2013 and the corresponding audit fee structure.</li> <li>Reviewed and/or approved specific matters presented by the</li> </ul>

		Internal Audit Division and SGV. In addition, the Committee reviewed and discussed the Company's enterprise-wide risk management process and risk mitigation plans. <ul style="list-style-type: none"> <li>• Conducted a thorough review of the company's operational methods, financial controls, compliance procedures and risk management systems.</li> </ul>
Nomination	Implemented and maintained a process which ensures that all directors nominated for election at the Annual Stockholders' Meeting have all the qualifications and none of the disqualifications for directors as stated in the By-Laws and the Manual of Corporate Governance.	<ul style="list-style-type: none"> <li>• Reviewed the qualifications of key executives prior to movement, promotion or hiring</li> <li>• Reviewed the profiles of the nominees for directors for the year 2012-2013, approved the final list of nominees and approved the appointments and promotions of key officers.</li> </ul>
Remuneration	Established a formal and transparent process for developing and reviewing policies related to the remuneration of corporate directors, officers and other key personnel.	<ul style="list-style-type: none"> <li>• Approved the grant of the 2012 performance bonus, Executive Stock Ownership Plan (ESOWN) and Executive Housing Privilege to qualified officers of the Company.</li> </ul>
Sustainability	Provides oversight to the sustainability initiatives of the Company, guides policymaking in the Company's sustainability program, and ensures full Company support and alignment with the Ayala Group of Companies' commitment to Sustainable Development.	<ul style="list-style-type: none"> <li>• In lieu of convening at the board level, the Sustainability Council of the management committee held five meetings in 2012, fully attended by all members.</li> </ul>

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	An annual self-assessment is conducted to ensure continuous improvement in corporate governance practices.	
Audit		
Nomination		
Remuneration		
Others (specify)		

## F. RISK MANAGEMENT SYSTEM

### 1) Disclose the following:

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

*Risk is inherent in our business. The identification, monitoring and effective mitigation of these risks are critical in delivering the Company's business objectives and in creating sustainable shareholder value.*

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

*The Audit and Risk Committee is expected, through the provision of checks and balances, to support the corporate governance process. Specifically, it shall be responsible for the following:*

- *Review the adequacy of the Corporation's enterprise risk management framework/process. The Board, thru the Committee, provides oversight by providing continuous input, evaluation and feedback on the effectiveness of the risk management process.*

*As stated in the report of the Audit and Risk Committee to the Board of Directors and published in the Company's 2012 Integrated Annual and Sustainability Report, the Audit and Risk Committee has reviewed and discussed the adequacy of the company's enterprise-wide risk management process, including the major risk exposures, the related risk mitigation efforts and initiatives, and the status of risk mitigation plans. The review was undertaken in the context that management is primarily responsible for the risk management process.*

#### (c) Period covered by the review; Quarterly

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

*The risk management system is reviewed on a quarterly basis.*

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

### 2) Risk Policy

#### (a) Company

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

*The Company has instituted a formal enterprise-wide risk management system, firmly embedded into its corporate planning process, which constantly seeks to identify, assess and address all the risks inherent and external to the business that could potentially affect the performance of the Company along these lines:*

*The following risks are ranked according to their potential impact to the Company in terms of financial cost, brand reputation, and likelihood of occurrence.*

Risk Exposure	Risk Management Policy	Objective
Government / Political Risk	1. Risks faced by ALI and its subsidiaries and affiliates shall be identified, monitored and managed effectively and to the best of our ability at all times. 2. Enterprise Risk Management will be embedded in the Company's critical business activities, functions and processes.	Enterprise Risk Management is also an integral element of overall corporate governance and will provide the solid platform that will enable the Company to achieve the following objectives: <ul style="list-style-type: none"> <li>• To establish sustainable competitive advantage,</li> <li>• To optimize its risk</li> </ul>
Organizational Risk (People, Processes, Systems & Performance Metrics)		
Project Execution / Delivery Risk (Time, Cost, Quality)		
Product / Service Quality		

and Safety Risk	3. A robust risk assessment system, methodology and reporting structure will be used with all risk issues identified, analyzed, assessed, and monitored in a consistent manner. 4. The performance of our Enterprise-wide Risk Management initiatives will be regularly monitored, reviewed and reported.	management cost, and • To pursue strategic growth opportunities with confidence
Risk of Being Marginalized by Competition		

(b) Group

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

*The following risks are ranked according to their potential impact to the Company in terms of financial cost, brand reputation, and likelihood of occurrence.*

Risk Exposure	Risk Management Policy	Objective
Residential: Resiliency and preparedness to respond to a market downturn	Risk management policy encompasses key risks across the company, as well as group-specific risk (Refer to #2. Risk Policy, (a)Company above)	Enterprise Risk Management is also an integral element of overall corporate governance and will provide the solid platform that will enable the Company to achieve the following objectives:  • To establish sustainable competitive advantage, • To optimize its risk management cost, and • To pursue strategic growth opportunities with confidence
Residential: Financial and Credit Risk		
Residential: Ability of back-end / support processes to keep pace with scale and scope of project delivery		
Leasing: Changing Market Needs		
Leasing: Attracting and retaining merchants, tenants and anchors		
Strategic Land banking Group: Not being able to build land bank		
Strategic Land banking Group: Delays / Inability to use land post acquisition		
Construction: Contractor / Supplier Risk		
Construction: Legal / Regulatory Risk		
Property Management: Failure to maintain standard or quality of service/operations in managed properties		

(c) Minority Shareholders

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

Risk to Minority Shareholders
The Company’s Corporate Governance Policies follow best practices, specifically with respect to the equitable treatment of all shareholders – particularly the minority. While decisions by the controlling shareholders’ are sometimes made, these are done in consultation with the majority of the shareholders. Our sound corporate governance and risk management practices are in place to ensure that all shareholders’ views and concerns are addressed and treated fairly.



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)
Government / Political Risk	<ul style="list-style-type: none"> <li>▪ % of Permits acquired and renewed on time</li> <li>▪ LGU Relationship indicators</li> </ul>	<ul style="list-style-type: none"> <li>▪ A corporate framework for managing relationships exists</li> <li>▪ Delineation of SBU-driven and corporate driven government and political initiatives</li> <li>▪ Strategic roles and tactical roles on relationship management are defined</li> </ul>
Organizational Risk (People, Processes, Systems & Performance Metrics)	<ul style="list-style-type: none"> <li>▪ Turnover / Attrition rates</li> <li>▪ Percentage of key positions vacant</li> <li>▪ Resolution of Remedy tickets</li> <li>▪ Employee Engagement Surveys</li> </ul>	<ul style="list-style-type: none"> <li>▪ Manpower build-up to cater to SBU needs</li> <li>▪ Job specific boot camps</li> <li>▪ Periodic review of compensation package to ensure competitiveness</li> <li>▪ Employee engagement programs in place</li> </ul>
Project Execution / Delivery Risk	<ul style="list-style-type: none"> <li>▪ Time, Cost and quality acceptable thresholds</li> </ul>	<ul style="list-style-type: none"> <li>▪ Enhancing Project Execution Plans</li> <li>▪ Design management programs</li> <li>▪ Partnering agreement programs</li> <li>▪ Non-negotiable items thru Tech Council</li> <li>▪ Contracts Management including monitoring of performance metrics</li> </ul>
Product / Service Quality and Safety Risk	<ul style="list-style-type: none"> <li>▪ Compliance rates to H&amp;S regulations</li> <li>▪ S, H&amp;S Incident Reports</li> </ul>	<ul style="list-style-type: none"> <li>▪ Security and safety standards</li> <li>▪ Incident reporting and follow up process</li> <li>▪ EHS programs in place</li> </ul>
Risk of Being Marginalized by Competition	<ul style="list-style-type: none"> <li>▪ GLA monitoring vs. competitors vs. internal targets</li> <li>▪ Dev portfolio monitoring vs. competitors vs. internal targets</li> </ul>	<ul style="list-style-type: none"> <li>▪ Mixed-use vs. stand alone buildings</li> <li>▪ Launch schedules subject to minimum take-ups and “red-flag” limits</li> <li>▪ Initiatives to drive down costs and rental rates exist</li> </ul>

(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)
<u>Residential:</u> Resiliency and preparedness to respond to a market downturn	<ul style="list-style-type: none"> <li>▪ Contingent Liability metrics</li> <li>▪ Sales velocity thresholds</li> <li>▪ Ageing of take-ups</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pre-sale strategy to reduce uncertainty on inventory levels</li> <li>▪ Monitoring of key indicators such as contingent liabilities, sales velocity and ageing of take up rate</li> <li>▪ Monitoring of AR through ageing reports</li> <li>▪ Running of scenarios (corporate and project level) to stress-test impact of market downcycles on the balance sheet</li> </ul>
<u>Residential:</u> Financial and Credit Risk	<ul style="list-style-type: none"> <li>▪ AR Levels</li> <li>▪ Mortgage rates</li> <li>▪ AR Ageing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Credit Investigations are performed on customers before granting of payment terms</li> <li>▪ Monitoring of AR through ageing reports</li> <li>▪ Process in place for following up on collections</li> </ul>
<u>Residential:</u> Ability of back-end / support processes to keep pace with scale and scope of project delivery	<ul style="list-style-type: none"> <li>▪ Resolution of remedy tickets</li> <li>▪ % of backlog items</li> </ul>	<ul style="list-style-type: none"> <li>▪ Document checklist to ensure that sales documentation is complete</li> <li>▪ Implementation of education programme for sellers to impart know-how on sales documentation</li> <li>▪ Service Level Agreement (SLA) for outsourced services</li> </ul>
<u>Leasing:</u> Changing Market Needs	<ul style="list-style-type: none"> <li>▪ Growth or contraction indicators (internal)</li> <li>▪ BPAP forecasts</li> </ul>	<ul style="list-style-type: none"> <li>▪ Competitive scan to understand competitors' offerings</li> <li>▪ Account management structure – ongoing engagement of tenants on their current and future business needs; Project team activity/sharing</li> <li>▪ Addressing specifications through flexibility in design</li> </ul>
<u>Leasing:</u> Attracting and retaining merchants, tenants and anchors	<ul style="list-style-type: none"> <li>▪ Lease out thresholds</li> <li>▪ Occupancy Rates</li> <li>▪ Occupancy Costs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pipeline of tenants to backfill vacancies, if any</li> <li>▪ Quarterly pipeline report</li> <li>▪ Lease and payment schemes to assist tenants</li> <li>▪ Tenant feedback mechanisms at property level, with trending and analysis across properties</li> </ul>
Strategic Land banking Group: Not being able to build land bank	<ul style="list-style-type: none"> <li>▪ Targets vs. actual land acquired</li> </ul>	<ul style="list-style-type: none"> <li>▪ PD teams in SBUs actively sources for land opportunities</li> <li>▪ All land opportunities are centrally controlled and coordinated to avoid duplication of efforts by SBUs</li> <li>▪ Centrally-driven land acquisition</li> </ul>

		pricing model
Strategic Land banking Group: Delays / Inability to use land post acquisition	<ul style="list-style-type: none"> <li>Unusable landbank vs. Total landbank (size and value)</li> </ul>	<ul style="list-style-type: none"> <li>Extensive Legal and technical due diligence is done before acquisition</li> <li>Systematic tracking of unresolved issues and problem</li> <li>Ensuring early assignment of responsibilities for new land assets in inventory</li> </ul>
<u>Construction:</u> Contractor / Supplier Risk	<ul style="list-style-type: none"> <li>Accredited contractors / suppliers database monitoring</li> <li>Contractors / suppliers performance metrics</li> </ul>	<ul style="list-style-type: none"> <li>Programme to develop and widen contractor base, especially specialty contractors, in the provinces.</li> <li>Strategic alliances and partnerships with main contractors</li> <li>Monitoring of concentration risk</li> </ul>
<u>Construction:</u> Legal / Regulatory Risk	<ul style="list-style-type: none"> <li>Monitoring of regulatory sanctions and thresholds</li> </ul>	<ul style="list-style-type: none"> <li>Audits conducted to ensure compliance to legal, regulatory requirements (i.e. compliance audits, CQC Internal &amp; Surveillance audits)</li> <li>Monitoring of changes to laws and regulations</li> <li>Contractual Liability established in contracts</li> </ul>
<u>Property Management:</u> Failure to maintain standard or quality of service/operations in managed properties	<ul style="list-style-type: none"> <li>Resolution % vs. Pending issues</li> <li>Performance evaluation reports</li> </ul>	<ul style="list-style-type: none"> <li>Service Level Agreement – which includes standards of operations, feedback, incident reporting, etc</li> <li>Monitoring of customer complaints and satisfaction</li> <li>Operational monitoring on performance of properties</li> </ul>

(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
Audit and Risk Committee (ARC)	<ul style="list-style-type: none"> <li>Quarterly update on the company's risk profile and status thru the report of the company's Chief Risk Officer</li> <li>Risk-based audits conducted by the company's Internal Audit group and reported to the ARC on a quarterly basis</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that an overall set of risk management policies and procedures exist for the Corporation.</li> <li>Review the adequacy of the Corporation's enterprise risk management framework/process. The Board, thru the Committee, provides oversight by providing continuous input, evaluation and feedback on the effectiveness of the risk management process.</li> <li>Review the results of the</li> </ul>

		<p>annual risk assessment done by the designated Chief Risk Officer (CRO). The report shall include the identified risks that impact on the Corporation and the corresponding measures in addressing such risks.</p> <ul style="list-style-type: none"> <li>▪ Evaluate the risk assessment report submitted by the CRO on a periodic basis. The report may include existing and emerging risks identified with the Corporation and its subsidiaries, and the related risk mitigation strategies and action plans of management.</li> <li>▪ Monitor the risk management activities of the Corporation and evaluate the effectiveness of the risk mitigation strategies and action plans, with the assistance of the internal auditors.</li> <li>▪ Meet periodically with Management to discuss the Committee’s observations and evaluation on its risk management activities.</li> </ul>
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**G. INTERNAL AUDIT AND CONTROL**

1) Internal Control System

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

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

*The Board establishes the vision, strategic objectives, key policies and procedures for the management of the Company, as well as the mechanism for monitoring and evaluating management’s performance. The Board also ensures the adequacy of internal controls and risk management practices, accuracy and reliability of financial reporting, and compliance with applicable laws and regulations.*

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

*The Audit and Risk Committee (ARC) of ALI submits to the Board of Directors (BOD) an annual report on the Committee’s review of the effectiveness of the internal control system of the Company. The same report is included in the Company’s Annual Report.*

- (c) Period covered by the review;

*The period covered by the review is one year.*

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

*Based on annual risk assessments approved by the ARC, the Internal Audit Division (IAD) conducts risk-based audit projects to verify the effectiveness and efficiency of the process under review, determine compliance with applicable internal policies and laws and regulations, and provide recommendations for improvement. As the audit projects are completed, IAD presents to the ARC the results of the engagements, usually on a quarterly basis.*

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

*The independent review of the Company's internal control system by the Internal Audit Division (IAD) of ALI is based on an annual risk assessment and the results of such activity are included in the annual strategic audit plan of the ALI IAD. The results of the audits conducted by ALI IAD are presented to the ARC on a quarterly basis. Areas not covered by ALI IAD are considered areas of lesser risks to the Company and therefore do not form part of the priority areas of ALI IAD.*

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
Assurance	All processes within the ALI group of companies	Primarily carried out by the Internal Audit Division (IAD) but complemented by outsourced third parties when needed	Leovigildo D. Abot	Quarterly reporting process to the Audit and Risk Committee (ARC) of ALI
Consulting	As required, based on the needs/requirements of the the organization	Primarily carried out by the Internal Audit Division (IAD) but complemented by outsourced third parties when needed	Leovigildo D. Abot	At the end of the consulting engagement

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

*Yes, approval from the Audit and Risk Committee is required.*

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

*The Internal Audit Division (IAD), headed by Leovigildo D. Abot as Chief Audit Executive (CAE), reports to the Audit and Risk Committee(ARC) of the Board. The IAD provides independent and objective assurance and*

advisory services to the Company. Through the Audit and Risk Committee, the IAD assists the Board in the discharge of its duties and responsibilities as provided for in the SEC's 2009 Revised Code of Corporate Governance.

The IAD has a Charter that has been approved by the ARC. This Charter describes the mission, independence and objectivity, scope and responsibilities, authority, accountability and standards of the IAD including direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel of the Company.

(d) Resignation, Re-assignment and Reasons

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

Name of Audit Staff	Reason
N/A	N/A

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

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

<b>Progress Against Plans</b>	The IAD prepares and presents to the ARC an annual Audit Plan. The IAD executes and reports to the ARC the results of its engagement projects on a quarterly basis. Likewise, at the end of the reporting year, ALI CAE reports to the ARC the performance of the IAD during the past year.
<b>Issues<sup>5</sup></b>	
<b>Findings<sup>6</sup></b>	
<b>Examination Trends</b>	

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

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

(f) Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
Each SBU or subsidiary of ALI has prepared documented policies and procedures that govern its operations. Examples include policies and procedures for financial accounting, human resource administration, information technology, code of ethics/code of conduct, whistle-blowing, AMLA compliance, etc.	These policies and procedures are observed and implemented.

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

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

(g) Mechanisms 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
<p>The Charter of IAD states:</p> <p>The internal audit activity will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude. To maintain objectivity, the IAD is not involved in day-to-day control procedures. Instead, each ALI subsidiary or strategic business unit is responsible for their own internal control and efficiency. Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.</p> <p>The CAE will confirm to the Board through the Committee, at least annually, the organizational independence of the internal audit activity.</p>	<ul style="list-style-type: none"> <li>• We schedule one-on-one meetings and site visits to our various developments separately for each brokerage house</li> <li>• As a policy, we do not provide profit guidance and allow analysts to generate their own forecasts and estimates based on our disclosures, analyst briefings, and operating stats that we make readily available</li> <li>• We provide the same information to all research analysts, financial institutions, and fund managers</li> </ul>	<p>Underwriting:</p> <ul style="list-style-type: none"> <li>• Securities issued to the public are registered with the SEC</li> <li>• Conduct of due diligence review by investment bank</li> <li>• Underwriting Commitment subject to bank approval</li> <li>• Pricing of securities are subject to auction or book building process</li> <li>• Securities issued are held by a trustee in behalf of the investing public</li> </ul>	<p>Rating</p> <ul style="list-style-type: none"> <li>• Conduct of due diligence review</li> </ul>

(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.

*The Chairman, the CEO and Compliance Officer of the Company will attest to the Company’s compliance with the SEC Code of Corporate Governance.*

*The Board of Directors (led by the Chairman), Management, Officers and employees of Ayala Land, Inc. (led by the President / CEO) commit themselves to the principles and best practices of governance contained in our Manual of Corporate Governance as a guide in the attainment of its corporate goals. The Corporation shall make a continuing effort to create awareness of good corporate governance within the organization. At the same time, the entire organization declares its continuing commitment to the Vision statement and corporate values of Ayala Land, Inc.*

*The Board of Directors is the supreme authority in matters of governance and managing the regular and ordinary business of the Corporation. Within their chartered authority, the directors acting as a board have the fullest powers to regulate the concerns of the Corporation according to their best judgment.*

#### H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	<ul style="list-style-type: none"> <li>The Company recognizes the significance of customer contributions to its success. We are unrelenting towards further strengthening the trust and confidence of our customers by constantly ensuring on-time delivery of best-in-class products and services.</li> </ul>	<ul style="list-style-type: none"> <li>We continuously sharpen customer focus and accountability and have considerably improved our service levels across all customer-facing units through dedicated service and relationship management teams.</li> </ul>
Supplier/contractor selection practice	<ul style="list-style-type: none"> <li>The Company recognizes the rights of all our business partners and we strive to forge long-term and mutually-beneficial relationships with them through impartial dealings and adherence to the highest level of moral and ethical conduct.</li> <li>We grant equal opportunities to, and promote fair and open competition among vendors and trade partners by encouraging the highest level of productivity, efficiency, quality, and cost-competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>We accredit suppliers who share the same vision as the Company along these lines, with preference for those who adopt a green mindset under our greening the supply chain campaign</li> </ul>
Environmentally friendly value-chain	<ul style="list-style-type: none"> <li>We strongly adhere to best sustainable practices in the delivery of our products and services.</li> </ul>	<ul style="list-style-type: none"> <li>We have embedded sustainable practices in our day-to-day operations, including partnering and accrediting business partners who adhere to the same environmental sustainable philosophies and practices.</li> </ul>
Community interaction	<ul style="list-style-type: none"> <li>We are dedicated to improve the quality of life not only of our customers but also of the families and people in the communities that surround our developments and society as a whole.</li> </ul>	<ul style="list-style-type: none"> <li>We provide livelihood programs, education and trainings to the communities affected by our developments.</li> </ul>
Anti-corruption programmes and procedures?	<ul style="list-style-type: none"> <li>We consistently work hand in hand with the government, both at the national and local levels, to address various</li> </ul>	<ul style="list-style-type: none"> <li>We support the government's anti-money laundering campaign and other laws by complying with</li> </ul>



	<p>environmental and social issues.</p> <ul style="list-style-type: none"> <li>▪ We constantly seek to partner with the public sector in developing business solutions, initiatives, and infrastructure platforms that may serve as catalysts for social progress and contribute to raising the standard of living of people in the communities we serve and develop.</li> </ul>	<p>all the rules and regulations imposed by the PSE, SEC, PDEx, BSP and other government institutions</p>
Safeguarding creditors' rights	<ul style="list-style-type: none"> <li>▪ We acknowledge the rights of creditors as stakeholders and are committed to honoring our contracted financial obligations and any financial covenants these may contain.</li> </ul>	<ul style="list-style-type: none"> <li>▪ We present creditors with readily available information required to evaluate the Company's credit standing.</li> </ul>

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

*For the past three years now, the Company has released an integrated format combining its Annual and Sustainability Report into one publication. This is to further underscore and symbolize its commitment to Sustainability and the triple bottom line in the conduct of its business. Its latest sustainability report was externally assured by TUV Rhineland. The Company is one of the first in the Philippines to benchmark on the metrics of the Global Reporting Initiative (GRI) and has been publishing an annual sustainability report since 2007. The Company adheres to its five Sustainability principles – Environmental Stewardship and Impact Reduction; Community Stewardship and Social Development; Personnel Development, Health and Safety; Market Shaping; and, Accountability. The Sustainability report details how these principles are built into each stage of the Company's project development process, and mentions specific activities in line with Corporate Social Responsibility or CSR.*

3) Performance-enhancing mechanisms for employee participation.

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

*Occupational health and safety is of utmost priority. Part of our work safety program is the appointment of a Safety Officer, who also doubles Pollution Officer, tasked to be responsible for the orientation of all field personnel and to oversee the policy's proper implementation, including the mandatory use of all personal safety protective equipment. All permanent employees are also advised to undergo annual physical examinations. Routine flu shots, eye checkups and refractions are also made available to all employees, who also receive timely information on the prevention of serious diseases. Employee benefits include life insurance, health coverage (inpatient, outpatient, disability and invalidity), medical allowances, retirement provision and leave entitlements such as sick, vacation and parental leaves.*

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

*The Company recorded a zero rate of injury, occupational diseases, lost time accident and number of work-related fatalities in 2012. The Company likewise reached almost 50 million safe man-hours and 100% of all employees were represented in joint management and worker health and safety committees. Moreover, total number of employees entitled to parental leaves was at 486.*

- *Number of employees by gender that took parental leave: Male = 4; Female = 11*
- *Number of employees who returned to work: Male = 4; Female = 11*
- *Number of employees still employed twelve months after returning to work: Male = 4; Female = 11*
- *The return to work and retention rate: 100% for both Male and Female*

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

*Training sessions and activities are designed to enhance team performance, boost knowledge in sustainability practices, address new issues and challenges, and foster camaraderie. A total of 33,860 training hours for 29 learning events, or an average of 24.2 hours per employee, were recorded in 2012.*

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

*The Company implements an Employee Stock Ownership (ESOWN) Plan to introduce into the Company's performance and rewards systems a long-term perspective to complement the short-term components and mechanisms that are in place. This is meant to encourage decision-makers to balance short-term with long-term goals and objectives.*

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

*The Company's business integrity channels are communication facilities that enable individuals to freely report fraud, violations of laws, rules and regulations, or misconduct to people of authority without fear of retaliation. These channels provide concerned individuals all possible means to come forward and report their concerns either through electronic mail, telephone, fax, post mail, website or face-to-face discussions.*

## I. DISCLOSURE AND TRANSPARENCY

### 1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Ayala Corporation	6,934,509,515 common shares 12,163,180,640 preferred shares	25.86% 45.35%	Ayala Corporation
PCD Nominee Corporation	2,459,610,811 common shares	9.17%	Aberdeen Asset Management Asia Limited
PCD Nominee Corporation	1,952,388,734 common shares	7.28%	Aberdeen Asset Managers Limited

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Fernando Zobel de Ayala	12,000	-	0.00004%
Jaime Augusto Zobel de Ayala	12,000	-	0.00004%
Antonino T. Aquino	18,204,452 (direct & indirect)	-	0.06788%
Mercedita S. Nolleddo	406,305 (direct & indirect)	-	0.00152%
Jaime C. Laya	10,000	-	0.00004%
Oscar S. Reyes	231,601 (direct & indirect)	-	0.00086%
Delfin L. Lazaro	1	-	0.00000%
Francis G. Estrada	1	-	0.00000%
Aurelio R. Montinola III	3,579 (direct & indirect)	-	0.00001%
Vincent Y. Tan	-	10,025,007	0.03738%
Arturo G. Corpuz	4,151,377 (direct & indirect)	-	0.01548%
Raul M. Irlanda	-	1,047,342	0.00391%

Emilio J. Tumbocon	8,111,401 (direct & indirect)		0.03025%
Bernard Vincent O. Dy	-	7,110,248	0.02651%
Jose Emmanuel H. Jalandoni	-	3,590,760	0.01339%
Jaime E. Ysmael	5,936,919 (direct & indirect)	-	0.02214%
Dante M. Abando	1,667,629 (direct & indirect)	-	0.00622%
Ruel C. Bautista	506,747 (direct & indirect)	-	0.00189%
Augusto D. Bengzon	-	1,521,605	0.00567%
Aniceto V. Bisnar, Jr.	-	632,144	0.00236%
Maria Teresa T. Ruiz*	-	913,361	0.00341%
Manny A. Blas II	1,390,269 (direct & indirect)	-	0.00518%
Ma. Corazon G. Dizon	714,741 (direct & indirect)	-	0.00267%
Steven J. Dy	-	1,012,969	0.00378%
Anna Ma. Margarita B. Dy	-	3,883,010	0.01448%
Michael Alexis C. Legaspi	3,017,244 (direct & indirect)	-	0.01125%
Joselito N. Luna	3,134,631 (direct & indirect)	-	0.01169%
Francis O. Monera	1,049,132 (direct & indirect)	-	0.00391%
Rodelito J. Ocampo	659,448 (direct & indirect)	-	0.00246%
Ma. Rowena Victoria M. Tomeldan	1,404,745 (direct & indirect)	-	0.00524%
Solomon M. Hermosura	480	-	0.00000%
Sheila Marie U. Tan	1,182,606 (direct & indirect)	-	0.00441%
<b>TOTAL</b>	<b>81,543,754</b>		<b>0.30406%</b>

\* Resigned effective December 31, 2012.

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	No, this is disclosed in the Definitive Information Statement.

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

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Sycip, Gorres & Velayo	2012 – Php15.7 million	-

4) Medium of Communication

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

*The Company utilizes several modes of communications for disseminating information to all shareholders and stakeholders. The following are the modes of communication used by the Company to disseminate information:*

*Primary communication channels include but are not limited to electronic mail, media press releases, corporate website, regular analyst briefings, local and international business conferences, disclosures to regulatory bodies and the annual report.*

5) Date of release of audited financial report:

*The Audit and Risk Committee is convened within 6 weeks after the reference year to discuss and evaluate the Company's financial statements. An annual analyst briefing for the full year results of the reference year is likewise conducted and disclosed to the SEC, PSE and PDEX in the same day.*

6) Company Website

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

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

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

7) Disclosure of RPT

RPT	Relationship	Nature	Value
	N/A		
	N/A		

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

*In its regular conduct of business, the Group has entered into transactions with associates and other related parties principally consisting of advances and reimbursement of expenses, purchase and sale of real estate properties, construction contracts, development, management, underwriting, marketing, leasing and administrative service agreements.*

Transactions with related parties are made at normal market prices. There have been no guarantees provided or received for any related party receivables or payables. The Group does not provide any allowance relating to receivable from related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

The details of these RPTs are disclosed annually in the notes accompanying the Company's Annual Audited Financial Statements.

In addition, employees of Ayala Land are expected to promote primarily the best interest of the organization and its stakeholders. Annually, employees are required to properly disclose their business interests. For the management team, adherence to ALI's Insider Trading Policy is strictly enforced to continue to uphold transparency and practice corporate governance in the organization.

## J. RIGHTS OF STOCKHOLDERS

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

#### (a) Quorum

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

<b>Quorum Required</b>	Majority
------------------------	----------

A quorum is achieved if over one-half of the stock is present or represented except in cases where the Corporation Law requires a greater number.

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

Explain the system used to approve corporate acts.

<b>System Used</b>	By poll
<b>Description</b>	Voting shall be by ballot and each stockholder entitled to vote may cast the vote to which the number of shares he owns entitles him.

#### (c) Stockholders' Rights

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

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

Dividends:

Historical dividends shown below started when the Company shifted to a payout-based dividend policy in 2009 (from a fixed dividend income policy).

<b>Declaration Date</b>	<b>Record Date</b>	<b>Payment Date</b>
May 12, 2009	June 11, 2009	June 30, 2009
November 19, 2009	December 18, 2009	January 19, 2010
June 1, 2010	June 30, 2010	July 23, 2010
November 30, 2010	December 14, 2010	January 11, 2011
Feb. 24, 2011	March 23, 2011	April 15, 2011
Aug. 26, 2011	Sept. 20, 2011	Oct. 5, 2011

February 20, 2012	March 7, 2012	March 27, 2012
August 24, 2012	September 17, 2012	October 8, 2012
February 19, 2013	March 5, 2013	March 19, 2013
Aug. 22, 2013	Sept. 6, 2013	Sept. 20, 2013
Feb. 21, 2014	March 7, 2014	March 21, 2014

(d) Stockholders' Participation

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

Measures Adopted	Communication Procedure
Open Forum	Q&A portion
Motion to second	Stockholders are given the right to move the motion and a corresponding second of the motion
Customer Service Booth	A customer service booth was made available to encourage shareholders to air their comments, feedback and other concerns.

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding (kindly refer also to the shareholders' rights enumerated in Section A, 1, b)

a. Amendments to the company's constitution:

*These By-Laws may be amended, repealed or modified by the affirmative vote of the stockholders owning or representing a majority of the outstanding capital stock and majority of the Board of Directors at any regular meeting or at any special meeting duly called for the purpose; Provided, however, that by the affirmative vote of the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock, the power and authority to amend or repeal these By-Laws or adopt new By-Laws may be delegated to the Board of Directors; Provided, finally, that the delegation of such powers and authority to the Board shall be considered as revoked whenever stockholders owning or representing a majority of the outstanding capital stock shall so vote at a regular or special meeting called for the purpose.*

*General Meetings may be regular or special, and shall be held at the office of the Corporation in Metro Manila. Regular meetings shall be held annually on any date in April of each year as may be determined by the Board of Directors. Special General Meetings may be held at any time by resolution of the Board of Directors or at the request of stockholders representing at least one-third of the subscribed and outstanding capital, setting forth the purpose of such meeting in the notice.*

*Regular or special meeting of stockholders shall be called by written or printed notice and shall be sent by personal delivery or by mail, with postage prepaid, and the notices shall be deposited in the Makati City Post Office, addressed to the address registered in the books of the Corporation at least fifteen (15) business days advance of the date for which the meeting is called.*

*Any stockholder entitled to vote may be represented by proxy at any regular or special stockholders' meetings. Proxies shall be in writing and signed and in accordance with the existing laws, rules and regulations of the Securities & Exchange Commission. Duly accomplished proxies must be submitted to the office of the Corporate Secretary not later than seven (7) business days prior to the date of the stockholders' meeting. Validation of proxies shall be conducted by the Proxy Validation Committee at least five (5) business days prior to the date of the stockholders' meeting.*

b. Authorization of additional shares:

*The stockholders of the Corporation shall have preferred right to subscribe to all new issues of its*

*stocks in the event of issue of additional shares of stock or of any increase in capital. All stockholders have pre-emptive rights, unless there is a specific denial of this right in the Articles of Incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the corporation. The Articles of Incorporation may lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which are protected by law so long as they are not in conflict with the Corporation Code*

- c. *Transfer of all or substantially all assets, which in effect results in the sale of the company: Shareholders may exercise appraisal right in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and in case of merger or consolidation.*

*It is the duty of the directors to promote shareholders right, remove impediments to the exercise of shareholders rights and recognize lawful mechanisms to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.*

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

*The Company sends out notices to the AGM at least fifteen days in advance of the date for which the meeting is called.*

- a. *Date of sending out notices: March 23-30, 2013*
- b. *Date of the Annual/Special Stockholders' Meeting: April 17, 2013*

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

*The following are the relevant and significant comments and inquiries of the stockholders during the Annual Stockholders' Meeting held last April 18, 2012:*

- **Minutes of meetings.** *Stockholder Guillermo Gili suggested that the minutes of a preceding stockholders' meeting be sent together with the notice of stockholders' meeting to all stockholders on record.*
- **Informal settlers.** *On Mr. Gili's inquiry on the effects of Executive Order No. 152 on the conduct of demolition and eviction activities involving the homeless and underprivileged citizens, Mr. Aquino replied that the Corporation has taken a balanced approach to getting a decent relocation for the informal settlers and, at the same time, pursuing its business interests. The Corporation also entered into partnerships with Habitat for Humanity and Gawad Kalinga to assist in providing better relocation areas for informal settlers.*
- **Daang Hari bid.** *Mr. Gili congratulated Ayala Corporation for winning the bid for the Daang Hari project. He said that this would give the Corporation enough advantage in the area.*
- **Trinoma development.** *In reply to Stockholder Frederico Aldeacoa's query about the relocation status of informal settlers around Trinoma, Mr. Aquino said that the National Housing Authority (NHA), which was obligated to deal with informal settlers, has been clearing the area. When President Benigno C. Aquino Jr. ordered the suspension of the relocation, the Corporation decided to develop areas where the clearing was successfully conducted. Mr. Aquino further said that the Corporation has been in a continuing dialogue with the NHA regarding the matter.*
- **Property managers.** *Stockholder Ed Lucero commented that, as a real estate broker for Ayala Land Premier, some of his clients had expressed their concern that the administration personnel of the condominium developments have not delivered the services expected from them. The Chairman assured Mr. Lucero that the Corporation would continue to work to improve the quality and standard*

of these services.

- **Future plans.** Stockholder Elias Dulalia asked about the Corporation's plans for the next two years. The Chairman replied that the Corporation would move into a period of record expansion along many product lines in different geographic locations.
- **Bicol plans.** Stockholder Vicente Baltazar asked if there were upcoming plans from the Corporation for the Bicol region. Mr. Aquino replied that the Corporation has presence in Naga. A retail project in Legazpi and Pili was undergoing evaluation.

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

Resolution and Matters for Approval	Approving	Dissenting	Abstaining
Minutes of Previous Meeting	91.77%	0.00%	8.23%
Annual Report	99.99%	-	0.0008%
Ratification of All Acts and Resolutions of the Board of Directors and of the Executive Committee Adopted During the Preceding Year	99.99%	0.00%	0.001%
Amendment of Article Seventh of the Articles of Incorporation exempting from pre-emptive rights the issuance of 1 billion common shares for acquisitions or debt payments	99.99%	0.00%	0.002%
Amendment of Article Seventh of the Articles of Incorporation exempting from pre-emptive rights the issuance of common shares covered by stock options granted to members of Management Committees of subsidiaries or affiliates	99.85%	0.13%	0.02%
Amendment of the Third Article of the Articles of Incorporation stating the specific principal office address of the company in compliance with SEC Memorandum Circular no. 6, series of 2014	99.99%	0.0003%	0.001%
Amendment of the stock option plan to include members of Management Committees of subsidiaries and affiliates as eligible grantees of stock options	99.99%	0.0004%	0.001%
Election of Directors			
Fernando Zobel de Ayala	99.49%		
Jaime Augusto Zobel de Ayala	99.57%		
Antonino T. Aquino	99.69%		
Delfin L. Lazaro	99.63%		
Bernard Vincent O. Dy	99.63%		
Vincent Y. Tan	99.74%		
Francis G. Estrada (ID)	99.92%		
Jaime C. Laya (ID)	99.92%		
Rizalina G. Mantaring (ID)	99.97%		
Election of External Auditors and Fixing of their Remuneration	99.99%	-	0.001%

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



One day after the Stockholders' Meeting during the past years. This year, the votes were posted online one week after the Stockholders' Meeting as the Company shifted to the balloting system.

(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
N/A	N/A

(f) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	9	April 07, 2014	By poll	70.1885%	7.6868%	77.8753%
Special	-	None	-	-	-	-

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

The Company has engaged the services of Sycip, Gorres & Velayo to count and validate the results of the votes of the company's annual stockholders' meeting since 2013.

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

*Yes, the Company's preferred and common shares carry one vote each.*

(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	The Company follows Securities Regulations Code Rule 20 of the Securities Exchange Commission on proxy solicitation and voting. <ul style="list-style-type: none"> <li>- Proxies must be issued and proxy solicitation must be made in accordance with rules and regulations to be issued by the Commission</li> <li>- Proxies must be in writing, signed by the stockholder or his duly authorized representative and filed before the scheduled meeting with the corporate secretary</li> <li>- Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it is intended. No proxy shall be valid and effective for a period longer than five (5) years at one time</li> </ul>
Notary	
Submission of Proxy	
Several Proxies	
Validity of Proxy	
Proxies executed abroad	
Invalidated Proxy	
Validation of Proxy	

Violation of Proxy	<ul style="list-style-type: none"> <li>- No broker or dealer shall give any proxy, consent or authorization, in respect of any security carried for the account of a customer, to a person other than the customer, without the express written authorization of such customer</li> <li>- A broker or dealer who holds or acquires the proxy for at least ten percent (10%) or such percentage as the Commission may prescribe of the outstanding share of the issuer, shall submit a report identifying the beneficial owner within ten (10) days after such acquisition, for its own account or customer, to the issuer of the security, to the Exchange where the security is traded and to the Commission</li> </ul>
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(h) Sending of Notices

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

Policies	Procedure
<p>Regular or special meeting of stockholders shall be called by written or printed notice and shall be sent by personal delivery or by mail, with postage prepaid, and the notices shall be deposited in the Makati City Post Office, addressed to the address registered in the books of the Corporation at least fifteen (15) business days advance of the date for which the meeting is called.</p> <p>Notice of regular or special meeting shall contain in addition to the date, hour and place of the meeting, a statement of the matters to be transacted at the meeting, and no business other than that specified in the call shall be transacted at such meeting.</p>	<p>The notice of stockholders' shall also set the date, time and place of the validation of proxies, which in no case, shall be less than five (5) business days prior to the annual stockholders' meeting to be held.</p>

(i) Definitive Information Statements and Management Report

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	12,342
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	March 23, 2013
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	March 23, 2013
<b>State whether CD format or hard copies were distributed</b>	CD format, hard copies and link to website were made available
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	Yes, requesting shareholders were provided with their preferred formats (i.e. hard copies or CDs)

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

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

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

2) Treatment of Minority Stockholders

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

Policies	Implementation
Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. Cumulative voting shall be used in the election of directors. Directors may be removed with or without cause, but directors shall not be removed without cause if it will deny minority shareholders representation in the Board.	
Removal of directors requires an affirmative vote of two-thirds of the outstanding capital of the Corporation. Minority shareholders shall have the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are legitimate business purposes.	
In accordance with existing law and jurisprudence, minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management should include such information and, if not included, then the minority shareholders can propose to include such matters in the agenda of the stockholders' meeting provided always that this right of access is conditioned upon the requesting shareholders having a legitimate purpose for such access.	

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

*Yes, minority stockholders maintain the right to nominate candidates for Board of Directors.*

**K. INVESTORS RELATIONS PROGRAM**

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

*The Company utilizes an email blast service as a primary medium for all internal communications. Information carried through this platform is directed at specific recipients and should not be disseminated or forwarded to external addresses. All records and data pertaining to corporate plans and objectives, personnel, resources, organizational structures and other similar or related records and data are considered classified information. Employees must not share propriety information in social media without the explicit approval of the Human Resources Division.*

*All official media statements and public disclosures require the approval of authorized officers of the Company prior to release. The Company's internal and external communications policies are reviewed by the Human Resources Division on a quarterly basis.*

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	The Company has created and continues to implement an investor relations (IR) program that reaches out to all shareholders and fully informs stakeholders of corporate activities. The IR desk formulates a clear policy on communicating or relating relevant information to Corporation stockholders and to the broader investor community accurately, effectively and sufficiently. It also prepares disclosure statements to the Philippine Securities and Exchange Commission and the Philippine Stock Exchange. The Company ensures that the Manual of Corporate Governance is properly disseminated and orientation programs are conducted for the Board, Management and new employees.
(2) Principles	The Company is committed to the highest standards of disclosure, transparency and fairness in information dissemination. We provide the public with strategic, operating and financial information through adequate and timely disclosures submitted to regulatory authorities. Along with regular periodic reports, we disclose any and all material information about the Company that may have an impact on the Company's valuation and therefore its stock price and the trading volume of its securities.
(3) Modes of Communications	We conduct annual shareholders' meeting, quarterly analyst briefings and communicate directly with institutional and individual investors through one-on-one discussions, conference calls and written platforms such as electronic mail. Analysts and investors who are unable to attend our quarterly briefings in person are also invited to participate through a teleconference facility. A playback facility on our website is available for three business days after each briefing. We also have a continuing program of enhancing our Investor Relations website, which includes podcasts of our quarterly briefings.
(4) Investors Relations Officer	Ms. Pamela Ann T. Perez Head, Investor Communications & Compliance Division Tel. No: 9083618 Fax: 7506790 Email: <a href="mailto:perez.pam@ayalaland.com.ph">perez.pam@ayalaland.com.ph</a>

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

*The funds of the Corporation other than the sums necessary for current expenses shall be invested as may be directed by the Board of Directors in accordance with the Articles of Incorporation and subject to the limitations provided by existing laws. Under the Company's Amended Articles of Incorporation, the purpose or purposes for which said Corporation is formed are as follows:*

*To acquire for itself or in behalf of other parties, and to invest in, hold, sell or otherwise dispose of, stocks, bonds, debentures, certificates or other securities of any corporation, domestic or foreign, or other persons, in the same manner and to the same extent as juridical persons might or could do, and while the owner or holder of such stocks, bonds or other securities, to exercise all rights, privileges and powers appurtenant thereto; without dealing in securities or engaging in stock brokerage business.*

*In accordance with the Corporation Code, shareholders may exercise appraisal rights In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code and of merger or consolidation*

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

*The Company engaged various accredited independent parties to issue fairness opinion reports for the Company's mergers, acquisitions of assets and divestment transactions.*

**L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

Initiative	Beneficiary
<b>INSTITUTIONAL</b>	
<p><b>Sustainable development</b></p> <ul style="list-style-type: none"> <li>- ALI is committed to its dictum of “Enhancing land and enriching lives for more people” by building masterplanned communities that are integrated, mixed-use, and sustainable. Working with this framework gives the Company enough latitude to build sustainably considering the economic, environmental and social conditions of the area.</li> <li>- The Company adheres to five elements of Sustainability and ensures that these are considered in every stage of its project development process, i.e. site selection, masterplanning, design, construction and development, and property management.</li> </ul> <p>The elements are:</p> <ol style="list-style-type: none"> <li>1. Environment stewardship and impact reduction</li> <li>2. Community stewardship and social development</li> <li>3. Personnel Development, Health and Safety</li> <li>4. Accountability</li> <li>5. Market shaping</li> </ol>	<p>Customers, nearby communities, general public (by way of increased economic activity in the city or province where ALI is located)</p>
<p><b>Alay sa Komunidad</b></p> <ul style="list-style-type: none"> <li>- <u>Alay sa Edukasyon (Education)</u> Refurbishing of Taguig library; book donations; Brigada Eskwela; Seminars for LGUs; school kit program</li> <li>- <u>Alay sa Kabuhayan (Livelihood)</u> Livelihood seminars (in cooperation with TESDA) Support for community cooperatives, livelihood programs such as basket-weaving and pavers-making, have been implemented successfully in NUVALI</li> </ul>	<p>Surrounding communities affected by development</p>

<b>PARTNERSHIPS</b>	
<p><b>Ayala Foundation Inc.</b> – ALI supports the foundation’s various initiatives through donations and active participation in programs such as the yearly <u>Ayala Young Leaders Congress</u> and <u>CENTEX</u>, a private school for academically gifted but under-resourced children.</p>	<p>The Filipino Youth</p>
<p><b>HERO Foundation</b> – ALI, in 2009, helped lay the foundations that will enable HERO to achieve its goal of building its existing endowment fund to provide educational support to military orphans. The Company helped revitalize HERO back-end operations and continue to support various fund-raising activities. Mr. Jaime Zobel de Ayala was one of the founders of HERO in 1988.</p>	<p>Orphans of Filipino soldiers killed or incapacitated in the line of duty</p>
<p><b>Worldwide Fund for Nature (WWF)</b> – ALI has partnered with WWF in many projects such as its global Earth Hour program. The Ayala Malls is particularly supportive to the NGO by way of providing free space at the malls to promote their cause.</p>	<p>General public (in line with environmental protection and climate change awareness)</p>
<p><b>Habitat for Humanity</b> – ALI has partnered with Habitat to provide homes for qualified families that were relocated from the banks of the Pasig River in line with the Pasig Rehabilitation project initiated by the business community.</p>	<p>Marginalized sector needing shelter</p>
<p><b>Children’s Hour</b> - The Ayala Malls supports the foundation by way of providing free space at the malls to promote their cause.</p>	<p>Underprivileged young children needing education, protection, health and nutrition</p>

**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>		One of the tools used by the Board to monitor and improve its performance is an annual self-assessment exercise. This is administered in the form of a formal questionnaire that is answered by each member of the Board and where they rate their individual performance and that of the Board as a whole. The results are compiled by the Compliance Officer and submitted back to the Board for discussion and appropriate action through the Corporate Secretary. This self-assessment survey covers four broad areas of Board performance: Fulfillment of the Board’s Key Responsibilities, Quality of the Board–Management Relationship, Effectiveness of Board Processes and Meetings, and the Performance of Individual Board Members. The self-assessment survey questions are reviewed regularly and administered every May (after the Annual Stockholders’ Meeting). The Board also conducts its annual assessment of the President and CEO. An assessment of the Board committees will be added in future surveys.
<b>Board Committees</b>		
<b>Individual Directors</b>		
<b>CEO/President</b>		

**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
<p>To strictly observe and implement the provisions of the Manual of Corporate Governance, the following penalties shall be imposed after notice and hearing, on the Corporation’s directors, officers, staff, in case of violation of any provisions of the Manual of Corporate Governance:</p> <ul style="list-style-type: none"> <li>▪ In case of first violation, the subject person shall be reprimanded</li> <li>▪ In case of second violation, suspension from office shall be imposed. The duration shall be at the reasonable discretion of the Board, depending on the gravity of the violation</li> <li>▪ For third violation, removal from office. The commission of a third violation of the Manual of Corporate Governance by any member of the Board shall be sufficient cause from removal from directorship.</li> </ul>	