



**STI** EDUCATION SYSTEMS  
HOLDINGS

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## Consolidated Changes in ACGR for 2014

Note: Highlighted in blue font are the updates for 2014

## TABLE OF CONTENTS

<b>A.</b>	<b>BOARD MATTERS</b> .....	4
	1) BOARD OF DIRECTORS	
	<b>(a) Composition of the Board</b> .....	<b>4</b>
	<b>(b) Directorship in Other Companies</b> .....	<b>5</b>
	<b>(c) Shareholding in the Company</b> .....	<b>8</b>
	2) CHAIRMAN AND CEO.....	8
	3) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS.....	9
	4) CHANGES IN THE BOARD OF DIRECTORS.....	10
	5) <b>ORIENTATION AND EDUCATION PROGRAM</b> .....	<b>13</b>
<b>B.</b>	<b>CODE OF BUSINESS CONDUCT &amp; ETHICS</b> .....	14
	1) POLICIES.....	14
	2) DISSEMINATION OF CODE.....	18
	3) COMPLIANCE WITH CODE.....	18
	4) RELATED PARTY TRANSACTIONS.....	18
	(a) Policies and Procedures.....	18
	(b) Conflict of Interest.....	19
	5) FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS.....	20
	6) ALTERNATIVE DISPUTE RESOLUTION.....	21
<b>C.</b>	<b>BOARD MEETINGS AND ATTENDANCE</b> .....	22
	1) SCHEDULE OF MEETINGS.....	22
	2) <b>DETAILS OF ATTENDANCE OF DIRECTORS</b> .....	<b>22</b>
	3) SEPARATE MEETING OF NON-EXECUTIVE DIRECTORS.....	22
	4) ACCESS TO INFORMATION.....	22
	5) EXTERNAL ADVICE.....	23
	6) CHANGES IN EXISTING POLICIES.....	23
<b>D.</b>	<b>REMUNERATION MATTERS</b> .....	24
	1) REMUNERATION PROCESS.....	24
	2) REMUNERATION POLICY AND STRUCTURE FOR DIRECTORS.....	24
	3) <b>AGGREGATE REMUNERATION</b> .....	<b>24</b>
	4) STOCK RIGHTS, OPTIONS AND WARRANTS.....	25
	5) REMUNERATION OF MANAGEMENT.....	25
<b>E.</b>	<b>BOARD COMMITTEES</b> .....	25
	1) NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES.....	25
	2) <b>COMMITTEE MEMBERS</b> .....	<b>27</b>
	3) <b>CHANGES IN COMMITTEE MEMBERS</b> .....	<b>28</b>
	4) <b>WORK DONE AND ISSUES ADDRESSED</b> .....	<b>28</b>
	5) COMMITTEE PROGRAM.....	29
<b>F.</b>	<b>RISK MANAGEMENT SYSTEM</b> .....	30
	1) STATEMENT ON EFFECTIVENESS OF RISK MANAGEMENT SYSTEM.....	30
	2) RISK POLICY.....	30
	3) CONTROL SYSTEM.....	31
<b>G.</b>	<b>INTERNAL AUDIT AND CONTROL</b> .....	32
	1) STATEMENT OF EFFECTIVENESS OF INTERNAL CONTROL SYSTEM.....	32
	2) INTERNAL AUDIT	
	(a) Roles, Scope and Internal Audit Function.....	32
	(b) Appointment/Removal of Internal Auditor.....	33
	(c) Reporting Relationship with the Audit Committee.....	33
	(d) Resignation, Re-assignment and Reasons.....	33
	(e) Progress against Plans, Issues, Findings and Examination Trends.....	33

(f) Audit Control Policies and Procedures.....	33
(g) Mechanisms and Safeguards.....	34
<b>H. ROLE OF STOCKHOLDERS.....</b>	<b>34</b>
<b>I. DISCLOSURE AND TRANSPARENCY.....</b>	<b>36</b>
<b>J. RIGHTS OF STOCKHOLDERS.....</b>	<b>38</b>
1) RIGHT TO PARTICIPATE EFFECTIVELY IN STOCKHOLDERS' MEETINGS.....	38
2) TREATMENT OF MINORITY STOCKHOLDERS.....	42
<b>K. INVESTORS RELATIONS PROGRAM.....</b>	<b>43</b>
<b>L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES.....</b>	<b>44</b>
<b>M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL.....</b>	<b>45</b>
<b>N. INTERNAL BREACHES AND SANCTIONS.....</b>	<b>47</b>

**A. BOARD MATTERS**  
**1) Board of Directors**

<b>Number of Directors per Articles of Incorporation</b>	Eleven (11)
<b>Actual Number of Directors for the year</b>	Eleven (11)

**(a) Composition of the Board**

**Complete the table with information on the Board of Directors:**

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If Nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) <sup>1</sup>	Elected when (Annual/Special Meeting)	No. of years served as director
Eusebio H. Tanco	ED	N/A	Capital Managers & Advisors, Inc.	17 March 2010	26 September 2014	Annual Stockholders' Meeting	4 years and 5 months
Monico V. Jacob	ED	N/A	Capital Managers & Advisors, Inc.	17 March 2010	26 September 2014	Annual Stockholders' Meeting	4 years and 5 months
Maulik Parekh	NED	N/A	N/A	10 December 2013	26 September 2014	Annual Stockholders' Meeting	10 months
Joseph Augustin L. Tanco	ED	N/A	Capital Managers & Advisors, Inc.	27 October 2010	26 September 2014	Annual Stockholders' Meeting	4 years
Ma. Vanessa Rose L. Tanco	NED	N/A	Capital Managers & Advisors, Inc.	27 October 2010	26 September 2014	Annual Stockholders' Meeting	4 years
Martin K. Tanco	ED	N/A	Capital Managers & Advisors, Inc.	19 December 2012	26 September 2014	Annual Stockholders' Meeting	1 year and 9 months
Paolo Martin O. Bautista	ED	N/A	Capital Managers & Advisors, Inc.	19 December 2012	26 September 2014	Annual Stockholders' Meeting	1 year and 9 months
Rainerio M. Borja	NED	N/A	Capital Managers & Advisors, Inc.	19 December 2012	26 September 2014	Annual Stockholders' Meeting	1 year and 9 months
Jesli A. Lapus	ID	N/A	N/A	March 21, 2013	26 September 2014; 11 months as ID	Annual Stockholders' Meeting	1 year and 6 months
Johnip G. Cua	ID	N/A	Capital Managers & Advisors, Inc.	19 December 2012	26 September 2014; 1 year and 9 months as ID	Annual Stockholders' Meeting	1 year and 9 months
Ernest Lawrence L. Cu	ID	N/A	Capital Managers & Advisors, Inc.	19 December 2012	26 September 2014; 1 year and 9 months as ID	Annual Stockholders' Meeting	1 year and 9 months

Updated based on SEC Form 17 – C, Item 4. Election of Directors filed on 29 September 2014

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

The Corporation recognizes that the most convincing proof of good corporate governance is that which is visible to the eyes of its shareholders. The Corporation treats all its shareholders equally by allowing them to exercise the following rights:

- 1) Voting Right – Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. Cumulative voting shall be used in the election of directors.
- 2) Power of Inspection – Shareholders shall be allowed to inspect corporate books and records, including the minutes of Board meetings and stock registries, for a legitimate purpose within reasonable business hours and in accordance with the Corporation Code. They will be furnished Annual reports including financial statements, without cost or restrictions.
- 3) Right to information – Shareholders shall be entitled, upon request, to receive reports submitted to the SEC and PSE.
- 4) Right to Dividends – Shareholders shall have the right to receive dividends subject to the discretion of the Board and the compliance with requirements under the Corporation Code.
- 5) Appraisal Right – Shareholders shall have the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines.

<sup>1</sup> Reckoned as of date of election as ID (J.A. Lapus – 4 October 2013; J. G. Cua – 19 Dec 2012 and E. L. Cu – 19 Dec 2012)

It shall be the duty of the directors of the Corporation to promote shareholders' rights, remove impediments to the exercise of shareholders' rights and allow opportunities for them to seek redress for violation of their rights.

In respect to the rights of the minority shareholders, a director representing them in the board shall not be removed without cause if it will deny minority shareholders representation in the Board.

Reports or disclosures required under the regulations of the SEC and PSE shall be prepared and submitted by the Corporation's Compliance Officer. Material information that could potentially affect the corporation's share price shall be publicly disclosed. Material information includes earning results, the acquisition or disposal of all or substantially all of the assets of the Corporation, changes in the composition of the Board, related party transactions, shareholdings of directors and change of control. All such material information about the Corporation shall not be disclosed to any person, unless proper and simultaneous disclosures are made to the SEC and PSE. This shall not apply to disclosures made to (i) a person who is bound by duty not to disclose confidential information such as but not limited to the Corporation's auditors and legal counsels, investment bankers, fund or plan trustees and financial advisers; and (ii) a person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.

A board member shall have the following duties and responsibilities:

- 1) Act with fairness in all his dealings with the Corporation and ensure that his own personal interests do not affect his decisions at the Board level or conflict with the interests of the Corporation;
- 2) Act judiciously and exercise independent judgment;
- 3) Have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the rules, regulations and requirements of the SEC, and where applicable, the requirements of other regulatory agencies;
- 4) Observe confidentiality except in matters already disclosed publicly; and
- 5) Ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.

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

The vision and mission of the Corporation is subject to annual review by the Board of Directors or as needed.

**(d) Directorship in Other Companies**

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

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman
Eusebio H. Tanco	Prudent Resources, Inc.	Executive Director/President
	Rescom Developers Inc.	Executive Director/Chairman of the Board/President
	Insurance Builders, Inc.	Executive Director/Chairman of the Board
	Eujo Phils., Incorporated	Executive Director/President
	Classic Finance Inc.	Executive Director/President
	Capital Managers & Advisors, Inc.	Executive Director/Chairman of the Board
	STI Education Services Group, Inc.	Executive Director/Ex-Com Chairman
	i-ACADEMY	Non-Executive Director
	DeLos Santos-STI College	Executive Director/Chairman of the Board
	Philippine Women's University	Executive Director
	PhilhealthCare, Inc.	Executive Director/Chairman of the Board
	PhilPlans First, Inc.	Executive Director/Chairman of the Board
	Philippine Life Financial Assurance Corporation	Executive Director/Chairman of the Board
	Banlife Insurance Co., Inc.	Executive Director/Chairman of the Board
	STI Investments, Inc.	Executive Director/Chairman of the Board
	Unlad Resources Development Corporation	Non-Executive Director
	<b>West Negros University</b>	<b>Non-Executive Director/Chairman of the Board</b>
Monico V. Jacob	Classic Finance Inc.	Executive Director/Chairman of the Board
	Insurance Builders, Inc.	Executive Director/President
	Capital Managers & Advisors, Inc.	Executive Director/President
	STI Education Services Group, Inc.	Executive Director/President
	i-ACADEMY	Non-Executive Director
	Philippine Women's University	Non-Executive Director
	<b>West Negros University</b>	<b>Executive Director/President</b>
	PhilhealthCare, Inc.	Executive Director
	PhilPlans First, Inc.	Executive Director/President& CEO

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

	<b>Philippine Life Financial Assurance Corporation</b>	Executive Director/ <b>Chairman of the Board</b>
	Banlife Insurance Co., Inc.	Executive Director/President
	STI Investments, Inc.	Executive Director/President
	De Los Santos-STI College	Non-Executive Director
	Unlad Resources Development Corporation	Non-Executive Director
	STI College of Novaliches, Inc.	Trustee
	STI College of Kalookan, Inc	Trustee
Joseph Augustin L. Tanco	<b>PhilhealthCare, Inc.</b>	Executive Director/ <b>Chairman of the Board</b>
	PhilPlans First, Inc.	Executive Director
	Philippine Life Financial Assurance Corporation	Non-Executive Director
	STI Education Services Group, Inc.	Non-Executive Director
	<b>West Negros University</b>	<b>Non-Executive Director</b>
	Insurance Builders, Inc.	Non-Executive Director
	Eujo Phils., Incorporated	Non-Executive Director
	Capital Managers and Advisors, Inc.	Non-Executive Director
	STI Investments, Inc.	Non-Executive Director
	Unlad Resources Development Corporation	Executive Director
	Prudent Resources, Inc.	Executive Director
	Rescom Developers, Inc.	Executive Director
Ma. Vanessa Rose L. Tanco	i-ACADEMY	Executive Director/President
	Philippine Women's University	Executive Director
	<b>Makati Medical Center College</b>	<b>President</b>
	<b>West Negros University</b>	<b>Non-Executive Director</b>
	PhilhealthCare, Inc.	Non-Executive Director
	PhilPlans First, Inc.	Non-Executive Director
	STI Education Services Group, Inc.	Non-Executive Director
	Classic Finance Inc.	Non-Executive Director
	Insurance Builders, Inc.	Non-Executive Director
	Banlife Insurance Co., Inc.	Non-Executive Director
	Prudent Resources, Inc.	Executive Director
	Rescom Developers, Inc.	Executive Director
Paolo Martin O. Bautista	Classic Finance Inc.	Non-Executive Director
Johnip G. Cua	PhilPlans, First, Inc.	Independent Director
Rainerio M. Borja	PhilPlans, First, Inc.	Non-Executive Director
	STI Education Services Group, Inc.	Executive Director
Jesli A. Lapus	Philippine Life Financial Assurance Corporation	Independent Director
	i-ACADEMY	Non-Executive Director
	STI Education Services Group, Inc.	Independent Director/Chairman of the Board
Ernest Lawrence Cu	Philippine Life Financial Assurance Corporation	<b>Independent Director</b>
	STI Education Services Group, Inc.	Independent Director

(The above-mentioned amendments were included in the SEC Form 17 A for the Fiscal Year Ending 31 March 2014 and Certification of Independent Director filed with the SEC and PSE on 14 July 2014 and 29 September 2014 [J. A. Lapus], 24 October 2014 [E. L. Cu], respectively.)

(ii) Directorship in Other Listed Companies

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

Director's Name	Name of the Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman
Eusebio H. Tanco	Asian Terminals Inc.	Executive Director
	Philippine Racing Club, Inc.	Non-Executive Director
	Leisure and Resorts World, Inc.	Non-Executive Director
	The Philippine Stock Exchange, Inc.	Non-Executive Director
Monico V. Jacob	Asian Terminals Inc.	Non-Executive Director
	Jollibee Foods Corporation	Independent Director

	Phoenix Petroleum Philippines, Inc.	Independent Director
	2Go Group, Inc.	Independent Director
	Century Properties Group, Inc.	Independent Director
	DFNN, Inc.	Independent Director
Johnip G. Cua	MacroAsia Corporation	Independent Director
Ernest Lawrence L. Cu	Globe Telecom, Inc.	Executive Director
	Globe Telecom, Inc. – Preferred A	Executive Director
Jesli A. Lapus	Metropolitan Bank & Trust Company	Independent Director

(iii) Relationship within the Company and its Group

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
Eusebio H. Tanco	Prudent Resources, Inc. Rescom Developers, Inc. Eujo Philippines, Inc. Capital Managers & Advisors, Inc. STI Education Services Group, Inc. Insurance Builders, Inc.	Director/President Director/Chairman/President Director/President Director/Chairman Director/Ex-Com Chairman Director/Chairman
Monico V. Jacob	Insurance Builders, Inc. Capital Managers & Advisors, Inc. STI Education Services Group, Inc.	Director/President Director/President Director/President
Joseph Augustin L. Tanco	Eusebio H. Tanco Prudent Resources, Inc. Rescom Developers, Inc. Eujo Philippines, Inc. Capital Managers & Advisors, Inc. STI Education Services Group, Inc. Insurance Builders, Inc.	Father Director Director Director Director Director Director
Ma. Vanessa Rose T. Cualoping	Eusebio H. Tanco Prudent Resources, Inc. Rescom Developers, Inc. STI Education Services Group, Inc. Insurance Builders, Inc.	Father Director Director Director Director

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

	Guidelines	Maximum Number of Directorships in other Companies
<b>Executive Director</b>	Executive Directors shall limit the number of directorships and officerships held outside the Corporation or its subsidiaries and affiliates. In any case, the capacity of directors to serve the Corporation with diligence shall not be compromised.	STI Holdings did not set any limit on the number of board seats in other companies (publicly-listed, ordinary and companies with secondary license) that an Executive Director may hold simultaneously.
<b>Non-Executive Director</b>	Non-executive directors who serve as full-time executives in other corporations shall limit the number of directorships and officerships held outside the Corporation or its subsidiaries and affiliates. In any case, the capacity of directors to serve the Corporation with diligence shall not be compromised.	STI Holdings did not set any limit on the number of board seats in other companies (publicly-listed, ordinary and companies with secondary license) that an Non-Executive Director may hold simultaneously.
<b>CEO</b>	The Chief Executive Officer shall limit the number of directorships and officerships held outside the Corporation or its subsidiaries and affiliates. In any case, the capacity of CEO to serve the Corporation with diligence shall not be compromised.	STI Holdings did not set any limit on the number of board seats in other companies (publicly-listed, ordinary and companies with secondary license) that a CEO may hold simultaneously.

(e) Shareholding in the Company

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

Name of Director	Number of Direct Shares	Number of Indirect Shares/through (name of record owner)	% of Capital Stock
Eusebio H. Tanco	1,157,913,875	284,100,000 through PCD (Venture Securities, Inc.)	14.56%
Monico V. Jacob	1	33,784,056 through PCD (Venture Securities, Inc.)	.34%
Maulik R. Parekh	1,000	N/A	
Ma. Vanessa Rose L. Tanco	1	N/A	
Joseph Augustin L. Tanco	1	2,000,000 through PCD (Venture Securities, Inc.)	.02%
Martin K. Tanco		43,619,000 through PCD (Venture Securities, Inc. and Tower Securities, Inc.)	.44%
Rainerio M. Borja		2,000,000 through PCD (Venture Securities, Inc.)	.02%
Paolo Martin O. Bautista		3,250,000 through PCD (Venture Securities, Inc.)	.03%
Jesli A. Lapus		6,500,000 through PCD (Venture Securities, Inc.)	.07%
Ernest Lawrence L. Cu		14,406,000 through PCD (Venture Securities, Inc.)	.14%
Johnip G. Cua		1,000 through PCD (Venture Securities, Inc.)	

(The above-mentioned amendments were included in the various SEC Form 23-B filed with the SEC and PSE by Messrs. R. M. Borja on 3 September 2014, E. L. Cu on 29 August, 3, 4, 22 & 26 September, 23 October and 3 November 2014 and M. K. Tanco on 26 November 2014.)

2) Chairman

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

Yes  No

Identify the Chair and CEO

Chairman of the Board	Eusebio H. Tanco
CEO/President	Monico V. Jacob

(b) Roles, Accountabilities and Deliverables

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

The roles of Chairman and CEO should, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. A clear delineation of functions should be made between the Chairman and CEO upon their election.

	Chairman	Chief Executive Officer
Role	<p>The Chairman shall:</p> <p>(1) preside at all meetings of stockholders and the Board of Directors;</p> <p>(2) He shall ensure that the meetings of the Board are held in accordance with the By-Laws;</p>	<p>The Chief Executive Officer shall manage the affairs of the Corporation and have general supervision and control of its day-to-day business activities and its officers and employees. He shall see to it that all orders and resolutions of the Board of Directors are carried into effect. He shall also initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of</p>



	<p>(3) supervise the preparation of the agenda of the meetings in coordination the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the Directors; and</p> <p>(4) maintain qualitative and timely lines of communication and information between the Board and Management.</p> <p>The Chairman may, at his own discretion, also call meetings of stockholders.</p>	<p>the Board of Directors. He shall oversee the preparation of budgets and statements of accounts, represent the Corporation at all functions and proceedings and execute on behalf of the Corporation all contracts, agreements and other instruments affecting the interests of the Corporation. He shall sign with the Corporate Secretary any and all stock certificates of the Corporation.</p>
<b>Accountabilities</b>	The Chairman shall be accountable to the Board of Directors and the shareholders of the Corporation.	The Chief Executive Officer shall submit a complete report on the operations of the Corporation at the annual meeting to the Board of Directors and shareholders of the Corporation.
<b>Deliverables</b>	The Chairman shall preside over the Annual Stockholders' Meeting as well as the meetings of the Board of Directors.	The Chief Executive Officer shall ensure that the corporate objectives, policies, long range projects, plans and programs as formulated and approved by the Board of Directors of the Corporation are implemented. He shall also oversee the preparation of the Corporation's budgets and financial statements. .

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

The Board of Directors identifies high-potential employees capable of rapid advancement to positions of higher responsibility than those they presently occupy, ensures the systematic and long-term development of individuals to replace key job incumbents as the need arises due to deaths, disabilities, retirements, and other unexpected losses and provides a continuous flow of talented people to meet the organization's management needs.

**4). Other Executive, Non-Executive and Independent Directors**

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

The Company does not have a set policy of ensuring diversity of experience and background of directors in the board. However, the directors of the Company must possess qualifications for membership in the board as prescribed by the Corporation Code, Securities Regulation Code and other relevant laws, rules and regulations. Moreover, each director shall at least be a college graduate, with proven integrity and probity and of good moral character. The Independent Directors are required to submit a Certification on their affiliations with other business organizations and must possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided in Section 38 of the Corporation Code. The non-executive directors should possess qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

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

Yes, the Company has more than one non-executive director with experience in the sector or industry the Company belongs to.

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

	<b>Executive</b>	<b>Non-Executive</b>	<b>Independent Director</b>
<b>Role</b>	Shall be responsible for fostering the success of the Corporation and securing its sustained, competitiveness in a manner consistent with his fiduciary responsibility.	Shall act with fairness in all his dealings with the Corporation and ensure that his own personal interests do not affect his decisions at the Board level or conflict with the interest of the Corporation. Observe confidentiality except in matters already disclosed publicly and ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.	Person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Corporation.
<b>Accountabilities</b>	Company, shareholders, management and staff.	Company, shareholders and management.	Company, shareholders and management.
<b>Deliverables</b>	Formulation of the Corporation's vision, mission, strategic	Shall be able to effectively participate in the deliberations of the Board.	Shall be able to effectively participate in the deliberations of

	objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.		the Board.
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**Provide the company's definition of "independence" and describe the company's compliance to the definition.**

The Company's definition of "independence" is that an independent director is a person who, apart from his fees and shareholdings, is independent of management and free from any business or relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his duties as a director of the Corporation. The term "independent director" includes, among others, any person who: (a) is not a director or officer of the Corporation or of its related companies or any of its substantial shareholders, except when an independent director of any of the foregoing; (b) does not own more than 2% of the shares of the Corporation and/or its related companies or any of its substantial shareholders; (c) is not related to any director, officer or substantial shareholder of the Corporation (i.e., spouse, parent, child, sibling or spouse of such child or sibling) or any of its related companies or any of its substantial shareholders; (d) is not acting as a nominee or representative of any director or substantial shareholder of the Corporation, and/or any of its related companies and/or any of its substantial shareholders, pursuant to any contract or arrangement; (e) has not been employed in any executive capacity by the Corporation, any of its related companies and/or by any of its substantial shareholders within the last 2 years; (f) is not retained, either personally or through his firm or any similar entity, as professional adviser by the Corporation, any of its related companies and/or any of its substantial shareholders, within the last 2 years; or (g) has not engaged and does not engage in any transaction with the Corporation and/or with any of its related companies and/or substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms' length and are immaterial. A "related company" means another company which is: (a) a holding company; (b) subsidiary; or (c) subsidiary of the holding company of the Corporation. A "substantial shareholder" means any person who is, directly or indirectly, the beneficial owner of more than 10% of any class of the Corporation's equity security.

The Corporation has complied with the foregoing definition of "independence." The independent directors of the Corporation are free from any business or relationship which could, or could reasonably be perceived to, materially interfere with their exercise of independent judgment in carrying out their duties as directors.

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

The Company has a term limit of five (5) consecutive years for independent directors. An independent director will be eligible again for election as independent director for another five (5) years term after a two (2) year cooling-off period, provided that he has not engaged in any activity that under existing rules disqualifies him from being elected as such.

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

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

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

Name	Position	Date of Cessation	Reason
Arsenio N. Tanco	Non-Executive Director	19 December 2012	Declined nomination as director for the 2013
Elpidio C. Jamora	Independent Director	19 December 2012	- do -
Pete N. Prado	Independent Director	19 December 2012	- do -
Arsenio C. Cabrera, Jr.	Non-Executive Director	21 March 2012	Resignation
Yolanda M. Bautista	Executive-Director	10 December 2013	Resignation

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

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

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b> <b>(i) Executive Directors</b> <b>(ii) Non-Executive Directors</b> <b>(iii) Independent Directors</b>	The Nominations Committee (NC) shall pre-screen and shortlist all candidates nominated to become a member of the board of directors. Nominees shall be submitted to the NC and the Corporate Secretary at least 45 days prior to the date of the annual meeting of the stockholders or a special meeting called for the purpose of electing the Company's Directors.	The Directors shall possess such qualifications for membership in the Board as prescribed by the Corporation Code, Securities Regulation Code and other relevant laws, rules and regulations. Each Director of the Corporation must meet all the following qualifications:  (1) be a holder of at least one (1) share of

	<p>The NC shall review the qualifications of the nominees for directors and prepare a Final List of Candidates containing all the information about the background and experience of the nominees.</p> <p>Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors. No other nomination shall be entertained after the Final List of Candidates shall have been prepared and during the Annual Stockholders' Meeting.</p> <p>Specific slots for Independent Directors (ID) shall not be filled up by unqualified nominees.</p> <p>Any controversy or issue arising from the selection, nomination or election of IDs shall be resolved by the SEC by appointing IDs from the list of nominees submitted by the stockholders.</p> <p>In the event of a failure of election, resignation, disqualification or cessation of ID, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum. Otherwise, said vacancy shall be filled only by candidates approved by the NC. An ID so elected/appointed to fill a vacancy shall serve only for the unexpired term of predecessor in office</p>	<p>stock of the Corporation;  (2) be at least a college graduate;  (3) be At least twenty one (21) years of age;  (4) possess proven integrity and probity; and  (5) be of good moral character</p> <p>The Non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.</p> <p>The ID shall possess such qualifications for membership in the Board as prescribed by the SEC, its implementing rules and regulations and other relevant laws, rules and regulations.</p>
<p><b>b. Re-appointment</b>  <b>(i) Executive Directors</b>  <b>(ii) Non-Executive Directors</b>  <b>(iii) Independent Directors</b></p>	<p>The term of office of the directors of the Company is one (1) year and they are to serve as such until the election and qualification of their successors. Prior to the next Annual Stockholders' Meeting or special meeting called for the purpose of electing/appointing the Company's Directors, all the names of the nominee directors shall be submitted to the NC for consideration by the latter.</p> <p>The NC shall review the qualifications of the nominees for directors and prepare a Final List of Candidates containing all the information about the background and experience of the nominees.</p> <p>Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors. No other nomination shall be entertained after the Final List of Candidates shall have been prepared and during the Annual Stockholders' Meeting.</p>	<p>Same as the above</p>
<p><b>c. Permanent Disqualification</b>  <b>(i) Executive Directors</b>  <b>(ii) Non-Executive Directors</b>  <b>(iii) Independent Directors</b></p>	<p>If the director is found be involved in any of the grounds stated for permanent disqualification, he will automatically be considered resigned/removed from the board.</p>	<p>Any of the following shall be a ground for permanent disqualification of a director of the Corporation:</p> <p>(1) conviction by final judgment of a crime involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;  (2) conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment;  (3) willfully violating, or aiding, abetting, counseling, inducing or procuring the violation of any provision of the Securities Regulation Code (SRC), the Corporation Code or any government agency having jurisdiction;</p>

		<p>(4) Insolvency, receivership, or assignment of assets for the benefit of creditors;</p> <p>(5) conviction by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities as defined in the SRC; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, mutual fund or floor broker; or (c) arises out of his fiduciary relationship with the bank, quasi-bank, trust company or as an affiliated person of any of them; or</p> <p>(6) in the case of IDs, upon employment with the Corporation, which shall be a ground for disqualification as ID.</p>
<b>d. Temporary Disqualification</b>	<p>A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>	<p>Any of the following shall be a ground for the temporary disqualification of a Director of the Corporation:</p> <p>(1) Refusal to fully disclose the extent of his business interest as required under the SRC and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;</p> <p>(2) Absence or non-participation for whatever reason/s for more than fifty percent (50)% of all meetings, both regular and special, of the Board of Directors during his incumbency or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election;</p> <p>(3) Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;</p> <p>(4) Being under preventive suspension by the Corporation, if an executive Director, during the period of suspension;</p> <p>(5) Conviction at first instance of any crime constituting grounds for the disqualification of a director, and during the pendency of any appeal;</p> <p>(6) For ID, if his beneficial equity ownership in the Corporation or its subsidiaries or affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.</p>
<b>e. Removal</b> <b>(i) Executive Directors</b> <b>(ii) Non-Executive Directors</b> <b>(iii) Independent Directors</b>	<p>If a director is found be involved in any of the grounds stated for permanent disqualification, he shall be removed from office by a majority vote of the Board and in the manner provided by law. His removal from office shall be without prejudice to the Corporation's right to file the appropriate civil or criminal case against the corporate director or officer involved.</p>	<p>Same as the grounds for permanent disqualification.</p>
<b>f. Re-instatement</b> <b>(i) Executive Directors</b> <b>(ii) Non-Executive Directors</b> <b>(iii) Independent Directors</b>	<p>This applies only to directors who are found to be involved in any of the grounds stated for temporary disqualification.</p> <p>This disqualification shall be in effect as long as</p>	<p>- Refusal to fully disclose the extent of his</p>

	<p>his refusal persists.</p> <p>This disqualification applies for purposes of the succeeding election.</p> <p>This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity.</p> <p>The disqualification shall be lifted if the limit is later complied with.</p>	<p>business interest as required under the SRC and its Implementing Rules and Regulations.</p> <p>- Absence or non-participation for whatever reason/s for more than fifty percent (50)% of all meetings, both regular and special, of the Board of Directors during his incumbency or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident.</p> <p>- Dismissal/termination from directorship in another listed corporation for cause</p> <p>- For ID, if his beneficial equity ownership in the Corporation or its subsidiaries or affiliates exceeds two percent (2%) of its subscribed capital stock.</p>
<p><b>g. Suspension</b>  <b>(i) Executive Directors</b>  <b>(ii) Non-Executive Directors</b>  <b>(iii) Independent Directors</b></p>	<p>This applies only to directors who are found to be involved in any of the grounds stated for temporary disqualification. The disqualification or suspension shall be in effect as long as the concerned director has not cleared himself of the said grounds.</p>	<p>Same as the grounds for temporary disqualification.</p>

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

<b>Name of Director</b>	<b>Votes Received</b>
Eusebio H. Tanco	66.% or 6,557,054,369
Monico V. Jacob	66.% or 6,557,054,369
Joseph Augustin L. Tanco	66.% or 6,557,054,369
Ma. Vanessa Rose Tanco	66.% or 6,557,054,369
Martin K. Tanco	66.% or 6,557,054,369
Paolo Martin O. Bautista	66.% or 6,557,054,369
Rainerio M. Borja	66.% or 6,557,054,369
Maulik R. Parekh	66.% or 6,557,054,369
Jesli A. Lapus	66.% or 6,557,054,369
Johnip G. Cua	66.% or 6,557,054,369
Ernest Lawrence L. Cu	66.% or 6,557,054,369

STI Holdings Annual Stockholders' Meeting was held on 26 September 2014. Minutes of ASM posted in STI Holdings website on 2 Oct 2014.

**6) Orientation and Education Program**

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

The Company has an orientation program for new Directors. New directors may request individual meetings with senior management and receive materials on each of the Company's different business units. The senior management meetings cover a corporate overview, the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, and its business conduct policies. The other Directors may be invited to attend each orientation program as well.

The Directors are given additional educational materials and presentations from Company and/or third party experts on subjects that would enable them to perform better their duties and to recognize and deal appropriately with issues that arise. They shall be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institution.

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

SEC and PSE Disclosure Briefing held in the last quarter of 2012  
**Corporate Governance Seminar held on 14 November 2014**

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

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Eusebio H. Tanco Chairman	14 November 2014	Corporate Governance Seminar	Sycip Gorres Velayo & Co.
Monico V. Jacob Director/President & CEO	7 March 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment, and Management, Inc.
Yolanda M. Bautista Treasurer/CFO	14 November 2014	Corporate Governance Seminar	Sycip Gorres Velayo & Co.
Joseph Augustin L. Tanco Director/VP for Investor Relations	14 November 2014	Corporate Governance Seminar	Sycip Gorres Velayo & Co.
Ma. Vanessa Rose L. Tanco Director	14 November 2014	Corporate Governance Seminar	Sycip Gorres Velayo & Co.
Martin K. Tanco Director	14 November 2014	Corporate Governance Seminar	Sycip Gorres Velayo & Co.
Paolo Martin O. Bautista Director/Chief Investment Officer and Head, Corporate Strategy	14 November 2014	Corporate Governance Seminar	Sycip Gorres Velayo & Co.
Rainerio M. Borja Director	14 November 2014	Corporate Governance Seminar	Sycip Gorres Velayo & Co.
Ernest Lawrence L. Cu Independent Director	24-25 September 2007	Corporate Governance for Bank Directors	The Institute of Corporate Directors
Johnip G. Cua Independent Director	28 May 2014	Exclusive Orientation Course on Corporate Governance	The Institute of Corporate Directors
Arsenio C. Cabrera Corporate Secretary/Corporate Information Officer	14 November 2014	Corporate Governance Seminar	Sycip Gorres Velayo & Co.
Jesli A. Lapus Independent Director	5 February 2014	Distinguished Corporate Governance Speaker Seminar Series	The Institute of Corporate Directors
Maulik R. Parekh Director			
Anna Carmina S. Herrera Assistant Corporate Secretary	14 November 2014	Corporate Governance Seminar	Sycip Gorres Velayo & Co.
Elizabeth M. Guerrero Alternate Corporate Information Officer	14 November 2014	Corporate Governance Seminar	Sycip Gorres Velayo & Co.

(The above-mentioned amendments were included in STI Holdings letter advisement filed with SEC and PSE on 19 November 2014 re Compliance with SEC Memorandum Circular No. 20, Series of 2013.)

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

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	Directors should not have any financial or other business relationship with suppliers, customers or competitors that could reasonably be expected to impair, or even appear to impair, their independence or cloud any judgment they may need to make on behalf of the Company. They should not engage in activities that compete with the Company. If a director is aware of a possible	Senior Management Officers (SMO) should not have any financial or other business relationship with suppliers, customers or competitors that could reasonably be expected to impair, or even appear to impair, their independence or cloud any judgment they may need to make on behalf of the Company. They should not engage in activities that compete with the Company. If	Employees should not have any financial or other business relationship with suppliers, customers or competitors that could reasonably be expected to impair, or even appear to impair, their independence or cloud any judgment they may need to make on behalf of the Company. They should not engage in activities that compete with the Company. If an employee is aware of a

	<p>or actual conflict of interest regarding himself or another director, or concerned that one might develop, he or she should discuss it with the Chairman of the Audit Committee. The Audit Committee has the ultimate responsibility for the review and resolution of conflicts of interest.</p>	<p>an officer is aware of a possible or actual conflict of interest concerning himself or another officer, or is concerned that one might develop, he should bring the matter to the Board. An officer may not engage in employment outside the Company without the Company's approval. Any request should be directed to the Board.</p>	<p>possible or actual conflict of interest concerning himself or another officer, or is concerned that one might develop, he should bring the matter to the CEO. An employee may not engage in employment outside the Company without the Company's approval. Any request should be directed to the CEO.</p>
<p><b>(b) Conduct of Business and Fair Dealings</b></p>	<p>Directors shall conduct themselves in a fair, ethical, legal and honest manner. In conducting the Company's business, trust and integrity must be the foundation in all of the business dealings and relationships they establish with stockholders, vendors, government officials, customers, competitors, communities, the media and the general public, as well as each other. They shall not engage in conduct or activity that could raise questions as to the Company's honesty or reputation or otherwise cause embarrassment to the Company or its stakeholders. There should be careful observance of laws and regulations, as well as high regard for appropriate standards of conduct and personal integrity.</p>	<p>SMO shall conduct themselves in a fair, ethical, legal and honest manner. In conducting the Company's business, trust and integrity must be the foundation in all of the business dealings and relationships they establish with stockholders, vendors, government officials, customers, competitors, communities, the media and the general public, as well as each other. They shall not engage in conduct or activity that could raise questions as to the Company's honesty or reputation or otherwise cause embarrassment to the Company or its stakeholders. There should be careful observance of laws and regulations, as well as high regard for appropriate standards of conduct and personal integrity.</p>	<p>Employees shall conduct themselves in a fair, ethical, legal and honest manner. In conducting the Company's business, trust and integrity must be the foundation in all of the business dealings and relationships they establish with stockholders, vendors, government officials, customers, competitors, communities, the media and the general public, as well as each other. They shall not engage in conduct or activity that could raise questions as to the Company's honesty or reputation or otherwise cause embarrassment to the Company or its stakeholders. There should be careful observance of laws and regulations, as well as high regard for appropriate standards of conduct and personal integrity.</p>
<p><b>(c) Receipt of gifts from third parties</b></p>	<p>Directors should not accept or provide a gift, favor or entertainment to a customer, vendor, or other person or organization in connection with the Company's business unless all of the following criteria are met: 1)it is reasonable and not excessive in relation to customary industry practices; 2)it cannot be reasonably interpreted as a bribe, payoff or kickback; 3) public disclosure of it will not embarrass the Company; 4) the item is consistent with the normal and accepted business ethics of the industry; and 5) it is not in the form of cash or cash equivalents, other than cash bonuses to employees or consultants.</p>	<p>SMO should not accept or provide a gift, favor or entertainment to a customer, vendor, or other person or organization in connection with the Company's business unless all of the following criteria are met: 1)it is reasonable and not excessive in relation to customary industry practices; 2)it cannot be reasonably interpreted as a bribe, payoff or kickback; 3) public disclosure of it will not embarrass the Company; 4) the item is consistent with the normal and accepted business ethics of the industry; and 5) it is not in the form of cash or cash equivalents, other than cash bonuses to employees or consultants.</p>	<p>Employees should not accept or provide a gift, favor or entertainment to a customer, vendor, or other person or organization in connection with the Company's business unless all of the following criteria are met: 1)it is reasonable and not excessive in relation to customary industry practices; 2)it cannot be reasonably interpreted as a bribe, payoff or kickback; 3) public disclosure of it will not embarrass the Company; 4) the item is consistent with the normal and accepted business ethics of the industry; and 5) it is not in the form of cash or cash equivalents, other than cash bonuses to employees or consultants.</p>
<p><b>(d) Compliance with Laws and Regulations</b></p>	<p>All directors shall comply in all material respects with all laws, rules and regulations applicable in the country and local jurisdictions where the business is conducted. RA No. 3019 – Anti-Graft and Corrupt Practices Act prohibits directors from paying or offering to pay anything of value to any government</p>	<p>All SMO shall comply in all material respects with all laws, rules and regulations applicable in the country and local jurisdictions where the business is conducted. RA No. 3019 – Anti-Graft and Corrupt Practices Act prohibits SMO from paying or offering to pay anything of value to any government official,</p>	<p>All employees shall comply in all material respects with all laws, rules and regulations applicable in the country and local jurisdictions where the business is conducted. RA No. 3019 – Anti-Graft and Corrupt Practices Act prohibits employees from paying or offering to pay anything of value to any government</p>

	<p>official, government employee, or public officer, including elective and appointive officials and employees, permanent or temporary, whether in the classified or unclassified or exempt service receiving compensation, even nominal, from the government.</p> <p>Insider Trading – Directors are prohibited from trading the Company’s securities, or those of other companies (i.e. a vendor or the subject of a possible acquisition), while that individual is in the possession of material, non-public information regarding the company.</p>	<p>government employee, or public officer, including elective and appointive officials and employees, permanent or temporary, whether in the classified or unclassified or exempt service receiving compensation, even nominal, from the government.</p> <p>Insider Trading – SMO are prohibited from trading the Company’s securities, or those of other companies (i.e. a vendor or the subject of a possible acquisition), while that individual is in the possession of material, non-public information regarding the company.</p>	<p>official, government employee, or public officer, including elective and appointive officials and employees, permanent or temporary, whether in the classified or unclassified or exempt service receiving compensation, even nominal, from the government.</p>
<b>(e) Respect for Trade Secrets/Use of Non-public information</b>	No director shall knowingly make false or defamatory public remarks about a competitor or improperly, unethically or illegally obtain or use proprietary information, intellectual property or trade secrets of a competitor, collaborator or any other third party.	No SMO shall knowingly make false or defamatory public remarks about a competitor or improperly, unethically or illegally obtain or use proprietary information, intellectual property or trade secrets of a competitor, collaborator or any other third party.	No Employee shall knowingly make false or defamatory public remarks about a competitor or improperly, unethically or illegally obtain or use proprietary information, intellectual property or trade secrets of a competitor, collaborator or any other third party.
<b>(f) Use of Company Funds, Assets and information</b>	<p><u>Company Funds:</u> No Corporate funds, merchandise or service may be paid or furnished, directly or indirectly, to a political party, committee, organization, political candidate or incumbent, government official or employee, except if legally permissible and approved in advance in writing. Any assistance or entertainment provided to any government official or office should never, in form or substance, compromise the Company’s arm’s-length business relationship with the government agency or official involved.</p>	<p><u>Company Funds:</u> No Corporate funds, merchandise or service may be paid or furnished, directly or indirectly, to a political party, committee, organization, political candidate or incumbent, government official or employee, except if legally permissible and approved in advance in writing. Any assistance or entertainment provided to any government official or office should never, in form or substance, compromise the Company’s arm’s-length business relationship with the government agency or official involved. Any request for such approval should be directed to the Board.</p>	<p><u>Company Funds:</u> No Corporate funds, merchandise or service may be paid or furnished, directly or indirectly, to a political party, committee, organization, political candidate or incumbent, government official or employee, except if legally permissible and approved in advance in writing. Any assistance or entertainment provided to any government official or office should never, in form or substance, compromise the Company’s arm’s-length business relationship with the government agency or official involved. Any request for such approval should be directed to the CEO.</p>



	<p><u>Company Assets:</u> The directors are responsible for the proper and efficient use of the Company's physical resources and properties as well as its proprietary information. The Company's offices, equipment, supplies and other resources may not be used for personal use or activities that are not related to the employment or responsibilities of its directors.</p>	<p><u>Company Assets:</u> The SMO are responsible for the proper and efficient use of the Company's physical resources and properties as well as its proprietary information. The Company's offices, equipment, supplies and other resources may not be used for personal use or activities that are not related to the employment or responsibilities of its SMO.</p>	<p><u>Company Assets:</u> The Employees are responsible for the proper and efficient use of the Company's physical resources and properties as well as its proprietary information. The Company's offices, equipment, supplies and other resources may not be used for personal use or activities that are not related to the employment or responsibilities of an employee, except for any activities that have been approved in advance by the supervisor or by the CEO if the request involves a material use.</p>
	<p><u>Company Information:</u> Directors must maintain the confidentiality of information entrusted to them by the Company or its customers, except when disclosure is authorized by the Company's legal counsel or required by laws or regulations. Whenever possible, directors should consult with the Company's legal counsel if they believe they have a legal obligation to disclose confidential information. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed. The obligation to preserve confidential information continues even after term ends.</p>	<p><u>Company Information:</u> SMO must maintain the confidentiality of information entrusted to them by the Company or its customers, except when disclosure is authorized by the Company's legal counsel or required by laws or regulations. Whenever possible, SMO should consult with the Company's legal counsel if they believe they have a legal obligation to disclose confidential information. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed. The obligation to preserve confidential information continues even after employment ends.</p>	<p><u>Company Information:</u> Employees must maintain the confidentiality of information entrusted to them by the Company or its customers, except when disclosure is authorized by the Company's legal counsel or required by laws or regulations. Whenever possible, employees should consult with the Company's legal counsel if they believe they have a legal obligation to disclose confidential information. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed. The obligation to preserve confidential information continues even after employment ends.</p>
<b>(g) Employment and Labor Laws and Policies</b>	N/A	Except for intermittent activities on behalf of recognized and legitimate not-for-profit or charitable organizations, an officer (other than an officer who works without compensation) or employee may not engage in employment outside the Company without the Company's approval. Any request for such approval should be directed to the CEO.	Except for intermittent activities on behalf of recognized and legitimate not-for-profit or charitable organizations, an officer (other than an officer who works without compensation) or employee may not engage in employment outside the Company without the Company's approval. Any request for such approval should be directed to the CEO.
<b>(h) Disciplinary Action</b>	A violation of the Code may result in disciplinary action, including removal from office or termination of directorship. Legal proceedings may also be commenced, if necessary, to recover the amount of any improper expenditures, any profits realized by the offending director and any financial harm sustained by the Company. In certain circumstances, violations of the Code will be	A violation of the Code may result in disciplinary action, including removal from office or termination of employment. Legal proceedings may also be commenced, if necessary, to recover the amount of any improper expenditures, any profits realized by the offending SMO and any financial harm sustained by the Company. In certain circumstances, violations of the Code will be reported by	A violation of the Code may result in disciplinary action, including removal from office or termination of employment. Legal proceedings may also be commenced, if necessary, to recover the amount of any improper expenditures, any profits realized by the offending employee and any financial harm sustained by the Company. In certain circumstances, violations of

	reported by the Company to the applicable authority if such violations likely violate Philippine criminal laws.	the Company to the applicable authority if such violations likely violate Philippine criminal laws.	the Code will be reported by the Company to the applicable authority if such violations likely violate Philippine criminal laws.
<b>(i) Whistle Blower</b>	In order for the Code to be effective, directors must feel free to bring forth their good faith concerns without the fear of retribution or retaliation from the Company or any other director. The Company does not condone nor will it not tolerate any retaliation against an individual who lawfully and in good faith reports any misconduct or violations of the Code.	In order for the Code to be effective, SMO must feel free to bring forth their good faith concerns without the fear of retribution or retaliation from the Company or any other SMO. The Company does not condone nor will it not tolerate any retaliation against an individual who lawfully and in good faith reports any misconduct or violations of this Code. Further, an SMO who provides information regarding any conduct the SMO reasonably believes constitutes a violation of the securities laws or financial fraud statutes (1) to any government authority, (2) by testimony or otherwise in any proceeding pending or about to be commenced concerning such violation or (3) to any person with supervisory authority over the employee or authorized by the Company to investigate such conduct, may not be discharged, demoted, discriminated or otherwise retaliated against based upon the information they have provided.	In order for this Code to be effective, employees must feel free to bring forth their good faith concerns without the fear of retribution or retaliation from the Company or any other employee. The Company does not condone nor will it not tolerate any retaliation against an individual who lawfully and in good faith reports any misconduct or violations of this Code. Further, an employee who provides information regarding any conduct the employee reasonably believes constitutes a violation of the securities laws or financial fraud statutes (1) to any government authority, (2) by testimony or otherwise in any proceeding pending or about to be commenced concerning such violation or (3) to any person with supervisory authority over the employee or authorized by the Company to investigate such conduct, may not be discharged, demoted, discriminated or otherwise retaliated against based upon the information they have provided.
<b>(j) Conflict Resolution</b>	When practical and appropriate under the circumstances, and in order to protect the privacy of the persons involved, those individuals investigating a suspected violation will attempt to keep confidential the identity of the individuals who report a suspected violation or who participate in an investigation. There may be situations, however, when this information, or the identity of the individuals involved, must be disclosed as part of the investigation process.	When practical and appropriate under the circumstances, and in order to protect the privacy of the persons involved, those individuals investigating a suspected violation will attempt to keep confidential the identity of the individuals who report a suspected violation or who participate in an investigation. There may be situations, however, when this information, or the identity of the individuals involved, must be disclosed as part of the investigation process.	When practical and appropriate under the circumstances, and in order to protect the privacy of the persons involved, those individuals investigating a suspected violation will attempt to keep confidential the identity of the individuals who report a suspected violation or who participate in an investigation. There may be situations, however, when this information, or the identity of the individuals involved, must be disclosed as part of the investigation process.

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

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

The CEO shall regularly report to the Audit Committee all matters or issues arising under the Code (including resolution of such matters or issues) that are brought to his or her attention. The Chairman of the Audit Committee will provide a report to the Board of Directors, at least once per year, or more often if the circumstances dictate, that summarizes any matters arising under the Code.

Suspected violations will be investigated under the supervision of the Chairman and upon consultation with the Board, if necessary. Each director, SMO and Employee of the Company is expected to cooperate in the investigation of reported or alleged violations.

4) **Related Party Transactions**

(a) **Policies and Procedures**

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

Related Party Transactions	Policies and Procedures
<p><b>(1) Parent Company</b></p> <p><b>(2) Joint Ventures</b></p> <p><b>(3) Subsidiaries</b></p> <p><b>(4) Entities Under Common Control</b></p> <p><b>(5) Substantial Stockholders</b></p> <p><b>(6) Officers including spouse/children/siblings/parents</b></p> <p><b>(7) Directors including spouse/children/siblings/parents</b></p> <p><b>(8) Interlocking director relationship of Board of Directors</b></p>	<p>Every probable Related Party Transaction (RPT) should be reported for evaluation to the Corporation's Board of Directors in consultation with management and with the Corporation's external advisor, as appropriate, to determine whether the transaction or relationship does, in fact, constitute a RPT requiring compliance with this policy. The Audit Committee shall be provided with the material facts of all new, existing, or proposed RPTs including the terms of the transaction, whether those terms are on arm's length basis or if such transaction shall be deemed pre-approved as described below in "Pre-Approved Transactions." It shall also determine whether to refer the RPT to the Board of Directors for consideration.</p> <p>In assessing a RPT, the Board of Directors shall consider such factors as it deems appropriate: including without limitation the following:</p> <ul style="list-style-type: none"> <li>(i) The business reasons for the Corporation to enter into the RPT;</li> <li>(ii) The commercial reasonableness of the terms of the RPT;</li> <li>(iii) The materiality of the RPT to the Corporation;</li> <li>(iv) Whether the terms of the RPT are fair to the Corporation and on the same basis as would apply if the transaction did not involve a Related Party;</li> <li>(v) The extent of the Related Party's interest in the RPT;</li> <li>(vi) If applicable, the impact of the RPT on a non-employee director's independence; and</li> <li>(vii) The actual or apparent conflict of interest of the Related Party participating in the RPT.</li> </ul> <p>In the event that the Corporation's Board of Directors becomes aware of a RPT that was not previously approved or ratified under this policy, the Board of Directors will consider whether the RPT should be ratified or rescinded or if any other action should be taken.</p> <p>No director shall participate in the evaluation or approval of any RPT for which he or she is a Related Party and will abstain from voting on the approval of the RPT, except that the director shall provide all material information concerning the RPT to the Board of Directors and may otherwise participate in some or all of the Board of Directors' discussions if so requested by the Board of Directors.</p> <p>If a RPT will be ongoing, the Board of Directors may, in its discretion, establish guidelines for the management of the Corporation to follow in its ongoing dealings with the Related Party. Thereafter, the Board of Directors shall periodically review and assess ongoing relationships with the Related Party to see that they are in compliance with the Board of Directors' guidelines.</p> <p>The following transactions will be deemed pre-approved by the Board of Directors. These transactions will not be reviewed by the Board of Directors and do not require approval or ratification:</p> <ul style="list-style-type: none"> <li>(1) transactions in the ordinary course of business that do not exceed Php 200,000.00 in any fiscal year;</li> <li>(2) transactions in which the Related Party's interest is derived solely from the fact that he or she serves as director or another corporation or organization that is a party to the transaction;</li> <li>(3) transactions in which the Related Party's interest is derived solely from his or her direct or indirect ownership of an entity (other than a general partnership) that is a party to the transaction when such ownership interest is less than ten percent (10%) of the equity interest of such entity; and</li> <li>(4) transactions available to all employees generally.</li> </ul>

**(b) Conflict of Interest**

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

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

	<b>Details of Conflict of Interest (Actual or Probable)</b>
<b>Name of Director/s</b> Joseph Augustin L. Tanco	Agreement* of the company with Comm& Sense owned by Mr. Joseph Augustin L. Tanco on the overall management for PR consultation and planning of activities and execution strategies, management of all media interview, development of campaign messaging and media monitoring. Comm& Sense is in charge of the Press Releases for the Corporation, development of story angles, writing and editing of articles, media relations and the Corporate Social Responsibility projects of the Corporation.  *This agreement was reported to the Audit Committee and approved by the Board of Directors.
Yolanda M. Bautista	Retainer Agreement* between the Company and Corporate Reference, Inc. (CRI) on the accounting and finance related work for the Company. Ms. Yolanda M. Bautista is the Chairman/President and Director of CRI.  *This agreement was reported to the Audit Committee and approved by the Board of Directors.
<b>Name of Officer/s</b> Atty. Arsenio C. Cabrera, Jr.	Retainer Agreement* between the Company and Herrera Teehankee & Cabrera as legal counsel and corporate secretary of STI Holdings. Atty. Cabrera is a senior partner of the firm.  *This agreement was reported to the Audit Committee and approved by the Board of Directors.
<b>Name of Significant Shareholders</b> STI Education Systems Group, Inc. ("STI ESG")	Consultancy Agreement* between the Company and STI ESG on the rendering of consultancy services by the Company to STI ESG and the payment by STI ESG of the corresponding consultancy fee.  *This agreement was reported to the Audit Committee and approved by the Board of Directors.

(ii) **Mechanism**

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

	<b>Directors/Officers/Significant Shareholders</b>
<b>Company</b>	The Company adheres to high levels of professional and ethical standards of conduct. The policy is adopted to avoid public perceptions and financial consequences detrimental to the Company arising from the misuse of an individual's position or influence. It also provides the procedures to appropriately manage conflicts in accordance with the legal requirements and the goals of accountability and transparency in the organization. Although it is designed to govern standards of relationship in dealing with third parties, it is not designed to eliminate or exclude all forms of relationships and activities that might create a duality of interest. Its goal is to encourage transparency and careful deliberation in those cases where conflicts may arise. The employee having a conflict of interest must disclose all information material to it. There must be full disclosure. With all interests disclosed, the management shall determine whether the Company should take action or disclose the situation more broadly and solicit resolution of conflicts elevated to them. Disclosure of Conflict of Interest must be documented and reported to the Audit Committee.
<b>Group</b>	The Group adheres to high levels of professional and ethical standards of conduct. The policy is adopted to avoid public perceptions and financial consequences detrimental to the Group arising from the misuse of an individual's position or influence. It also provides the procedures to appropriately manage conflicts in accordance with the legal requirements and the goals of accountability and transparency in the organization. Although it is designed to govern standards of relationship in dealing with third parties, it is not designed to eliminate or exclude all forms of relationships and activities that might create a duality of interest. Its goal is to encourage transparency and careful deliberation in those cases where conflicts may arise. The Company having a conflict of interest must disclose all information material to it. There must be full disclosure. With all interests disclosed, the parent company, shall determine whether the Company having a conflict of interest should take action or disclose the situation more broadly and solicit resolution of conflicts elevated to them. Disclosure of Conflict of Interest must be documented and reported to the Audit Committee of the Parent Company.

5) Family, Commercial and Contractual Relations

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
Eusebio H. Tanco (EHT) and Prudent Resources, Inc.	]	Director/President
EHT and Rescom Developers, Inc.	]	Director/Chairman/President
EHT and Eujo Philippines, Inc.	] Business	Director/President
EHT and Capital Managers & Advisors, Inc.	]	Director/Chairman
EHT and STI Education Services Group, Inc.	]	Director/Ex-Com Chairman
EHT and Insurance Builders, Inc.	]	Director/Chairman

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
Eusebio H. Tanco and STI Holdings	]	]
Prudent Resources, Inc. and STI Holdings	]	]
Rescom Developers, Inc. and STI Holdings	]	]
Eujo Philippines, Inc. and STI Holdings	] Business	] Principal Stockholders
STI Education Services Group, Inc. and STI Holdings	]	]
Insurance Builders, Inc. and STI Holdings	]	]

Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the Company:

(c) Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
Eusebio H. Tanco	A total of forty percent (40%) equity in UNLAD	Pursuant to the Agreement, in Nov 2011, the Company acquired PWU's debt from PWU's creditor bank, together with all of the bank's rights to the underlying collateral and security, for the amount of P223.5 million, on a without recourse basis. Likewise in accordance with the Agreement, the Company is obliged to extend: (1) a direct loan to PWU in the amount of PP26.5 million and (2) a loan to UNLAD in the amount of P198.0 million. The receivable from PWU and UNLAD aggregating to P250.0 million shall be secured by the PWU Indiana Property and PWU Taft Property while the loan to UNLAD shall be secured by the PWU Quezon City, UNLAD Davao Property and UNLAD Quezon City Property. The receivable from PWU and UNLAD shall be accrued and paid by way of the assignment by PWU of its shares in UNLAD (which PWU will acquire through a Property-for-Share-Swap Transaction). Likewise, the Loan to UNLAD shall be paid by way of conversion of said loan into equity in UNLAD to enable the Company to acquire, together with the shares assigned by PWU to the Company as payment for the Receivable from PWU and Loan to PWU.

6) Alternative Dispute Resolution

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

	Alternative Dispute Resolution System
Corporation & Stockholders	Appraisal Right – Shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under

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

	Sec 82 of the Corporation Code of the Philippines in case of the following (a) any amendment to the Articles of Incorporation, which has the effect of changing or restricting the rights of shareholder or any class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of the Corporation's corporate existence; (b) of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and (c) of merger or consolidation of the Corporation with another corporation.
<b>Corporation &amp; Third Parties</b>	STI Holdings combines court litigation with alternative dispute resolution options to resolve client or third party cases.
<b>Corporation &amp; Regulatory Authorities</b>	<p>1. Negotiation is the statement upon which all consensual ADR activity is established. It is a consensual procedure intended to allow parties to arrive at a mutually agreeable solution. Negotiation is intended to aim at compromise.</p> <p>2. Mediation is a consensual process involving a neutral third party whose role is to facilitate resolution of the dispute. Both regulators and private individuals not involved in the regulatory process may act as mediators. In discharging its duties, the mediator must initially solicit the views of the parties on the nature of the dispute and its key issues.</p> <p>3. Conciliation is closely related to mediation, but involves more formal processes. Here, the parties do not meet together, as the conciliator assumes the role of an intermediary or liaison. The conciliator's primary task is to communicate each disputant's position to the other, relay settlement options, and sometimes offer nonbinding recommendation in an effort to bring the sides closer to settlement.</p>

**C. BOARD MEETINGS AND ATTENDANCE**

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

2) **Attendance of Directors**

Board	Name	Date of Election	No of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Eusebio H. Tanco	17 March 2010	5	5	100%
Member	Monico V. Jacob	17 March 2010	5	5	100%
Member	Maulik Parekh	10 December 2013	5	1	20%
Member	Joseph Augustin L. Tanco	27 October 2010	5	5	100%
Member	Ma. Vanessa Rose L. Tanco	27 October 2010	5	5	100%
Member	Martin K. Tanco	19 December 2012	5	5	100%
Member	Rainerio M. Borja	19 December 2012	5	4	80%
Member	Paolo Martin O. Bautista	19 December 2012	5	3	60%
Independent	Johnip G. Cua	19 December 2012	5	3	60%
Independent	Ernest Lawrence L. Cu	19 December 2012	5	4	80%
Independent	Jesli A. Lapus	21 March 2013	5	4	80%

Updated based on the Advisement letter on the Attendance of Board of Directors filed with SEC and PSE on 7 January 2015

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

The non-executive directors do not have separate meetings during the year without the presence of any executive.

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

The minimum quorum requirement for board decisions is set at the majority (50% + 1) of board members.

5) **Access to Information**

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

The board papers are provided to the directors five (5) days before the date of the meeting.

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

Yes.

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

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

The Company Secretary shall be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees as well as the other documents, records and information essential to the conduct of his duties and responsibilities to the Corporation as set out in the By-Laws. The Corporate Secretary also prepares the agenda in coordination with the Chairman and send out notices for all Shareholders and Board meetings. He ensures that the members of the Board have accurate information that will enable them to arrive at intelligent decisions on matters that require their approval and sees to it that all Board procedures, rules and regulations are strictly followed. Whenever required, the Corporate Secretary shall assist the Board in making business judgments in good faith and in the performance of its responsibilities and obligations. The Corporate Secretary is also responsible for submitting and filing all required periodic reports and disclosures of material events with the SEC and the Philippine Stock Exchange.

- (d) **Is the Company Secretary trained in legal, accountancy or company secretarial practices?**

Yes.

- (e) **Committee Procedures**

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

Yes  /  No

Committee	Details of the procedures
Executive Committee	The Company's Corporate Secretary sends the notice of each meeting confirming the date, time, venue and agenda to each member of the Committee at least two (2) working days prior to the date of the meeting. Full minutes of the proceedings of, and resolutions made during Committee meetings shall be kept by the Corporate Secretary. Draft minutes shall be sent to the Committee members for their comment. Notices, minutes, agenda and supporting papers will be made available to any Director upon request to the Corporate Secretary.
Audit Committee	The Company's Corporate Secretary sends the notice of each meeting confirming the date, time, venue and agenda to each member of the Committee at least two (2) working days prior to the date of the meeting. Full minutes of the proceedings of, and resolutions made during, Committee meetings, shall be kept by the Corporate Secretary. Draft minutes shall be sent to the Committee members for their comment. Notices, minutes, agenda and supporting papers will be made available to any Director upon request to the Corporate Secretary.
Nominations Committee	The Company's Corporate Secretary sends the notice of each meeting confirming the date, time, venue and agenda to each member of the Committee at least two (2) working days prior to the date of the meeting. Full minutes of the proceedings of, and resolutions made during, Committee meetings, shall be kept by the Corporate Secretary. Draft minutes shall be sent to the Committee members for their comment. Notices, minutes, agenda and supporting papers will be made available to any Director upon request to the Corporate Secretary.
Compliance Committee	The Company's Corporate Secretary sends the notice of each meeting confirming the date, time, venue, and agenda to each member of the Committee at least two (2) working days prior to the date of the meeting for the members to have a significant evaluation. Full minutes of the proceedings of, and resolutions made during, Committee meetings, shall be kept by the Corporate Secretary. Draft minutes shall be sent to the Committee members for their comment. Notices, minute, agenda and supporting papers will be made available to any Director upon request to the Corporate Secretary.
Compensation Committee	The Company's Corporate Secretary sends the notice of each meeting confirming the date, time, venue, and agenda to each member of the Committee at least two (2) working days prior to the date of the meeting for the members to have a significant evaluation. Full minutes of the proceedings of, and resolutions made during, Committee meetings, shall be kept by the Corporate Secretary. Draft minutes shall be sent to the Committee members for their comment. Notices, minutes, agenda and supporting papers will be made available to any Director upon request to the Corporate Secretary.

- (6) **External Advice**

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

Procedures	Details
The Audit Committee may obtain external legal counsel or independent professional advice if it considers it necessary in the performance of its functions. It shall be provided with sufficient resources by the Company to discharge its duties.  The Nominations Committee may secure independent expert advice as it may deem desirable or appropriate.	The Committees shall have full access to management, personnel and records for the purpose of performing their duties and responsibilities.

(7) Change/s in existing policies

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

Existing Policies	Changes	Reason
There is no change in the existing policies of the Corporation	N/A	N/A

D. REMUNERATION MATTERS

1) Remuneration process

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

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	N/A	N/A
(2) Variable remuneration	N/A	N/A
(3) Per Diem allowance	Board Resolution	N/A
(4) Bonus	N/A	N/A
(5) Stock Option and other financial instruments	N/A	N/A
(6) Other (specify)	N/A	N/A

For 2014, the top four (4) executive officers as a group did not receive compensation from the Company. There is no employment contract between the Company and any of its executive officers.

Remuneration Policy and Structure for Executive and Non-Executive Directors

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

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	N/A	N/A	N/A
Non-Executive Directors	N/A	N/A	N/A

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

The corporation's annual reports and information statements shall contain a clear and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.

Remuneration Scheme	Date of Stockholders' Approval
There is no remuneration scheme formulated yet for the Board of Directors. They only receive per diems for every meeting they attended. The levels of remuneration of the Corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers.	N/A

2) Aggregate remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(1) Fixed remuneration	N/A	N/A	N/A
(2) Variable remuneration	N/A	N/A	N/A
(3) Per Diem allowance	P982,352.98	P296,764.72	P291,176.48
(4) Bonus	N/A	N/A	N/A
(5) Stock Option and other financial instruments	N/A	N/A	N/A
(6) Other (specify)	N/A	N/A	N/A
Total			

Other Benefits	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors



(1) Advances	N/A	N/A	N/A
(2) Credit granted	N/A	N/A	N/A
(3) Pension Plan/s Contributions	N/A	N/A	N/A
(4) Pension Plans, Obligations incurred	N/A	N/A	N/A
(5) Life Insurance Premium	N/A	N/A	N/A
(6) Hospitalization Plan	N/A	N/A	N/A
(7) Car Plan	N/A	N/A	N/A
(8) Other (specify)	N/A	N/A	N/A
<b>Total</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

(The above-mentioned amendments were included in the SEC Form 17 A for the Fiscal Year Ending 31 March 2014 filed with the SEC and PSE on 14 July 2014.)

### 3) Stock Rights, Options and Warrants

#### (a) Board of Directors

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

Director's Name	Number of Direct/Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
Eusebio H. Tanco	0	0	0	0
Monico V. Jacob	0	0	0	0
Martin K. Tanco	0	0	0	0
Paolo Martin O. Bautista	0	0	0	0
Rainerio M. Borja	0	0	0	0
Ernest Lawrence L. Cu	0	0	0	0
Jesli A. Lopus	0	0	0	0
Joseph Augustin L. Tanco	0	0	0	0
Ma. Vanessa Rose L. Tanco	0	0	0	0
Johnip G. Cua	0	0	0	0
Maulik R. Parekh	0	0	0	0

#### (b) Amendments of Incentive Programs

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

Incentive Program	Amendments	Date of Stockholders' Approval
Promotion is an upward movement across levels within a single rank but one has to meet certain criteria. Merit increases are granted to employees who display commendable performance as reflected in the regular Performance Appraisal exercise for a given fiscal year. Bonuses are management-driven initiatives granted to employees depending on the overall business performance of the company. The granting of a bonus shall not be interpreted, in and of itself, as a permanent benefit.	There are no amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program.	If there will be amendments in the incentive programs, these amendments will not be subject to approval during the Annual Stockholder's Meeting.

### 4) Remuneration of Management

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

Name of Officer/Position	Total Remuneration
There is no member of management who is not at the same time an executive director.	N/A

## E. BOARD COMMITTEES

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

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

Committee	No of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-Executive Director (NED)	Independent Director (ID)				
Executive	4	1	-	/	During the absence of the Board, the Executive Committee shall act by majority vote of all its members on such specific matters within the competence of the Board of Directors.	The Executive Committee shall have and may exercise all the powers which may be lawfully delegated to them, subject to such limitations as may be provided by resolution of the Board.	All powers which may be lawfully delegated to them, subject to such limitations as may be provided by resolution of the Board.
Audit	2	-	2	/	To assist the Board in fulfilling its oversight responsibility of the Company's corporate governance processes relating to the: (1) FS and Financial reporting process; (2) Internal Control Systems; (3) Internal and External Audit; (4) Compliance by the Company with accounting standards, legal and regulatory requirements; (5) Risk Management Policies and Processes and (6) Business practices and ethical standards.	1. Financial Reporting and Disclosures; 2. Risk Management; 3. Internal Control; 4. Internal Audit; 5. External Audit;	Power to perform oversight financial and risk management; Power to improve the stakeholder's confidence and corporate governance by bringing out better internal control systems, better monitoring and oversight, and better disclosures and quality of internal and external reporting.
Nominations	1	2	1	/	The Nominations Committee is responsible for reviewing the qualifications of the nominees for directors and preparing the Final List of Candidates.	The Nominations Committee is responsible for reviewing the qualifications of the nominees for directors and preparing the Final List of Candidates.	Power to pre-screen and shortlist candidates for election to the Board.
Compensation	4	-	-	/	Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors.	Review the structure and competitiveness of the Corporation's executive compensation programs considering the following factors (1) the retention of executive officers (2) motivation of	Power to establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of

						executive officers to achieve the Corporation's business goals and (3) alignment of the interest of executive officers with the long-term interests of the corporation's shareholders.	corporate officers and directors.  Provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment
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## 2) Committee Members

### (a) Executive Committee (New)

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Eusebio H. Tanco	19 Dec. 2012	0	0	0	1 year and 10 months
Member (ED)	Monico V. Jacob	19 Dec. 2012	0	0	0	1 year and 10 months
Member (ED)	Yolanda M. Bautista	19 Dec. 2012	0	0	0	1 year and 10 months
Member (ED)	Martin K. Tanco	19 Dec. 2012	0	0	0	1 year and 10 months
Member (NED)	Rainerio M. Borja	19 Dec. 2012	0	0	0	1 year and 10 months

Updated based on SEC Form 17 – C, Item 4. Election of Directors, Officers and Committee Members filed on 29 September 2014

### (b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Johnip G. Cua	19 Dec. 2012	1	1	100%	1 year and 10 months
Member (ED)	Martin K. Tanco	19 Dec. 2012	1	1	100%	1 year and 10 months
Member (ED)	Paolo Martin O. Bautista	19 Dec. 2012	1	1	100%	1 year and 10 months
Member (ID)	Ernest L. Cu	19 Dec. 2012	1	1	100%	1 year and 10 months

Updated based on SEC Form 17 – C, Item 4. Election of Directors, Officers and Committee Members filed on 29 September 2014

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

Audit Committee members shall preferably have accounting and finance backgrounds. Each member should have at least an adequate understanding or competence of most of the financial management systems and environment of STI Holdings.

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

The Audit Committee performs oversight functions over the external auditors. The Audit Committee should ensure that external auditors act independently and that they have unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions. Prior to the commencement of the audit, the Audit Committee shall discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts. The Audit Committee shall evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the annual income of the external auditor and to the Corporation's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that may conflict with the duties of the external auditor as such or may pose a threat to his independence.

### (c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Eusebio H. Tanco	8 Dec. 2011	1	1	100%	2 years & 10

						months
Member (ID)	Ernest Lawrence Cu	19 Dec. 2012	1	1	100%	1 year & 10 months
Member (NED)	Ma. Vanessa Rose L. Tanco	19 Dec 2012	1	1	100%	1 year & 10 months
Member (NED)	Rainerio M. Borja	19 Dec. 2012	1	1	100%	1 year & 10 months

Updated based on SEC Form 17 – C, Item 4. Election of Directors, Officers and Committee Members filed on 29 September 2014

(d) Remuneration/Compensation Committee (New)

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Eusebio H. Tanco	19 Dec. 2012	0	0	0	1 year & 10 months
Member (ED)	Monico V. Jacob	19 Dec. 2012	0	0	0	1 year & 10 months
Member	Yolanda M. Bautista	19 Dec. 2012	0	0	0	1 year & 10 months
Member (ED)	Joseph L. Augustin Tanco	19 Dec. 2012	0	0	0	1 year & 10 months

Updated based on SEC Form 17 – C, Item 4. Election of Directors, Officers and Committee Members filed on 29 September 2014

(e) Compliance Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Arsenio C. Cabrera, Jr.	19 Dec. 2012	1	1	100%	1 year & 10 months
Member (ED)	Monico V. Jacob	19 Dec. 2012	1	1	100%	1 year & 10 months
Member	Yolanda M. Bautista	19 Dec. 2012	1	1	100%	1 year & 10 months
Member (ED)	Paolo Martin O. Bautista	19 Dec. 2012	1	1	100%	1 year & 10 months

Updated based on SEC Form 17 – C, Item 4. Election of Directors, Officers and Committee Members filed on 29 September 2014

3) Changes in Committee Members

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

Name of Committee	Name	Reason
Executive	No change	N/A
Audit	No change – updated the names of members elected on 19 Dec 2012	N/A
Nomination	No change – updated the names of members elected on 19 Dec 2012	N/A
Remuneration/Compensation	No change	N/A
Compliance	No change	N/A

4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Audit	Reviewed/Approved/Submitted the Final Draft FS for the Fiscal Year ending 31 March 2014 to the Board for approval	There were no issues addressed by the Audit Committee.
Nominations	Pre-screened, shortlisted, and presented to the Board for their acceptance and approval, the names of the candidates for election to the Board of Directors and	There were no issues addressed by the Nominations Committee.

	Independent Directors in the Annual Meeting of the Stockholders held on 26 September 2014.	
<b>Compliance</b>	<p>STI Holdings was included in the list of top 50 Philippine-listed companies evaluated under the Asean Corporate Governance Scorecard. The top listed companies from six participating Asean member-countries were evaluated based on the international standards of corporate governance, including the five Organization for Economic Cooperation and Development principles of corporate governance.</p> <p>STI Holdings, based on a report published last July 2, 2014, was also one of the 48 companies listed as Shariah-compliant securities, following a screening of 296 listed firms assessed for their compliance with the rules, regulations, teachings, and values that govern the lives of Muslims.</p>	There were no issues addressed by the Compliance Committee.
<b>Remuneration</b>	N/A	There were no issues addressed by the Remuneration Committee

Updated based on SEC Form 17 – C, Item 9. Other Matters – Press Release Increase in Enrollment Boosts STI Holdings’ Revenues, Earnings filed on 18 August 2014

5) **Committee Program**

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

Name of Committee	Planned Programs	Issues to be addressed
<b>Executive</b>	To ensure that the Group is accurately identifying synergies and that it is implementing plans and utilizing common resources in the best interest of the Group as a whole and that no company in the Group is disadvantaged by transactions with another affiliate or by sharing of resources.	Identification of synergies, plans and common resources of the group.
<b>Audit</b>	To ensure that the internal audit examinations cover the evaluation of adequacy and effectiveness of controls encompassing the Company's governance, operations, information system, reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, rules and regulations.	Formulation and implementation of controls encompassing the company's governance, operations, information system, reliability and integrity of financial and operational information.
<b>Nomination</b>	To make sure that there is a mix of competent nominees, each of whom can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.	Selection of qualified nominees to the Board for election by the stockholders in accordance with the By-laws, Manual of Corporate Governance and relevant laws, rules and regulations.
<b>Compensation</b>	To ensure that a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.	Formulation of the Corporation's executive officer compensation programs considering the following factors: (i) the attraction and retention of executive officers; (ii) the motivation of executive officers to achieve the Corporation's business objectives, and (iii) the alignment of the interest of executive officers with the long-term interests of the Corporation's shareholders.
<b>Compliance</b>	To ensure that all material information, corporate acts and development of events will be disclosed properly and that it shall have the oversight responsibility	Overseeing of the Company's compliance efforts with respect to relevant Company policies, the Company's Code of Business Conduct, and other relevant laws and

	for matters of non-financial compliance, including the Company's overall compliance programs, policies and procedures; significant legal or regulatory compliance exposure; and material reports or inquiries from government or regulatory agencies.	regulations and monitoring the implementation of compliance programs, policies and procedures that are designed to be responsive to the various compliance and regulatory risks facing the Company.
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**F. RISK MANAGEMENT SYSTEM**

**1) Disclose the following:**

**(a) Overall risk management philosophy of the Company**

Risk management is the process of making and carrying out decisions that will minimize the adverse effect of probable losses upon the Company. The Board of Directors should satisfy themselves that the risk management policies and procedures designed and implemented by the Company's senior executives are consistent with the Company's corporate strategy and risk appetite and are functioning as directed, and that necessary steps are taken to adopt a culture of risk-aware and risk-adjusted decision-making throughout the organization.

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

A Certification on the adequacy and effectiveness of the risk management system signed by the President and CEO and Corporate Secretary is attached hereto as Annex "A".

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

January 1 – December 31, 2012

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

The risk management systems are reviewed annually. The approval of the Board of Directors must be secured for any revisions thereto or for any case where external organizations may recommend a change. Recommendations by such external organizations are subject to the approval of the Audit Committee.

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

The Risk Management System was reviewed, formulated and approved only in 2012.

**2) Risk Policy**

**(a) Company**

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

Risk Exposure	Risk Management Policy	Objective
Strategic Risk	Risks that may have a positive or negative effect on achieving the corporation's strategic purpose and objectives.	Effectiveness of process.
Corporate Risks	Risks or opportunities that may affect achieving the objectives of the planned outcomes of performance identified through divisional operational plans, specific purpose plans, portfolio plans or programs of change.	To safeguard assets.
Operational Risks	Risks or opportunities that affect plans cascading from the SBU operational plan and achieving the deliverables of projects.	To minimize the adverse effect of probable losses upon the Company

**(b) Group**

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

Risk Exposure	Risk Management Policy	Objective
Strategic Risk	Risks that may have a positive or negative effect on achieving the corporation's strategic purpose and objectives.	Effectiveness of process.

Corporate Risks	Risks or opportunities that may affect achieving the objectives of the planned outcomes of performance identified through divisional operational plans, specific purpose plans, portfolio plans or programs of change.	To safeguard assets.
Operational Risks	Risks or opportunities that affect plans cascading from the operational plan and achieving the deliverables of projects.	To minimize the adverse effect of probable losses upon the company

(c) **Minority Shareholders**

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

Risk to Minority Shareholders
Approval of a Related-party transaction

3) **Control System Set Up**

(a) **Company**

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Strategic Risk	Risks at this level affect the decisions made regarding organizational priorities, resource allocation, and tolerance and acceptance of risk.	The various people and groups involved in the risk governance structure shall be given full access to management, personnel and records for the purpose of performing their duties and responsibilities. The Company shall provide these individuals and groups with sufficient resources to discharge their duties.
Corporate Risks	At the program level, risks may eventually transition into 'business as usual' upon program completion.	The officers or employees concerned may obtain external legal counsel or independent professional advice if they considers this necessary in the performance of their functions.
Operations Risk	Risks at this level relate to a department's systems, resources and processes.	The various people and groups involved in the risk governance structure shall be given full access to management, personnel and records for the purpose of performing their duties and responsibilities. The Company shall provide these individuals and groups with sufficient resources to discharge their duties.

(b) **Group**

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Strategic Risk	Risks at this level affect the decisions made regarding the organizational priorities, resource allocation, and tolerance and acceptance of risk.	The various people and groups involved in the risk governance structure shall be given full access to management, personnel and records for the purpose of performing their duties and responsibilities. The Company shall provide these individuals and groups with sufficient resources to discharge their duties.
Corporate Risks	At the program level, risks may eventually transition into 'business as usual' upon program completion.	The officers or employees concerned may obtain external legal counsel or independent professional advice if they consider this necessary in the performance of their functions.
Operations Risk	Risks at this level relate to department's	

	systems, resources and processes.	The various people and groups involved in the risk governance structure shall be given full access to management, personnel and records for the purpose of performing their duties and responsibilities. The Company shall provide these individuals and groups with sufficient resources to discharge their duties.
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(c) **Committee**

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

<b>Committee/Unit</b>	<b>Control Mechanism</b>	<b>Details of its Functions</b>
Audit Committee	<ol style="list-style-type: none"> <li>1. Rotation of Audit Partner;</li> <li>2. Restrictions on non-audit services;</li> <li>3. Continuous review of the effectiveness of corporate governance processes;</li> <li>4. Maintain the integrity of the audit process as a whole.</li> </ol>	To assist the Board in fulfilling its oversight responsibility of the Company's corporate governance processes relating to the: (1) FS and Financial reporting process; (2) Internal Control Systems; (3) Internal and External Audit; (4) Compliance by the Company with accounting standards, legal and regulatory requirements; (5) Risk Management Policies and Processes and (6) Business practices and ethical standards.

**G. INTERNAL AUDIT AND CONTROL**

**1) Internal Control System**

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

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

The Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor, through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate and complied with.

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

The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: (1) the nature and complexity of the business and business culture; (2) the volume, size and complexity of transactions; (3) the degree of risk; (4) the centralization and delegation of authority; (5) the extent and effectiveness of information technology; and 6) the extent of regulatory compliance.

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

A Certification signed by the Compliance Officer and President of STI Holdings that the company has substantially adopted all the provisions of the Manual on Corporate Governance for 2012 was filed with the Securities and Exchange Commission on 2 January 2013.

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

January 1 – December 21, 2014

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

Internal controls are reviewed annually. The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: (1) the nature and complexity of the business and business culture; (2) the volume, size and complexity of transactions; (3) the degree of risk; (4) the centralization and delegation of authority; (5) the extent and effectiveness of information technology; and 6) the extent of regulatory compliance.

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

A review was conducted during the year.

**2) Internal Audit**

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



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

Role	Scope	Indicate whether in-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
The Internal Auditor is expected to support the corporate governance process of the Company.	The Internal Auditor shall: (1) perform oversight functions over the Company's internal audit team; and (2) review the audit plan to ensure its conformity with the objectives of the Company.	Outsourced	Mr. Jun Sagcal	The Internal Auditor shall report to the Audit Committee (AC). He shall submit to the AC and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the AC.

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

Yes.

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

The Internal Auditor shall report to the Audit Committee (AC). He shall submit to the AC and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the AC.

The Internal Auditor has direct, free and full access to all the Company's records, properties and personnel relevant to and required by his functions.

(d) Resignation, Re-assignment and Reasons

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

Name of Audit Staff	Reason
There is no resignation from the audit staff.	There is no resignation from the audit staff.

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

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

<b>Progress Against Plans</b>	The Company was able to improve the effectiveness of the systems of internal controls and to align the internal audit activities in accordance with the international Standards on the Professional Practice of Internal Auditing.
<b>Issues<sup>6</sup></b>	There are no compliance matters that arise from adopting different interpretations.
<b>Findings<sup>7</sup></b>	There are no findings with concrete basis under the Company's policies and rules.
<b>Examination Trends</b>	The Company has developed a structure that facilitates healthy environment.

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

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

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

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

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

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

Policies and procedures	Implementation
The integrity of the Company's financial statements and the financial reporting process;	Implemented
The appointment, remuneration, qualifications, independence and performance of the internal auditors and the integrity of the audit process as a whole;	Implemented
The effectiveness of the systems of internal control and the risk management process;	Implemented
The performance and leadership of the internal audit function;	Implemented
The company's compliance with applicable legal, regulatory and corporate governance requirements; and	Implemented
The preparation of year-end report of the Committee for approval of the Board.	Implemented

**(g) Mechanism and Safeguards**

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
Established an Audit Committee	Established an Audit Committee	Established an Audit Committee	Established an Audit Committee
Rotation of Audit Partner	Enhancement of the value of organization	Enhancement of the value of organization	Continuous review of the effectiveness of corporate governance processes
Restrictions on non-audit services	Ensure the integrity of the Company's Financial Statements	Ensure the integrity of the Company's Financial Statements	Maintain the integrity of the audit process as a whole

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

Mr. Eusebio H. Tanco - Chairman  
Mr. Monico V. Jacob - President and CEO

**H. ROLE OF STAKEHOLDERS**

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

	Policy	Activities
<b>Customers' welfare</b>	1. The Company's directors, officers and employees shall conduct themselves in a fair, ethical, legal and honest manner. Trust and integrity are the cornerstones of all of the business dealings and relationships these individuals establish with stockholders, customers, vendors, creditors, competitors, government officials, communities, the media and the general public, as well as each other. 2. The Company's directors, officers and employees shall not engage in conduct or activity that could raise questions as to the Company's honesty or reputation or otherwise cause embarrassment to the Company or its stakeholders.	Filling up of survey forms
<b>Supplier/Contractor selection practice</b>	To achieve cost-effective purchases for the advantage/optimum benefit of the organization; To ensure that the right quality and quantity of materials, supplies, properties, and/or services are available at the right time and place to meet the needs of the organization; and, To preserve the integrity of the	Purchase of materials, supplies, properties and or services

	purchasing/selection process	
<b>Environmentally friendly value-chain</b>	The company, through its subsidiaries, has in place an environment – related programs. Following the success of the previous advocacy runs for the Pasig River, Team STI once again unfolded its solid support to the environmental cause as it sends the largest school contingent	1. ABS-CBN Foundation's Kapit Bisig para sa Ilog Pasig (KBPIP) run on September 30, 2012 in Quezon City. Dubbed "09.30.2012 Run, Ride & Roll for the Pasig River," - STI Sends Largest Contingent to Run for Pasig.
<b>Community interaction</b>	The Company, through its subsidiary, has in place a community involvement program. STI Foundation's core programs of advocacy provide educational opportunities to public school teachers, students, and disadvantaged youths. Beneath its extensive operations, it takes pride in changing landscapes. It is only in truly transforming the lives of many that STI Foundation's achievements are made significant.	<p>1. "Driving Education Where IT Matters" aims to contribute to nation building and economic development of the country by providing applicable ICT-enhanced training to the youth. Using a "classroom on wheels" model, the project will be able to visit schools nationwide and train students for free.</p> <p>2. STI Foundation partnered with the National Youth Commission (NYC) and the Department of Education (DepEd) for the Voice of the Youth National Oratorical Competition (VOTY), a nationwide competition participated by fourth year high school students from almost 600 public and private schools. This advocacy serves as platform to encourage students to fluently express their views in English for global competency, as well as to develop critical thinking through the art of public speaking.</p> <p>3. Beyond education, the Foundation also focuses its efforts in community and civic engagement. STI Foundation forged a partnership with GMA 7's leading variety show Eat Bulaga for the Plastic ni Juan: Sa Plastic at Basura may DalangPag-asa. A proactive project that does not only aim to provide public school students with recycled arm chairs, but is also geared towards addressing the waste management issues of various communities through the collection of plastic wastes at the barangay level. Collected plastic wastes are recycled into mono block armchairs and donated to select public schools. This plastic collection drive was implemented with the support of 16 STI campuses in Metro Manila.</p>
<b>Anti-corruption programmes and procedures?</b>	Among other restrictions, the Anti-Graft and Corrupt Practices Act prohibits companies from paying or offering to pay anything of value to any government official, government employee, political party or political candidate to obtain or retain business or to influence a person working in an official capacity. Violations of this act can result in significant penalties to the Company and any individual involved.	The company has no activity yet on Anti-corruption.
<b>Safeguarding creditors' rights</b>	The Company's directors, officers and employees shall conduct themselves in a fair, ethical, legal and honest manner. Trust and integrity are the cornerstones of all of the business dealings and relationships these individuals establish with stockholders, customers, vendors, creditors, competitors, government officials, communities, the media and the general public, as well as each other. The Company's directors, officers and employees shall not engage in conduct or activity that could raise questions as to the Company's honesty or reputation or otherwise cause embarrassment to the Company or its stakeholders.	The company has no activity yet on safeguarding creditors' rights.

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

Yes.

3) Performance-enhancing mechanisms for employee participating.

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

Employees are provided medical health card/insurance.

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

100% of our employees are covered with health, safety and welfare in the company.

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

The Company, through its subsidiaries and associate companies, has in place training and development programs for its employees. The Faculty members are distinguished professionals in the fields of Information Technology, Engineering, Education, Business Management and Healthcare. They are recognized in their fields of profession nationwide.

To assist the faculty members in their profession and to continuously improve their technical and instructional competencies and skills, our subsidiaries offers a broad range of academic development programs and activities. These programs aim to improve the quality of faculty, academic instruction, academic services, and the quality of students. These programs focus on three areas: Faculty Development; Instructional Development and Organizational Development

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

The Company implements a performance evaluation policy. Every employee faces performance evaluations in their workplace. Managers base these evaluations on the goals and performance of the employee. Together, the manager and employee create performance measures to use in future evaluations. This allows an employee to understand exactly how his performance will be judged.

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

In order for the Code to be effective, employees must feel free to bring forth their good faith concerns without the fear of retribution or retaliation from the Company or any other employee. The Company does not condone nor will it not tolerate any retaliation against an individual who lawfully and in good faith reports any misconduct or violations of this Code. Further, an employee who provides information regarding any conduct the employee reasonably believes constitutes a violation of the securities laws or financial fraud statutes (1) to any government authority, (2) by testimony or otherwise in any proceeding pending or about to be commenced concerning such violation or (3) to any person with supervisory authority over the employee or authorized by the Company to investigate such conduct, may not be discharged, demoted, discriminated or otherwise retaliated against based upon the information they have provided.

When practical and appropriate under the circumstances, and in order to protect the privacy of the persons involved, those individuals investigating a suspected violation will attempt to keep confidential the identity of the individuals who report a suspected violation or who participates in an investigation. There may be situations, however, when this information, or the identity of the individuals involved, must be disclosed as part of the investigation process.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Eusebio H. Tanco	1,442,013,875	14.56%	Eusebio H. Tanco
Prudent Resources, Inc.	1,614,264,964	16.30%	Various Beneficial Owners
Rescom Developers, Inc.	795,265,934	8.29%	Various Beneficial Owners
Eujo Philippines, Inc.	763,873,130	7.71%	Various Beneficial Owners
Insurance Builders, Inc.	579,675,992	5.85%	Various Beneficial Owners
STI Education Services Group, Inc.	502,307,895	5.07%	Various Beneficial Owners
Morgan Stanley Investment Management Corporation	816,264,000	8.24%	Morgan Stanley Investment Management Corporation
Dunross Investment Ltd.	528,522,000	5.34%	Dunross Investment Ltd.

Updated based on SEC Form 18-A submitted to SEC and PSE on 18 December 2014 for Dunross Investment Ltd. and SEC Form 23-B filed with the SEC on 8 January 2015 for Rescom Developers, Inc.

Name of Senior Management	Number of Direct Shares	Number of Indirect shares/through (name of record owner)	% of Capital Stock
Monico V. Jacob	1	33,784,056/Venture Securities, Inc.	0.34%
Yolanda M. Bautista	1	5,000,000/Venture Securities, Inc.	0.05%
Joseph Augustin L. Tanco	1	2,000,000/Venture Securities, Inc.	0.02%
Paulo Martin O. Bautista	-	3,250,000/Venture Securities, Inc.	0.03%
Arsenio C. Cabrera, Jr.	-	6,500,000/Venture Securities, Inc.	0.065%

(The above-mentioned amendments were included in the SEC Form 17 A for the Fiscal Year Ending 31 March 2014 filed with the SEC and PSE on 14 July 2014.)

2) Does the Annual Report disclose the following:

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

3) External Auditor's fee

Name of Auditor	Audit Fee	Non-audit Fee
SGV & Co.	P995,000.00 (2013-14)	P2,400,000.00 (2013-2014)

(The above-mentioned amendments were included in the SEC Form 17 A for the Fiscal Year Ending 31 March 2014 filed with the SEC and PSE on 14 July 2014.)

4) Medium of Communication

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

- (a) Email;
- (b) Website
- (c) General Assemblies

5) Date of release of audited financial report: 105 days after the fiscal year or on or before 15 July 2014

6) Company Website

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

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

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

All the foregoing information is disclosed.

7) Disclosure of RPT

RPT	Relationship	Nature	Value
Philippine Women's University (PWU) – an entity under common	Affiliate Company	Principal Loan - To be settled by way of assignment of investment in shares	P250,000,000

<i>management</i>		Interest	12,651,546
<i>UNLAD Resources Development Corporation (UNLAD) an entity under common management</i>	Affiliate Company	Principal Loan - To be settled by way of equity conversion	198,000,000
		Interest	3,327,389
<i>STI ESG</i>	Subsidiary	Reimbursement	(10,248,915)
<i>West Negros University</i>	Subsidiary	Deposit for future stock subscription	179,726,350
		Assignment of liability	(7,321,342)

(The above-mentioned amendments were included in the SEC Form 17 A for the Fiscal Year Ending 31 March 2014 filed with the SEC and PSE on 14 July 2014.)

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

Related party transactions are accounted at arm's length prices or on terms similar to those reflected to those offered to non-related entities in an economically comparable market, so that there is no question of a conflict of interest.

#### J. RIGHTS OF STOCKHOLDERS

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

###### (a) Quorum

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

<b>Quorum Required</b>	Stockholders owning a majority of all the shares of the capital stock of the Corporation present or by proxy and entitled to vote, shall form a quorum for the transaction of business; subject thereto and except as otherwise required by law, the Articles of Incorporation or By-Laws, the vote of a majority of all the shares present or represented at any meeting of the stockholders shall be sufficient but necessary for the passing of any resolution.
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###### (b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts

<b>System Used</b>	By Voting
<b>Description</b>	The By-Laws provide that the voting must be by ballot or viva voce in the event no contest is raised at the sole discretion of the Chairman of the meeting.  Moreover, "every question [except the election of Director] submitted to a meeting shall be decided in the first instance by a show of hands, and in the case of an equality of votes, whether for the election of Directors, or otherwise, the same shall be decided by drawing of lots or in such other lawful manner as may be agreed upon in such meeting. Any person may demand a poll, and such poll shall be taken in such manner as the Chairman of the meeting directs."  The Secretary of the meeting, upon motion duly made and seconded, is instructed to count all votes represented at the meeting in favor of the nominees. Cumulative voting shall be followed.

###### (c) Stockholders' Rights

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

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
Right to attend and vote in person or by proxy at stockholders' meetings	There is no other stockholders' right not in the Corporation Code
Right to elect and remove directors	
Right to approve certain corporate acts	
Right to compel the calling of meetings of stockholders when for any cause there is no person authorized to call a meeting	
Right to issuance of certificate of stock or other evidence of stock ownership and be registered as shareholder	
Right to receive dividends when declared	
Right to participate in the distribution of corporate assets upon	

dissolution	
Right to transfer of stock on the corporate books	
Right to inspect corporate books and records	
Right to be furnished the most recent financial statement upon request and to receive a financial report of the corporation's operations	
Right to bring individual and representative or derivative suits	
Right to recover stock unlawfully sold for delinquency	
Right to enter into a voting trust agreement	
Right to demand payment of the value of his shares and withdraw from the corporation in certain cases; and	
Right to have the corporation voluntarily dissolved	

**Dividends**

Declaration Date	Record Date	Payment Date
28 June 2010	2 August 2010	27 August 2010
13 October 2011	11 November 2011	8 December 2011
5 December 2012	19 December 2012	28 December 2012
4 September 2013	18 September 2013	30 September 2013
<b>26 September 2014</b>	<b>17 October 2014</b>	<b>11 November 2014</b>

Updated based on SEC Form 17-C - Cash Dividend filed with SEC on 29 September 2014.

**(d) Stockholders' Participation**

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

2. Measures Adopted	3. Communication Procedure
4. Each common share entitles the holder to one vote. At each meeting of the stockholders, each stockholder entitled to vote on a particular question or matter shall be entitled to vote for each share of stock standing in his name in the books of the Corporation as of record date.	5. Definitive Information Statement sent to the stockholders.
6. Website – <a href="http://www.stiholdings.com">www.stiholdings.com</a>	7. The stockholders can send their inquiries to our company email address: <a href="mailto:info@stiholdings.com">info@stiholdings.com</a>

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

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

The By-Laws may be amended or repealed by the affirmative vote of at least a majority of the Board of Directors and the stockholders representing a majority of the outstanding capital stock at any stockholders' meeting called for that purpose. However, the power to amend, modify, repeal or adopt new by-laws may be delegated to the Board of Directors by the affirmative vote of the stockholders representing not less than two-thirds of the outstanding capital stock; provided, however, that any such delegation of powers to the Board of Directors to amend, repeal or adopt new by-laws may be revoked only by the vote of stockholders representing a majority of the outstanding capital stock at a regular or special meeting.

Any amendments to the Company's constitution are presented in the Definitive Information Statement. Every question (except the election of Directors) submitted to a meeting shall be decided in the first instance by a show of hands, and in the case of an equality of votes, whether for the election of Directors, or otherwise, the same shall be decided by drawing of lots or in such other lawful manner as may be agreed upon in such meeting. Any person may demand a poll, and such poll shall be taken in such manner as the Chairman of the meeting directs.

**b. Authorization of additional shares**

The authorization of additional shares is presented in the Definitive Information Statement which is sent to the stockholders at least 15 business days prior to the meeting. The authorization of additional shares shall be decided at the Annual or Special Stockholders' meeting, wherein the stockholders are being asked to decide in the first instance by a show of hands, and in the case of an equality of votes, whether for the election of Directors, or otherwise, the same shall be decided by drawing of lots or in such other lawful manner as may be agreed upon in such meeting. Any person may demand a poll, and such poll shall be taken in such manner as the Chairman of the meeting directs.

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

The transfer of all or substantially all assets, which in effect results in the sale of the Company is presented in the Definitive Information Statement which is sent to the stockholders at least 15 business days prior to the meeting. Said

transfer shall be decided at the Annual or Special Stockholders' meeting, wherein the stockholders are being asked to decide in the first instance by a show of hands, and in the case of an equality of votes, whether for the election of Directors, or otherwise, the same shall be decided by drawing of lots or in such other lawful manner as may be agreed upon in such meeting. Any person may demand a poll, and such poll shall be taken in such manner as the Chairman of the meeting directs.

9. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? 15 business days only

a. Date of Sending out notices: No Special Stockholders' Meeting for 2013 and 2014; Annual Stockholders' Meeting – 29 August 2014

b. Date of the Annual/Special Stockholders' Meeting: No Special Stockholders' meeting for 2013 and 2014; Annual Stockholders' Meeting – 26 September 2014

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

None

11. Result of Annual/Special Stockholders' Meeting's Resolutions

12. Resolution	13. Approving	14. Dissenting	15. Abstaining
<b>Special Stockholders' Meeting (No Special Stockholders' Meeting held for 2013)</b>			
16. Approval of Issuance and Listing of Private Placement Shares	17. N/A	18. N/A	19. N/A
20. Waiver of the requirement to conduct a rights or public offering in connection with the Private Placement Shares	21. N/A	22. N/A	23. N/A
24. Approval of the Share Swap transaction between the Corporation and the shareholders of STI ESG and the issuance of the Share Swap Shares	25. N/A	26. N/A	27. N/A
28. Waiver of the requirement to conduct a rights or public offering in connection with the Share Swap Shares	29. N/A	30. N/A	31. N/A
32. Increase in Authorized Capital Stock to 10 Billion Shares with an aggregate par value of P 5 Billion	33. N/A	34. N/A	35. N/A
36. Change of Corporate Name to STI Education Systems Holdings, Inc.	37. N/A	38. N/A	39. N/A
40. Approval of Follow-On Offering	41. N/A	42. N/A	43. N/A
<b>Annual Stockholders' Meeting (26 September 2014)</b>			
44. Approval of Management Report for FY 2013-2014	45. 66.00%	46. N/A	47. N/A
45. Approval of Audited Financial Statements for FY ending 31 March 2014	46. 66.00%	47. N/A	48. N/A
49. Ratification of Acts of the Board of Directors	50. 66.00%	51. N/A	52. N/A
53. Appointment of SGV & Co. as external auditor	54. 66.00%	55. N/A	56. N/A

Minutes of ASM posted in STI Holdings' website on 2 October 2014 – [www.stiholdings.com](http://www.stiholdings.com)

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

The results of the Annual Stockholders' meeting in a current report (SEC Form 17-C) shall be disclosed to the Commission within five (5) days after said meeting and to the Philippine Stock Exchange right after the Organizational meeting of the Board of Directors.

(e) Modifications

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

Modifications	Reason for Modification
There is no modification made in the Annual Meeting regulations during the most recent year	N/A

(f) Stockholders' Attendance

(h) Details of attendance in the Annual/Special stockholders' Meeting Held:



Type of Meeting	Names of Board members/Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in proxy	Total % of SH attendance
Annual	Eusebio H. Tanco Monico V. Jacob Joseph Augustin L. Tanco Ma. Vanessa Rose L. Tanco Martin K. Tanco Jesli A. Lapus – ID Johnip G. Cua - ID Yolanda M. Bautista - Treasurer Arsenio C. Cabrera – Corporate Secretary Ana Carmina S. Herrera – Asst. Corporate Secretary	26 Sept 2014	Show of hands	15.22%	50.78%	66.00%
Special	N/A	N/A	N/A	N/A	N/A	N/A

Minutes of ASM posted in STI Holdings' website on 2 Oct 2014 – [www.stiholdings.com](http://www.stiholdings.com)

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

The Secretary of the meeting, upon motion duly made and seconded, is instructed to count all votes represented at the meeting with the assistance of SGV, the external auditor of the Company.

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

The Company has only common shares that carry one vote for one share.

- (g) Proxy Voting Policies

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

Company's Policies	
Execution and acceptance of proxies	The instrument appointing a proxy shall be signed in writing by the appointer. If such appointer is a corporation, its proxy will be signed by the proper corporate officers using specimen signatures on file with the Corporate Secretary or Transfer Agent. No special form of proxy shall be required.
Notary	The proxy form for local residents is not required to be notarized.
Submission of Proxy	All proxies shall be submitted to the Secretary of the Corporation for validation at such dates as the Board of Directors may fix, which in no case shall be less than five (5) days prior to the meeting date of the stockholders
Several Proxies	A stockholder can appoint several proxies to represent him/her in the stockholders meeting.
Validity of Proxy	The proxy is valid only for the meeting for which it is intended.
Proxies executed abroad	Proxies executed abroad should be duly authenticated/notarized by the Philippine Consul's Office in the state or country where he resides.
Invalidated Proxy	Oral proxies, no signature of the stockholder and undated proxies are not valid proxies
Validation of Proxy	Validation of proxies shall be held at the office of the Corporate Secretary five (5) days prior to the meeting date of the stockholders.
Violation of Proxy	There is violation of proxy on the following conditions: 1. If it is not made in accordance with the rules and regulations issued by the Commission; 2. If it is not signed by the stockholder or his duly authorized representative and filed before the scheduled meeting with the Corporate Secretary; and 3. If the broker or dealer issued a proxy to a person other than the customer, without the express written authorization of such customer.

- (h) Sending of Notices

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

Policies	Procedure
Annual meetings of the Corporation shall be held on the last Friday of September of each year, upon proper notice which shall not be less than thirty (30) days prior to the annual meeting and shall be given in the manner provided for in the By-	Notice of meetings to stockholders herein provided for, or which may be ordered by the Directors, except such as are by these By-Laws specifically provided for, shall be in writing, and shall be served upon the stockholders personally or by sending through

Laws.	the mail such notices addressed to such stockholders at the place of residence registered with or last known to the Secretary of the Corporation, and if the Board of Directors so determine by advertisement for not less than three times in a newspaper published in Metro Manila
Special meetings of the stockholders shall be held at any time upon the call of the Chairman, or in his absence upon the call of the President, or upon the request of two of the Directors, or of the holders of not less than one-fourth of the capital stock of the Corporation. Not less than ten days' notice of any special meeting of stockholders shall be given as provided in the By-Laws.	Notice of meetings to stockholders herein provided for, or which may be ordered by the Directors, except such as are by these By-Laws specifically provided for, shall be in writing, and shall be served upon the stockholders personally or by sending through the mail such notices addressed to such stockholders at the place of residence registered with or last known to the Secretary of the Corporation, and if the Board of Directors so determine by advertisement for not less than three times in a newspaper published in Metro Manila

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

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	1,244
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	1 September 2014
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	1 September 2014
<b>State whether CD format or hard copies were distributed</b>	CD Format were distributed to the stockholders for the past <b>three (3)</b> years
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	Yes, it was actually stated in the report that we will provide without charge, upon written request from the stockholder, a copy of the Definitive Information Statement, Management Report and Other materials that are being attached to the CD.

Updated based on the Definitive Information Statement filed with SEC and PSE on 18 August 2014

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

<b>Each Resolution to be taken up deals with only one item.</b>	Yes
<b>Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election</b>	Yes
<b>The auditors to be appointed or re-appointed</b>	Yes
<b>An explanation of the dividend policy, if any dividend is to be declared.</b>	Yes
<b>The amount payable for final dividends</b>	Yes
<b>Documents required for proxy vote.</b>	No, because we did not request the stockholders to send us a proxy.

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

2) **Treatment of Minority Stockholders**

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

<b>Policies</b>	<b>Implementation</b>
In respect to the rights of the minority shareholders, a director shall not be removed without cause if it will deny minority shareholders representation in the Board.	Cumulative voting is the manner of voting used by the Corporation.
Minority Shareholders shall have the right to information	Availability of the website; Sent out to all the stockholders copies of all reports submitted to the SEC and PSE;
It shall be the duty of the directors of the Corporation to promote shareholders' rights, remove impediments to the exercise of shareholders' rights and allow opportunities for them to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall employ all possible means to minimize costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person.	Included in the Manual on Corporate Governance the duties of the directors in protecting the shareholder's rights.

The directors shall also pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.	
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(b) Do minority stockholders have a right to nominate candidates for board of directors? Yes.

**K. INVESTORS RELATIONS PROGRAM**

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

The Investor Relations Division is a strategic, executive function of corporate management. It combines the disciplines of marketing, finance and communication to provide present and potential investors with an accurate portrayal of the Company’s performance and prospects. It aims to preserve and enhance the Company’s credibility while positively affecting the Company’s value relative to that of the over-all market and cost of capital.

Its responsibilities include the development and maintenance of its leadership image in the industry.

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

	Details
<b>(1) Objectives</b>	1. To promote sustained investor interest in the company’s stock – a. Valuation; b. Liquidity and c. Access to capital markets; 2. To ensure consistency and strengthen the credibility of the messages of each company in the Group by highlighting their successes and how STI Holdings is instrumental in helping the companies under its umbrella flourish; and 3. To have “ear-to-ground” access to financial market developments and industry performance
<b>(2) Principles</b>	To reach out to all shareholders and fully inform them of corporate activities, and to formulate a clear policy for accurately, effectively and sufficiently communicating and relating relevant information to the Company’s stakeholders as well as to the broader investor community.
<b>(3) Modes of Communications</b>	Corporate Advertising, Corporate Publications, Internet, Market Intelligence, Media Relations and Website
<b>(4) Investor Relations Officer</b>	Mr. Joseph Augustin L. Tanco – Vice President, Investor Relations Division Telefax: 844-9553; Email address: <a href="mailto:jtanco@stiholdings.com.ph">jtanco@stiholdings.com.ph</a> <a href="mailto:info@stiholdings.com">info@stiholdings.com</a>

3) What are the Company’s rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sale of substantial portions of corporate assets?

The Board of Directors shall have the following express powers governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sale of substantial portions of corporate assets:

- To purchase, receive, take or otherwise acquire for and in the name of the corporation, any and all properties, rights, interest or privileges, including securities and bonds of other corporations, for such consideration and upon such terms and conditions as the Board may deem proper or convenient;
- To invest funds of the Corporation in another corporation or for any other purposes other than those for which the corporation was organized, subject to such stockholders’ approval as may be required by law;
- To incur such indebtedness as the Board may deem necessary to issue evidence of such indebtedness including, without limitation, notes, deeds of trust, bonds, debentures, or other securities, subject to such stockholders approval as may be required by law, and/or pledge, mortgage, or otherwise encumber all or part of the properties of the corporation.

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

Punongbayan&Araullo

**L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

Discuss any initiative undertaken or proposed to be undertaken by the Company

Initiative	Beneficiary
CFC ANCOP – Tekton Foundation Inc. - STI will actively participate in a life changing intervention providing sustainable access to education to the poor and marginalized children in Makati, Pasay and Manila through the Child Sponsorship Program of CFC Ancop Tekton Foundation, Inc., a BIR registered donee institution.	Ancop Scholars

<p>JCI Philippines, Inc. - STI Holdings supported the community outreach program of the Junior Chamber International Philippines (JCIP) Ortigas, which will benefit the underprivileged children under the care of The Orange Project.</p> <p>The Orange Project supports deserving underprivileged children of Angono, Rizal. The project's goal is to forge partnerships with organizations and raise P500.00 for every child, which will give them access to education, healthcare, and character formation. The project currently cares for around 800 children from the indigent families in Angono.</p> <p>JCIP Ortigas Chapter has always been involved in community building activities through various programs and has always put focus in education and health. They solicited the support of several private organizations to help The Orange Project's education, health, and livelihood activities. STI Holdings and its affiliate companies, STI Education Systems Group and PhilCare, were among the first to pitch in their support. STI led the Project: Library, Education &amp; Skills Enhancement (P.L.E.A.S.E) program where it donated the first four computers for The Orange Project's computer laboratory, while PhilCare led the Dengue prevention efforts.</p> <p>The advocacy is aligned with what STI Holdings believes in – that every Filipino should be empowered through Education. Through this project, STI Holdings and its affiliate companies were able to do their share for the community by paving the way for some underprivileged children to access education and healthcare.</p> <p>STI Holdings also supported the "Fund Raising to Combat Malaria" Project of JCI Philippines, Inc.</p>	<p>Deserving underprivileged children of Angono, Rizal under the care of The Orange Project</p>
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**Community Extension and Outreach Programs of STI Holdings' Subsidiaries**

Given the national reach of STI ESG, the company has taken upon itself to uphold socially responsible activities that are aimed to better the communities that individual campuses belong to, and at the same time, develop a positive environment that will be beneficial to all stakeholders.

**The STI Foundation**

The STI Foundation aims to contribute to the improvement of the country's educational system through programs and projects that address the digital divide and promote excellence in education.

**The Voice of the Youth National Oratorical Competition**

Set towards inspiring the youth to actively stay informed with the current issues, STI partnered with the Department of Education ("DepEd") and the National Youth Commission ("NYC") for the Voice of the Youth ("VOTY") – National Oratorical Competition. This advocacy serves as a platform to encourage the students to fluently express their views in English for global competency as well as develop critical thinking through the art of public speaking.

Since SY 2011-12, more than PhP2 Million worth of prizes were awarded every year to the winners, their coaches, and their respective schools. In SY 2011-12, 676 high schools from Luzon, Visayas, and Mindanao joined the competition while 660 high schools participated in this nationwide competition for SY 2012-13 and SY 2013-14.

In SY 2012-13, VOTY joined the 4<sup>th</sup> PANATA Awards and received the Bronze Award under the Cause Marketing – Special Events category as the Philippine Association of National Advertisers recognized its goal to promote positive Filipino values.

The advocacy also won in SY 2013-14 an Award of Merit under the Advocacy Communications category of the Philippine Quill Awards organized by the International Association of Business Communicators ("IABC") Philippines. The Philippine Quill Awards is the local counterpart of IABC's Gold Quill Awards, joined in by the world's biggest corporations and agencies, and regarded as the highest standard in business communication.

**The STI Mobile School**

The STI Mobile School is a tourist-sized bus that has been converted into a roving computer laboratory. It is equipped with a state-of-the-art computer laboratory with internet access, multimedia computers, LCD monitors, sound system, and other top-of-the-line computer equipment.

Since SY 2011-12 until SY 2013-14, the STI Mobile School has travelled to 872 sites and trained 105,218 participants nationwide. Today, a total of six mobile school buses travel across Luzon, Visayas, and Mindanao.

#### **Run for Pasig**

Since SY 2011-12 until SY 2013-14, STI ESG has supported the advocacy of ABS-CBN Foundation's Kapit Bisig Para sa Ilog Pasig, which aims to raise awareness and funds for the rehabilitation of Ilog Pasig and the esteros connected to it. In SY 2013-14, the Run for Pasig, for the first time, was staged as a simultaneous eco-run held in different key locations nationwide namely Quezon City, Cebu, Bacolod, Davao, and in Los Angeles, USA.

14 STI Colleges in Metro Manila (Alabang, Caloocan, Cubao, Shaw, Fairview, Global City, Las Piñas, Makati, Muñoz-EDSA, Novaliches, Parañaque, Quezon Avenue, Recto, and Taft) mobilized 5,391 STIers in SY 2011-12.

In SY 2012-13, STI College Ortigas-Cainta joined for the first time and added to the strong number of 11,240 students, faculty members, and staff. Thus, STI was recognized as the school with the largest contingent based on CHED data.

For SY 2013-14, 21 STI Colleges in Metro Manila, Visayas, and Mindanao (Alabang, Caloocan, Cubao, Fairview, Global City, Las Piñas, Makati, Marikina, Muñoz-EDSA, Novaliches, Parañaque, Pasay, Quezon Avenue, Recto, Shaw, Taft, Ortigas-Cainta, Bacolod, Cebu, Davao, and Tagum) mobilized 13,672 students, faculty members, and staff to participate in the 3k category.

#### **Halalan**

STI's partnership with ABS-CBN started in 1998 and has now spanned for more than a decade which included five national polls.

In SY 2013-14, STI partnered once again with ABS-CBN for the 2013 national elections. Thousands of students, faculty members, and staff heeded the call to become Bayan Patrollers. The STI volunteers were tasked to be the key content aggregators wherein they received and verified reports from the Bayan Patrollers through face-to-face interviews and various media platforms.

#### **Super Typhoon Yolanda**

At the height of the calamity that struck the country during SY 2013-14, STI ESG and its campuses, STI Alumni Association, and STI Foundation pooled together resources to assist in the rebuilding efforts for the families devastated by the Super Typhoon Yolanda.

A total of Php1.185 Million, both cash and in-kind donations, were collected wherein a portion was used to help the affected STI ESG campuses in Tacloban, Ormoc, Kalibo, and Iloilo.

#### **West Negros University ("WNU")**

The English Department of WNU extends its expertise in TESOL in Puroks/Barangays where out-of-school youth, willing mothers and pupils need extra help in English. This is done on weekends and extends until December when a joint culminating and Christmas activity takes place. The English teachers take turns in teaching these young people and their mothers English for Speakers of Other Languages (ESOL).

WNU continues to extend outreach activities to its adopted community in Purok Tunggoy, Mandalagan, Bacolod City and an adopted school in Granada, Bacolod City, specifically, VAGRES (Vista Alegre Granada Relocation Elementary School).

WNU had the "Care and Share Yolanda Survivors" project days after the huge devastation brought by Super Typhoon Yolanda on November 8, 2013. The project is a collaborative effort of the Wesnean Community and the Protestant Church of Laichingen in South Germany through its volunteer student Nadja Gruhler. A total of Php3 Million was raised that was used to fund relief operations and a Rehabilitation and Recovery Shelter for Yolanda Survivors Homestay Scheme Program at Purok Kantamayon Brgy. Patao in Bantayan Cebu. There were 62 houses built and 31 more to be turned over; while 43 partially damaged houses were also repaired.

**(The above-mentioned amendments were included in the SEC Form 17 A for the Fiscal Year Ending 31 March 2014 filed with the SEC and PSE on 14 July 2014.)**

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

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

	Process	Criteria
<b>Board of Directors</b>	<p>Step 1 Each director completes an evaluation form of the Board using set evaluation criteria. The form allows the director to make further comments and make recommendations for improvement.</p> <p>Step 2 The Board discusses its ability to meet its objectives and makes recommendations.</p> <p>Step 3 The results of the evaluation are processed by an independent external advisor and are communicated to the Board.</p> <p>Step 4 Any issues that need to be resolved are put before the Board for discussion.</p>	<p>(i) Board role: adequacy of the processes which monitor business performance, board member interaction with management, adequacy of board knowledge, adequacy of business strategy, board being informed, evaluation process for executives and directors.</p> <p>(ii) Board membership: appropriateness of balance and combination of skills, size of board, input of individual board members, adequacy on performance feedback to board members, adequacy of procedures dealing with inadequate performance by a board member.</p> <p>(iii) Procedure and practice: board's effectiveness in use of time, if board allows sufficient opportunity to adequately assess management performance, board's ability to keep abreast of developments in wider environment which may affect STI Holdings, discussion of values at board level, focus on community issues and adequacy of meeting frequency and duration of meetings.</p> <p>(iv) Committee structure: sufficiency and effectiveness of current committee structure and membership, availability of resources to committees to enable them to reach objectives.</p> <p>(v) Partnership and style: working relationship between chairman and chief executive officer, segregation of duties between board and management, capacity of directors to express views on each other and to management in constructive manner, adequacy of board discussions.</p> <p>(vi) Personal: concerns with position as director and own performance, ability to raise issues at board level, availability of resources.</p> <p>(vii) STI Holdings may also consider involving independent external advisors in the performance evaluation process.</p>
<b>Board Committees</b>	<p>Step 1 The committee completes self-assessment form using evaluation forms with set evaluation criteria. The form allows for the committee to comment on how it meets specified requirements and also make recommendations for improvement.</p> <p>Step 2 The committee discusses the ability of the committee to meet its objectives and makes recommendations.</p> <p>Step 3 Any issues that need to be resolved are put before the Board for discussion.</p>	<p>(i) Committee role: correctness of balance and combination of skills, size of committee, contribution of individual committee members, adequacy on performance feedback to committee members, adequacy of procedures dealing with inadequate performance by committee member.</p> <p>(ii) Committee membership: the balance and combination of skills and member contribution.</p> <p>(iii) Procedure and practice: use of committee time, competence of committee papers and frequency of meetings, ability to access resources, ability to keep informed in relevant area, provision for continued development.</p> <p>(iv) Committee structure: sufficiency and value of current committee structure and membership, availability of resources to committees to enable them to reach goals.</p> <p>(v) Partnership and style: working relationship between chairman and chief executive officer, segregation of duties between committee and management, ability of directors to express opinions on each other and to management in a positive manner, adequacy of committee deliberations.</p> <p>(vi) Personal: individual members of the Committee have an opportunity to comment on the systems about their own participation to the Committee, any concerns they may have about the Committee including the member's ability to canvass issues with the Committee.</p>
<b>Individual Directors</b>	<p>Step 1 Individual director performs self-assessment on a form using agreed ratings and evaluation criteria.</p> <p>Step 2 Directors provide comments on the performance of individual director using the same form.</p> <p>Step 3 Meeting is held between individual director and the Board to discuss issues raised and any discrepancies between the self-assessment rating and the peer review.</p>	<p>(i) Effective governance: ability of director to contribute to STI Holdings' performance while observing the values of good governance.</p> <p>(ii) Leading through vision and mission: ability of director to inspire commitment to STI Holdings' vision and mission.</p> <p>(iii) Strategic thinking and decision making: capacity of director to analyze and evaluate the impact of contingencies on STI Holdings and identify best responses based on the business' capacity.</p> <p>(iv) Commercial/business judgment: director's ability to contribute to the increase in the wealth of stockholders.</p> <p>(v) Teamwork: capacity of director to interrelate with fellow Board members and the senior executives in a manner that is consistent</p>

		with achieving shared business goals.
<b>CEO/President</b>	<p>Step 1 CEO/President accomplishes self-assessment on a form using agreed ratings and evaluation criteria.</p> <p>Step 2 The Board provides comments on the performance of CEO/President using the same form.</p> <p>Step 3 Meeting is held between CEO/President and the Board to discuss issues raised and any discrepancies between the self-assessment rating and the peer review.</p>	<p>(i) Effective governance: ability of CEO/President to have general supervision and control of STI Holdings' day-to-day business activities and its officers and employees and to see to it that all orders and resolutions of the Board of Directors are carried into effect. He should be able to contribute to STI Holdings' performance while observing the values of good governance.</p> <p>(ii) Leading through vision and mission: ability of CEO/President to motivate commitment to STI Holdings' vision and mission.</p> <p>(iii) Strategic thinking and decision making: capacity of CEO/President to execute on behalf of STI Holdings all contracts, agreements and other instruments affecting the interests of STI Holdings and to analyze and evaluate the impact of contingencies on STI Holdings and identify best responses based on the business' capacity.</p> <p>(iv) Commercial/business judgment: CEO/President's ability to contribute to the increase in the wealth of stockholders.</p>

**N. INTERNAL BREACHES AND SANCTIONS**

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

To strictly observe and implement the provisions of the Corporate Governance Manual, the following penalties shall be imposed, after notice and hearing, on the Corporation's directors, officers and management and employees in case of violation of any of the provisions of the Manual:

<b>Violations</b>	<b>Sanctions</b>
First violation	Subject person shall be reprimanded.
Second violation	Subject person shall be suspended. Duration of suspension shall depend on the gravity of the violation.
Third violation	Maximum penalty of removal from office shall be imposed

This Consolidated Changes in ACGR for 2014 is hereby compiled and published in the Company website, in compliance with the Securities and Exchange Commission (SEC) Memorandum No. 12, Series of 2014 released May 26, 2014 requiring all publicly listed companies to consolidate all the ACGR updates and changes for the year and label the consolidated changes as "Consolidated Changes in ACGR for (year) for posting in the company website.

In lieu of the notarized signature page, the Consolidated Changes in the ACGR shall be accompanied by a Secretary's Certificate with excerpts of Board Resolution or Minutes of meetings regarding said updates and changes in the ACGR.