

## A. BOARD MATTERS

### 1) Board of Directors

Number of Directors per Articles of Incorporation	9
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Actual number of Directors for the year	9
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#### (a) Composition of the Board<sup>1</sup>

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>2</sup>	Elected when (Annual /Special Meeting)	No. of years served as director <sup>3</sup>
Rolando B. Hortaleza, M.D.	ED	-	Ang Hortaleza Corporation	1991	May 24, 2013	ASM	22
Maurice P. Ligot	NED	-	Ang Hortaleza Corporation	1991	May 24, 2013	ASM	22
Jimmy T, Yaokasin, Jr.	ID	-	Susan M. Loyola, none	2007	May 24, 2013	ASM	6
Rafael C. Lopa	ID	-	Gabriel L. Domingo, none	2010	May 24, 2013	ASM	2 years 3 Months
Bonifacio D. De Jesus	ID	-	Carolina V. Santiago, none	2011	May 24, 2013	ASM	1 year 7 months
Emily A. Abrera	ID	-	Gabriel L. Domingo, none	2011	May 24, 2013	ASM	1 year 7 months
Fe Marie R. Cabantac	D	-	Ang Hortaleza Corporation	2013	May 24, 2013	ASM	7 months
Ricardo R. Blanco	D	-	Ang Hortaleza Corporation	2013	May 24, 2013	ASM	7 months
Cayetano W. Paderanga, Jr.	D	-	Ang Hortaleza Corporation	2013	May 24, 2013	ASM	7 months

#### (b) Directorship in Other Companies

<sup>1</sup> As of December 31, 2013

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

<sup>3</sup> As of December 31, 2013

(i) Directorship in the Company's Group<sup>4</sup>

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Rolando B. Hortaleza	Ang Hortaleza Corporation	Chairman
	Ang Hortaleza Foundation, Inc.	Vice Chairman
	HBC, Inc.	Vice Chairman
	World Partners Bank	Vice Chairman
	World Partners Finance	Vice Chairman
	World Partners Insurance	Vice Chairman
	Barrio Fiesta Manufacturing Corp.	Chairman
	Prime Global-GTD Corporation	Chairman
	Splash Foods Corp.	Chairman
	Splash H&B Limited (Nigeria)	Director
	Moondish Corporation	Chairman
	Prime Global FLD Corporation	Chairman
	Splash Foods Corp.	Non-Executive Director
Maurice P. Ligot	Moondish Corporation	Non-Executive Director
	Prime Global Distribution Corp.	Non Executive Director
	Ang Hortaleza Corporation	Non-Executive Director
	Splash Foods Corp.	Non-Executive Director
	World Partners Bank	Non-Executive Director
Jimmy T. Yaokasin, Jr.	World Partners Finance	Non-Executive Director
	Barrio Fiesta Manufacturing Corp.	Non-Executive Director
	Moondish Corporation	Non-Executive Director
	Ang Hortaleza Corporation	Independent Director
	Barrio Fiesta Manufacturing Corp	Independent Director
	Splash Foods Corporation	Independent Director

Complete the following table<sup>5</sup> 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
Rolando B. Hortaleza, M.D	1	435,888,888 <sup>6</sup>	0.0000%(direct) 67.13% (indirect)
Maurice P. Ligot	10,000	-	0.0015%
Rafael C. Lopa	1,000	-	0.0002%
Jimmy T. Yaokasin, Jr.	25,000	-	0.0039%
Bonifacio D. De Jesus	1,000	-	0.0002%
Emily A. Abrera	5,000	-	0.0008%
Fe Marie R. Cabantac	1,000	-	0.0002%
Ricardo R. Blanco	1,000	-	0.0002%
Cayetano W. Paderanga, Jr.	1,000	-	0.0002%
<b>TOTAL</b>	<b>45,001</b>	-	<b>67.13%</b>

<sup>4</sup> The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

<sup>5</sup> Based on the 31 December 2013. Public Ownership Report submitted by the Stock and Transfer Inc.

<sup>6</sup> Held by Ang Hortaleza Corporation

2) Chairman and CEO

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

Yes

No

The Board has four members who are independent directors and who provide the needed checks and balances to ensure that it gets the benefit of independent views.

Identify the Chair and CEO:

Chairman of the Board	Rolando B. Hortaleza, M.D
CEO/President	Rolando B. Hortaleza, M.D

3) 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
Rosalinda A. Hortaleza	Non Executive Director	24 May 2013	End of Term
Allue Krisanne A. Hortaleza	Director	24 May 2013	End of Term

Voting Result of the last Annual General Meeting<sup>7</sup>

Name of Director	Votes Received
DR. ROLANDO B. HORTALEZA	435,888,888
MAURICE P. LIGOT	435,888,888
JIMMY TIU YAOKASIN, JR.	435,888,888
RAFAEL C. LOPA	435,888,888
EMILY A. ABRERA	435,888,888
BONIFACIO DE JESUS	435,888,888
RICARDO R. BLANCO	435,888,888
FE MARIE R. CABANTAC	435,888,888
CAYETANO W. PADERANGA JR.	435,888,888

(a) State any in-house training and external courses attended by Directors and Senior Management<sup>8</sup> for the past three (3) years<sup>9</sup>:

Topic	Training	Attendees	Date
Bonifacio D. De Jesus	University of Asia & The Pacific	Real Estate Seminar	October 23, 2012
Bonifacio D. De Jesus	Ateneo – BAP Institute of Banking	Investment Banking	September 27-29, 2012
Teresita D. Panganiban Ma. Chantelle C. Batac Lynne P. Malabanan	Eileen Paat	Crisis Management & Communications Training	06 July 2012
Veneranda M. Tomas	Asia Money	The Philippines Consumable Market Roundtable Forum 2012	17 May 2012

<sup>7</sup> May 2013 Annual Stockholders Meeting

<sup>8</sup> Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

<sup>9</sup> Reckoned from January 01, 2010

48 <sup>th</sup> People Management Association of the Philippines Annual Conference	People Management Association of the Philippines	Ma. Chantelle C. Batac	October 12 & 14, 2011
Professional Image Enhancement Program	Personi-fi	Veneranda M. Tomas Joseph C. Bautista Fernando M. Manotok Ace Vincent V. Villa-Real Glenda D. Pingol Ma. Chantelle C. Batac Lynneth P. Malabanan	February 22 -23, 2011
Corporate Governance Seminar	Internal with SEC representatives	Rolando B. Hortaleza, M.D. Rosalinda A. Hortaleza, M.D. Allue Krisanne A. Hortaleza Eric Roel E. Domagas Maurice P. Ligot Veneranda M. Tomas Joseph C. Bautista Fernando M. Manotok Ace Vincent V. Villa-Real Glenda D. Pingol Ma. Chantelle C. Batac Lynneth P. Malabanan	15 September 2010
Corporate Governance Seminar	SGV & CO	Rafael C. Lopa	2011
Corporate Governance and Anti- Money Laundering Act Seminar	Philippine Securities Consultancy Corporation (PHILSEC)	Bonifacio D. De Jesus	17 June 2011

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Fe Marie R. Cabantac Cayetano W. Paderanga Jr. Ricardo R. Blanco Jimmy T. Yaokasin, Jr.	August 15, 2013	Corporate Governance	Institute of Corporate Directors
	August 22, 2013	Corporate Governance	
Fe Marie R. Cabantac Cayetano W. Paderanga Jr. Ricardo R. Blanco	June 6, 2013	Corporate Governance	
Maurice P. Ligot	April 18, 2013	On the Right Track: Ensuring Success through effective M&E	Association of Foundations
		Sipc & Span: Good Housekeeping for NGO's exemplified	
	April 19, 2013	Usapang Techie : ICT Utilization in NGO work	
		Social Enterprises	
July 4, 2013	Making Inclusive Growth a Reality	League of Corporate Foundations	
	Inclusive Growth in the Corporate Setting		
July 5, 2014	An Inclusive Government		
	Transitioning from Corporate Philanthropy to Strategic Social Investments		
Ma. Chantelle C. Batac	October 2, 2013	PMAP Webinar: Designing Pay Structures	PMAP
	September 25-27, 2013	People Management Association of the Philippines 50th Annual	

		Conference	
	March 12, 2013	HRAD Levels 1-4 Cascades	<b>Internal</b>
Weena Roja N. Pineda	April 4, 2013	Promotions 101	

## B. BOARD MEETINGS & ATTENDANCE

Attendance of Directors<sup>10</sup>

Board	Name	Date of Election*	No. of Meetings Held**	No. of Meetings Attended	%
Chairman	Rolando B. Hortaleza, M.D.	May 24, 2013	9	6	67%
Member	Maurice P. Ligot	May 24, 2013	9	9	100%
Independent Director	Jimmy T. Yaokasin, Jr.	May 24, 2013	9	9	100%
Independent Director	Rafael C. Lopa	May 24, 2013	9	7	78%
Independent Director	Bonifacio D. de Jesus	May 24, 2013	9	7	78%
Independent Director	Emily A. Abrera	May 24, 2013	9	9	100%
Director	Fe Marie R. Cabantac	May 24, 2013	4	4	100%
Director	Ricardo R. Blanco	May 24, 2013	4	4	100%
Director	Cayetano W. Paderanga, Jr.	May 24, 2013	4	3	75%

\* Date when the Directors was last elected

\*\*Meetings held in 2013 and during the incumbency of the Director

### 1) Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration			
(b) Variable Remuneration			
(c) Per diem Allowance			
(d) Bonuses			
(e) Stock Options and/or other financial instruments			
(f) Others (Specify)			
<b>Total</b>			

<sup>10</sup> Of incumbent directors as of 31 December 2013

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	None	None	None
2) Credit granted	None	None	None
3) Pension Plan/s Contributions	None	None	(None
(d) Pension Plans, Obligations incurred	7% of Basic Pay as per Actuarial Valuation Report	None	None
(e) Life Insurance Premium	P4M	P7M	None
(f) Hospitalization Plan	Per company medical plan	Per company medical plan	Per company medical plan
(g) Car Plan	Per company car plan policy		None
(h) Others (Specify)	None	None	None
<b>Total</b>			

4) Stock Rights, Options and Warrants

(a) Board of Directors

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

None

(b) Amendments of Incentive Programs

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

None

5) Remuneration of Management

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

Name of Officer/Position	Total Remuneration

1) Committee Members<sup>11</sup>

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%
Chairman	Rolando B. Hortaleza, M.D.	2013	2	2	100
Member (NED)	Maurice P. Ligot	2013	2	2	100
Member (NED)	Ricardo R. Blanco	2013	2	2	100
Member (ID)	Jimmy T. Yaokasin Jr.	2013	2	2	100
Member (ID)	Bonifacio D. De Jesus	2013	2	2	100

(b) Audit & Risk Management Committee

Office	Name	Date of Appointment	No. of Meetings Held <sup>12</sup>	No. of Meetings Attended	%
Chairman (ID)	Bonifacio D. De Jesus	2013	8	7	88
Member (NED)	Jimmy T. Yaokasin	2013	8	5	100
Member (ID)	Ricardo R. Blanco	2013	5	8	100

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%
Chairman(ID)	Rafael C. Lopa	2013	3	3	100
Member (ID)	Emily A. Abrera	2013	3	3	100
Member (NED)	Cayetano W. Paderanga Jr	2013	2	2	100

(d) Compensation & Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%
Chairman(NED)	Maurice P. Ligot	2013	3	3	100
Member (NED)	Fe Marie R. Cabantac	2013	2	2	100
Member (ID)	Bonifacio D. De Jesus	2013	3	3	100

(e) Others (Specify)

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

2) Changes in Committee Members<sup>2</sup>

<sup>11</sup> As of 31 December 2013

<sup>12</sup> meetings held in 2013 and during the incumbency of the director

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

Re-election of the Board Members and Committee Memberships

3) Work Done and Issues Addressed

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

4) Work Done and Issues Addressed

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

**AUDIT COMMITTEE**

The Audit Committee has reviewed and approved the 2013 Internal Audit Plan. The Internal Audit Plan contained Planned Audit Projects for the entire year that were performed by the Internal Audit Function to assess the effectiveness and efficiency of the Company’s governance, risk management and control processes. The Audit Committee supported the 2013 Internal Audit Plan, which focused on enhancing the efficiency of internal audit and audit process by using audit tools in analyzing data, expanding audit coverage with minimal manpower requirement and aligning internal audit function competencies to the Company’s organizational needs and strategic directions.

The Audit Committee reviewed the following internal audit reports during the year:

- Annual Audit Report as of December 31, 2013
- Audit Reports for 45 Completed Engagements in 2013.

These reports summarized the key findings of Internal Audit Function providing both an overview of outstanding audit findings and an inventory of the recommendations and their implementation status.

The Audit Committee paid particular attention to the inventory of moderate to high risk audit findings. The Audit Committee urged to monitor the implementation status of the recommendations and agreed actions plans.

Below are some significant issues addressed in 2013, please see below:

Process	Significant Output/Achievement
Audit of Production Planning	Triggered the restriction in certain transaction codes in SAP including the changing and viewing of Bill of Materials (BOM). Division considered preparing an exception report to explain changes in production schedule. Emphasized the accuracy of data used during planning.
Audit of Procurement	Triggered the restriction in certain transaction codes in SAP, updating of Info Record, and clean-up of open purchase orders. Prompted the removal of one-time vendors (i.e., all vendors should be accredited).
Audit of Logistics	Prompted the restriction in certain transaction codes in SAP. Emphasized the timely receiving of inventories and use of “Quality Inspection” storage location which are only for goods with quality issues.
Audit of Production	Prompted the restriction in certain transaction codes in SAP. Stressed the importance of timely receiving of inventories and the capturing of production information in SAP.
Audit of Customer Service Level (CSL) and Auto Replenishment	Triggered to revisit the formula and terminologies used in Auto-Replenishment Process. Stressed the accuracy of CSL Computation.
Audit of Inventory Disposal	Emphasized the accuracy on reports being submitted to government agencies in relation to inventories to be disposed. Also, reiterated that inventories being disposed and claimed as deduction for tax purposes should have the necessary supporting documents.
Audit of nine (9) Direct Selling Branches and IBCs	Prompted the issuance of Operations Manual. Additional credit control measures were implemented such as credit capping and reducing credit lines for new admitted dealers.



Process	Significant Output/Achievement
Audit of DS Network Account Relationship Management	Recommended Management to conduct immediate investigation of noted irregularities and subject personnel who committed serious offenses to sanctions in accordance with the provisions of the Code of Conduct.
Audit of DS Logistics & Inventory Management	Triggered to restrict the access of Logistics and Inventory Management Specialist to viewing access in the Inventory Module in SDOS. Recommended Management to investigate inventory variances and charge discrepancies accordingly in accordance with the provisions of Company's policy on disposing inventory variances.
Audit of IOD Nigeria	Prompted the reconciliation of discrepancies/ not reconciled accounts. Increased the awareness of Management of the inventory status and movements in the distributor.
Audit of SC Funds Review	Recommended the updating of operating guidelines to strengthen internal controls on different types of funds and closely monitor the financial accountability of resigned employees floating in the system.
Audit of DS Employee Purchases	Recommended the clean-up of Dealers and resigned employees tagged as Splash Employees. Emphasized proper monitoring of dealers being tagged as "Employees". Advised the central registration and deactivation of Splash Employee Accounts.
Audit of Noah Project Management	Prompted the re-cascading of document management and retrieval of BOM documents from the third party. Provided an independent update on the status of the IT investments which resulted to Management's commitment on completing the requirements in order to implement the automation projects.
Audit of Ethics Related Programs	Provides Management with an overview on the level of maturity of Splash ethical environment.
Audit of Marketing Processes	Reiterated again the audit concerns elevated in prior year that were still not addressed pertaining to preparation of synopsis and post evaluation of marketing projects. Also, strengthen the control in payment processing of service related and non-trade items such which should require all invoices to pass through the proponents (e.g., MBD or BAG) for validation prior to payment.
Quality Assurance and Improvement Program (Internal Assessment)	Although Internal Audit is generally in compliance with the Standards, Internal Audit was able to know the areas for improvement. This will prepare Splash Internal Audit for an external assessment and be compliant with the Standards.
Audit of DS Ozamiz IBC (Specified Audit Engagement)	Was able to identify areas with lapses in operation and validate concerns elevated by the IBC Operator. Compliance with policy on reimbursement of expenses and Internal Order process were emphasized for various marketing projects being implemented by DS personnel.

Name of Committee	Work Done	Issues Addressed
Executive	--	--
Audit	See above answer	See above answer
Nomination	Pre-screen and shortlist all candidates to the board as well as those nominated to positions which require the Board's approval	Reviewed the qualification of the nominees
Remuneration	Established a formal and transparent procedure for developing a policy for fixing the remuneration packages of directors, ensuring that compensation is consistent with the Corporation's culture, strategy and	established sufficient remuneration to attract and retain directors needed to run the company successfully.

	control environment.  Designated the amount of remuneration to given to the directors.	
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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.

For 2013, part of the Audit Plan is to enforce effective governance through the following projects:

- Audit of Compliance with Code of Conduct
- Implementation of Whistleblower Program
- Audit of Systems
- Audit of Payroll

Nomination Committee

Pre-screening and shortlisting of candidates/nominees to the Board and positions where Board approval is required

**INTERNAL AUDIT AND CONTROL**

(a) Period covered by the review;

On a yearly basis, Internal Audit performed audit based on the Approved Audit Plan by the Audit Committee. The latest year covered was the calendar year-ended December 31, 2013.

(b) How often internal controls are reviewed and the directors’ criteria for assessing the effectiveness of the internal control system; and

Review of internal controls for processes with high business risks are prioritized as part of the Audit Plan. Based on the result of risk-based audit planning, processes identified which have significant risks are covered for the year. For regular processes, review of internal controls is performed on a regular cycle of 3 years.

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

Not applicable. See response above.

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	Name of Chief Internal Auditor/Auditing Firm	Reporting process
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		Function		
Internal Audit	Covers Audit of Processes and IT System of Splash Corporation and its subsidiaries.	In-house	Shiela P. Alarcio, Head of Internal Audit	Administratively reports to the CEO and functionally to Audit Committee

- (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?

Selection, appointment and removal of the Head of Internal Audit rest with the Audit Committee. This is specifically defined in the Audit Committee Charter.

- (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?

Internal Audit Charter clearly defines the authority and reporting lines of Internal Audit. Internal audit has direct, free and full access to the Audit Committee including the Company’s records, properties and personnel in the performance of audit function.

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

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

<b>Progress Against Plans</b>	Internal Audit team was able to complete 92% of the projects identified in the 2013 Approved Audit Plan. This does not include completed audit projects where results were not yet presented to Audit Committee as of December 31, 2013.
<b>Issues<sup>13</sup></b>	No such issues noted in 2013.
<b>Findings<sup>14</sup></b>	Common findings were non-compliance and inconsistent application of internal policies and procedures.
<b>Examination Trends</b>	Examination trends depend on the result of risk-based audit planning prior to start of the year. Internal audit team usually examines processes which have significant business risks.

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

- 1) Preparation of an audit plan inclusive of a timeline and milestones;

Internal Audit Team usually performs audit planning for the following year every fourth quarter of the preceding year. The output of Audit Planning is an Internal Audit Plan which is approved by the CEO and Audit Committee. Internal Audit Plan includes audit projects for the entire year, timeline, milestones, budget and Internal Audit resources.

- 2) Conduct of examination based on the plan;

<sup>13</sup>“Issues” are compliance matters that arise from adopting different interpretations.

<sup>14</sup>“Findings” are those with concrete basis under the company’s policies and rules.

Performance of audit function is based on the Approved Audit Plan. Internal Audit ensures that projects identified in the Audit Plan are prioritized. In cases where there are changes in the Audit Plan or Projects to be performed, approval of the CEO and Audit Committee is sought prior to execution.

- 3) Evaluation of the progress in the implementation of the plan;

Generally, the Internal Audit team reports to the Audit Committee on the progress of implementation of Audit Plan on a quarterly basis. At the end of each year, Internal Audit also issues an Annual Audit Report which summarizes completed projects and significant issues identified including action plans and timelines committed by process owners.

- 4) Documentation of issues and findings as a result of the examination;

At the end of each audit project, results are discussed with process owners and heads of concerned division. After getting inputs and feedback on audit findings from process owners and relevant officers of the company, reports are prepared which include details of the findings, risks identified, recommendations, responses and action plans from process owners together with the timelines of implementation of the agreed action plans.

- 5) Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;

Results of audits performed during the year are used as input in doing risk based audit planning for the succeeding year. Based on the outcome of risk assessment, result of prior year’s audit and company’s plan and strategy for the coming year, audit projects are identified and examination trends are defined based on risks and impact to business objectives.

- 6) Conduct of the foregoing procedures on a regular basis.

Internal Audit Procedures are performed for audit projects identified in the Approved Audit Plan. Audit procedures are performed for some projects identified to be covered annually.

(e) Audit Control Policies and Procedures

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

Governance policies and frameworks together with detailed procedures were crafted for the following Internal Audit Processes:

<b>Policies &amp; Procedures</b>	<b>Implementation</b>
Annual Risk Assessment and Annual Audit Plan	Implemented
Outsourced Internal Audit Activity	Implemented
Audit Performance	Implemented
Audit Communication and Reporting	Implemented
Audit Monitoring and Follow-up	Implemented

(f) Mechanism and Safeguards

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

<b>Auditors (Internal and External)</b>	<b>Financial Analysts</b>	<b>Investment Banks</b>	<b>Rating Agencies</b>
Internal Audit – administratively reporting to CEO and functionally to Audit Committee	The company has no influence over the external financial analysts. Their queries and assessments are responded to objectively by the Investor Relations Officer as the need arises.	The relationship with Investment bankers where the company has direct dealings or transactions is governed by the provisions of the loan covenants. Otherwise the relationship is at arm’s length.	The company has no dealings with rating agencies and the relationship with them is dealt with as the need arises.
External Audit – limitation on non-audit services. Non-audit services and fees require approval of the Audit Committee.			

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

Chairman/CEO, President/COO, and EVP/CFO.

### C. ROLE OF STAKEHOLDERS

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

	<b>Policy</b>	<b>Activities</b>
Customers' welfare	<p><u>On External Customer Servicing</u> “We listen to our external customers and consumers. We get to know them. Because we exist for them, their deepest desires fuel ours. They are true partners in innovation.”</p> <p><u>On Internal Customer Servicing</u> “We are passionate in servicing our internal customers. We believe that the quality of our output shall assure the quality of input in the next person in the business process.”</p>	<ul style="list-style-type: none"> <li>• Ensure the quality of our products;</li> <li>• Ensure product availability;</li> <li>• Provide prompt and responsive actions to customer concerns and feedback</li> <li>• Extend extra effort to delight customers;</li> <li>• Observe Customer Service Level Standards.</li> </ul>
Supplier/contractor selection practice	<p>We adhere to professional dealings with suppliers as one of our principal business partners in the conduct of our work and operations. We employ strategic and objective outlook, effective means and efficient techniques to select, accredit, negotiate, evaluate and do business with our suppliers.</p> <p>In accordance with our Core Value on Ethical Governance, “we adhere</p>	Bidding and Supplier accreditation process

	to our Bidding and Supplier Accreditation Process with integrity.” (p. 68 Employee Handbook)	
Environmentally friendly value-chain	The company is compliant to environmental regulations relative to its manufacturing operations. Likewise, it spearheads the use of raw materials and manufacture of eco-friendly products. “Splash Goes Greener” project was also launched as part of Corporate Social Responsibility.	<ul style="list-style-type: none"> <li>• Splash Goes Greener Project</li> </ul>
Community interaction	The Company pursues social responsibility by giving back to the community and, making contributions of enduring value.	<ul style="list-style-type: none"> <li>• Volunteer in social development projects;</li> <li>• Share time, resources and talent for the betterment of the community;</li> <li>• Support environment-friendly programs;</li> <li>• Provide employment to the societies it serves.</li> </ul>
Anti-corruption programmes and procedures?	Our people take pride in living honestly and with integrity. Our career is based on ethics. Our service, founded on sincerity	<ul style="list-style-type: none"> <li>• Observe company time;</li> <li>• Safeguard the interest and resources of the company;</li> <li>• We do not use company time and resources for personal concerns and business;</li> <li>• We submit and provide timely and accurate reports;</li> <li>• We provide necessary and timely feedbacks or reports to management especially if the e company or employee is at risk;</li> <li>• We observe honesty in filing and claiming of privileges, benefits, and financial reports and requirements;</li> <li>• We do not accept gifts, bribes, tips, commissions from business partners;</li> <li>• We adhere to the Company’s code of conduct;</li> <li>• We evaluate the performance of employees and business partners fairly and objectively;</li> <li>• We abide by our commitments;</li> </ul>

		<ul style="list-style-type: none"> <li>• We do not initiate nor entertain destructive rumor;</li> <li>• We are truthful and honest in handling information and in representing company;</li> <li>• We secure confidential information.</li> </ul>
Safeguarding creditors' rights	Creditors' rights are safeguarded by the loan covenants agreed upon by the parties.	The Board and management regularly review compliance to the loan covenants during its monthly meetings.

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

"Corporate Cause" is embodied in the company's Strategic Leadership and Management System (SLMS) as its ultimate objective, and adherence thereto is institutionalized by making part of the employees' performance measures which is evaluated through the Balanced Scorecard methodology. The overall support of the company on CSR is carried out by the Ang Hortaleza Foundation where Splash contributes a fixed percentage of its net income after tax in addition to the employees' contributions and participation in the various activities.

#### D. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure <sup>17</sup>

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Ang Hortaleza Corporation	435,888,888	67.13%	Dr. Rolando B. Hortaleza and Dr. Rosalinda A. Hortaleza
PCD Nominee Corp. (Fil.)	207,285,019	31.93%	Various

Name of Senior Management <sup>18</sup>	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Lynneth P. Malabanan	-	-	-
Ace Vincent V. Villa-Real	-	-	-
Veneranda M. Tomas	0.0031%	-	0.0031%
Joseph C. Bautista	-	-	-
Ma. Chantelle C. Batac	-	-	-
Glenda D. Pingol	-	-	-
Fernando M. Manotok	-	-	-
Weena Roja N. Pineda	-	-	-
JJ Reynaldo P. Pinpin	-	-	-
<b>TOTAL</b>	<b>0.0031%</b>	<b>0</b>	<b>0.0031%</b>

2) Does the Annual Report disclose the following:

<sup>17</sup> Based on the 31 December 2013, List of Top 100 Stockholders submitted by the Stock Transfer Services Inc.

<sup>18</sup> Based on the 31 December 2013 Public Ownership Report submitted by the Stock Transfer Services Inc.

Key risks	Yes
Corporate objectives	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	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

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

The Whistle Blower Policy was implemented in 2013

External Auditor's fee

Name of auditor	Audit Fee (in Millions)	Non-audit Fee (in Millions)
SGV	3.97	.12

Date of release of audited financial report:

The 2013 audited financial report was released on \_\_\_\_\_.

### 3) Disclosure of RPT<sup>19</sup>

RPT	Relationship	Nature	Value
Ang Hortaleza Corporation (AHC)	Ultimate Parent	Notes receivable	P233,556,295
World Partners Bank	Fellow Subsidiary through AHC	Cash deposit/placement	P89,841,021
HBC, Inc.	Fellow Subsidiary through AHC	Trade receivable	P71,142,426
HBC Global	Fellow Subsidiary through AHC	Trade receivable	P17,040,897
PTSI	Fellow Subsidiary through AHC	Tradereceivables and due from related party	P6,556,061
WPFC	Fellow Subsidiary through AHC	Due from related party	P154,022,039
SII	Fellow Subsidiary through AHC	Due from related party	P990,659
Ang Hortaleza Foundation	Related Company	Donations	P9,000,000

<sup>19</sup> As of 31 December 2013



Dividends

Declaration Date	Record Date	Payment Date
12 April 2013	30 April 2013	

Questions and answers during the Annual/Special Stockholders' Meeting<sup>20</sup>.

Questions/Clarifications	Response
Whether the Company's Food & Direct Sales businesses generated profit in 2012	As disclosed in the Audited Financial Statements, after allocation of expenses, both Foods and Direct Sales registered a negative operating profit in 2012 .
Clarify news releases with respect to Barrio Fiesta's 2012 performance.	<p>The performance of Barrio Fiesta was measured against projections set by the Company. When the Company acquired Barrio Fiesta in 2011, the valuation was based on the business' projected revenue. As disclosed in the Philippine Stock Exchange, additional investments were needed (in terms of organizational structure and new products introductions) hence; Barrio Fiesta was expected to lose money during the first two years of operation. Performance was discussed in reference to the projections.</p> <p>The news releases discussed improvements in sales and operating profit, however, for purpose of segment reporting, the Company needed to allocate all the expenses that were incurred by head office. The numbers in the Audited Financial Statements already includes the allocation of overhead expenses.</p>
On products carried by Philippine Operations and International Operations	The product portfolio of the International Operations differs from, but mirrors, that of Philippine Operations. Philippine Operations carries more products.
Sales Breakdown	<p>The Notes to the Financial Statements provides a breakdown of the sales from each division. Sales for each product line are not provided in the financial statements but can be accessed by the stockholder in the head office.</p> <p>The Company's principal source of revenue is still the Philippine Operations Division, followed by International Operations. Food and Direct Sales both registered a negative operating profit for 2012.</p>

<sup>20</sup> 24 May 2013 meeting

	In terms of the total net sales volume, Food accounts for 9% and personal care accounts for 91%. Geographically, International accounts for 17% and Philippine Operations for 83%.
Prospect of the Company's products given that the food and personal care industries are highly competitive.	The Company plans to concentrate on products that are different, innovative and which will fill a gap in the market. In the condiments category for example, the Company chose to enter into bagoong instead of soy sauce and patis. As provided in the annual report, the Company would like to focus on the skin whitening, hair colorants, solutions, and exfoliant categories
Company's existing bank loans	Current debt is around Php 1.2 Billion; Php 150 Million are short term and the balance of Php 1. Billion ++ are long term secured primarily from Security Bank.
Non-core assets in the balance sheet	Board plans to review the company's non-core assets including shares in Medical City and Wack wack, as well as property covered by the Company's joint venture agreement with Vista Land.

(a) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present <sup>21</sup>	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	Total % of SH attendance
Annual	Rolando B. Hortaleza, M.D. (Chairman) Jimmy T. Yaokasin, Jr. Maurice P. Ligot Emily A. Abrera Bonifacio D. De Jesus Veneranda M. Tomas Weena Roja N. Pineda Ace Vincent V. Villa-Real Glenda D. Pingol Fernando M. Manotok Joseph C. Bautista Lynneth P. Malabanan Ma. Chantelle C. Batac Atty. Jasmin U. Tan Atty. Caesar C. Buenagua	May 24, 2013	Ballot	67.14%

(b) Definitive Information Statements and Management Report

<sup>21</sup> Refers to incumbent directors/officers at the time of meeting

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	80
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	May 2, 2013
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	May 2, 2013
<b>State whether CD format or hard copies were distributed</b>	Hard copies
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	Yes