

# COVER SHEET

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S.E.C. Registration Number

C R O W N E Q U I T I E S , I N C .

(Company's Full Name)

C R O W N C E N T E R 1 5 8 N . G A R C I A S T .

C O R N E R J U P I T E R S T . B E L - A I R

M A K A T I C I T Y

(Business Address: No. Street/ City/ Town/ Province)

Atty. Elmer B. Serrano

Contact Person

687.1195

Company Telephone Number

1 2 3 1

Month Day

Fiscal Year

ACGR (2016)

FORM TYPE

Month Day

Annual Meeting

Secondary License Type, If Applicable

M S R D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accompanied by SEC Personnel concerned

File Number


Document I.D.

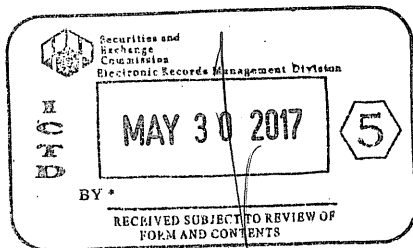
STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year 2016
2. Exact Name of Registrant as Specified in its Charter Crown Equities, Inc.
3. Crown Center, 158 N. Garcia corner  
Jupiter Street, Bel-Air, Makati City  
Address of Principal Office 1209  
Postal Code
4. SEC Identification Number 39745
5.  (SEC Use Only)  
Industry Classification Code
6. BIR Tax Identification Number 002-837-461
7. (632) 899-0081, (632) 899-0455  
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	15
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Actual number of Directors for the year	15
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**(a) Composition of the Board**

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director
George L. Go	NED	N/A	Noel Bundalian	1995	2016	Annual	21
Wilfrido V. Vergara	ED	N/A	Noel Bundalian	2002	2016	Annual	14
Ramon A. Recto	ID	N/A	Noel Bundalian; no relationship	2002	2016; 13 years	Annual	14
Victor C. Macalincag	ID	N/A	Noel Bundalian; no relationship	2003	2016; 3 years	Annual	13
Antonio B. Alvarez	ED	N/A	Noel Bundalian	1995	2016	Annual	21
Conrado G. Marty	NED	N/A	Noel Bundalian	2006	2016	Annual	10
Patrick Warren D. Go	NED	N/A	Noel Bundalian	1995	2016	Annual	21
Eugene B. Macalalag	ED	N/A	Noel Bundalian	2003	2016	Annual	13
David O. Chua	NED	N/A	Noel Bundalian	2007	2016	Annual	9
Romuald U. Dy Tang	ED	N/A	Noel Bundalian	2008	2016	Annual	8
Salvador P. Escano	NED	N/A	Noel Bundalian	2011	2016	Annual	5
Melvin O. Vergara	NED	N/A	Noel Bundalian	2011	2016	Annual	5
Christopher Brian C. Dy	NED	N/A	Noel Bundalian	2012	2016	Annual	4
Nixon Y. Lim	NED	N/A	Noel Bundalian	2014	2016	Annual	2
Isidro A. Consunji*	NED	N/A	Noel Bundalian	2012	2016	Annual	4
Benedicto C. Legaspi, Jr.*	ID	N/A	N/A	2016	2016	Regular Board Meeting	1

\*Mr. Isidro A. Consunji resigned as director on August 30, 2016 and was replaced by Mr. Benedicto C. Legzapi, Jr.

- (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 following are summaries of the corporate governance policies that the board of directors (the "Board") of Crown Equities, Inc. (the "Company") has adopted:

i. Reportorial or Disclosure System of Company's Corporate Governance Guidelines

All material information, i.e. anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings or directors and changes to ownership.

The Board commits at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stakeholders.

ii. Shareholders' Benefits, Rights and Protection

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for each breach of their rights.

The Board shall take appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the exercise of those rights and provide an adequate venue for them to seek timely redress for each breach of their rights.

The Board committed to respect the following rights of the stockholders:

1. Voting Rights

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

Cumulative voting shall be used in the election of directors.

A director shall not be removed without cause if it will deny the minority shareholders representation in the Board.

2. Pre-emptive Rights

All stockholders shall have pre-emptive rights, unless the same is denied 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 shall lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

3. Power of Inspection

All 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 furnished with annual reports, including financial statement without cost or restrictions.

4. Rights of Information'

The shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the company's shares, dealings with the company, relationship among directors and key

officers and the aggregate compensation of directors and officers.

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

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

5. Right to Dividends

Shareholders shall have the right to receive dividends subject to the discretion of the Board.

The company shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board; or b) 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 c) when it can be clearly shown that such retention is necessary under such special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

6. Appraisal Right

Shareholders shall have appraisal rights or the right to dissent and demand payment of fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines.

iii. Board Responsibilities

Compliance with the principles of good corporate governance is the primary responsibility of the Board. It shall be the Board's responsibility to foster the long-term success of the Company and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Company, its shareholders and stakeholders. It shall also be the duty of the Board to formulate the Company's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

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

The Company's vision and mission are reviewed by the Board annually in the course of planning the Company's goals and objectives for the ensuing year.

**(d) Directorship in Other Companies**

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

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
George L. Go	Healthcare Systems of Asia	Non-Executive/Chairman

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

	Philippines, Inc. Parkfield Land Holdings, Inc.	Non-Executive/Chairman
Wilfrido V. Vergara	Fortmed Medical Clinics Makati, Inc. Parkfield Land Holdings, Inc.	Non-Executive /Vice Chairman Non-Executive
Victor C. Macalincag	Healthcare Systems of Asia Philippines, Inc. Fortmed Medical Clinics Makati, Inc.	Independent Independent
Antonio B. Alvarez	Healthcare Systems of Asia Philippines, Inc. Fortmed Medical Clinics Makati Parkfield Land Holdings, Inc.	Executive Executive Non-Executive
Patrick Warren D. Go	Healthcare Systems of Asia Phils., Inc. FortMED Medical Clinics Makati, Inc.	Executive Executive
Eugene B. Macalalag	Healthcare Systems of Asia Philippines, Inc. Fortmed Medical Clinics Makati, Inc. Parkfield Landholdings, Inc. Crown Central Properties Corp.	Executive Executive Executive Executive
Romuald U. Dy Tang	Healthcare Systems of Asia Philippines, Inc. Fortmed Medical Clinics, Makati Inc. Parkfield Landholdings, Inc.	Non-Executive Non-Executive Non-Executive
Melvin O. Vergara	Healthcare Systems of Asia Philippines, Inc. Fortmed Medical Clinics Makati Inc.	Non-Executive Non-Executive
Christopher Brian C. Dy	Healthcare Systems of Asia Philippines, Inc. Fortmed Medical Clinics Makati Inc.	Non-Executive 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.
David O. Chua	The Philippine Stock Exchange, Inc.	Non-Executive
Salvador P. Escano	Pryce Corporation	Executive/ Chairman
Nixon Y. Lim	Steniel Manufacturing Corp.	Executive/ Chairman
Victor C. Macalincag	Semirara Mining and Power Corporation Republic Glass Holdings Corp.	Independent Independent

**(iii) Relationship within the Company and its Group**

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
Patrick Warren D. Go	George L. Go	Son
Melvin O. Vergara	Wilfrido V. Vergara	Son
Christopher Brian C. Dy	Romuald Dy Tang	Son

**(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary**



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

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	Please refer to the discussion below	
Non-Executive Director		
CEO		

The Company imposes and observes the qualifications and requirements on term limits and board membership in related companies imposed by the rules and regulations of the Securities and Exchange Commission (SEC), in particular, those found under SRC Rule 38 and SEC Memorandum Circular No. 9, Series of 2011, in respect of the Company's independent directors.

(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
Nixon Y. Lim	367,150,000	N/A	2.700%
Patrick D. Go	181,420,000	N/A	1.327%
George L. Go	4,000,800	132,950,000 through PCD Member company	1.007%
Wilfrido V. Vergara	19,296,000	3,280,000 through PCD Member company	0.166%
Ramon A. Recto	880,000	10,000,000 through PCD Member company	0.080%
Romuald Dy Tang	20,000	76,700,000 through PCD Member company	0.564%
Eugene B. Macalalag	80	6,800,000 through PCD Member company	0.050%
David O. Chua	400,000	N/A	0.003%
Antonio B. Alvarez	177,600	N/A	0.001%
Conrado G. Marty	80,008	N/A	0.001%
Christopher Brian C. Dy	20,000	N/A	-nil-
Salvador P. Escano	10,000	N/A	-nil-
Melvin O. Vergara	10,000	N/A	-nil-
Victor C. Macalincag	80	N/A	-nil-
Benedicto C. Legzapi, Jr.	10,000	N/A	-nil-
<b>TOTAL</b>	<b>573,474,568</b>	<b>229,730,000</b>	<b>5.906%</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	George L. Go
CEO/President	Romuald U. Dy Tang

**(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/President</b>
<b>Role</b>	The Chairman is responsible for leadership of the Board and is tasked to lead meetings of the Board	The President/CEO is primary responsible for leadership of the business of the Company and managing it within the authorities delegated by the Board.
<b>Accountabilities</b>	<ul style="list-style-type: none"> <li>▪ Ensures that the meetings of the Board are held in accordance with the By-laws or as the Chairman may deem necessary</li> <li>▪ Supervises preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the President, Management and the directors</li> <li>▪ Maintains qualitative and timely lines of communication and information between the Board and Management</li> <li>▪ Submits annual report of the operations of the Company to the Board</li> </ul>	<ul style="list-style-type: none"> <li>▪ Presides at all meetings of the stockholders, directors and executive committee, in the absence of both the Chairman and the Vice-Chairman</li> <li>▪ Has general supervision and management of the business affairs and property of the Company</li> <li>▪ Executes on behalf of the Company all contracts and agreements which the Company may enter into</li> <li>▪ Prepares such reports of the Company as may be required by law</li> <li>▪ Makes reports to the Board and the stockholders</li> <li>▪ Signs certificates of stock</li> <li>▪ Exercises such other powers and performs such other duties as the Board may from time to time entrust or delegate to him</li> </ul>
<b>Deliverables</b>		

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

Succession of officers is within the appointment powers of the Board.

**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.**

Yes. The Company ensures that members of the Board are composed of individuals experienced in their own fields to allow diversity intended to benefit the Company.

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

The Company, under its Manual of Corporate Governance, requires all members of the Board, as a qualification for membership to the Board, to possess a practical understanding of the business of the Company. Mr. George L. Go serves as a director of another property holding company, while a number of other directors hold directorships in holding companies such as the Company.

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

**Directors:**

	<b>Executive</b>	<b>Non-Executive</b>	<b>Independent Director</b>
<b>Role</b>	Ensures that Board policies are implemented in the day-to-day operations of the Company	Provides creative contribution to the Board by providing an independent view of the Company that is removed from day-to-day running	Broadly includes improving corporate credibility and governance standards, and playing a vital role in risk management
<b>Accountabilities</b>	Perform the functions set out under the Company's By-laws, Manual of Corporate Governance and relevant laws, rules and regulations of the SEC required to be performed by directors as such director or as a member of the various committees of the Company		Perform the functions set out under the Company's By-laws, Manual of Corporate Governance and relevant laws, rules and regulations of the SEC required to be performed by an Independent Director as such Independent Director or as a member of the various committees of the Company
<b>Deliverables</b>	Furnish the Company information in the prescribed form in respect of matters relating to the directors required by law to be publicly disclosed		Furnish the Company information in the prescribed form in respect of matters relating to the Independent Director required by law to be publicly disclosed

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

Independence is defined by the Company as independence from management and freedom from any business or other relationship which could, or could reasonably be perceived to materially interfere in the exercise of independent judgment in carrying out responsibilities.

As required under its Manual of Corporate Governance, the Corporation has at least two (2) independent members of the Board. The independent directors, through the Nomination Committee, are identified, screened, endorsed and nominated for election to the Board of Directors in accordance with SRC Rule 38.

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

The Company imposes and observes the qualifications and requirements on term limits and board membership in related companies imposed by the rules and regulations of the Securities and Exchange Commission (SEC), in particular, those found under SRC Rule 38 and SEC Memorandum Circular No. 9, Series of 2011, in respect of the Company's independent directors.

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

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

Mr. Isidro A. Consunji resigned on August 30, 2016 and Mr. Benedicto C. Legaspi, Jr. was elected in his place.

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

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

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors	Election at the annual stockholders' meeting	Proven competence, integrity, prudence and track record in his specific field
(ii) Non-Executive Directors	Election at the annual stockholders' meeting	Proven competence, integrity, prudence and track record in his specific field
(iii) Independent Directors	Election at the annual stockholders' meeting	Proven competence, integrity, prudence and track record in his specific field
<b>b. Re-appointment</b>		
(i) Executive Directors	Election at the annual stockholders' meeting	Proven competence, integrity, prudence and track record in his specific field
(ii) Non-Executive Directors	Election at the annual stockholders' meeting	Proven competence, integrity, prudence and track record in his specific field
(iii) Independent Directors	Election at the annual stockholders' meeting	Proven competence, integrity, prudence and track record in his specific field
<b>c. Permanent Disqualification</b>		
(i) Executive Directors	Approval of majority of the Board	Grounds provided in the Company's Manual of Corporate Governance
(ii) Non-Executive Directors	Approval of majority of the Board	Grounds provided in the Company's Manual of Corporate Governance
(iii) Independent Directors	Approval of majority of the Board	Grounds provided in the Company's Manual of Corporate Governance
<b>d. Temporary Disqualification</b>		
(i) Executive Directors	Approval of majority of the Board	Grounds provided in the Company's Manual of Corporate Governance
(ii) Non-Executive Directors	Approval of majority of the Board	Grounds provided in the Company's Manual of Corporate Governance
(iii) Independent Directors	Approval of majority of the Board	Grounds provided in the Company's Manual of Corporate Governance
<b>e. Removal</b>		
(i) Executive Directors	Approval of 2/3 votes of the shareholders at a meeting duly called for the purpose	Grounds provided in the Company's Manual of Corporate Governance
(ii) Non-Executive Directors	Approval of 2/3 votes of the shareholders at a meeting duly called for the purpose	Grounds provided in the Company's Manual of Corporate Governance

(iii) Independent Directors	Approval of 2/3 votes of the shareholders at a meeting duly called for the purpose	Grounds provided in the Company's Manual of Corporate Governance
<b>f. Re-instatement</b>		
(i) Executive Directors	Election by the Board	Removal of ground for suspension/disqualification
(ii) Non-Executive Directors	Election by the Board	Removal of ground for suspension/disqualification
(iii) Independent Directors	Election by the Board	Removal of ground for suspension/disqualification
<b>g. Suspension</b>		
(i) Executive Directors	Approval of majority of the Board	Grounds provided in the Company's Manual of Corporate Governance and commission of acts detrimental to the welfare of the Company
(ii) Non-Executive Directors	Approval of majority of the Board	Grounds provided in the Company's Manual of Corporate Governance and commission of acts detrimental to the welfare of the Company
(iii) Independent Directors	Approval of majority of the Board	Grounds provided in the Company's Manual of Corporate Governance and commission of acts detrimental to the welfare of the Company

#### Voting Result of the last Annual General Meeting

Name of Director	Votes Received
George L. Go	10,470,338,465
Wilfrido V. Vergara	10,470,338,465
Ramon A. Recto	10,470,338,465
Victor C. Macalincag	10,470,338,465
Antonio B. Alvarez	10,470,338,465
Conrado G. Marty	10,470,338,465
Isidro A. Consunji	10,470,338,465
Patrick Warren D. Go	10,470,338,465
Eugene B. Macalalag	10,470,338,465
David O. Chua	10,470,338,465
Romuald U. Dy Tang	10,470,338,465
Salvador P. Escano	10,470,338,465
Melvin O. Vergara	10,470,338,465
Christopher Brian C. Dy	10,470,338,465
Nixon Y. Lim	10,470,338,465

**6) Orientation and Education Program**

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

N/A

(b) State any in-house training and external courses attended by Directors and Senior Management<sup>2</sup> for the past three (3) years:

Name of Director/Officer	Date of Training	Program	Name of Training Institution
N/A			

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
N/A			

**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	Prohibited	Prohibited	Prohibited
(b) Conduct of Business and Fair Dealings	Allowed to authorize use but not allowed to use Company funds, assets and information for personal benefit	Has discretion to use Company funds, assets and information on matters relating to the Company	With proper authorization, allowed to use Company funds, assets and information on matters relating to the Company
(c) Receipt of gifts from third parties	Ensure that management complies with employment and labor laws and policies	Expected to ensure compliance with employment and labor laws	Employees are assured that the Company shall at all times comply with employment and labor laws and policies
(d) Compliance with Laws & Regulations	Subject to disciplinary action based on Manual of Corporate Governance	Subject to disciplinary action based on the Labor Code of the Philippines and code of conduct	Subject to disciplinary action based on the Labor Code of the Philippines and code of conduct
(e) Respect for Trade Secrets/Use of Non-public Information	The Company encourages full disclosure of all matters affecting the Company and provides full confidentiality on whistleblower matters	The Company encourages full disclosure of all matters affecting the Company and provides full confidentiality on whistleblower matters	The Company encourages full disclosure of all matters affecting the Company and provides full confidentiality on whistleblower matters
(f) Use of Company Funds, Assets and	Allowed to authorize use but not allowed to	Has discretion to use Company funds, assets	With proper authorization, allowed to use Company

<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.

<b>Information</b>	use Company funds, assets and information for personal benefit	and information on matters relating to the Company	funds, assets and information on matters relating to the Company
<b>(g) Employment &amp; Labor Laws &amp; Policies</b>	Ensure that management complies with employment and labor laws and policies	Expected to ensure compliance with employment and labor laws	Employees are assured that the Company shall at all times comply with employment and labor laws and policies
<b>(h) Disciplinary action</b>	Subject to disciplinary action based on Manual of Corporate Governance	Subject to disciplinary action based on the Labor Code of the Philippines and code of conduct	Subject to disciplinary action based on the Labor Code of the Philippines and code of conduct
<b>(i) Whistle Blower</b>	The Company encourages full disclosure of all matters affecting the Company and provides full confidentiality on whistleblower matters	The Company encourages full disclosure of all matters affecting the Company and provides full confidentiality on whistleblower matters	The Company encourages full disclosure of all matters affecting the Company and provides full confidentiality on whistleblower matters
<b>(j) Conflict Resolution</b>	The Company has established and committed itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner	The Company has established and committed itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner	The Company has established and committed itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner

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

Yes.

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

The Company has a designated officer responsible for ensuring compliance with its code of ethics or conduct and compliance with all relevant laws, rules and regulations.

**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
<b>(1) Parent Company</b>	N/A
<b>(2) Joint Ventures</b>	Management reviews the feasibility of the joint venture and recommends to the Board its approval.

<b>(3) Subsidiaries</b>	Transactions with subsidiaries are ensured to be arms-length and must be authorized and approved by the Board.
<b>(4) Entities Under Common Control</b>	Transactions with entities under common control are ensured to be arms-length and must be authorized and approved by the Board.
<b>(5) Substantial Stockholders</b>	Transactions with substantial stockholders are ensured to be arms-length and must be authorized and approved by the Board.
<b>(6) Officers including spouse/children/siblings/parents</b>	Transactions with officers and their relatives are kept to a minimum level and ensured to be arms-length and must be authorized and approved by the Board.
<b>(7) Directors including spouse/children/siblings/parents</b>	Transactions with directors and their relatives are kept to a minimum level and ensured to be arms-length and must be authorized and approved by the Board.
<b>(8) Interlocking director relationship of Board of Directors</b>	Interlocking director relationships are not encouraged but must be kept in arms-length and not detrimental to the Company.

**(b) Conflict of Interest**

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

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

None.

	<b>Details of Conflict of Interest (Actual or Probable)</b>
<b>Name of Director/s</b>	N/A
<b>Name of Officer/s</b>	N/A
<b>Name of Significant Shareholders</b>	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>
<b>Company</b>	Directors and officers are required to disclose to the Company any actual or potential conflict of interest as these are prohibited while conflicts of interest involving shareholders are subject to voluntary disclosure. In case of conflict of interest, Company welfare is of paramount concern and all actions are geared towards maintenance of integrity of the Company.
<b>Group</b>	Directors and officers are required to disclose to the Company any actual or potential conflict of interest with any member of the Group as these are prohibited while conflicts of interest involving shareholders are subject to voluntary disclosure. In case of conflict of interest, Company welfare is of paramount concern and all actions are geared towards maintenance of integrity of the Company.

**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**

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



between the holders of significant equity (5% or more), to the extent that they are known to the company:

None.

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
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:

None.

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

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

None.

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
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.

	Alternative Dispute Resolution System
Corporation & Stockholders	Disputes with stockholders are handled internally through the Board of Directors.
Corporation & Third Parties	Contracts with third parties contain alternative modes of dispute resolution such as mediation and arbitration.
Corporation & Regulatory Authorities	Conflicts with regulatory agencies are handled by management through effective communication with the regulatory agency.

### C. BOARD MEETINGS & ATTENDANCE

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

Board meetings are 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	George L. Go	May 24, 2016	5	5	100%
Vice Chairman	Wilfrido V. Vergara	May 24, 2016	5	4	80%

Member	Romuald U. Dy Tang	May 24, 2016	5	5	100%
Member	Antonio B. Alvarez	May 24, 2016	5	5	100%
Member	Eugene B. Macalalag	May 24, 2016	5	5	100%
Member	Patrick Warren D. Go	May 24, 2016	5	5	100%
Member	Conrado G. Marty	May 24, 2016	5	3	60%
Member	David O. Chua	May 24, 2016	5	4	80%
Member	Melvin O. Vergara	May 24, 2016	5	5	100%
Member	Salvador P. Escano	May 24, 2016	5	3	60%
Member	Christopher Brian C. Dy	May 24, 2016	5	5	100%
Independent	Victor C. Macalincag	May 24, 2016	5	4	80%
Independent	Ramon A. Recto	May 24, 2016	5	4	80%
Member	Nixon Y. Lim	May 24, 2016	5	4	80%
Member	Isidro A. Consunji	May 24, 2016	3	0	0%
Independent	Benedicto C. Legaspi, Jr.	August 30, 2016	2	1	50%

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

No.

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

For corporate actions requiring majority vote, a majority of the Board is sufficient. In cases required by the Corporation law to have two-thirds majority, then 2/3 of the Board of Directors must approve and authorize said corporate action.

- 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?**

Notice and agenda is provided to the directors at least one week before the scheduled meetings. Materials for the Board meetings are provided at the meeting.

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

Yes. Directors are encouraged to approach management and corporate secretary on any matter concerning the Company.

- (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 is responsible in preparing and sending notices on the board agenda. He/She is required to be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities. The Corporate Secretary is the custodian of the Company's corporate documents. He ensures that all materials for Board meetings are in order, takes down the minutes of meetings, ensures compliance with disclosure, reporting requirements of the Philippine Stock Exchange (PSE) and SEC.

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

The Company's incumbent Corporate Secretary is a lawyer.

<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.

(e) Committee Procedures

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

Yes  No

Committee	Details of the procedures
Executive	N/A
Audit	N/A
Nomination	N/A
Remuneration	N/A
Others (specify)	N/A

6) External Advice

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

Procedures	Details
Legal Advice	Directors can engage external lawyers to advise them on legality of proposed corporate action to ensure the validity of their consent to such actions.
Tax Advice	Directors can engage external tax consultants to advise them on tax matters.

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:

For the year 2016, no change has been introduced by the Board on existing policies having a material effect on the business of the Company.

Existing Policies	Changes	Reason
N/A		

**D. REMUNERATION MATTERS**

1) Remuneration Process

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

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Industry standards	Industry standards
(2) Variable remuneration	Company performance; individual performance	Company performance; individual performance
(3) Per diem allowance	Industry standards	Industry standards
(4) Bonus	Company performance; individual performance	Company performance; individual performance
(5) Stock Options and other financial instruments	Company performance; individual performance	Company performance; individual performance

(6) Others (specify)	N/A	N/A
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2) Remuneration Policy and Structure for Executive and Non-Executive Directors

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

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
<b>Executive Directors</b>	<p>Compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper</p> <p>Stock options may be awarded based on satisfaction of performance requirements</p>	<p>Per diem allowance for attendance at each meeting of the Board</p> <p>Stock options</p>	<p>Total per diem received by all members of the Board shall not exceed 10% of the net income of the Company during the preceding year</p> <p>Terms and conditions of the stock option plan are determined by the Board, provided no change in the maximum number of shares or any decrease in exercise price shall be effected without stockholders' approval</p>
<b>Non-Executive Directors</b>	<p>Compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper</p> <p>Stock options may be awarded based on satisfaction of performance requirements</p>	<p>Per diem allowance for attendance at each meeting of the Board</p> <p>Stock Options</p>	<p>Total per diem received by all members of the Board shall not exceed 10% of the net income of the Company during the preceding year</p> <p>Terms and conditions of the stock option plan are determined by the Board, provided no change in the maximum number of shares or any decrease in exercise price shall be effected without stockholders' approval. Terms</p>

			and conditions of the stock option plan are determined by the Board, provided no change in the maximum number of shares or any decrease in exercise price shall be effected without stockholders' approval
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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.

Yes. The grant of stock options was presented to the stockholders for their approval.

Remuneration Scheme	Date of Stockholders' Approval
Stock Options	May 31, 2002

### 3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year (December 31, 2016):

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	N/A	N/A	N/A
(b) Variable Remuneration	N/A	N/A	N/A
(c) Per diem Allowance	Php612,222.20	Php2,224,111.06	
(d) Bonuses	N/A	Php2,256,933	N/A
(e) Stock Options and/or other financial instruments	N/A	N/A	N/A
(f) Others (Specify)	N/A	N/A	N/A
<b>Total</b>	<b>612,222.20</b>	<b>2,224,111.06</b>	

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	N/A	N/A	N/A
2) Credit granted	N/A	N/A	N/A
3) Pension Plan/s Contributions	N/A	N/A	N/A

(d) Pension Plans, Obligations incurred	N/A	N/A	N/A
(e) Life Insurance Premium	N/A	N/A	N/A
(f) Hospitalization Plan	N/A	N/A	N/A
(g) Car Plan	N/A	N/A	N/A
(h) Others (Specify)	N/A	N/A	N/A
<b>Total</b>	N/A	N/A	N/A

4) Stock Rights, Options and Warrants

(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:

No stock option has been granted from the time the stock option plan was approved.

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
N/A				

(b) Amendments of Incentive Programs

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

None.

Incentive Program	Amendments	Date of Stockholders' Approval
N/A		

5) Remuneration of Management

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

Members of Management are at the same time executive directors of the Company.

Name of Officer/Position	Total Remuneration
N/A	

E. **BOARD COMMITTEES**

1) Number of Members, Functions and Responsibilities

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
<b>Executive</b>	2	2	1	N/A	Make decisions on matters affecting the general policy of the Corporation.	Decide on matters that it may be entrusted with by the Board.	Pass and act upon such matters as the Board may entrust to it for action, between meetings of Board.
<b>Audit</b>	0	1	2	N/A	Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management	Check all financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements; Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the company through a step-by-step procedures and policies handbook that will be used by the entire organization.	Pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit
<b>Nomination</b>	2	2	2	N/A	Review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval	Pre-screen and shortlist all candidates nominated to become member of the Board	Assess the qualifications of all candidates nominated to become member of the Board

Remuneration	2	2	1	N/A	Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers	Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and environment	Designate amount of remuneration, which shall be sufficient level to attract and retain directors and officers who are needed to run the company successfully;  Disallow any director to decide his or her own remuneration
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## 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	Wilfrido V. Vergara	May 24, 2016	41	37	90%	14
Member (ED)	Romuald U. Dy Tang	May 24, 2016	41	38	93%	8
Member (ED)	Antonio B. Alvarez	May 24, 2016	41	41	100%	21
Member (NED)	George L. Go	May 24, 2016	41	36	88%	21
Member (ID)	Victor C. Macalincag	May 24, 2016	41	40	98%	13

### (b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Victor C. Macalincag	May 24, 2016	1	1	100%	13
Member (NED)	Conrado G. Marty	May 24, 2016	1	1	100%	10
Member (ID)	Ramon A. Recto	May 24, 2016	1	1	100%	14

Disclose the profile or qualifications of the Audit Committee members.

**Mr. Victor C. Macalincag**, 80 years old, Filipino, has been an Independent Director of the Corporation since May 27, 2003. He is the Chairman of the Audit Committee and a Member of the Executive Committee, Nominations Committee and the Compensation and Remuneration Committee of the Corporation. He currently holds Directorship in the following Subsidiaries: Healthcare Systems of Asia Philippines, Inc., Fortmed Medical Clinics



Makati, Inc. and Ceres Property Venture, Inc. Mr. Macalincag is also an Independent Director of Semirara Mining Corporation, Republic Glass Corp., SEM Calaca Power Corporation and Finman Rural Bank. He was also the President of Trade & Investment Development Corporation of the Philippines which is presently known as PHIL EXIM (formerly PhilGuarantee) from 1991 until his resignation in 2001. He was the Deputy Minister of Finance from 1981 to 1986 and Undersecretary of Finance from 1986 to 1991. He also held the position of National Treasurer from 1981 to 1988. Other positions he held were as follows: Director of Home Guaranty Corporation, Philippine Overseas Construction Board, Philippine Long Distance Telephone Co. (PLDT) from 1988 to 1995, National Power Corporation from 1978 to 1986 and the Philippine Deposit Insurance Corporation from 1983 to 1991. He was also Chairman of Pilipinas Bank and Executive Vice-President of Land Bank of the Philippines. Mr. Macalincag is a Certified Public Accountant. He has a Bachelor of Science in Business Administration from the University of the East. He also completed the academic requirements for a Masteral Degree in Economics from the same University. He finished a fellowship program conducted by the Economic Development Institute of the World Bank, Washington D.C. in 1971.<sup>5</sup>

**Mr. Conrado G. Marty**, 70 years old, Filipino, has been a Member of the Board of Directors of the Corporation since 2006. Mr. Marty is also a Member of the Audit Committee of the Corporation. He is the President of Universal LMS Finance and Leasing Corporation and is also the Vice Chairman of Hyundai Asia Resources, Inc. Mr. Marty holds a Bachelor of Science in Business Administration Major in Accounting from University of the East and is a Certified Public Accountant. He earned his Master's Degree in Business Administration in Wharton School, University of Pennsylvania.

**Mr. Ramon A. Recto**, 83 years old, Filipino, has been an Independent Director of the Corporation since May 2002. He has been a Member of the Audit Committee and the Nominations Committee since May 2003. Mr. Recto is currently the President of Marcventures Holdings, Inc. and Chairman and President of CME Technologies, Inc. He was the President of Lepanto Consolidated Mining Corporation. Mr. Recto obtained both of his Bachelor's Degrees in Electrical Engineering and in Mechanical Engineering from the University of the Philippines. He also earned his Master's Degree in Industrial Management from the same University.

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

The Audit Committee shall perform direct interface functions with the external auditors. The Audit Committee shall also pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit. The Audit Committee reviews all proposals for services to be rendered by the independent auditor.

**(c) Nomination Committee**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	George L. Go	May 24, 2016	1	1	100%	21
Member (NED)	Wilfrido V. Vergara	May 24, 2016	1	1	100%	14
Member (ED)	Romuald U. Dy Tang	May 24, 2016	1	1	100%	8
Member (ED)	Antonio A. Alvarez	May 22, 2012	1	1	100%	21
Member (ID)	Victor C. Macalincag	May 24, 2016	1	1	100%	13
Member (ID)	Ramon A. Recto	May 24, 2016	1	1	100%	14

**(d) Remuneration Committee**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Wilfrido V. Vergara	May 24, 2016	1	1	100%	14
Member (ED)	Romuald U. Dy Tang	May 24, 2016	1	1	100%	8
Member (ED)	Antonio B. Alvarez	May 24, 2016	1	1	100%	21
Member (NED)	George L. Go	May 24, 2016	1	1	100%	21

<sup>5</sup> Mr. Victor C. Macalincag passed away last March 30, 2017.

Member (ID)	Victor C. Macalincag	May 24, 2016	1	1	100%	13
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(e) Others (Specify)

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

N/A

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

3) Changes in Committee Members

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

There was no change in committee membership that occurred during the year 2016.

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
Others (specify)	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
<b>Executive</b>	Regularly met with Management to update and get guidance from the committee on day-to-day operations and ordinary course of business transactions of the Company	No significant issues within the responsibility of the Executive Committee arose during the year
<b>Audit</b>	Provided oversight responsibility for the Company's financial reporting process, and regulatory compliance	No significant issues within the responsibility of the Audit Committee arose during the year
<b>Nomination</b>	Reviewed and evaluated qualifications of nominees to the Board; pre-screened and shortlisted all candidates nominated to the Board	No significant issues within the responsibility of the Nomination Committee arose during the year
<b>Remuneration</b>	Designation of amount of remuneration to attract and retain directors and officers	No significant issues within the responsibility of the Remuneration Committee arose during the year

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	None	No significant issues notes
Audit	None	No significant issues notes
Nomination	None	No significant issues notes
Remuneration	None	No significant issues notes

**F. RISK MANAGEMENT SYSTEM**

**1) Disclose the following:**

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

Risk management rests on the Board who is responsible for establishing and maintaining a sound risk management system. The Board assumes oversight over the entire risk management process. In addition, the Board's Audit Committee performs oversight functions over Management's activities in the areas of managing credit, market, liquidity, operation, legal and other risks of the Company, and crisis management, including requiring regular report from Management on risk exposures and risk management activities.

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

The Board has reviewed the effectiveness of the Company's risk management system and has found the same adequate.

**(c) Period covered by the review**

As of December 31, 2016

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

The Company's risk management system is reviewed at least annually by the Board, with the aim of constantly improving its corporate governance.

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

N/A

**2) Risk Policy**

**(a) Company**

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

Risk Exposure	Risk Management Policy	Objective
Credit Risk	To deal only with credit worthy counterparties	To manage and control credit exposures within acceptable parameters, ensure continuous monitoring of compliance with arrangements or credit terms granted to counterparties
Liquidity Risk		(a) To ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able

		to access funding when needed at the least possible costs; and (d) to maintain an adequate time spread of refinancing maturities
Market Risk	Manage risk arising from changes in value of investments carried at fair market value through profit or loss by monitoring changes in the market price of the investments	To manage and control market risk exposures within acceptable parameters, while optimizing return

**(b) Group**

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

Risk Exposure	Risk Management Policy	Objective
Credit Risk	To deal only with credit worthy counterparties	To manage and control credit exposures within acceptable parameters, ensure continuous monitoring of compliance with arrangements or credit terms granted to counterparties
Liquidity Risk	Ensure that liquidity risk is kept within acceptable levels	(a) To ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible costs; and (d) to maintain an adequate time spread of refinancing maturities
Market Risk	Manage risk arising from changes in value of investments carried at fair market value through profit or loss by monitoring changes in the market price of the investments	To manage and control market risk exposures within acceptable parameters, while optimizing return

**(c) Minority Shareholders**

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

Risk to Minority Shareholders
In the event of exercise of controlling shareholders' voting power, they may overcome the vote of the minority stockholder in case the proposed corporate actions approved are in contrast with each other, in effect preventing the minority stockholder to have its choice declared as the approved corporate action.

**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)
Credit Risk	This refers to the risk of financial loss to the Company if a customer	The Company continuously monitors compliance with the arrangements

	or counterparty to a financial instrument fails to meet its contractual obligations. Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the consolidated statements of financial position.	or credit terms granted to counterparties. Indication of default identified is discussed and resolved during management meetings. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.
Liquidity Risk	This refers to the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled in cash or another financial asset	To manage this risk, the Company ensures that it has adequate funding available at all times, it meets commitments as they arise without incurring unnecessary costs, it is able to access funding when needed at the least possible cost, and it maintains adequate time spread of refinancing maturities
Market Risk	This refers to the risk that changes in market prices will affect the values of the Company's holdings of financial instruments. The Company's market risk is limited to its investments carried at fair value through profit or loss and AFS financial statements.	The Company manages its risk arising from changes in value of investments carried at fair value through profit or loss by monitoring the changes in the market price of the investments.

**(b) Group**

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

<b>Risk Exposure</b>	<b>Risk Assessment (Monitoring and Measurement Process)</b>	<b>Risk Management and Control (Structures, Procedures, Actions Taken)</b>
Credit Risk	This refers to the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables. Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the consolidated statements of financial position.	The Group continuously monitors compliance with the arrangements or credit terms granted to counterparties. Indication of default identified is discussed and resolved during management meetings. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.
Liquidity Risk	This refers to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled in cash or another financial asset	To manage this risk, the Group ensures that it has adequate funding available at all times, it meets commitments as they arise without incurring unnecessary costs, it is able to access funding when needed at the least possible cost, and it maintains adequate time spread of refinancing maturities
Market Risk	This refers to the risk that changes in market prices will affect the values of the Group's holdings of	The Group manages its risk arising from changes in value of investments carried at fair value

	financial instruments. The Group's market risk is limited to its investments carried at fair value through profit or loss and AFS financial statements.	through profit or loss by monitoring the changes in the market price of the investments.
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**(c) Committee**

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

<b>Committee/Unit</b>	<b>Control Mechanism</b>	<b>Details of its Functions</b>
Audit Committee	Oversight functions over Management's risk-related activities	Performs oversight functions over Management's activities in the areas of managing credit, market, liquidity, operation, legal and other risks of the Company, and crisis management, including requiring regular report from Management on risk exposures and risk management activities

**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 Company has in place an independent internal audit function, performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and stockholders shall provide with reasonable assurance that its key organizational and procedural controls are effective, appropriate and complied with.

The minimum internal control mechanisms for management's operational responsibility center on the CEO/President, being ultimately accountable for the Company organizational and procedural controls.

The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: a) the nature and complexity of business and business culture; b) the volume, size and complexity of transactions; c) the degree of risk; d) the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and e) the extent of regulatory compliance.

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

The Board has reviewed the effectiveness of the internal control system, as provided in the Company's Manual of Corporate Governance, and considers the same effective and adequate. Since the implementation of its Manual of Corporate Governance in 2003, compliance with it has been satisfactory and no sanction has been imposed on any member of its organization for deviating therefrom.

**(c) Period covered by the review**

Year ending December 31, 2016.

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

Internal controls are reviewed at least annually by the Board, with the aim of constantly improving its corporate governance.

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

N/A

**2) Internal Audit**

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

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

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Ensures that key organizational and procedural controls are effective, appropriate and complied with	The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: a) the nature and complexity of business and business culture; b) the volume, size and complexity of transactions; c) the degree of risk; d) the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and e) the extent of regulatory compliance.			Reports and submits to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to audit plans and strategies, as approved by the Audit Committee, including significant risk exposures, control issues, and such other matters as may be requested by the Board and Management.

**(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. The Audit Committee recommends for Board approval the appointment and/or removal of the Internal Auditor.

**(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?**

Reports and submits to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to audit plans and strategies, as approved by the Audit Committee, including significant risk exposures, control issues, and such other matters as may be requested by the Board and Management.

**(d) Resignation, Re-assignment and Reasons**

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

None.

Name of Audit Staff	Reason
N/A	

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

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

Progress Against Plans	
Issues <sup>6</sup>	
Findings <sup>7</sup>	
Examination Trends	

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

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

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

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

Policies & Procedures	Implementation
Establish the internal audit function as a separate unit in the company which would be overseen at the Board level	Implemented
Have a comprehensive enterprise-wide compliance program that is annually reviewed	Implemented
Institutionalize quality service programs for the internal audit function	Implemented
Have in place a mechanism that allows employees, suppliers and other stakeholders to raise valid issues	Implemented
Have the responsible officers attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively	Implemented

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

<sup>7</sup> "Findings" are those with concrete basis under the company's policies and rules.



Timely disclosure of financial reports	Implemented
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**(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
EXTERNAL: May not serve at the same time as an internal auditor of the Company	Non-interference by the Company and freedom of analysts to publish their work without pressure or scrutiny	None.	Non-interference by the Company and freedom of rating agencies to publish their work without pressure or scrutiny
EXTERNAL: Rotation of handling partner every five years or earlier			
EXTERNAL: Stockholders' approval for appointment of external auditor, following audit committee recommendation			
INTERNAL AND EXTERNAL: Audit findings are assured free from interference from Management			

**(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 Compliance Officer with the Chairman will attest to the Company's full compliance with the SEC Code of Corporate Governance.

**H. ROLE OF STAKEHOLDERS**

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

	Policy	Activities
<b>Customers' welfare</b>	Provide useful products and services that are valued by customers	Dedicated officer overseeing operations of its subsidiaries; for its real estate subsidiaries, close communication with its sales representatives to ensure that customer complaints/queries are addressed at the soonest possible time
<b>Supplier/contractor selection practice</b>	Cooperative efforts with suppliers and contractors to ensure timely and complete delivery of the Company's goods and services to its customers	Conduct of due diligence in selecting suppliers/contractors; ensuring strict compliance by both the Company and its suppliers/contractors with the terms of the contract, including timely payment
<b>Environmentally friendly value-chain</b>	Conduct operations in an economic, social and environmentally sustainable manner	The Company is currently in the process of adopting and implementing its community involvement and environment-related programs.
<b>Community interaction</b>	Conduct operations in an economic, social and environmentally	The Company is currently in the process of adopting and

	sustainable manner	implementing its community involvement and environment-related programs.
<b>Anti-corruption programmes and procedures?</b>	Compliance with laws, rules and regulations dealing with anti-graft and corruption	The Company encourages full disclosure of all matters affecting the Company and provides full confidentiality on whistleblower matters
<b>Safeguarding creditors' rights</b>	Full compliance with terms of credit agreements	Ensuring timely payment and compliance with terms and conditions of the debt agreement

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

The Company is currently in the process of adopting and implementing its community involvement and environment-related programs.

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

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

The Company respects and protects the rights and interests of its employees, recognizing their valuable role to the growth of the Company.

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

The Company is compliant with relevant Philippine labor and employment laws on employee safety, health and welfare, including those relating to labor standards, government insurance, etc.

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

Employees of the Company's affiliate, FortMed Medical Clinics Makati, Inc., undergo regular training in respect of medical and laboratory procedures.

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

The Company has in place a merit-based performance incentive mechanism (such as its stock option plan and bonus/incentive packages) that awards and incentivizes its employees, and at the same time aligns their interests with those of the shareholders.

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

The Company has established and committed itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner.

The Company encourages full disclosure of all matters affecting the Company and provides full confidentiality on whistleblower matters.

**I. DISCLOSURE AND TRANSPARENCY**

**1) Ownership Structure**

- (a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corp.	8,031,296,904 (r)	59.0537%	**
Guild Securities, Inc.	4,501,590,712 (r)	33.0999%	

\*\* PCD Nominee Corp. (PCD), a wholly-owned subsidiary of Philippine Central Depository, Inc., is the registered owner of certain shares in the books of the Company's transfer agents in the Philippines. The beneficial owners of such shares are PCD's participants, who hold shares on their behalf or in behalf of their clients. PCD is a private Corporation organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. The beneficial owners of PCD shares that owns 5% and above are indicated as follows:

Guild Securities, Inc. (Filipino) Unit 1215 Tower One and Exchange Plaza Ayala Avenue, Makati City	3,164,684,800	23.2697%
First Orient Securities, Inc. (Filipino) Unit 1201 Ayala Triangle Tower One Ayala Avenue, Makati City	1,382,288,472	10.1639%
Marian Securities, Inc. (Filipino) Unit B 26-1-11 Floor Export Bank Plaza Chino Roces Ave. cor. Gil Puyat Ave., Makati City	977,066,000	7.1843%

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Romuald Dy Tang	20,000	76,700,000 (PCD member company)	0.564%
Antonio B. Alvarez	177,600	0	0.001%
Eugene B. Macalalag	80	6,800,000 (PCD member company)	0.050%
<b>TOTAL</b>	<b>197,680</b>	<b>83,500,000</b>	<b>0.615%</b>

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	No
Number of board of directors/commissioners meetings held during the year	No
Attendance details of each director/commissioner in respect of meetings held	No
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

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

Disclosure is provided in the other reports submitted to the PSE and the SEC.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
R.G. Manabat & Co.	₱800,000.00	N/A

4) Medium of Communication

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

- Company website at <http://crownequitiesinc.com>
- PSE ODiSy (Online Disclosure System)
- SEC reports

5) Date of release of audited financial report: February 28,2017

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

During the last three years, there were no transactions or series of similar transactions with or involving the Company or any of its subsidiaries in which a director, executive officer, nominee for election as a director or stockholder owning ten percent (10%) or more of total outstanding shares and members of their immediate family, had or is to have a direct or indirect material interest.

RPT	Relationship	Nature	Value
N/A			

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

The Company ensures that related party transactions are made on an arms-length basis and no undue advantage or benefit is accorded to either party.

J. RIGHTS OF STOCKHOLDERS

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

(a) Quorum

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

<b>Quorum Required</b>	Majority of the subscribed capital is present or represented
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

<b>System Used</b>	Straight voting
<b>Description</b>	A stockholder is entitled to one vote per share

(c) Stockholders' Rights

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

None.

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

Dividends

None.

<b>Declaration Date</b>	<b>Record Date</b>	<b>Payment Date</b>
N/A		

(d) Stockholders' Participation

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

<b>Measures Adopted</b>	<b>Communication Procedure</b>
<b>Stockholder Q&amp;A</b>	The stockholders are advised prior to the start of the annual meeting that questions will be entertained after each agenda item. Stockholders are likewise encouraged to approach the Board or Management should they have questions relating to the Company even after the stockholders' meeting
<b>Individual voting, abstention, disapproval of corporate actions</b>	Stockholders are given the right to vote, explain their vote and ask clarificatory questions regarding proposed corporate actions requiring stockholder approval

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
  - a. Amendments to the company's constitution
  - b. Authorization of additional shares

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

All the above matters are brought before the stockholders for their approval.

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

The Company complies with the 15-business day requirement for sending out of notices and meeting materials under the SRC.

a. **Date of sending out notices:** May 2, 2016

b. **Date of the Annual/Special Stockholders' Meeting:** May 24, 2016

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

No questions were asked by a stockholder during the 2016 annual meeting of the stockholders.

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

Resolution	Approving	Dissenting	Abstaining
Approval of minutes of 2015 Annual Stockholders' Meeting	10,470,338,465	0	0
Election of Directors	10,470,338,465	0	0
Approval of President's Report on Operations and Audited Financial Statements as of December 31, 2015	10,470,338,465	0	0
Approval and Ratification of Acts of Board of Directors and Management for the Year 2015-2016	10,470,338,465	0	0
Appointment of External Auditor	10,470,338,465	0	0

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

The result of the annual stockholders' meeting of the Company held on May 24, 2016 was disclosed with the PSE on the same date, and to the SEC within 5 days therefrom.

(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:

No modifications were made for the annual meeting of stockholders held last May 24, 2016.

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	Mr. George L. Go Mr. Wilfrido V. Vergara Mr. Romuald U. Dy Tang Mr. Antonio B. Alvarez Mr. Eugene B. Macalalag	May 24, 2016	By poll		nil	76.98%

	Mr. Salvador P. Escaño Mr. Patrick Warren D. Go Mr. Conrado G. Marty Mr. David O. Chua Mr. Ramon A. Recto Mr. Victor C. Macalincag Mr. Melvin O. Vergara Mr. Christopher Brian C. Dy Mr. Nixon Y. Lim					
Special	N/A					

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

Yes. The stock transfer agent is tasked to count and/or validate the votes at the annual meeting.

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

Yes.

**(g) Proxy Voting Policies**

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

	Company's Policies
Execution and acceptance of proxies	Stockholders allowed to vote by written proxy
Notary	Proxies are not required to be notarized
Submission of Proxy	Duly given in writing and presented to the Secretary for inspection and record at least five (5) days before the meeting and during such additional time as the Board may determine from time to time.
Several Proxies	Not allowed
Validity of Proxy	Unless otherwise provided in the written proxy, shall be valid only for the meeting specified in the proxy
Proxies executed abroad	Allowed
Invalidated Proxy	Shall have no effect and shall not empower the proxy named therein to represent the shareholder
Validation of Proxy	Whenever deemed necessary or when directed by the President, a forum for the validation of proxies shall be convened not less than five (5) days before stockholders' meeting. All questions and issues relating to the validity and sufficiency, both as to form and substance of proxies shall be presented during this forum to a proxy validation committee to be formed by the President for such purpose.  In all other cases where no forum for validation of proxies is convened, the decision of the Corporate Secretary on the validity of submitted proxies shall be final and binding.
Violation of Proxy	Waiver of terms of proxy shall be upon express instruction of the shareholder

(h) Sending of Notices

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

Policies	Procedure
Timely delivery of notice and meeting materials to stockholders' of record	Notices and agenda are sent to the stockholders at least 15 business days prior to the annual meeting by mail.
Full disclosure of matters to be taken up during the annual shareholders' meeting	The Company complies with the rules and regulations of the SEC in relation to the disclosure of matters relating to meetings of shareholders, in particular, the requirements on SEC approval of the Company's Information Statement

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	Stockholders as of the record date designated by the Board are entitled to receive the Definitive Information Statement.
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	At least fifteen (15) business days prior to the scheduled date of the stockholders' meeting.
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	At least fifteen (15) business days prior to the scheduled date of the stockholders' meeting.
State whether CD format or hard copies were distributed	CD copies are distributed however, the company undertakes to provide requesting stockholders with hard copies.
If yes, indicate whether requesting stockholders were provided hard copies	Yes

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

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

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

2) Treatment of Minority Stockholders

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

Policies	Implementation
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Minority stockholders are afforded equal protection and rights as any stockholder	Minority stockholders enjoy equal footing with other stockholders on all matters involving the company, entitled to 1 vote for each share owned and entitled to access to company information.
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**(b) Do minority stockholders have a right to nominate candidates for board of directors?**

Yes.

**K. INVESTORS RELATIONS PROGRAM**

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

The Company has an investor relations officer in charge of handling external and internal communication and investor concerns. Management, through the guidance of the Board, approves major company disclosures and announcements.

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

	Details
(1) Objectives	To enable investors and shareholders to have prompt, complete and accurate information on the company.
(2) Principles	To promote full transparency and disclosure and ensure the public that the company is reachable at all times.
(3) Modes of Communications	Telephone, e-mail, fax, regular mail
(4) Investors Relations Officer	Eugene B. Macalalag

- 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?

Upon the majority vote of the Board of Directors, at least 2/3 vote of the shareholders is required for major corporate actions such as acquisition of corporate control and extraordinary transactions such as merger, and sale of substantial portion of company assets.

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

N/A.

**L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

The Company believes that it conducts its activities in a socially and environmentally responsible manner. Valuing its corporate social responsibility, the Company is currently identifying activities and initiatives to further integrate in its operations as would ensure that its business is conducted in an economic, social and environmentally sustainable manner.

Initiative	Beneficiary
N/A	N/A

**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>	The nomination committee screens the qualifications and disqualifications of the Board	Qualifications and disqualifications under the law and for directors for re-election, attendance in board meetings and performance (contribution to discussions on corporate actions)
<b>Board Committees</b>	The Board assesses past performance	Number of meetings held and matters taken up and approved
<b>Individual Directors</b>	The Nomination Committee screens the qualifications and disqualifications of the Board	Qualifications and disqualifications under the law and for directors for re-election, attendance in board meetings and performance (contribution to discussions on corporate actions)
<b>CEO/President</b>	The Board assesses past performance	Company performance, growth, issues resolved

**N. INTERNAL BREACHES AND SANCTIONS**

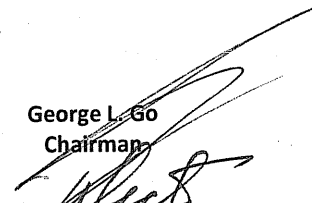
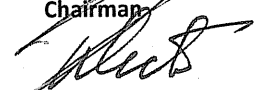
Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees


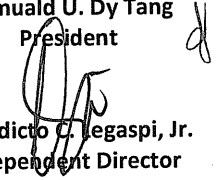
Violations	Sanctions
<b>First Violation</b>	Reprimand
<b>Second Violation</b>	Suspension from office depending on the gravity of the violation


[Signature page follows]

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of Crown Equities, Inc. by the undersigned, thereunto duly authorized, in the City of Makati on MAY 30 2017.

**SIGNATURES**

  
 George L. Go  
 Chairman  
  
 Ramon A. Recto  
 Independent Director


  
 Romuald U. Dy Tang  
 President  
  
 Benedicto C. Legaspi, Jr.  
 Independent Director

  
 Patrick Warren D. Go  
 Compliance Officer

**SUBSCRIBED AND SWORN** to before me this MAY 30 2017, affiants exhibiting to me their Tax Identification Numbers as follows:

Name	Tax Identification Number
George L. Go	100-929-738
Romuald U. Dy Tang	115-321-304
Ramon A. Recto	117-435-290
Benedicto C. Legaspi, Jr.	115-321-748
Patrick Warren D. Go	149-511-050

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