

30 May 2018

Securities and Exchange Commission

PICC Complex, Roxas Boulevard, Pasay City

Attention.: Atty. Rachel Esther J. Gumpang-Remalante
OIC-Corporate Governance & Finance Department

Philippine Stock Exchange, Inc.

6/F PSE Tower

5th Avenue corner 28th Street

Bonifacio Global City, Taguig City

Attention: Mr. Jose Valeriano B. Zuño, III
OIC-Head, Disclosure Department

Philippine Dealing and Exchange Corporation

37/F Tower 1, The Enterprise Center

6766 Ayala Ave cor. Paseo de Roxas, Makati City

Attention: Ms. Kathlene Anne F. Famadico
Head, Issuer Compliance and Disclosure Department

Gentlemen:

In compliance with the SEC Memorandum Circular No. 15, series of 2017 and PSE Memorandum Circular No. 2017-0079, we are submitting the attached Integrated Annual Corporate Governance Report of our Company for the year 2017.

We trust that you find the foregoing in order.

Thank you.

Very truly yours,


JOANNE M. LIM
Assistant Corporate Secretary



Receiving Copy



SEC FORM - I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **2017**
2. SEC Identification Number **34218**
3. BIR Tax Identification No. **000-153-610-000**
4. Exact name of issuer as specified in its charter **AYALA CORPORATION**
5. **PHILIPPINES**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **32F to 35F, Tower One and Exchange Plaza,
Ayala Triangle, Ayala Avenue, Makati City**
Address of principal office **1226**
Postal Code
8. **(632) 908-3000**
Issuer's telephone number, including area code
9. **Not applicable**
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	Provide information or link/reference to a document containing information on the following:	
2. Board has an appropriate mix of competence and expertise.	Compliant	1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors	
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant	2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance <u>Links/references:</u> 2018 Definitive Information Statement, Nominees to the Board of Directors, pages 7 to 8 and Annex A - Board of Directors and Officers, page 15 to 16 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF 2017 Integrated Annual Report, Board of Directors, page 33	

		http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf Charter of the Board of Directors http://www.ayala.com.ph/sites/default/files/AC%20Board%20Charter%20as%20of%206%2026%2014%20%28clean%20copy%29_edited_0.pdf Amended By-laws, Article IV, Sections 1 to 4, pages 4 to 5 http://www.ayala.com.ph/sites/default/files/AC%20Amended%20By-Laws_Feb%2027%202015.pdf Company Website – Board Matters, Appointment http://www.ayala.com.ph/board-matters	
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	Identify or provide link/reference to a document identifying the directors and the type of their directorships <u>Links/references:</u> Result of the 2017 Annual Stockholders' Meeting and Organizational Board Meeting http://www.ayala.com.ph/sites/default/files/disclosures/SEC-PSE-PDEx-Result%20of%20ASM%20and%20Org%20BOD_4.21.17.pdf	

		2018 Definitive Information Statement, Annex A, Board of Directors and Officers, page 15 to 16 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF 2017 Integrated Annual Report-Board of Directors, pages 33; Board Composition, pages 159 to 160; and Board Committee, page 163 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf Company Website – Board Matters, Composition http://www.ayala.com.ph/board-matters	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors. <u>Links/references:</u> Charter of the Board, Section 11 – Orientation and Continuing Education Program for the Directors, page 10 http://www.ayala.com.ph/sites/default/files/AC%20Board%20Charter%20	

		as%20of%206%2026%2014%20%28cle an%20copy%29 edited 0.pdf Corporate Governance Manual, Par I – Governance Structure, Board of Directors, Training, page 6. http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf	
2. Company has an orientation program for first time directors.	Compliant	Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.	
3. Company has relevant annual continuing training for all directors.	Compliant	<u>Links/references:</u> <u>Continuing Training Program</u> Company website - Governance, Board Matters, Continuing Education and Performance Evaluation http://www.ayala.com.ph/board-matters Company website - Governance, Corporate Governance Report, Board Matters, Orientation Program for New Directors http://ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=0	

		Company Disclosures – Corporate Governance Trainings of Directors and Officers http://www.ayala.com.ph/sites/default/files/disclosures/SEC-PSE-PDEx-Participation%20of%20Directors%20and%20Officers%20in%20Ayala%20CGRM%20Summit_0.pdf http://www.ayala.com.ph/sites/default/files/disclosures/SEC-PSE-PDEx-Participation%20of%20a%20Director%20in%20a%20Corporate%20Governance%20Seminar%20%28DLL%29_5%2012%2017.pdf http://www.ayala.com.ph/sites/default/files/disclosures/SEC-PSE-PDEx-Participation%20of%20a%20Director%20in%20a%20Corporate%20Governance%20Seminar.pdf http://www.ayala.com.ph/sites/default/files/disclosures/SEC-PSE-PDEx-Participation%20of%20a%20Director%20in%20a%20Corporate%20Governance%20Seminar_RRDR.pdf Orientation for New Directors Company Website, Board Matters, Appointment, Orientation http://www.ayala.com.ph/board-matters	
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		Company Website, Corporate Governance Report, Board Matters, Orientation Program for New Directors http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual corporate governance repo=0	
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	Provide information on or link/reference to a document containing information on the company's board diversity policy. Indicate gender composition of the board. <u>Links/references:</u> Charter of the Board, Section 2, Item 2 – Board Competencies and Diversity, page 1 http://www.ayala.com.ph/sites/default/files/AC%20Board%20Charter%20as%20of%206%2026%2014%20%28clean%20copy%29 edited 0.pdf Corporate Governance Manual, Part I – Governance Structure, Board of Directors, Composition, page 1. http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual 5%2031%2017.pdf Company website - Governance, Corporate Governance Report,	

		Board Matters, Company Policy for Ensuring Diversity in Experience and Background of the Board of Directors http://ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=0 Currently, all the Company's directors are male. Our Board of Directors, however, remains committed to having qualified and dedicated Directors with a diverse mix of expertise, experience, skills and backgrounds comprise our Board.	
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	Compliant	Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity. Provide link or reference to a progress report in achieving its objectives. <u>Links/references:</u> Charter of the Board, Section 2, Item 2 – Board Competencies and Diversity, page 1 http://www.ayala.com.ph/sites/default/files/AC%20Board%20Charter%20as%20of%206%2026%2014%20%28clean%20copy%29_edited_0.pdf	

		Corporate Governance Manual, Par I – Governance Structure, Board of Directors, Composition, page 1. http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual 5%2031%2017.pdf Company website - Governance, Corporate Governance Report, Board Matters, Company Policy for Ensuring Diversity in Experience and Background of the Board of Directors http://ayala.com.ph/annual-corporate-governance-report-0?qt=annual corporate governance repo=0	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Non-Compliant	Links/references: 2018 Definitive Information Statement, Annex A, Board of Directors and Key Officers, page 15 to 22 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS 0.PDF	Having the same individual serve as both the Corporate Secretary and Compliance Officer has actually redounded to the benefit of the Company and its stakeholders. This is because he is in a better position to ensure that the Company is not only compliant with laws and regulations but is also observing good governance practices. Such dual role has not detracted in any way from the effective performance of his functions in both capacities which could be partly attributed to the support being provided by the Company's personnel.

3. Corporate Secretary is not a member of the Board of Directors.	Compliant	2017 General Information Sheet http://www.ayala.com.ph/sites/default/files/asmm/AC-GIS_2017.4.21%20%28for%20distribution%29.pdf Amended By-Laws, Article IV, Section 17, page 8 http://www.ayala.com.ph/sites/default/files/AC%20Amended%20By-Laws_Feb%2027%202015.pdf Corporate Governance Manual, Part I – Governance Structure, Support from Key Officers, Corporate Secretary, pages 11 to 12 http://www.ayala.com.ph/sites/default/files/AC%20%20CG%20Manual_5%2031%2017.pdf Company website - Governance, Corporate Governance Report, Board Meetings and Attendance, Corporate Secretary http://ayala.com.ph/annual-corporate-governance-report-0?qt=annual corporate governance repo=2	
4. Corporate Secretary attends training/s on corporate governance.	Compliant	Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered.	

		<u>Links/references:</u> Company Disclosures – Corporate Governance Trainings of Directors and Officers http://www.ayala.com.ph/sites/default/files/disclosures/SEC-PSE-PDEx-Participation%20of%20Directors%20and%20Officers%20in%20Ayala%20CGRM%20Summit_0.pdf Company website - Governance, Board Matters, Continuing Education and Performance Evaluation http://www.ayala.com.ph/board-matters Company website - Governance, Corporate Governance Report, Board Matters, Trainings attended by Directors and Senior Officers http://ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_report=0	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Compliant	Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting <u>Links/references:</u> Company website - Governance, Corporate Governance Report,	

		Board Meetings and Attendance, Access to Information http://www.ayala.com.ph/annual-corporate-governance-report-0?qt-annual corporate governance repo=2	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions. <u>Links/references:</u> 2018 Definitive Information Statement, Annex A, Board of Directors and Officers, page 15 to 22 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF 2017 General Information Sheet http://www.ayala.com.ph/sites/default/files/asmm/AC-GIS_2017.4.21%20%28for%20distribution%29.pdf 2017 Integrated Annual Report, Governance, Compliance Officer, page 167; and Annex on Ayala Group Management Committee Members, page 204-206 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant		
3. Compliance Officer is not a member of the board.	Compliant		

		Corporate Governance Manual, Part I – Governance Structure, Support from Key Officers, Compliance Officer, page 12 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf	
4. Compliance Officer attends training/s on corporate governance.	Compliant	Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered <u>Links/references:</u> Company Disclosures – Corporate Governance Trainings of Directors and Officers http://www.ayala.com.ph/sites/default/files/disclosures/SEC-PSE-PDEx-Participation%20of%20Directors%20and%20Officers%20in%20Ayala%20CGRM%20Summit_0.pdf Company website - Governance, Board Matters, Continuing Education and Performance Evaluation http://www.ayala.com.ph/board-matters Company website - Governance, Corporate Governance Report, Board Matters, Trainings attended by Directors and Senior Officers	

		http://ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=0	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting) <u>Links/references:</u> Charter of the Board of Directors, Section 6, Responsibilities of the Board, pages 6 to 8 http://www.ayala.com.ph/sites/default/files/AC%20Board%20Charter%20as%20of%206%2026%2014%20%28clean%20copy%29%20edited%200.pdf Corporate Governance Manual, Part I- Governance Structure, Board of Director, Roles and Responsibilities, pages 6 to 8 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf Company Disclosure – Results of Meeting of the Board of Directors	

		http://ayala.com.ph/sites/default/files/disclosures/SEC-PSE-PDEx%20-Results%20of%20the%20Regular%20Board%20Meeting_12%201%2017.pdf http://www.ayala.com.ph/sites/default/files/disclosures/SEC-PSE-PDEx-Shelf%20Registration%20with%20the%20SEC%20of%20up%20to%20PhP30%20Billion%20Debt%20Securities_%206%20022%2017.pdf http://www.ayala.com.ph/sites/default/files/disclosures/SEC-PSE-PDEx-Result%20of%20ASM%20and%20Org%20BOD_4.21.17.pdf http://www.ayala.com.ph/sites/default/files/disclosures/SEC-PSE-PDEx-ESOWN%20Grant%202017_4.21.17_0.pdf	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting)	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant	Indicate frequency of review of business objectives and strategy <u>Links/references:</u> The Board oversees the business affairs of the company. It meets	

		regularly and allots time to discuss strategic issues with the Ayala Group Management Committee to gain insights into each specific business area. It leads the review of the company's vision and mission every year, revisits and approves the group's corporate strategy and performance objectives, and monitors its implementation. http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf Charter of the Board of Directors, Section 6, Responsibilities of the Board, pages 6 to 8 http://www.ayala.com.ph/sites/default/files/AC%20Board%20Charter%20as%20of%206%2026%2014%20%28clean%20copy%29_edited_0.pdf Corporate Governance Manual, Part I- Governance Structure, Board of Director, Roles and Responsibilities, pages 6 to 8 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf Company Disclosure – Results of Meeting of the Board of Directors http://ayala.com.ph/sites/default/files/disclosures/SEC-PSE-PDEx%20-	
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		Results%20of%20the%20Regular%20Board%20Meeting_12%201%2017.pdf http://www.ayala.com.ph/sites/default/files/disclosures/SEC-PSE-PDEx-Shelf%20Registration%20with%20the%20SEC%20of%20up%20to%20PhP30%20Billion%20Debt%20Securities_%206%20022%2017.pdf http://www.ayala.com.ph/sites/default/files/disclosures/SEC-PSE-PDEx-Result%20of%20ASM%20and%20Org%20BOD_4.21.17.pdf http://www.ayala.com.ph/sites/default/files/disclosures/SEC-PSE-PDEx-ESOWN%20Grant%202017_4.21.17_0.pdf Company website - Governance, Corporate Governance Report, Board Matters, Review and Approval of the Company's Vision and Mission Statements http://ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=0	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	Indicate or provide link/reference to a document containing the company's vision, mission and core values.	

		Indicate frequency of review of the vision, mission and core values. <u>Links/references:</u> About Ayala http://www.ayala.com.ph/about-ayala Company website - Governance, Corporate Governance Report, Board Matters, Review and Approval of the Company's Vision and Mission Statements http://ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=0 Charter of the Board, Section 6, Item 1.c, page 6. http://www.ayala.com.ph/sites/default/files/AC%20Board%20Charter%20as%20of%206%2026%2014%20%28clean%20copy%29_edited_0.pdf	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	Provide information on or link/reference to a document containing information on the strategy execution process. <u>Links/references:</u> Charter of the Board, Section 6	

		http://www.ayala.com.ph/sites/default/files/AC%20Board%20Charter%20as%20of%206%2026%2014%20%28clean%20copy%29_edited_0.pdf 2017 Integrated Annual Report, Corporate Governance Section, Board Structure and Process, pages 159 to 160; and Management, pages 165 to 166. http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications <u>Links/references:</u> 2018 Definitive Information Statement, Annex A, Board of Directors and Officers, page 15 to 16 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Company Website – About Ayala – Leadership http://www.ayala.com.ph/board-directors 2017 Integrated Annual Report, Board of Directors, page 33. http://www.ayala.com.ph/sites/default/files/2017%20Integrated%20Annual%20Report.pdf	

		ult/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant	<u>Links/references:</u> Corporate Governance Manual, Part I – Governance Structure, Board of Directors, Roles and Responsibilities, page 6; Retirement Age, page 2 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf Corporate Governance and Nomination Committee Charter, Section 2, items 4 to 9. Pages 1 to 2; and Section 4, page 4 http://ayala.com.ph/sites/default/files/board_matters/Revised%20CG%20and%20Nomination%20Committee%20Charter_12%201%2017.pdf 2017 Integrated Annual Report, Corporate Governance and Nomination Committee, page 164. http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	

		Company website - Governance, Corporate Governance Report, Board Matters, Board of Directors' Succession Plan for CEO, Managing Directors and Other Key Officers http://ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=0	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	<u>Links/references:</u> Company website - Governance, Corporate Governance Report, Remuneration Matters http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=3 Amended By-Laws, Article IV, Sections 20, page 8 http://www.ayala.com.ph/sites/default/files/AC%20Amended%20By-Laws_Feb%2027%202015.pdf 2018 Definitive Information Statement, Compensation of	

		Directors and Executive Officers, pages 8 to 10 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Corporate Governance Manual, Part I – Governance Structure, Board of Directors, Remuneration, page 11 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf 2017 Integrated Annual Report, Directors' Compensation, pages 161 to 162. http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	Compliant	Provide proof of board approval <u>Links/references:</u> Company Website – Board Matters, Meetings and Attendance, Personnel and Compensation Committee http://www.ayala.com.ph/board-matters	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	Compliant	Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.	

		<u>Links/references:</u> Company website - Governance, Corporate Governance Report, Remuneration Matters http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=3 2017 Integrated Annual Report, Senior Executive Compensation, page 165 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders. Provide proof if minority shareholders have a right to nominate candidates to the board Provide information if there was an assessment of the effectiveness of	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant		
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant		

5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant	the Board's processes in the nomination, election or replacement of a director. <u>Links/references:</u> Corporate Governance and Nomination Committee Charter, Section 3 – Process and Criteria for Nominations to the Board, page 2 http://www.ayala.com.ph/sites/default/files/board_matters/Revised%20CG%20and%20Nomination%20Committee%20Charter_12%201%2017.pdf	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant	Corporate Governance Manual, Part III – Promotion of Shareholders' Rights and Engagement of Stakeholders, Voting Rights, page 17 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf 2018 Definitive Information Statement, Nominees to the Board, page 7; and Voting Procedures pages 13 to 14 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Company website - Governance, Corporate Governance Report, Board Matters, Changes in the Board of Directors http://www.ayala.com.ph/annual-corporate-governance-report-0?qt-	

		annual corporate governance repo=0 Company website - Governance, Corporate Governance Report, Rights of Stockholders, Treatment to Minority Stockholders http://ayala.com.ph/annual-corporate-governance-report-0?qt=annual corporate governance repo=9 Corporate Governance Website – Board Matters, Continuing Education and Performance Evaluation, Annual Performance Assessment http://www.ayala.com.ph/board-matters 2017 Integrated Annual Report, Corporate Governance and Nomination Committee, page 164. http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	Compliant	Identify the professional search firm used or other external sources of candidates <u>Links/references:</u> The Corporate Governance and Nomination Committee may make use of professional search firms or	

		other external sources of candidates to search for qualified candidates to the Board. Charter of the Corporate Governance and Nomination Committee, Section 3, page 3 http://www.ayala.com.ph/sites/default/files/board_matters/Revised%20CG%20and%20Nomination%20Committee%20Charter_12%201%2017.pdf	
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	Identify transactions that were approved pursuant to the policy.	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant	<u>Links/references:</u> Risk Management and Related Party Transactions Review Committee Charter, Section C - Authority, Roles and Responsibility, page 1 http://www.ayala.com.ph/sites/default/files/board_matters/AC_Risk%20Management%20Committee%20Charter.pdf Policy on Related Party Transactions	

		http://www.ayala.com.ph/sites/default/files/governance/AC%20Revised%20RPT%20Policy.pdf 2018 Definitive Information Statement, Certain Relationships and Related Transactions, page 8; and Note 30 of Audited Financial Statement, page 150 of AFS http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Corporate Governance Manual, Part II – Internal Control System, Related Party Transactions, page 16 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf Company website - Governance, Corporate Governance Report, Disclosure and Transparency http://ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_report=8	
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior	Compliant	Provide information on a materiality threshold for RPT disclosure and approval, if any. Provide information on RPT categories	

shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.		Links/references: Policy on Related Party Transactions http://www.ayala.com.ph/sites/default/files/governance/AC%20Revised%20RPT%20Policy.pdf 2018 Definitive Information Statement, Certain Relationships and Related Transactions, page 8; Notes to FS No. 30, pages 150 to 153 of the Audited FS http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF 2017 Integrated Annual Report, Financial and Non-Financial Reports, Page 168. http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	Non-Compliant	Provide information on voting system, if any. Links/references: Policy on Related Party Transactions http://www.ayala.com.ph/sites/default/files/governance/AC%20Revised%20RPT%20Policy.pdf	The Corporation has a well-established Related Party Transactions Policy in place and has a Related Party Transactions Committee composed of at least two independent directors. Said committee exercises oversight over the related party transactions of the Corporation. The Corporation's Management also ensures that transactions within the group are carried out on arms-length terms, engaging the services of an external auditor to do a transfer pricing review.
Recommendation 2.8			

1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management. Identity the Management team appointed <u>Links/references:</u> Corporate Governance and Nomination Committee Charter, Section 4 –Nominations to Key Management Positions, page 4 http://www.ayala.com.ph/sites/default/files/board_matters/Revised%20CG%20and%20Nomination%20Committee%20Charter_12%201%2017.pdf http://www.ayala.com.ph/sites/default/files/disclosures/SEC-PSE-PDEx-Result%20of%20ASM%20and%20Org%20BOD_4.21.17.pdf Results of the 2018 Annual Stockholders' Meeting and Organizational Board Meeting http://www.ayala.com.ph/sites/default/files/disclosures/SEC-PSE-PDEx-Result%20of%20ASM%20and%20Org%20BOD_4%2020%2018.pdf 2017 Integrated Annual Report, Annex on Ayala Group Management Committee Members, pages 204-206; and Senior Leadership, pages 207	
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		http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management. Provide information on the assessment process and indicate frequency of assessment of performance. <u>Links/references:</u> Charter of the Board, Guidelines in Conducting Performance Assessment for the President, CEO and other management officials, page 14 http://www.ayala.com.ph/sites/default/files/AC%20Board%20Charter%20as%20of%206%2026%2014%20%28clean%20copy%29_edited_0.pdf Company Website Corporate Governance Report, Board, Director, Committee and CEO Appraisal, Criteria used in assessing the Annual	

		performance of the Board, Directors, Committees and CEO http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=12 Personnel and Compensation Committee Charter, Section 2, Items 2.1 to 2.3, page 1 http://www.ayala.com.ph/sites/default/files/board_matters/AC%20Personnel%20and%20Compensation%20Committee%20Charter%20%28as%20of%209%206%2012%29.pdf	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant	<u>Links/references:</u> Charter of the Board, Guidelines in Conducting Performance Assessment for the President, CEO and other management officials, page 14 http://www.ayala.com.ph/sites/default/files/AC%20Board%20Charter%20as%20of%206%2026%2014%20%28clean%20copy%29_edited_0.pdf	

		2017 Integrated Annual Report, Corporate Governance, Senior Executive Compensation, page 165 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf Company Website -Corporate Governance Report - Board Matters – Performance Management Framework for Management and Employees http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_report=0	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	Links/references: Charter of the Board, Section 6, Item e, page 6 http://www.ayala.com.ph/sites/default/files/AC%20Board%20Charter%20as%20of%206%2026%2014%20%28clean%20copy%29_edited_0.pdf	

		Corporate Governance Manual, Part I – Governance Structure, Board of Directors, Roles and Responsibility Item 16.5, page 7 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf Company Website - Corporate Governance Report, Internal Audit and Control http://ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_report=6 Code of Conduct and Ethics, Conflict of Interest, pages 7 to 9 http://www.ayala.com.ph/sites/default/files/governance/AC%20CODE%20OF%20CONDUCT%20AND%20ETHICS%20as%20of%20April%2022%2C%202015_0.pdf 2017 Integrated Annual Report, Conflict of Interest, page 169 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
3. Board approves the Internal Audit Charter.	Compliant	Provide reference or link to the company's Internal Audit Charter Corporate Governance Report, Internal Audit and Control, Internal Audit Charter	

		http://ayala.com.ph/sites/default/files/Internal%20Audit%20Charter%20Approved%20November%202017.pdf http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=6 Results of the December 1, 2017 Regular Meeting of the Board of Directors http://ayala.com.ph/sites/default/files/disclosures/SEC-PSE-PDEx%20Results%20of%20the%20Regular%20Board%20Meeting%2012%201%2017.pdf	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	Provide proof of effectiveness of risk management strategies, if any. <u>Links/references:</u> Risk Management and Related Party Transactions Review Committee Charter http://www.ayala.com.ph/sites/default/files/board_matters/AC_Risk%20M	

		anagement%20Committee%20Charter.pdf Company Website – Corporate Governance Report, Risk Management System http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=5 2017 Integrated Annual Report, Risk Management at Ayala: From Mitigating and Avoidance to Value Creation, pages 52 to 58 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf Corporate Governance Manual, Part I - Governance Structure, Roles and Responsibilities of the Board, Item 10, page 7. http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	Provide link to the company's website where the Board Charter is disclosed.	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	Links/references: Charter of the Board http://www.ayala.com.ph/sites/default/files/AC%20Board%20Charter%20	

3. Board Charter is publicly available and posted on the company's website.	Compliant	as%20of%206%2026%2014%20%28cle an%20copy%29 edited 0.pdf	
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	Provide information on or link/reference to a document showing company's insider trading policy. <u>Links/references:</u> Code of Conduct and Ethics, Insider Trading Policy, pages 11 to 12 http://www.ayala.com.ph/sites/default/files/governance/AC%20CODE%20OF%20CONDUCT%20AND%20ETHICS%20as%20of%20April%2022%2C%202015%20.pdf	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	Compliant	Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any. <u>Links/references:</u> Amended By-Laws, Article IV, Section 8, page 6 http://www.ayala.com.ph/sites/default/files/AC%20Amended%20By-Laws Feb%2027%202015.pdf	
2. Company discloses the types of decision requiring board of directors' approval.	Compliant	Indicate the types of decision requiring board of directors' approval and where there are disclosed.	

		<u>Links/references:</u> Charter of the Board, Section 6, Responsibilities of the Board, pages 6 to 8 http://www.ayala.com.ph/sites/default/files/AC%20Board%20Charter%20as%20of%206%2026%2014%20%28clean%20copy%29_edited_0.pdf Corporate Governance Manual, Part I – Governance Structure, Roles and Responsibilities of the Board, pages 6 to 8 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf Company Website - Disclosures http://www.ayala.com.ph/disclosures	
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Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

Recommendation 3.1

1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	Provide information or link/reference to a document containing information on all the board committees established by the company.	
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		Links/references: Company website, Board Matters, Committees and Charters and Meetings and Attendance http://www.ayala.com.ph/board-matters Corporate Governance Manual, Part I – Governance Structure, Board Committees, pages 9 to 10 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf 2018 Definitive Information Statement, Board Committees, page 7 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Company Website - Corporate Governance Report, Board Committees http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_report=4 2017 Integrated Annual Report, Board Committees, pages 163 to 165 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
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Recommendation 3.2

1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	Provide information or link/reference to a document containing information on the Audit Committee, including its functions. Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor. <u>Links/references:</u> Company website, Board Matters, Committees and Charters - Audit Committee and Meetings and Attendance – Audit Committee http://www.ayala.com.ph/board-matters 2018 Definitive Information Statement, Board Committees, page 7 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Audit Committee Charter, Authority of Committee, page 2 http://www.ayala.com.ph/sites/default/files/board_matters/Revised%20Audit%20Committee%20Charter_Approved_12%201%2017.pdf Company Website - Corporate Governance Report, Board Committees	
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		http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=5 2017 Integrated Annual Report, Audit Committee, page 164; and External Auditors page 166. http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship. Links/references: Company website, Board Matters, Committees and Charters - Audit Committee and Meetings and Attendance – Audit Committee http://www.ayala.com.ph/board-matters 2018 Definitive Information Statement, Board Committees, page 7; and Profiles of the Board, pages 15 to 16 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF	

		Company Website - Corporate Governance Report, Board Committees http://www.ayala.com.ph/annual-corporate-governance-report-0?qt-annual_corporate_governance_repo=5 2017 Integrated Annual Report, Board Committees, page 163; and Audit Committee, page 164 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee. <u>Links/references:</u> 2018 Definitive Information Statement, Profiles of the Board, pages 15 to 16 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Company Website - Corporate Governance Report, Board Committees http://www.ayala.com.ph/annual-corporate-governance-report-0?qt-	

		annual corporate governance report 2017 2017 Integrated Annual Report, Board of Directors, page 33 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	Provide information or link/reference to a document containing information on the Chairman of the Audit Committee <u>Links/references:</u> Company website, Board Matters, Committees and Charters - Audit Committee and Meetings and Attendance – Audit Committee http://www.ayala.com.ph/board-matters 2018 Definitive Information Statement, Board Committees, page 7; and Profiles of the Board, pages 15 to 16 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF 2017 Integrated Annual Report, Board Committees, page 163 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	

Supplement to Recommendation 3.2

1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor. <u>Links/references:</u> 2017 Integrated Annual Report, Report of the Audit Committee, page 200; and External Auditor, page 166 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf 2018 Definitive Information Statement, Independent Public Accountant, pages 11 to 12 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present. <u>Links/references:</u> 2017 Integrated Annual Report, External Auditor, page 166 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf The Executive Session was conducted on November 9, 2017 with the	

		external auditors for a more thorough discussion of the results of the audit, and the quality of management, financial and internal controls.	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	Compliant	Indicate the number of Audit Committee meetings during the year and provide proof Links/references: There were four (4) Audit Committee Meetings in 2017. Company website, Board Matters, Meetings and Attendance – Audit Committee http://www.ayala.com.ph/board-matters 2017 Integrated Annual Report, Annex for Board, Board Committee Meetings and Directors' Attendance, page 198 to 199 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
2. Audit Committee approves the appointment and removal of the internal auditor.	Compliant	Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.	

		Links/references: 2017 Integrated Annual Report, Report of the Audit Committee, page 200 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf 2018 Definitive Information Statement, Independent Public Accountant, pages 11 to 12 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Audit Committee Charter, Oversight on Management and Internal Audit, Section E, Item 4.2, page 6 http://www.ayala.com.ph/sites/default/files/board_matters/Revised%20Audit%20Committee%20Charter_Approved_12%201%2017.pdf Results of the 2017 Annual Stockholders' Meeting and Organizational Board Meeting http://www.ayala.com.ph/sites/default/files/disclosures/SEC-PSE-PDEx-Result%20of%20ASM%20and%20Org%20BOD_4.21.17.pdf	
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Recommendation 3.3

1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities,	Compliant	Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions	
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including the functions that were formerly assigned to a Nomination and Remuneration Committee.		Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable. <u>Links/references:</u> Company website, Board Matters, Committees and Charters – Corporate Governance and Nomination Committee; and Meetings and Attendance – Corporate Governance and Nomination Committee http://www.ayala.com.ph/board-matters 2018 Definitive Information Statement, Board Committees, page 7 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Corporate Governance Manual, Part I – Governance Structure, Board Committees, pages 9 to 10 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf Company Website - Corporate Governance Report, Board Committees	
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		http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=5 2017 Integrated Annual Report, Board Committees, page 163 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf The Nomination Committee was renamed "Corporate Governance and Nomination Committee" in May 2017 to expand its role and assist the Board in the performance of its corporate governance responsibilities. The Corporation has separate Personnel and Compensation Committee separate from Corporate Governance and Nomination Committee.	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Compliant	Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship. <u>Links/references:</u> Company website, Board Matters, Committees and Charters – Corporate Governance and	

		Nomination Committee; and Meetings and Attendance – Corporate Governance and Nomination Committee http://www.ayala.com.ph/board-matters 2018 Definitive Information Statement, Board Committees, page 7 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Company Website - Corporate Governance Report, Board Committees http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_report=5 2017 Integrated Annual Report, Board of Directors, page 33; Corporate Governance and Nomination Committee, page 164 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.	

		Links/references: Company website, Board Matters, Committees and Charters – Corporate Governance and Nomination Committee; and Meetings and Attendance – Corporate Governance and Nomination Committee http://www.ayala.com.ph/board-matters 2018 Definitive Information Statement, Board Committees, page 7 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Company Website - Corporate Governance Report, Board Committees http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=5 2017 Integrated Annual Report, Board of Directors, page 33; Board Committees, page 163; and Corporate Governance and Nomination Committee, page 164 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
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Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.	Compliant	Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof. <u>Links/references:</u> Company website, Board Matters, Committees and Charters –Meetings and Attendance – Corporate Governance and Nomination Committee http://www.ayala.com.ph/board-matters Company Website - Corporate Governance Report, Board Committees http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=5 2017 Integrated Annual Report, Board, Board Committee Meetings and Directors' Attendance, pages 198 to 199 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a	Compliant	Provide information or link/reference to a document containing information on the Board Risk	

company's Enterprise Risk Management system to ensure its functionality and effectiveness.		Oversight Committee (BROC), including its functions Links/references: Company website, Board Matters, Committees and Charters – Risk Management and Related Party Transactions; and Meetings and Attendance – Risk Management and Related Party Transactions http://www.ayala.com.ph/board-matters Risk Management and Related Party Transactions Committee Charter 2018 Definitive Information Statement, Board Committees, page 7 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS.PDF http://www.ayala.com.ph/sites/default/files/board_matters/AC_Risk%20Management%20Committee%20Charter.pdf Corporate Governance Manual, Part I – Risk Management and Related Party Transactions, pages 9 to 10 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf Company Website - Corporate Governance Report, Board Committees	
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		http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=5 2017 Integrated Annual Report Board of Directors, page 33; Board Committees, page 163; and Risk Management and Related Party Transactions Committee, page 164 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship <u>Links/references:</u> Company Website - Corporate Governance Report, Board Committees http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=5 2017 Integrated Annual Report, Board of Directors, page 33; Board Committees, page 163; and Risk Management and Related Party Transactions Committee, page 164	

		http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf 2018 Definitive Information Statement; Board Committees page 7; and Profiles of the Board of Directors, pages 15 to 16. http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF	
3. The Chairman of the BROCC is not the Chairman of the Board or of any other committee.	Compliant	Provide information or link/reference to a document containing information on the Chairman of the BROCC <u>Links/references:</u> Company website, Board Matters, Committees and Charters – Risk Management and Related Party Transactions; and Meetings and Attendance – Risk Management and Related Party Transactions http://www.ayala.com.ph/board-matters 2018 Definitive Information Statement, Board Committees, page 7; and Profiles of the Board of Directors, pages 15 to 16 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF	

		Company Website - Corporate Governance Report, Board Committees http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=5 2017 Integrated Annual Report, Board of Directors, page 33; Board Committees, page 163; and Risk Management and Related Party Transactions Committee, page 164 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC. <u>Links/references:</u> 2018 Definitive Information Statement, Profiles of the Board, pages 15 to 16 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF 2017 Integrated Annual Report Board of Directors, page 33 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	

Recommendation 3.5

1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions. <u>Links/references:</u> Company website, Board Matters, Committees and Charters – Risk Management and Related Party Transactions; and Meetings and Attendance – Risk Management and Related Party Transactions http://www.ayala.com.ph/board-matters 2018 Definitive Information Statement, Board Committees, page 7 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Risk Management and Related Party Transactions Committee Charter http://www.ayala.com.ph/sites/default/files/board_matters/AC_Risk%20Management%20Committee%20Charter.pdf Corporate Governance Manual, Part I – Risk Management and Related Party Transactions, pages 9 to 10	
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		http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf Company Website - Corporate Governance Report, Board Committees http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual corporate governance repo=5 2017 Integrated Annual Report, Risk Management and Related Party Transactions Committee, page 164 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant	Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship. <u>Links/references:</u> Company website, Board Matters, Committees and Charters – Risk Management and Related Party Transactions; and Meetings and Attendance – Risk Management and Related Party Transactions http://www.ayala.com.ph/board-matters	

		2018 Definitive Information Statement, Board Committees, page 7 and Profiles of the Board of Directors, pages 15 to 16 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Corporate Governance Manual, Part I – Risk Management and Related Party Transactions, pages 9 to 10 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf Company Website - Corporate Governance Report, Board Committees http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_report=5 2017 Integrated Annual Report, Board Committees, page 163; and Risk Management and Related Party Transactions Committee, page 164 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships,	Compliant	Provide information on or link/reference to the company's committee charters, containing all	

structures, operations, reporting process, resources and other relevant information.		the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant	<u>Links/references:</u> Company website, Board Matters, Continuing Education and Performance Evaluation, Annual Performance Assessment http://www.ayala.com.ph/board-matters	
3. Committee Charters were fully disclosed on the company's website.	Compliant	Provide link to company's website where the Committee Charters are disclosed. <u>Links/references:</u> Company website, Board Matters, Committees and Charters http://www.ayala.com.ph/board-matters	
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.	

		Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings. <u>Links/references:</u> 2018 Definitive Information Statement, Attendance of the Board of Directors, page 6 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Company website, Board Matters, Meeting and Attendance – Board Meetings http://www.ayala.com.ph/board-matters Company website, Disclosures http://www.ayala.com.ph/sites/default/files/disclosures/Attendance%20of%20the%20Board%20of%20Directors%20in%202017.pdf Company Website - Corporate Governance Report, Board Meetings and Attendance http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=2	
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		2017 Integrated Annual Report, Board, Board Committee Meetings and Directors' Attendance Page 198 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	Meeting materials are provided in advance to give ample time for review.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors All the directors have sought clarifications or addressed queries to the Company's Management during Board and Committee meetings relating to, among others, operational issues, regulatory risks, and future plans.	
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Non-Compliant	Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously. Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies	Mr. Antonio Jose U. Periquet holds more than five directorships in publicly-listed companies. As monitored and assessed by the Office of the Compliance Officer, this has not affected his effectivity as an independent director particularly in terms of time and commitment to the Company. The Company has benefited from his active participation and insightful inputs gained from his experience in and exposure to diverse industries.

		Links/references: 2018 Definitive Information Statement, Profiles of the Board, pages 15 to 16 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Corporate Governance Manual, Part I – Governance Structure, Directorship Limits, page 2 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf	Mr. Periquet had attended more than 95% of the Board and Committee meetings in 2017: Board Attendance in 2017 http://www.ayala.com.ph/sites/default/files/disclosures/Attendance%20of%20the%20Board%20of%20Directors%20in%202017.pdf Company Website-Governance, Board Matters, Meetings and Attendance. http://www.ayala.com.ph/board-matters
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed. Links/references: In addition to performing the duties prescribed by the Corporation's By-Laws and existing relevant statutes, each Director is expected to notify the Board, through the Corporate Secretary, before accepting a directorship in another Corporation. The Corporate Secretary did not receive notification from the Directors in 2017. Corporate Governance Manual, Part I – Governance Structure,	

		Responsibilities of Each Director, Item 11, page 9 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Compliant	<u>Links/references:</u> 2018 Definitive Information Statement, Profiles of the Board, pages 15 to 16 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Company Website – Corporate Governance Report, Board Matters, Directors in other Publicly Listed Companies http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=0 2017 Integrated Annual Report, Board of Directors, page 33 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
2. Company schedules board of directors' meetings before the start of the financial year. 3.	Compliant	<u>Links/references:</u> Company Website - Corporate Governance Report, Board Meetings and Attendance http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=	

		annual corporate governance repo=2	
4. Board of directors meet at least six times during the year.	Compliant	Indicate the number of board meetings during the year and provide proof Links/references: 2018 Definitive Information Statement, Attendance of the Board of Directors, page 6 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Company website, Board Matters, Meeting and Attendance – Board Meeting http://www.ayala.com.ph/board-matters Company website, Disclosures – 2017 BOD Attendance http://www.ayala.com.ph/sites/default/files/disclosures/Attendance%20of%20the%20Board%20of%20Directors%20in%202017.pdf Company Website - Corporate Governance Report, Board Meetings and Attendance http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual corporate governance repo=2	

		2017 Integrated Annual Report, Annex for Board, Board Committee Meetings and Directors' Attendance page 198 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
5. Company requires as minimum quorum of at least 2/3 for board decisions.	Compliant	Indicate the required minimum quorum for board decisions Two-thirds (2/3) of the number of Directors as fixed in the articles of incorporation shall constitute a quorum for the transaction of corporate business. Charter of the Board of Directors, Section 5, Item 2, page 5 http://www.ayala.com.ph/sites/default/files/AC%20Board%20Charter%20as%20of%206%2026%2014%20%28clean%20copy%29_edited_0.pdf Corporate Governance Manual, Part I – Governance Structure, Conduct of Meeting, page 9 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf	
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Compliant	Provide information or link/reference to a document containing information on the number of independent directors in the board <u>Links/references:</u> Company Website-About, Leadership, Board of Directors http://www.ayala.com.ph/board-directors Company Website – Governance, Board Matters, Composition. http://www.ayala.com.ph/board-matters Company Website-Governance, Disclosure, Results of the 2017 Annual Stockholders Meeting and Organizational Board Meeting, page 2 http://www.ayala.com.ph/sites/default/files/disclosures/SEC-PSE-PDEx-Result%20of%20ASM%20and%20Org%20BOD_4.21.17.pdf 2018 Definitive Information Statement, Nominees to the Board of Directors, pages 7 to 8 and Annex A - Board of Directors and Officers, page 15 to 16 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF	
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		Company Website - Corporate Governance Report, Board Matters http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual corporate governance repo=0 2017 Integrated Annual Report, Board of Directors, page 33, Independent Directors, pages 159 to 160; Board Committees, page 163 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	Provide information or link/reference to a document containing information on the qualifications of the independent directors. <u>Links/references:</u> Company Website-Governance, Disclosure, Certification of Nominees as Independent Directors http://www.ayala.com.ph/sites/default/files/disclosures/PSE-PDEX-%20Certification%20of%20IDs_4%2020%2017.pdf 2017 Definitive Information Statement, Annex A - Board of Directors and Officers, page 15 to 17	

		http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Company Website - Corporate Governance Report, Board Matters http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo 2017 Integrated Annual Report, Board of Directors, page 33, Independent Directors, pages 159 to 160 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	Provide link/reference to a document containing information that directors are not constrained to vote independently. <u>Links/references:</u> Amended By-laws, page 4 http://www.ayala.com.ph/sites/default/files/AC%20Amended%20By-Laws_Feb%2027%202015.pdf Corporate Governance Report- Code of Conduct and Ethics- Family, Commercial and Contractual Relations	

		http://www.ayala.com.ph/sites/default/files/governance/AC%20CODE%20OF%20CONDUCT%20AND%20ETHICS%20as%20of%20April%2022%2C%202015%20.pdf	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	Provide information or link/reference to a document showing the years IDs have served as such. <u>Links/references:</u> Company Website - Corporate Governance Report, Board Matters http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=0 2017 Integrated Annual Report, Independent Directors, pages 159 to 160 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf 2017 Definitive Information Statement, Annex A - Board of Directors and Officers, page 15 to 17 http://www.ayala.com.ph/sites/default/files/asmm/AC%202017%20Definitive%20Information%20Statement_1.pdf 2018 Definitive Information Statement,	

		Nominees to the Board of Directors, pages 7 and Annex A - Board of Directors and Officers, page 15 to 16 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director <u>Links/references:</u> Charter of the Board of Directors, Section 4, Disassociation of Independent Directors, page 4 to 5 http://www.ayala.com.ph/sites/default/files/AC%20Board%20Charter%20as%20of%206%2026%2014%20%28clean%20copy%29_edited_0.pdf Corporate Governance Manual, Part I- Governance Structure, Independent Director, Term Limit, page 5 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf Company Website - Corporate Governance Report, Board Matters http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_report=0	

3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant	Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director <u>Links/references:</u> None of our independent directors has served the Company as such for more than nine years. Charter of the Board of Directors, Section 4, Disassociation of Independent Directors, page 4 to 5 http://www.ayala.com.ph/sites/default/files/AC%20Board%20Charter%20as%20of%206%2026%2014%20%28clean%20copy%29%20edited%200.pdf Corporate Governance Manual, Part I- Governance Structure, Independent Director, Term Limit, page 5 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual%205%2031%2017.pdf Company Website - Corporate Governance Report, Board Matters http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_report=0	
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		2017 Integrated Annual Report, Independent Directors, page 159-160 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Non-Compliant	Identify the company's Chairman of the Board and Chief Executive Officer	Mr. Jaime Augusto Zobel de Ayala is the Company's Chairman of the Board and Chief Executive Officer. Albeit wearing two hats, he is able to compartmentalize, decide and act in the best interest of the Company. Company Website - Corporate Governance Report, Board Matters- Chairman and CEO http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=0
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer. Identify the relationship of Chairman and CEO. <u>Links/references:</u> Corporate Governance Manual, Part I- Governance Structure, Leadership, Chairman of the Board, page 3; and Part II – Management, Chief Executive Officer, pages 12 to 13	

		http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf Charter of the Board of Directors, Section 7, page 8 http://www.ayala.com.ph/sites/default/files/AC%20Board%20Charter%20as%20of%206%2026%2014%20%28clean%20copy%29_edited_0.pdf Amended By-Laws, Article IV, Section 10, page 7 http://www.ayala.com.ph/sites/default/files/AC%20Amended%20By-Laws_Feb%2027%202015.pdf Company Website - Corporate Governance Report, Board Matters-Chairman and CEO http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_report=0 2017 Integrated Annual Report, Chairman and Vice Chairman, page 160 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board	Compliant	Provide information or link/reference to a document containing information on a lead independent	

designates a lead director among the independent directors.	director and his roles and responsibilities, if any. Indicate if Chairman is independent. <u>Links/references:</u> Mr. Jaime Augusto Zobel de Ayala, our Chairman of the Board, is an Executive Director. Our Board of Directors has designated Mr. Xavier P. Loinaz as their lead independent director on April 21, 2017. Company Website – Governance, Disclosures, Results of the 2017 Annual Stockholders' Meeting and Organizational Board Meeting http://www.ayala.com.ph/sites/default/files/disclosures/SEC-PSE-PDEx-Result%20of%20ASM%20and%20Org%20BOD_4.21.17.pdf Company Website, Board Matters, Composition http://www.ayala.com.ph/board-matters Company Website - About Ayala, Leadership, Board of Directors http://www.ayala.com.ph/board-directors Corporate Governance Manual, Part I – Governance Structure, Board of Directors, Lead Independent Director, page 5	
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		http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf 2017 Integrated Annual Report, Lead Independent Director, page 160 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	Provide proof of abstention, if this was the case Links/references: There have been no such recent transactions. The Charter of the Board requires the Directors to abstain from participating in the discussion of, and voting on, any matter where he is in conflict of interest. Charter of the Board, Section 3, page 2 http://www.ayala.com.ph/sites/default/files/AC%20Board%20Charter%20as%20of%206%2026%2014%20%28clean%20copy%29_edited_0.pdf	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal	Compliant	Provide proof and details of said meeting, if any.	

audit, compliance and risk functions, without any executive present.		Provide information on the frequency and attendees of meetings.	
2. The meetings are chaired by the lead independent director.	Compliant	Links/references: The Audit Committee, which is composed of non-executive directors majority of whom are independent directors, had an executive session with SGV, the Company's external auditor, on November 9, 2017. These meetings are chaired by the lead independent director. Company Website – Board Matters, Appointment, Roles of Lead Independent Director http://www.ayala.com.ph/board-matters Corporate Governance Report, Board Matters, Meetings and Attendance http://www.ayala.com.ph/board-matters 2017 Integrated Annual Report, Corporate Governance, External Auditor, page 166; and Corporate Governance, Independent Directors, pages 159 to 160. http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	

Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	Compliant	Provide name/s of company CEO for the past 2 years Mr. Jaime Augusto Zobel de Ayala has been the CEO of the Company since April 2006.	
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees <u>Links/references:</u> Company Website- Corporate Governance Report, Board, Director and CEO Appraisal http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual corporate governance repo=12 2017 Integrated Annual Report, Board Performance, pages 160-161 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
2. The Chairman conducts a self-assessment of his performance.	Compliant		
3. The individual members conduct a self-assessment of their performance.	Compliant		
4. Each committee conducts a self-assessment of its performance.	Compliant		

5. Every three years, the assessments are supported by an external facilitator.	Compliant	Identify the external facilitator and provide proof of use of an external facilitator. The Company will be complying with this prior to the expiration of the three-year period.	
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders	
2. The system allows for a feedback mechanism from the shareholders.	Compliant	<u>Links/references:</u> Company Website- Corporate Governance Report, Board, Director and CEO Appraisal http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=12 Minutes of the 2017 Annual Stockholders' Meeting http://www.ayala.com.ph/sites/default/files/asmm/AC%202017%20ASM%20Minutes.pdf 2017 Integrated Annual Report, Stakeholder Engagement, pages 59-	

		61; and Board Performance, page 160-161 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	Provide information on or link/reference to the company's Code of Business Conduct and Ethics. <u>Links/references:</u> Company Website – Governance, Business Conduct and Ethics, Code of Conduct and Ethics http://www.ayala.com.ph/sites/default/files/governance/AC%20CODE%20OF%20CONDUCT%20AND%20ETHICS%20as%20of%20April%2022%2C%202015_0.pdf	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees. <u>Links/references:</u> Company Website - Corporate Governance Report, Code of Business Conduct and Ethics http://www.ayala.com.ph/annual-corporate-governance-report-0?qt-	

		annual corporate governance repo=1 2017 Integrated Annual Report, Code of Conduct and Ethics, page 169 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
3. The Code is disclosed and made available to the public through the company website.	Compliant	Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/disclosed. <u>Links/references:</u> Company Website – Governance, Business Conduct and Ethics, Code of Conduct and Ethics http://www.ayala.com.ph/sites/default/files/governance/AC%20CODE%20OF%20CONDUCT%20AND%20ETHICS%20as%20of%20April%2022%2C%202015_0.pdf	
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery <u>Links/references:</u> Company Website – Governance, Business Conduct and Ethics, Code of Conduct and Ethics, Anti-Bribery and Anti-Corruption Policy, page 13	

		http://www.ayala.com.ph/sites/default/files/governance/AC%20CODE%20OF%20CONDUCT%20AND%20ETHICS%20as%20of%20April%2022%2C%202015%20.pdf Company Website - Corporate Governance Report, Code of Business Conduct and Ethics http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=1 2017 Integrated Annual Report, Anti-Corruption Policy, page 170 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance. <u>Links/references:</u> The Board established a Code of Conduct and Ethics to guide all directors, officers, and employees	

		in executing their roles and responsibilities. Code of Conduct and Ethics http://www.ayala.com.ph/sites/default/files/governance/AC%20CODE%20OF%20CONDUCT%20AND%20ETHICS%20as%20of%20April%2022%2C%202015_0.pdf Company Website - Corporate Governance Report, Code of Business Conduct and Ethics http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual corporate governance report 2017 Integrated Annual Report, Code of Conduct and Ethics, page 169 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
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Disclosure and Transparency

Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

Recommendation 8.1

1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and	Compliant	Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders	
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complete picture of a company's financial condition, results and business operations.		<u>Links/references:</u> Company Website - Corporate Governance Report, Disclosure and Transparency http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=8 2017 Integrated Annual Report, Disclosure and Transparency, pages 167 to 168. http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf Company Website – Governance, Disclosures http://www.ayala.com.ph/disclosures Corporate Governance Manual, Disclosure and Transparency, page 19 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf	
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while	Compliant	Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.	

interim reports are published within forty-five (45) days from the end of the reporting period.		<u>Links/references:</u> Information Statements: http://www.ayala.com.ph/annual-stockholders-meeting-matters 2018 Definitive Information Statement – March 16, 2018 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF First Quarter Financial Report – May 12, 2017 http://www.ayala.com.ph/sites/default/files/disclosures/Ayala%20Corporation%20SEC%2017Q%20Ending%20March%2031%2C%202017.pdf Second Quarter Financial Report - August 14, 2017 http://www.ayala.com.ph/sites/default/files/disclosures/Ayala%20Corporation%20SEC%2017Q%20Ending%20June%2030%2C%202017.pdf Third Quarter Financial Report – November 16, 2017 http://www.ayala.com.ph/sites/default/files/disclosures/Ayala%20Corporation%20SEC%2017Q%20Ending%20September%2030%2C%202017.pdf 2017 Annual Report (SEC Form 17-A)– April 13, 2018	
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		http://www.ayala.com.ph/sites/default/files/disclosures/AYALA%20CORPORATION%20SEC%2017A%20ENDING%20DEC.%2031%2C%202017.pdf 2017 Integrated Annual Report, Disclosure and Transparency, pages 167 to 168 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	Compliant	Provide link or reference to the company's annual report where the following are disclosed: 1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders; 2. cross-holdings among company affiliates; and 3. any imbalances between the controlling shareholders' voting power and overall equity position in the company. <u>Links/references:</u> 2018 Definitive Information Statement, Security Ownership of Certain Record and Beneficial Owners, pages 4 to 5 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF	

		2017 Annual Report (SEC Form 17-A), Security Ownership of Certain Record and Beneficial Owners, page 169 http://www.ayala.com.ph/sites/default/files/disclosures/AYALA%20CORPORATION%20SEC%2017A%20ENDING%20DEC.%2031%2C%202017.pdf 2017 Integrated Annual Report Disclosure and Transparency, pages 167 to 168 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction. <u>Links/references:</u> Code of Conduct and Ethics, Insider Trading Policy, pages 11 to 12 http://www.ayala.com.ph/sites/default/files/governance/AC%20CODE%20OF%20CONDUCT%20AND%20ETHICS%20as%20of%20April%2022%2C%202015_0.pdf	

		Company Website – Governance, Disclosures, Statements of Beneficial Ownerships http://www.ayala.com.ph/disclosures 2017 Integrated Annual Report, Policy on Insider Trading, Page 168; and Annex on Changes in Shareholdings, Page 203 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Compliant	Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders. Provide link or reference to the company's Conglomerate Map. <u>Links/references:</u> Company Website – Governance, Disclosures, Statements of Beneficial Ownerships http://www.ayala.com.ph/disclosures 2018 Definitive Information Statement, Security Ownerships of Directors and Management, pages 5 to 6; Ayala Corporation and	

		Subsidiaries Dec. 31, 2017 Corporate Organizational Chart Schedule C, page 295 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Top 100 Stockholders Reports http://www.ayala.com.ph/sites/default/files/disclosures/AC-Top%20100%20SH_12.31.17.pdf http://www.ayala.com.ph/sites/default/files/disclosures/ACPB1-Top%20100%20SH_12.31.17.pdf http://www.ayala.com.ph/sites/default/files/disclosures/ACPB2-Top%20100%20SH_12.31.17.pdf 2017 Integrated Annual Report, Our Portfolio, page 38; and Annex on Changes in Shareholdings, page 203 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	

		<u>Links/references:</u> 2018 Definitive Information Statement, Security Ownerships of Directors and Management, pages 5 to 6; Annex A – Profiles of the Board of Directors and Management, pages 15 to 16; and Certificates of Independent Directors, pages 58 to 63 of PDF file. http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Company Website – Governance, Board Matters, Continuing Education and Performance Evaluation http://www.ayala.com.ph/board-matters Company Website - Corporate Governance Report, Board Matters, Orientation and Education Program http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_report=0 2017 Integrated Annual Report, Board of Directors, Page 33; Training of Directors, page 161; and Annex for Changes in Shareholdings, Page 203 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
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2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended. <u>Links/references:</u> 2018 Definitive Information Statement, Security Ownerships of Directors and Management, pages 5 to 6; and Annex A – Profiles of the Board of Directors and Management, pages 15 to 22 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Company Website – Governance, Board Matters, Continuing Education and Performance Evaluation http://www.ayala.com.ph/board-matters Company Website – Corporate Governance Report, Board Matters, Orientation and Education Program http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=0 2017 Integrated Annual Report, Uniting Business Strategy with Social	
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		Impact Ayala University: Catalyst for Developing Leaders in Ayala, Page 85; and Annex for Changes in Shareholdings, Page 203 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	Disclose or provide link/reference to the company policy and practice for setting board remuneration <u>Links/references:</u> Amended By-Laws, Article IV, Section 20, page 8 http://www.ayala.com.ph/sites/default/files/AC%20Amended%20By-Laws_Feb%2027%202015.pdf Charter of the Board of Directors, Section 10 -Compensation of the Board, page 10 http://www.ayala.com.ph/sites/default/files/AC%20Board%20Charter%20as%20of%206%2026%2014%20%28clean%20copy%29_edited_0.pdf Corporate Governance Manual, Part I – Governance Structure, Board of Directors, Remuneration, page 11 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf	

		2018 Definitive Information Statement, Compensation of Directors, pages 9 to 10 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Company Website - Corporate Governance Report, Remuneration Matters http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_report=3 2017 Integrated Annual Report, Director Compensation, pages 161 to 162 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Compliant	Disclose or provide link/reference to the company policy and practice for determining executive remuneration <u>Links/references:</u> 2018 Definitive Information Statement, Executive Compensation, pages 8 to 9 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Company Website - Corporate Governance Report, Remuneration Matters	

		http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=3 2017 Integrated Annual Report, Senior Executive Compensation, page 165 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Non-Compliant	Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO. <u>Links/references:</u> 2018 Definitive Information Statement, Executive and Board Compensation, pages 8 to 10 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Company Website - Corporate Governance Report, Remuneration Matters http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=3	The remuneration of the top five highest-paid officers is disclosed. Balance must be struck between full disclosure and the protection and privacy of the individual officers.
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring	Compliant	Disclose or provide reference/link to company's RPT policies	

transactions in their Manual on Corporate Governance.		Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction. <u>Links/reference:</u> Policy on Related Party Transactions http://www.ayala.com.ph/sites/default/files/governance/AC%20Revised%20RPT%20Policy.pdf 2018 Definitive Information Statement, Item 5.B, page 8 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Corporate Governance Manual, Related Party Transactions, page 16 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs: 1. name of the related counterparty; 2. relationship with the party; 3. transaction date; 4. type/nature of transaction; 5. amount or contract price; 6. terms of the transaction; 7. rationale for entering into the transaction;	

		8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and 9. other terms and conditions <u>Links/references:</u> The RPT disclosure or the Note 30 of our AFS is compliant with the applicable PFRS and SEC SRC reporting standards. 2018 Definitive Information Statement, Item 5.B, page 8; and Note 30 to 2017 Audited Consolidated Financial Statement, pages 150 to 153 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	Indicate where and when directors disclose their interests in transactions or any other conflict of interests. <u>Links/references:</u> Policy on Related Party Transactions http://www.ayala.com.ph/sites/default/files/governance/AC%20Revised%20RPT%20Policy.pdf	

		Code of Conduct and Ethics, Conflict of Interest, pages 7 to 9 http://www.ayala.com.ph/sites/default/files/governance/AC%20CODE%20OF%20CONDUCT%20AND%20ETHICS%20as%20of%20April%2022%2C%202015_0.pdf 2017 Integrated Annual Report Code of Conduct and Ethics, page 169 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	Compliant	Provide link or reference where this is disclosed, if any <u>Links/references:</u> 2018 Definitive Information Statement, Certain Relationships and Related Transactions, page 8; and Note 30 (Related Party) to 2017 Audited Consolidated Financial Statement, pages 150 to 153 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Recommendation 8.6			

1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	Provide link or reference where this is disclosed <u>Links/references:</u> Company Website – Governance, Disclosures http://www.ayala.com.ph/disclosures 2017 Integrated Annual Report, Accurate and Timely Disclosures, pages 167-168; and Annex on 2017 Disclosure, page 202 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	Identify independent party appointed to evaluate the fairness of the transaction price Disclose the rules and procedures for evaluating the fairness of the transaction price, if any. <u>Links/references:</u> There are no transactions in 2017 that required fairness opinion report from an independent party. Corporate Governance Report-Investor Relations Program-Rules and Procedures for Mergers, Acquisitions and Divestments	

		http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=10	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	Provide link or reference where these are disclosed. <u>Links/references:</u> Corporate Governance Manual, Part Three-Promotion of Shareholder's Rights and Engagement of Stakeholders, pages 17 to 19. http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf 2017 Integrated Annual Report, Stakeholder Relations, page 169 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Provide link to the company's website where the Manual on Corporate Governance is posted. <u>Links/references:</u> Corporate Governance Manual http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf	
2. Company's MCG is submitted to the SEC and PSE.	Compliant	http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf	
3. Company's MCG is posted on its company website.	Compliant		

Supplement to Recommendation 8.			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	Provide proof of submission. Links/references: Corporate Governance Manual http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:		Provide link or reference to the company's Annual Report containing the said information.	
a. Corporate Objectives	Compliant	2017 Integrated Annual Report, Message from the Chairman, Page 21-25; Financial and Non-Financial Performance Indicators, pages 40-43 and 72-74; Dividend Policy, page 43; Board of Directors, page 33; Board, Board Committees Meetings and Directors Attendance, pages 198-199; Director compensation, pages 161-162 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
b. Financial performance indicators	Compliant		
c. Non-financial performance indicators	Compliant		
d. Dividend Policy	Compliant		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant		
f. Attendance details of each director in all directors meetings held during the year	Compliant		
g. Total remuneration of each member of the board of directors	Compliant		
2. The Annual Report contains a statement confirming the company's full compliance	Compliant	Provide link or reference to where this is contained in the Annual Report	

with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.		2017 Integrated Annual Report, page 159 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	Compliant	Provide link or reference to where this is contained in the Annual Report 2017 Integrated Annual Report, page 159 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	Compliant	Provide link or reference to where this is contained in the Annual Report 2017 Integrated Annual Report, page 159 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant	Provide link or reference to where these are contained in the Annual Report 2017 Integrated Annual Report, pages 56 to 58 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor. <u>Links/references:</u> Audit Committee Charter, pages 7 to 8 http://www.ayala.com.ph/sites/default/files/board_matters/Revised%20Audit%20Committee%20Charter_Approved_12%201%2017.pdf 2017 Integrated Annual Report - Governance, Accountability and Audit, External Auditor, page 166 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.	

		<u>Links/references:</u> Minutes of the 2017 Annual Stockholders' Meeting http://www.ayala.com.ph/sites/default/files/asmm/AC%202017%20ASM%20Minutes.pdf Minutes of the 2018 Annual Stockholders' Meeting http://www.ayala.com.ph/sites/default/files/asmm/AC%20ASM%2020Apr2018.pdf 2017 Integrated Annual Report - Report of the Audit Committee to the Board of Directors, page 200 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor. <u>Links/references:</u> 2018 Definitive Information Statement, Independent Public Accountant, page 11. http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF	

		2017 Integrated Annual Report - Governance, Accountability and Audit, External Auditor, page 166 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf Reappointing SGV as the external auditor for 2018 was presented to the stockholders for their approval. Minutes of 2018 Annual Stockholders' Meeting http://www.ayala.com.ph/sites/default/files/asmm/AC%20ASM%2020Apr2018.pdf	
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years. <u>Links/references:</u> Audit Committee Charter, pages 7 to 8 http://www.ayala.com.ph/sites/default/files/board_matters/Revised%20Audit%20Committee%20Charter_Approved_12%201%2017.pdf 2017 Integrated Annual Report - Governance, Accountability and Audit, External Auditor, page 166	

		http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	Compliant	Provide link/reference to the company's Audit Committee Charter <u>Links/references:</u> Audit Committee Charter, pages 7 to 8 http://www.ayala.com.ph/sites/default/files/board_matters/Revised%20Audit%20Committee%20Charter_Approved_12%201%2017.pdf	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant	Provide link/reference to the company's Audit Committee Charter <u>Links/references:</u> Audit Committee Charter, pages 7 to 8 http://www.ayala.com.ph/sites/default/files/board_matters/Revised%20Audit%20Committee%20Charter_Approved_12%201%2017.pdf	
Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the	Compliant	Provide link/reference to the company's Audit Committee Charter	

ability to understand complex related party transactions, its counterparties, and valuations of such transactions.		<u>Links/references:</u> Audit Committee Charter, pages 7 to 8 http://www.ayala.com.ph/sites/default/files/board_matters/Revised%20Audit%20Committee%20Charter%20Approved%2012%201%2017.pdf	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant	Provide link/reference to the company's Audit Committee Charter <u>Links/references:</u> Audit Committee Charter, pages 7 to 8 http://www.ayala.com.ph/sites/default/files/board_matters/Revised%20Audit%20Committee%20Charter%20Approved%2012%201%2017.pdf	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	Disclose the nature of non-audit services performed by the external auditor, if any. <u>Links/references:</u> 2018 Definitive Information Statement, Independent Public Accountant, page 11. http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF 2017 Integrated Annual Report - External Auditor, page 166	

		http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	Provide link or reference to guidelines or policies on non-audit services <u>Links/references:</u> Audit Committee Charter, Oversight on External Audit, Item 5.7, page 8 http://www.ayala.com.ph/sites/default/files/board_matters/Revised%20Audit%20Committee%20Charter_Approved_12%201%2017.pdf	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	Provide information on audit and non-audit fees paid. <u>Links/references:</u> 2018 Definitive Information Statement, Independent Public Accountant, page 11. http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF 2017 Integrated Annual Report - External Auditor, page 166 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Additional Recommendation to Principle 9			

1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	Provide information on company's external auditor, such as: 1. Name of the audit engagement partner – Lucy L. Chan 2. Accreditation number – 0114-AR-4 (Group A) 3. Date Accredited – January 7, 2016 4. Expiry date of accreditation – January 6, 2019 and 5. Name, address, contact number of the audit firm – Sycip Gorres Velayo & Co., 6760 Ayala Avenue, 1226 Makati City, +6328910307	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Not Applicable	Provide information on the following: 1. Date it was subjected to SOAR inspection, if subjected; 2. Name of the Audit firm; and 3. Members of the engagement team inspected by the SEC. Not applicable in 2017. SOAR memo from SEC was only released Aug 18, 2017.As confirmed with SGV, there's still no update on the timeline for the 2018 inspection.	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			

1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues. <u>Links/references:</u> 2017 Integrated Annual Report, Sustainable goals, page 16-17; and Sustainability Framework page 71 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf Company Website – Sustainability http://www.ayala.com.ph/investors/annual-reports http://www.ayala.com.ph/sites/default/files/Ayala%20SGD%20Pullout%20Brochure.pdf Our Sustainability Philosophy http://www.ayala.com.ph/commitment-sustainability	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	Provide link to Sustainability Report, if any. Disclose the standards used. <u>Links/references:</u> In 2017, Ayala published its first Integrated Report, adopting both the GRI Standards – Core Option by the Global Reporting Initiative (GRI) and the Integrated Reporting <IR>	

		Framework by the International Integrated Reporting Council (IIRC). Company Website – Sustainability Report http://www.ayala.com.ph/investors/annual-reports http://www.ayala.com.ph/sites/default/files/Ayala%20SGD%20Pullout%20Brochure.pdf 2017 Integrated Annual Report, Sustainable goals, page 16-17; Sustainability Framework, page 71 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
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Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any. <u>Links/references:</u> Website – www.ayala.com.ph; http://www.ayala.com.ph/investors/investor-relations	
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		Analysts' /Media Briefings - http://www.ayala.com.ph/investors/presentations Quarterly Reporting – http://www.ayala.com.ph/investors/financial-reports Current Reporting - http://www.ayala.com.ph/disclosures Investor Relations calendar of activities for 2017 http://www.ayala.com.ph/investors/investor-relations-calendar 2017 Integrated Annual Report, Stakeholder Engagement, pages 59 to 61; and Accurate and Timely Disclosures 167 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:		Provide link to company website	
a. Financial statements/reports (latest quarterly)	Compliant	Links/references: Financial Reports – http://www.ayala.com.ph/investors/financial-reports	
b. Materials provided in briefings to analysts and media	Compliant	Analysts' /Media Briefings - http://www.ayala.com.ph/investors/presentations	
c. Downloadable annual report	Compliant		

		Annual Reports - http://www.ayala.com.ph/investors/annual-reports	
d. Notice of ASM and/or SSM	Compliant		
e. Minutes of ASM and/or SSM	Compliant		
f. Company's Articles of Incorporation and By-Laws	Compliant	Notice of ASM – Detailed Notice and Agenda of the 2017 Annual Stockholders' Meeting http://www.ayala.com.ph/sites/default/files/disclosures/SEC-PSE-PDEx-%20Detailed%20Notice%20and%20Agenda%20of%20the%202017%20ASM.pdf Detailed Notice and Agenda of the 2018 Annual Stockholders' Meeting http://ayala.com.ph/sites/default/files/disclosures/SEC%20PSE%20PDEx_AC%27s%20Notice%20and%20Agenda%20of%20Annual%20Stockholders%27%20Meeting%202%2020%2018.pdf Minutes of ASM - http://www.ayala.com.ph/annual-stockholders-meeting-matters Company's Articles of Incorporation and By-laws – http://www.ayala.com.ph/governance	
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Compliant	www.ayala.com.ph	

Internal Control System and Risk Management Framework

Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

Recommendation 12.1

1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	List quality service programs for the internal audit functions. Indicate frequency of review of the internal control system Links/references: Company Website - Corporate Governance Report, Internal Audit and Control http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_report=6 2017 Integrated Annual Report, Governance, Internal Governance Mechanisms, pages 166-170 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	Identify international framework used for Enterprise Risk Management Provide information or reference to a document containing information on: 1. Company's risk management procedures and processes	

		2. Key risks the company is currently facing 3. How the company manages the key risks Indicate frequency of review of the enterprise risk management framework. <u>Links/references:</u> <u>Frequency of review is at least once a year.</u> Company Website - Corporate Governance Report, Risk Management System http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual corporate governance repo=5 2017 Integrated Annual Report Risk Management at Ayala Pages 52-55 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness	Compliant	Provide information on or link/reference to a document containing the company's compliance program covering compliance with laws and relevant regulations.	

initiatives to facilitate understanding, acceptance and compliance with the said issuances.		Indicate frequency of review. <u>Links/references:</u> Frequency of review is at least once a year. Corporate Governance Manual http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf Code of Conduct-Part 1- Compliance, page 5 http://www.ayala.com.ph/sites/default/files/governance/AC%20CODE%20OF%20CONDUCT%20AND%20ETHICS%20as%20of%20April%2022%2C%202015_0.pdf 2017 Integrated Annual Report Governance, Internal Governance Mechanisms Pages 166-170 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	Compliant	Provide information on IT governance process IT is part of the Crisis Management Team of the Company formed to ensure Business Continuity. There is a process that is documented and that we need to follow for serious IT issues such as cybersecurity breaches,	

		service disruption and disaster recovery.	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm. <u>Links/references:</u> The Internal Audit Group of the Company is in-house. Company Website - Corporate Governance Report, Internal Control http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual corporate governance repo=6	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities. <u>Links/references:</u> The Company's Chief Audit Executive is Ms. Catherine H. Ang. 2018 Definitive Information Statement, Key Officers, pages 17 to 22	

		http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF 2017 Integrated Annual Report, Governance, Internal Auditors, pages 166 to 167 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf Company Website - Corporate Governance Report, Internal Control http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual corporate governance repo=6 Internal Audit Charter, Responsibilities of Chief Audit Executive, page 3 http://ayala.com.ph/sites/default/files/Internal%20Audit%20Charter%20Approved%20November%202017.pdf Corporate Governance Manual, Chief Audit Executive, page 14 http://ayala.com.ph/sites/default/files/Internal%20Audit%20Charter%20Approved%20November%202017.pdf	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Compliant	Links/references: Internal Audit Charter, page 3 http://ayala.com.ph/sites/default/files/Internal%20Audit%20Charter%20Approved%20November%202017.pdf	

3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Not Applicable	Identify qualified independent executive or senior management personnel, if applicable. <u>Links/references:</u> The Internal Audit Group of the Company is in-house. 2018 Definitive Information Statement, Key Officers, pages 17 to 22 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF 2017 Integrated Annual Report, Governance, Internal Auditors, pages 166 to 167. http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf Company Website - Corporate Governance Report, Internal Audit and Control http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=6	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	Provide information on company's risk management function.	

		<u>Links/references:</u> Charter of the Risk Management and Related Party Transactions Committee http://www.ayala.com.ph/sites/default/files/board_matters/AC_Risk%20Management%20Committee%20Charter.pdf Company Website - Corporate Governance Report, Risk Management System http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_report=5 2017 Integrated Annual Report, Risk Management at Ayala, pages 52 to 55. http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	Identify source of external technical support, if any. <u>Links/references:</u> We employ the services of Deloitte Philippines and Singapore, as well as Aon Risk Solutions for some of our projects.	

		Company Website - Corporate Governance Report, Risk Management System http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=5 2017 Integrated Annual Report, Risk Management at Ayala, pages 52 to 55. http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Compliant	Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background. <u>Links/references:</u> The Company's Chief Risk Officer of Mr. Jose Teodoro K. Limcaoco. 2018 Definitive Information Statement, Key Officers, pages 17 to 22 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF 2017 Integrated Annual Report, Management Committee, pages 34-	

		35; and Ayala Group Management Committee Members, page 206 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf Company Website - Corporate Governance Report, Risk Management System http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=5 Corporate Governance Manual, Chief Risk Officer, page 14 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	<u>Links/references:</u> 2018 Definitive Information Statement, Key Officers, pages 17 to 22 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF 2017 Integrated Annual Report, Management Committee, pages 34-35; and Ayala Group Management Committee Members, page 206 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	

		Company Website - Corporate Governance Report, Risk Management System http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=5	
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Compliant	Provide link to CEO and CAE's attestation. http://ayala.com.ph/sites/default/files/2017AttestationofInternalControls.pdf	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed. <u>Links/references:</u> Corporate Governance Manual, Part III – Promotion of Shareholders Rights and Engagement of Stockholders, Stockholders Rights, pages 17 to 18 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf	

2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Provide link to company's website <u>Links/references:</u> Corporate Governance Manual, Part III – Promotion of Shareholders Rights and Engagement of Stockholders, Stockholders Rights, pages 17 to 18 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf Company Website - Corporate Governance Report, Rights of Stockholders http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=9	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	<u>Links/references:</u> Amended By-Laws, Article III, Section 7, page 3 http://www.ayala.com.ph/sites/default/files/AC%20Amended%20By-Laws_Feb%2027%202015.pdf 2018 Definitive Information Statement, Number of Votes per Shares, page 4 and Voting Procedures, Method of Voting, page 13 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF	

		Company Website – Corporate Governance, Rights of Stockholders http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual corporate governance repo=9 2017 Integrated Annual Report, Stakeholders Relations, page 169 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	Provide information on all classes of shares, including their voting rights if any. <u>Links/references:</u> Amended Articles of Incorporation, Seventh Article, pages 3 to 6 http://www.ayala.com.ph/sites/default/files/AC%20-%20Amended%20AOI%20%28Art.IV%20extending%20the%20term%20of%20existence%29%20April%205%2C%202017.pdf 2018 Definitive Information Statement, Number of Votes per Shares, page 4 and Voting Procedures, Method of Voting, page 13 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF	

		Company Website – Corporate Governance, Rights of Stockholders http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual corporate governance repo=9	
3. Board has an effective, secure, and efficient voting system.	Compliant	Provide link to voting procedure. Indicate if voting is by poll or show of hands. <u>Links/references:</u> 2018 Definitive Information Statement, Voting Procedures, Method of Voting, page 13 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Corporate Governance Manual, Part III – Promotion of Stockholders' Rights and Engagement of Stakeholders, Voting Rights , page 17 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf Company Website – Corporate Governance, Rights of Stockholders http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual corporate governance repo=9	
4. Board has an effective shareholder voting mechanisms such as supermajority or	Compliant	Provide information on shareholder voting mechanisms such as	

"majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.		supermajority or "majority of minority", if any. <u>Links/references:</u> Corporate Governance Manual, Part III – Promotion of Shareholders Rights and Engagement of Stockholders, Stockholders Rights, Voting Rights pages 17 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf Company Website, Corporate Governance Report, Rights of Stockholders, Treatment of Minority Stockholders http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=9	
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution) <u>Links/references:</u> Corporate Governance Manual, Part III – Promotion of Shareholders Rights and Engagement of Stockholders, Stockholders Rights, Voting Rights pages 17 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf	

		Company Website, Corporate Governance Report, Rights of Stockholders, Treatment of Minority Stockholders http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual corporate governance repo=9 Minutes of Annual Stockholders' Meetings http://www.ayala.com.ph/annual-stockholders-meeting-matters	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	Provide information or link/reference to the policies on treatment of minority shareholders <u>Links/references:</u> Corporate Governance Manual, Part III – Promotion of Shareholders Rights and Engagement of Stockholders, Stockholders Rights, Voting Rights pages 17 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf Company Website, Corporate Governance Report, Rights of Stockholders, Treatment of Minority Stockholders http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual corporate governance repo=9	

7. Company has a transparent and specific dividend policy.	Compliant	Provide information on or link/reference to the company's dividend Policy. Indicate if company declared dividends. If yes, indicate the number of days within which the dividends were paid after declaration. In case the company has offered scrip-dividends, indicate if the company paid the dividends within 60 days from declaration <u>Links/references:</u> Ayala's policy is to provide a regular fixed semi-annual cash dividend to common shares. For voting preferred shares, the dividend rate is 1.875 percent per annum. For non-voting Preferred B Series 1 and Series 2 shares, the dividends are given at 5.25 percent and 5.575 percent per annum, respectively. It is the company's policy to treat all shareholders equally, ensuring payment of dividends in an equitable and timely manner—within 30 days after being declared and finally cleared. 2018 Definitive Information Statement, Dividends, page 53 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF	
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		Company Website, Corporate Governance Report, Rights of Stockholders, Dividends http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual corporate governance repo=9 2017 Integrated Annual Report, Dividends, page 43. http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Compliant	Identify the independent party that counted/validated the votes at the ASM, if any. <u>Links/references:</u> <u>Ayala engaged SGV & Co. as the independent party to count and validate votes at the ASM.</u> Minutes of Annual Stockholders' Meetings http://www.ayala.com.ph/annual-stockholders-meeting-matters 2018 Definitive Information Statement, Audit and Audit Related Fees, pages 11 to 12 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF	

		Company Website, Corporate Governance Report, Rights of Stockholders, Independent Validators http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=9	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting. Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS) <u>Links/references:</u> On March 15, 2017, 25 business days or 37 calendar days before the meeting, the Company distributed copies of detailed agenda of the Annual Stockholders' Meeting to stockholders on record. On March 24, 2017, 28 calendar days or 18 business days before the date of meeting, the Company posted on its website the copy of the Definitive	

		Information Statement and the unbundled proxy form of the Annual Stockholders' Meeting to stockholders on record; and on March 29, 2017, 23 calendar days or 15 business days before the date of meeting, the Company distributed the same to the stockholders on record. The power of fixing the fees was delegated by the stockholders to the Board during the annual stockholders' meeting in 2011 and is as provided for in the amended by-laws. 2017 Definitive Information Statement http://www.ayala.com.ph/sites/default/files/asmm/AC%202017%20Definitive%20Information%20Statement_1.pdf 2018 Definitive Information Statement http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Company Website, Corporate Governance Report, Rights of Stockholders, Sending out of notices for ASM http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_report=9	
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Supplemental to Recommendation 13.2

1. Company's Notice of Annual Stockholders' Meeting contains the following information:		Provide link or reference to the company's notice of Annual Shareholders' Meeting	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	<u>Links/references:</u> 2017 Definitive Information Statement, pages 15 to 16 http://www.ayala.com.ph/sites/default/files/asmm/AC%202017%20Definitive%20Information%20Statement_1.pdf 2018 Definitive Information Statement pages 15 to 16 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF	
b. Auditors seeking appointment/re-appointment	Compliant	<u>Links/references:</u> 2017 Definitive Information Statement, page 10 http://www.ayala.com.ph/sites/default/files/asmm/AC%202017%20Definitive%20Information%20Statement_1.pdf 2018 Definitive Information Statement, page 11 http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF	
c. Proxy documents	Compliant	<u>Links/references:</u> 2017 Definitive Information Statement	

		http://www.ayala.com.ph/sites/default/files/asmm/AC%202017%20Definitive%20Information%20Statement_1.pdf 2018 Definitive Information Statement http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	Provide link or reference to the rationale for the agenda items <u>Links/references:</u> 2017 Definitive Information Statement http://www.ayala.com.ph/sites/default/files/asmm/AC%202017%20Definitive%20Information%20Statement_1.pdf 2018 Definitive Information Statement http://www.ayala.com.ph/sites/default/files/asmm/2018%20AC%20Definitive%20IS_0.PDF Detailed Notice and Agenda of the 2017 Annual Stockholders' Meeting http://www.ayala.com.ph/sites/default/files/disclosures/SEC-PSE-PDEx-%20Detailed%20Notice%20and%20Agenda%20of%20the%202017%20ASM.pdf Detailed Notice and Agenda of the 2018 Annual Stockholders' Meeting	

		http://ayala.com.ph/sites/default/files/disclosures/SEC%20PSE%20PDEx AC %27s%20Notice%20and%20Agenda%20of%20Annual%20Stockholders%27%20Meeting%2002%2020%2018.pdf	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM. <u>Links/references:</u> Minutes of the 2017 Annual Stockholders' Meeting http://www.ayala.com.ph/sites/default/files/asmm/AC%202017%20ASM%20Minutes.pdf 2017 ASM Voting Results http://www.ayala.com.ph/sites/default/files/asmm/2017-AC-Voting%20Results.pdf Minutes of 2018 ASM http://www.ayala.com.ph/sites/default/files/asmm/AC%20ASM%2020Apr2018.pdf 2018 ASM Voting Results	

		http://www.ayala.com.ph/sites/default/files/asmm/AC-2018-Voting%20Results.pdf	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Compliant	Provide link to minutes of meeting in the company website. Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes. Indicate also if the voting on resolutions was by poll. Include whether there was opportunity to ask question and the answers given, if any <u>Links/references:</u> Minutes of the 2017 Annual Stockholders' Meeting http://www.ayala.com.ph/sites/default/files/asmm/AC%202017%20ASM%20Minutes.pdf Minutes of the 2018 Annual Stockholders' Meeting http://www.ayala.com.ph/sites/default/files/asmm/AC%20ASM%2020Apr2018.pdf http://www.ayala.com.ph/annual-stockholders-meeting-matters Company Website, Corporate Governance Report, Rights of	

		Stockholders, Stockholders' Participation during ASM http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=9	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting SGV, the external auditor of the Company was present at the 2017 and 2018 Annual Stockholders' Meeting of the Company.	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes <u>Links/references:</u> Corporate Governance Manual, Part III – Promotion of Shareholders Rights and Engagement of Stakeholders, Alternative Dispute Resolution Mechanism, page 19 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf	

2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	Provide link/reference to where it is found in the Manual on Corporate Governance <u>Links/references:</u> Corporate Governance Manual, Part III – Promotion of Shareholders Rights and Engagement of Stakeholders, Alternative Dispute Resolution Mechanism, page 19 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	Disclose the contact details of the officer/office responsible for investor relations, such as: 1. Name of the person – Celeste M. Jovenir 2. Telephone number - +6329083000 3. Fax number - 6328485864 4. E-mail address – investorrelations@ayala.com.ph <u>Links/references:</u> Company Website, Corporate Governance Report, Investor Relations Program http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=10	

		Company Website, Shareholder Inquiry http://www.ayala.com.ph/investors/shareholder-inquiry	
2. IRO is present at every shareholder's meeting.	Compliant	Indicate if the IRO was present during the ASM. Ms. Celeste M. Jovenir, the Investor Relations Head of the Company, was present at the 2017 and 2018 Annual Stockholders' Meetings of the Company. Company Website, Governance, Corporate Governance Report, Rights of Stockholders, Stockholders Attendance http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_report	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	Provide information on how anti-takeover measures or similar devices were avoided by the board, if any. <u>Links/references:</u> The Company has no anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group.	

2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Compliant	Indicate the company's public float. 41.50% as of December 31, 2017 http://www.ayala.com.ph/sites/default/files/disclosures/PSE-BIR-Public%20Ownership%20Report_12.31.17.pdf 51.66 % as of 31 March 2018 http://www.ayala.com.ph/sites/default/files/disclosures/PSE-BIR-Public%20Ownership%20Report_3.31.18.pdf	
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Optional: Principle 13

1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Compliant	Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM <u>Links/references:</u> Corporate Governance Manual, Part III – Promotion of Shareholders' Rights and Engagement of Stakeholders, pages 17 to 18 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf Company Website, Corporate Governance Report, Rights of Stockholders, Sending out of notices for ASM http://www.ayala.com.ph/annual-corporate-governance-report-0?qt-	
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		annual corporate governance report=9 2017 Integrated Annual Report, Stakeholder Engagement, page 59-61 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Non-Compliant	Disclose the process and procedure for secure electronic voting in absentia, if any. <u>Links/references:</u> Company Website, Corporate Governance Report, Rights of Stockholders, Sending out of notices for ASM and Policies on Proxy Voting http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual corporate governance report=9 Corporate Governance Manual, Part III-Promotion of Shareholders' Rights and Engagement of Stakeholders-Voting Rights, page 17 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf Amended By-Laws- Article III, Section 6, page 3	The Company has no electronic voting platforms that enable stockholders in absentia to execute their voting rights during stockholders' meeting. The Company, however, allows voting in absentia by sending out to each stockholder ballot with a proxy form, which should be submitted within the prescribed period. The votes in the ballot would be counted even if the stockholders do not attend personally or by proxy.

		http://www.ayala.com.ph/sites/default/files/AC%20Amended%20By-Laws_Feb%2027%202015.pdf Company Website, Governance, Corporate Governance Report, Rights of Stockholders, Stockholders Attendance http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=9	
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Duties to Stakeholders

Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders. <u>Links/references:</u> Company Website - Corporate Governance Report, Role of Stakeholders http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=7 2017 Integrated Annual Report, Our Business Model, pages 44-45;	
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		Stakeholder Engagement, pages 59-61; and Sustainability Philosophy and Framework, pages 70 to 71 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf Human Resources Policies http://www.ayala.com.ph/sites/default/files/governance/HR%20Policies_0.pdf	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	Identify policies and programs for the protection and fair treatment of company's stakeholders <u>Links/references:</u> Corporate Governance Manual, Part III – Promotion of Shareholders' Rights and Engagement of Stakeholders, Item IV, pages 19 to 20 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf Company Website - Corporate Governance Report – Role of Stakeholders http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_report=7 2017 Integrated Annual Report, Our Business Model, pages 44-45;	

		Stakeholder Engagement, pages 59-61; and Sustainability Philosophy and Framework, pages 70 to71 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf Human Resources Policies http://www.ayala.com.ph/sites/default/files/governance/HR%20Policies_0.pdf	
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights. Provide information on whistleblowing policy, practices and procedures for stakeholders <u>Links/references:</u> Whistleblower Policy http://www.ayala.com.ph/business-conduct-and-ethics http://www.ayala.com.ph/sites/default/files/governance/AC%20Whistleblower%20Policy.pdf	

		Company Website - Corporate Governance Report – Role of Stakeholders http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=7 Company Website - Corporate Governance Report, Code of Conduct and Ethics http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=1 2017 Integrated Annual Report, Corporate Information, page 213; and Whistleblower Policy pages 169 to 170. http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Compliant	Provide information on the alternative dispute resolution system established by the company. <u>Links/references:</u> Corporate Governance Manual, Part III – Promotion of Shareholders' Rights and Engagement of Stakeholders, Item II, page 19	

		http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf Company Website - Corporate Governance Report, Code of Conduct and Ethics http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual corporate governance repo=1	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	Disclose any requests for exemption by the company and the reason for the request. <u>Links/references:</u> None. Code of Business Conduct and Ethics, Compliance with Laws and Regulations, page 5 http://www.ayala.com.ph/sites/default/files/governance/AC%20CODE%20OF%20CONDUCT%20AND%20ETHICS%20as%20of%20April%2022%2C%202015_0.pdf Corporate Governance Manual, Corporate Governance Policy and Framework, page 1 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf	

		Company Website - Corporate Governance Report, Code of Conduct and Ethics http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=1	
2. Company respects intellectual property rights.	Compliant	Provide specific instances, if any. <u>Links/references:</u> Code to Conduct and Ethics, Confidentiality of Information, page 6 http://www.ayala.com.ph/sites/default/files/governance/AC%20CODE%20OF%20CONDUCT%20AND%20ETHICS%20as%20of%20April%2022%2C%202015%20.pdf Company Website-Privacy Policy www.ayala.com.ph/privacy-policy 2017 Integrated Annual Report, Security Practices and Data Privacy, pages 94 to 95; and Data Privacy Policy, page 170 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	Compliant	Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.	

		<u>Links/references:</u> Company Website - Corporate Governance Report, Role of Stakeholders 2017 Integrated Annual Report, Caring for our Customers, page 93 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	Compliant	Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same. <u>Links/references:</u> Company Website - Corporate Governance Report, Role of Stakeholders http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=7 2017 Integrated Annual Report, Stakeholder Engagement, page 59 to 61; Social, page 64; Sustainability Philosophy and Framework, pages 70 to 71 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	

		Human Resources Policies http://www.ayala.com.ph/sites/default/files/governance/HR%20Policies_0.pdf	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	Provide information on or link/reference to company policies, programs and procedures that encourage employee participation. <u>Links/references:</u> Company Website - Corporate Governance Report, Role of Stakeholders http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=7 2017 Integrated Annual Report, Uniting Business Strategy with Social Impact, Pages 83 to 93. http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf Human Resources Policies http://www.ayala.com.ph/sites/default/files/governance/HR%20Policies_0.pdf	

Supplement to Recommendation 15.1

1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders. <u>Links/references:</u> Company Website - Corporate Governance Report, Role of Stakeholders http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=7 2017 Integrated Annual Report, Uniting Business Strategy with Social Impact, Pages 83 to 93. http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any. <u>Links/references:</u> Company Website - Corporate Governance Report, Role of Stakeholders	

		http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=7 2017 Integrated Annual Report, Uniting Business Strategy with Social Impact, Pages 83 to 93. http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
3. Company has policies and practices on training and development of its employees.	Compliant	Disclose and provide information on policies and practices on training and development of employees. Include information on any training conducted or attended. <u>Links/references:</u> Company Website - Corporate Governance Report, Role of Stakeholders http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=7 2017 Integrated Annual Report, Uniting Business Strategy with Social Impact, Pages 83 to 93. http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	

Recommendation 15.2

1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	Identify or provide link/reference to the company's policies, programs and practices on anti-corruption <u>Links/references:</u> Code of Conduct and Ethics, Anti-Bribery and Anti-Corruption Policy, page 13 http://www.ayala.com.ph/sites/default/files/governance/AC%20CODE%20OF%20CONDUCT%20AND%20ETHICS%20as%20of%20April%2022%2C%202015_0.pdf Company Website - Corporate Governance Report, Code of Conduct and Ethics http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_report=1 2017 Integrated Annual Report, Code of Conduct and Ethics, Anti-Corruption Policy pages 169 to 170 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	Identify how the board disseminated the policy and program to employees across the organization <u>Links/references:</u>	

		Code of Conduct and Ethics, Implementation and Monitoring, pages 14 to16 http://www.ayala.com.ph/sites/default/files/governance/AC%20CODE%20OF%20CONDUCT%20AND%20ETHICS%20as%20of%20April%2022%2C%202015_0.pdf Company Website - Corporate Governance Report, Code of Conduct and Ethics http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_report=1 2017 Integrated Annual Report, Code of Conduct and Ethics, Anti-Corruption Policy pages 169 to 170 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices. Include any finding of violations of the company policy. <u>Links/references:</u>	

		Code of Conduct and Ethics, Implementation and Monitoring, pages 14 to16 http://www.ayala.com.ph/sites/default/files/governance/AC%20CODE%20OF%20CONDUCT%20AND%20ETHICS%20as%20of%20April%2022%2C%202015_0.pdf Company Website - Corporate Governance Report Code of Conduct and Ethics http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual+corporate+governance+repo=1 Internal Breaches and Sanction http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual+corporate+governance+repo=13	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees. Indicate if the framework includes procedures to protect the employees from retaliation. Provide contact details to report any illegal or unethical behavior.	

		Links/references: Whistleblower Policy http://www.ayala.com.ph/business-conduct-and-ethics http://www.ayala.com.ph/sites/default/files/governance/AC%20Whistleblower%20Policy.pdf Corporate Governance Manual, Part II – Internal Control System, Item IV, page 16 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf Company Website - Corporate Governance Report, Code of Conduct and Ethics http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual corporate governance repo=1	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	Links/references: Whistleblower Policy http://www.ayala.com.ph/business-conduct-and-ethics http://www.ayala.com.ph/sites/default/files/governance/AC%20Whistleblower%20Policy.pdf Corporate Governance Manual, Part II – Internal Control System, Item IV, page 16	

		http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf Company Website - Corporate Governance Report, Code of Conduct and Ethics http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual corporate governance repo=1	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing. <u>Links/references:</u> Whistleblower Policy http://www.ayala.com.ph/business-conduct-and-ethics http://www.ayala.com.ph/sites/default/files/governance/AC%20Whistleblower%20Policy.pdf Corporate Governance Manual, Part II – Internal Control System, Item IV, page 16 http://www.ayala.com.ph/sites/default/files/AC%20-%20CG%20Manual_5%2031%2017.pdf	

		Company Website - Corporate Governance Report, Code of Conduct and Ethics http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=1 2017 Integrated Annual Report, Whistleblower Policy, pages 169 to 170 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
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Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

Recommendation 16.1

1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	Provide information or reference to a document containing information on the company's community involvement and environment-related programs. <u>Links/references:</u> Company Website - Corporate Governance Report, Corporate Social Responsibility Initiatives http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_repo=11	
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		Company Website -Sustainability http://www.ayala.com.ph/sustainability-at-ayala 2017 Integrated Annual Report, Sustainability Philosophy and Framework, pages 70-71, Uniting Business Strategy with Social Impact, pages 83-95, Aligning Business Growth with Environmental Protection, pages 96-109 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	Compliant	Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development. <u>Links/references:</u> Company Website - Corporate Governance Report, Corporate Social Responsibility initiatives http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual_corporate_governance_report=11 Company Website -Sustainability http://www.ayala.com.ph/sustainability-at-ayala	

		2017 Integrated Annual Report, Sustainability Philosophy and Framework, pages 70 to 109 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	
2. Company exerts effort to interact positively with the communities in which it operates	Compliant	Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates. <u>Links/references:</u> Company Website - Corporate Governance Report, Corporate Social Responsibility Initiatives http://www.ayala.com.ph/annual-corporate-governance-report-0?qt=annual corporate governance repo=11 Company Website -Sustainability http://www.ayala.com.ph/sustainability-at-ayala 2017 Integrated Annual Report, Sustainability Philosophy and Framework, pages 70-109; and Stakeholder Engagement, pages 59 to 61 http://www.ayala.com.ph/sites/default/files/pdfs/Ayala%20Corp%202017%20IR_lowres.pdf	

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on MAY 17 2018

SIGNATURES

JAIME AUGUSTO ZOBEL DE AYALA

Chairman of the Board and Chief Executive Officer

FERNANDO ZOBEL DE AYALA

President and Chief Operating Officer

XAVIER P. LOINAZ

Lead Independent Director

RAMON R. DEL ROSARIO, JR.

Independent Director

ANTONIO JOSE U. PERIQUET

Independent Director

SOLOMON M. HERMOSURA

Compliance Officer and Corporate Secretary

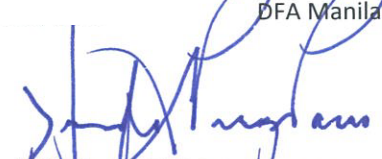
SUBSCRIBED AND SWORN to before me this MAY 17 2018, affiants exhibiting to me their competent evidence of identity, as follows:

Name	ID/Passport No.	Date of Issue	Place of Issue
Jaime Augusto Zobel de Ayala			DFA Manila
Fernando Zobel de Ayala			DFA Manila
Xavier P. Loinaz			DFA Manila
Ramon R. del Rosario, Jr.			DFA NCR Central
Antonio Jose U. Periquet			DFA Manila
Solomon M. Hermosura			DFA Manila

Doc No. 167
Page No. 35
Book No. V
Series of 2018.

Notarial DST pursuant to
Sec. 188 of the Tax Code
affixed on Notary Public's copy




NIMFA L. PEREZ-PARAS
Notary Public - Makati City
Appt. No. 1 until December 31, 2018
Attorney's Roll No.
PTR No. ; 01-08-2018; Makati City
IBP Lifetime Roll No. 1
MCLE Compliance No. ; 03May2016
27th Floor, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue,
Makati City, Philippines
Page 157 of 157