



Institute of Corporate Directors

2016 ANNUAL REPORT



A background graphic consisting of numerous thin, light-orange arrows pointing upwards, creating a sense of growth and progress. Several larger, more prominent arrows in various colors (red, orange, yellow) also point upwards, standing out against the lighter ones.

REACHING NEW HEIGHTS

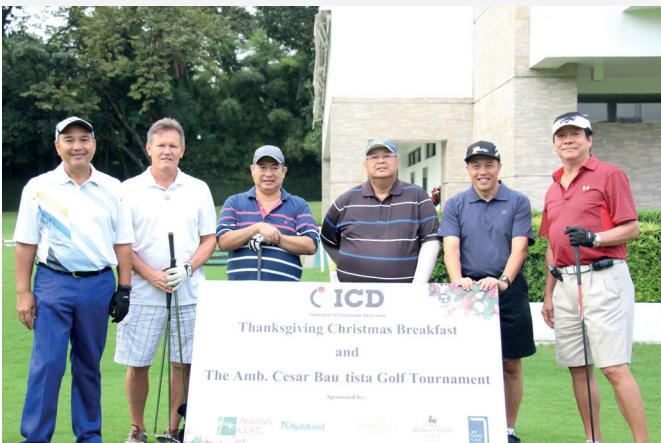
Designed by DG3 Manila:



TABLE OF CONTENTS

	page
2	ICD at a Glance
4	Chairman's Message
8	CEO's Message
11	ICD Strategy Roadmap
13	Committee Chairs' Messages
16	Board of Trustees
24	Performance Highlights
25	GNDI Membership
26	The Pilipinas Shell Petroleum Corporation IPO: A CG Journey
27	Investors' Forum
28	In Memoriam
29	Membership Guidelines
32	Teaching Fellows
35	Circle Chairs and Members
55	Examiners and Interviewers
56	Officers and Staff
59	List of Donors
60	Investors' Forum Donors
61	Corporate Governance Guidelines
67	Guidelines for the Constitution of the Nomination Committee and the Nomination and Election of Trustees (BOT) of the Institute of Corporate Directors
70	Independent Auditors' Report
74	Audited Financial Statements
78	Notes to Financial Statements

ICD AT A GLANCE





— CHAIRMAN'S MESSAGE

INTRODUCTION



MY DEAR FELLOWS, GRADUATE MEMBERS AND ASSOCIATES:

2016 – The Year that Was

2016 was eventful for the Philippines.

1. The country was basking in the glow of several years' of exceptional growth – among the highest in the world, at least in terms of conventional macro-economic metrics.
2. This was accompanied by benign inflation, record performance in the external sector (balance of trade and balance of payments), growth in international reserves and with an equally positive fiscal position (using as measure, the deficit as a percentage of GDP).

Against this backdrop were rumblings related to the “exclusiveness” of the growth (despite substantial strategic investments like the Conditional Cash Transfer Program), the slow execution of a badly needed infrastructure investment program and the unfulfilled promise of an ambitious Public Private Partnership (PPP) program.

Despite the tacit endorsement of the multilateral development finance community, there was significant criticism of the previous administration's attempts to “re-align” budgetary appropriations via the Disbursement Acceleration Program (DAP).

The May elections resulted in the (generally) unexpected victory of the reportedly "populist" Mayor of Davao, Rodrigo Duterte. His victory appears to have resulted from:

1. The inability of the "mainstream" contenders, Manuel "Mar" Roxas and Mary Grace Poe, to come together. Together they obtained 45% of the total vote versus 38.6% obtained by President Duterte¹.
2. A groundswell from "the mainstream" **against** candidates considered representatives of the political-economic elite and who represented, at best, incremental rather than "radical" change.
3. President Duterte's key "themes" were: the war against drugs, peace and order, inclusive development, sustainable growth (environmental protection) and federalism.
4. In the interest of "healing" long-standing divides, President Duterte proceeded to pursue intensive negotiations with the National Democratic Front (NDF)/ New Peoples Army (NPA) as well as the heretofore Muslim dissidents from Mindanao (MILF and MNLF).

(While not enforceable nor accepted by China) on July 2016, an arbitral tribunal of the UN Convention on the Law of the Sea (UNCLOS) ruled against the China's maritime claims over various parts of the South China Sea – handing the Philippines a major, albeit diplomatic, **victory**.

In the meantime, China has proceeded to reclaim land and construct (potentially military) facilities in the Spratlys – an area claimed by Malaysia, Vietnam, Taiwan and the Philippines. This has significantly increased tensions in the area.

In the meantime, President Duterte (who currently serves as Chair of ASEAN) has articulated some fundamental foreign policy changes involving a "pivot":

1. Away from the country's traditional western (apparently excluding Japan) allies, and
2. Towards China and Russia.

ICD in 2016

Your Institute continues to do everything in its power to raise Corporate Governance ("CG") standards and the practice of professional corporate directorship in the Philippines.

In this context, ICD's principal efforts in 2016 included:

1. Propagating and building upon the ASEAN Corporate Governance ("CG") Scorecard for Philippine publicly listed companies ("PLCs") and large corporations.
2. Promoting, beyond traditional CG practice, a robust strategy implementation framework called Strategy Execution Pathway ("StEP") designed to align a corporation's vision, mission, objectives, strategy **and** performance.

¹ as at May 19, 2016, per GMA 7

— CHAIRMAN'S MESSAGE

3. Introducing new mechanisms to ensure transparency and fairness to all corporate stakeholders, e.g. the adoption of fairness opinions to ensure that the interests of all stakeholders are considered in major corporate decisions and/or related party transactions.
4. Engaging the "buy side" (the principal purchasers of securities issued in the financial markets) and advocating the active use of their formidable "moral suasion" in:
 - a) Improving the governance standards of issuers and
 - b) Encouraging issuers to incorporate inclusion and sustainability in their business plans - by aligning their commercial objectives with the broader long-term interests of **all** their stakeholders.
5. Collaborating with the Governance Commission for GOCCs ("GCG") to assist establish good CG practice and disciplined strategy execution by GOCCs.
6. Broadening the promotion of best CG practice for family-owned enterprises – the largest component of the Philippine – and indeed, the Asian private sector.
7. The introduction of good CG practice to important but, hitherto unaddressed, sectors like rural banks, cooperatives, micro-finance institutions and small and medium enterprises.
8. Researching and continually ensuring that program content in its various training programs are current, relevant and substantive.
9. Actively engaging, collaborating and sharing experiences with its regional (ASEAN and Asian) and global counterpart institutions – the latter, through the Global Network of Directors' Institutes (GNDI).

2017

Quite apart from deepening, broadening and improving its existing program offerings, ICD proposes to:

1. Intensify its engagement with its membership.
2. Inform its membership and the local market of the latest developments in the CG area, like the:
 - a) Global Reporting Initiative ("GRI").
 - b) Stewardship Code for institutional investors
3. Advocate and strongly support efforts to broaden the domestic capital markets.
4. Explore the feasibility of adopting/adapting relevant and successful CG initiatives practiced elsewhere in the region, e.g. anti-corruption **certification** programs for enterprises and their value chains.
5. Speak out selectively on important corporate governance and stakeholder issues.

I would like to congratulate our CEO, Ricky Jacinto, his very committed management team, staff for an excellent year. I also wish to thank the many Fellows that have contributed greatly to the significant improvement of the Institute's program offerings in 2016.

I suspect 2017 will be a defining period fraught with many "dangers and opportunities" for our country.

The neglect and self-centeredness of those who should know better (the privileged and educated) has contributed to a situation where - rather than adopting a nobility of spirit and concern for the common good - "the mainstream" appears to have been seduced by simplistic and false prescriptions – focused on symptoms rather than fundamental causes.

If the country is to succeed, I submit the privileged and educated **must** inform, confront essential problems, formulate solutions and persuade.

I invite you to use **your** Institute as a staging area for making democracy and markets work for everyone.



FRANCIS G. ESTRADA
March, 2017

— CEO'S MESSAGE

INTRODUCTION



DEAR FELLOWS, GRADUATE MEMBERS AND ASSOCIATES —

In last year's report to you, we outlined the key initiatives to promote our advocacies of raising corporate governance (CG) standards and professionalizing the practice of corporate directorship in the Philippines.

First and foremost among these was reaching out to other sectors in the CG ecosystem apart from our traditional base of publicly-listed and large companies (PLCs). Our most significant accomplishment for 2016 in this regard was organizing the first Investor Forum in October together with the Fund Managers Association of the Philippines, the Trust Officers Association of the Philippines, the Philippine Investment Fund Association and PJS Corporate Support, Inc. The Forum, which attracted over 200 participants, introduced the concepts of CG and its importance to

"buy" side players, environmental, social, governance (ESG) reporting and international stewardship codes. We also designed and held a CG orientation program for directors of 11 cooperatives from Cavite who are beneficiaries of the Manila Water Foundation. Based on the success of these events, we intend to repeat and broaden the scope of such activities in 2017.

We also continued our partnerships with the country's economic regulators and provided support for their key CG programs. With ICD's help, the Governance Commission for GOCCs (GCG) recognized the top GOCCs based on their rankings from the GOCC CG scorecard. The scorecard was adapted from the ASEAN CG scorecard for which ICD has been the appointed Domestic Ranking Body

for the CG experts' working group for the last 4 years. This brought the number of sectoral scorecards to 3 from our existing base for PLCs and insurance companies. We extend our thanks to BSP Governor Mr. Amando Tetangco Jr, former Secretary Cesar Villanueva of the GCG and former Insurance Commissioner Emmanuel F. Dooc for their support for ICD in 2016.

ICD likewise added its voice to important legislation such as the revised CG Code (launched by the SEC in November 2016) and the proposed amendments to the Corporation Code. In this regard, we would like to commend SEC Chairperson Teresita J. Herbosa, Director Justina F. Callangan and the SEC staff for their efforts to promote our common advocacies. We also look forward to working with Chairman Samuel G. Dagpin, Jr. and the new Commissioners of the GCG as well as newly-appointed Commissioner Dennis B. Funa of the Insurance Commission.

We continue to broaden our network to include institutions and individuals abroad. In June, ICD was admitted as the Philippine representative into the Global Network for Director Institutes (GNDI). The GNDI is an international collaboration of 18 institutes that shares expertise in directorship and CG. It collectively represents more than 100,000 individual directors and governance professionals and focuses on shared interests to governance stakeholders around the world. We also established contacts with the International Corporate Governance Network (ICGN) and the Global Reporting Initiative (GRI). We are particularly excited to be working towards securing accreditation as a service training provider with the GRI, an international organization that helps

businesses understand and communicate the impact of business on climate change, human rights, corruption and other critical sustainability issues through its widely used standards for sustainability reporting.

We also promised you last year that we would continue to make strategic investments from our limited resources to improve both the content of our mainstay training programs as well as the capability of our lecturers. In February, Atty. Teodoro Alejandro Y. Kalaw IV attended a Kaplan-Norton Balanced Scorecard (BSC) Certification of Palladium in Dubai. This brought the number of our BSC-trained lecturers in the Strategy Execution Pathway cluster to 5. In July, Regine Marie E. Cinco of the Courses Development and Research team spent 1 month at IESE in Barcelona to learn case writing, case study method, and course design under the International Faculty Program. We now have the capability to develop new cases for our various training programs following the latest research techniques. Finally in August, ICD sent Ms. Sherisa P. Nuesa to the Harvard Business School to attend a course in Audit Committees in a New Era of Governance Program. Upon her return, she briefed the lecturers of the Audit and Risk cluster on what she learned so that they could immediately apply the same to our various courses.

These investments, together with other key adjustments in our course marketing and operations, design and delivery, have borne immediate fruit. The number of registered participants in our exclusive and public courses rose by 687 or 18% while the total number of training days rose from 61 in 2015 to 70 in 2016. Despite the increase in participants and courses, our "excellent" rating was maintained at 43%. We were able to handle the significant

CEO'S MESSAGE

INTRODUCTION

increase in volume due to an increase in our Fellow-lecturers whose number grew from 17 to 35 in 2016. We shall continue to reap the benefits of these investments in 2017 when we come up with the publication of industry benchmarking studies in areas such as directors remuneration which was produced in conjunction with Towers Willis Watson and ZMG Ward Howell. We also look forward to the introduction of independent 3rd party board, committee and director appraisal programs under our Board Services team.

Your support – be it in the form of regularly paying your membership dues, referrals for courses/services/donations, lecturing or participating in company interventions and attendance at our events – is greatly appreciated. To ensure that ICD maintains its relevance to you, we introduced a Career Options and Financial Planning after Retirement workshop for Fellows and members who have recently or about to retire. We also sent out copies of *Audit Committee Effectiveness: What Works Best* - 4th edition prepared by PwC as our Christmas gift to all Fellows and members in good standing. All these were in addition to your regular benefits. In 2017, we will be introducing more benefits such as allowing all Fellows and members in good standing the privilege of attending any one-day course for free. If the Fellow or member wishes to attend a multi-day course, he/she need only pay for the remaining days at the appropriate discounted rate. This is our way of paying you back for your unwavering support.

Recognition and thanks need to also be given to the ICD management and staff for making all of the organization's achievements in 2016 possible. The other key initiative that we promised to make last year was to provide the best care possible – given our limited resources – to our people. We commissioned a salary benchmarking study to help us gauge whether we are paying our staff a decent wage. We also conduct organizational climate surveys on a semestral basis to make sure that there is alignment between the promises made to the staff about their professional development and the actual accomplishment of these promises. The survey has identified gaps which we are now working to eliminate.

We wish to thank everyone who made last year's accomplishments possible. Your support and commitment is very much appreciated. We look forward to working with all of you for a successful 2017! Mabuhay ang ICD!



RICARDO NICANOR N. JACINTO
Chief Executive Officer

OUR IDENTITY

The Institute of Corporate Directors is a non-profit professional organization of, for, and by corporate directors and other advocates of corporate governance.

OUR CORE VALUES

- Social Responsibility
- Independence
- Patriotism
- Excellence
- Solidarity
- Ethics

INDEPENDENCE is what we bring to the boardroom. ICD will always be an institution independent of vested economic interests and political organizations. In this capacity, we empower ICD partners to act as judicious stewards of stakeholder resources and represent the interest of Filipinos (**PATRIOTISM**), promote the common good and what is right (**ETHICS**).

ICD strives to accomplish its objectives and perform its duties with **EXCELLENCE**. Guided by the universal principles of inclusivity and teamwork (**SOLIDARITY**), and Responsible citizenship (**SOCIAL RESPONSIBILITY**)

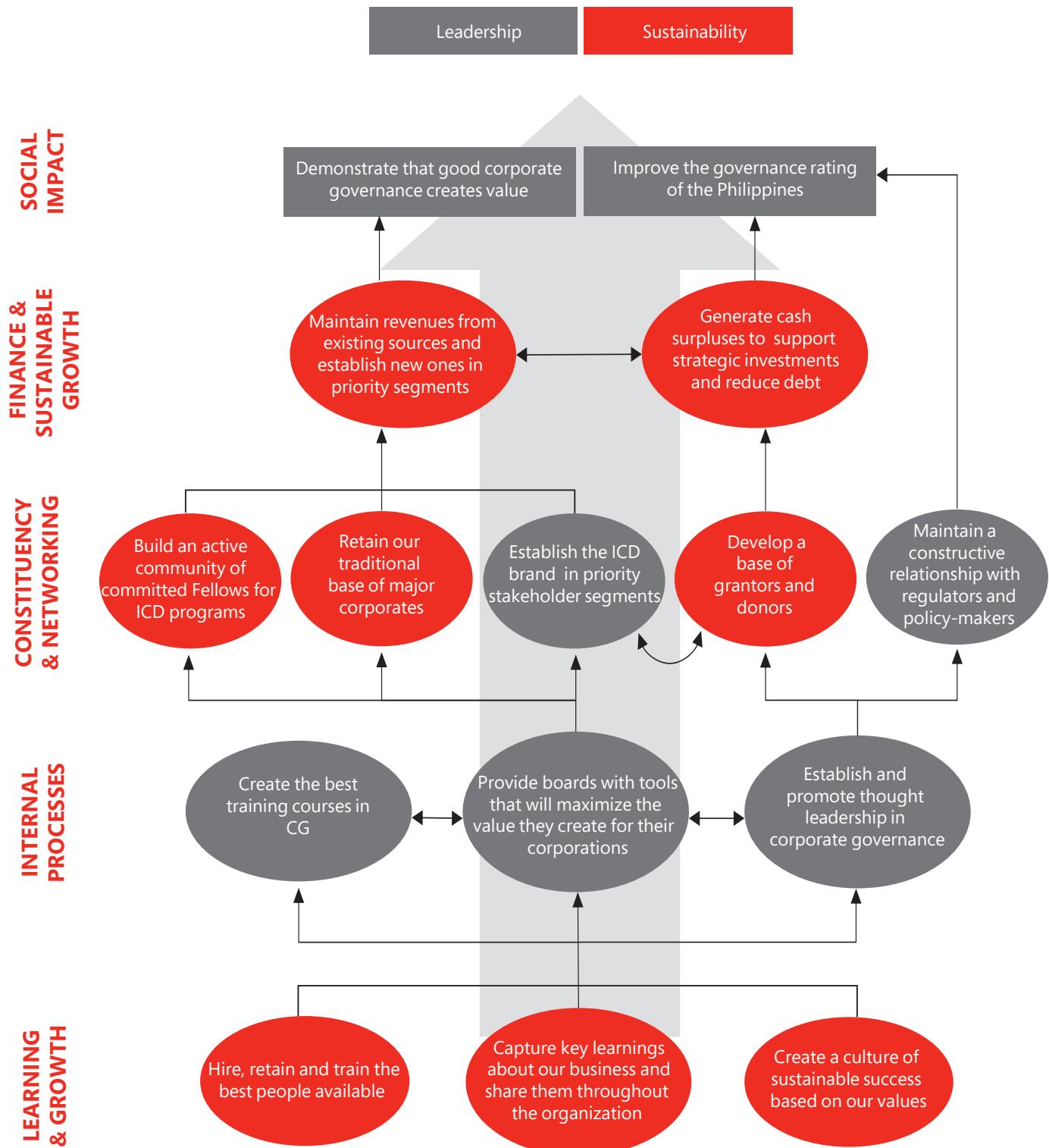
VISION

By 2024, ICD, an institute made up of committed Fellows championing positive change in the corporate governance ecosystem for inclusive development, is one of the leading institutes of directors in Asia.

MISSION

To promote the advocacy of good governance in the corporate sector.

ICD STRATEGY ROADMAP



COMMITTEE CHAIRS' MESSAGES

INTRODUCTION



Our newly reconstituted Audit Committee had two meetings during the year. We began by looking at the latest internal FS of ICD but as we were analyzing it, we began thinking of ways to address some operational matters, including the proposal for long term solutions. The Auditcom typically is mainly responsible for the reliability of financial reports, adequacy of internal controls, overseeing risk management and dealing with external/internal auditors. Addressing operational matters, especially long term solutions, normally falls under an Executive Committee or some other higher board level committee. In the meantime, while an Excom or other board committee has not been convened or organized, the Auditcom discussed such operational matters, with updated materials prepared by CEO Ricky & management. The recommendations, in conjunction with the review of our operations, have been submitted to the full board for approval.

In addition, the Auditcom discussed the status of our application as an NGO with the BIR & the council deputized to accredit NGOs to avail of tax exempt status. The Auditcom suggested ways to facilitate the process and offered help in case necessary.

A handwritten signature in black ink, appearing to read "Manabat".

ROBERTO G. MANABAT
Chairman
Audit Committee

— COMMITTEE CHAIRS' MESSAGES

INTRODUCTION



We are happy to update you with the work done by the Committee on Fellows over the past year.

One of our major objectives was to recruit more committed Fellows into the society as governance champions and by the end of 2016, 42 new members were inducted, marking a 14% growth in membership compared to 2015's recorded increase of 10% in new members. Working closely with the ICD Secretariat and Fellows Circle, we were able to provide a more diversified mix of events by holding our fellowship gatherings in different locations around the metro; featuring more interesting topics and speakers. With this, we have achieved a strong 17% of fellows attending at least ¼ of ICD events in contrast to previous year's 9% in fellows' engagement.

We are very proud that ICD is a recent addition to the Global Network of Director Institutes last June 28, 2016 as Philippine representative giving us an avenue to express our stand in key international issues on matters of corporate governance, as well as the access

given to all good-standing ICD members to GNDI's Global Passport System – a ticket to the international governance events and resources.

Last April, the Fellows Committee approved a revised version of the Professional Directors Program (PDP) exam questionnaires and panel interview guidelines to further improve on the screening and admission process of ICD membership applicants. To even speed up the process, joining the existing pool of our competent examination checkers and interviewers this year are Atty. Angelica H. Lavares, Catherine L. Hufana-Ang, Edward Dennis J. Zshornack, Atty. Simeon Ken R. Ferrer, Vicente T. Mills, Jr. and Wilfrido A. Atienza.

Fast track fellowship has also been introduced which gives opportunity to directors or officers with exceptional records from PLC's and recognized corporations in the Philippines to become part of the Society of Fellows without going through the usual process of taking the PDP Course.

We mourn the passing of two of our beloved Fellows - Roberto "Bobby" Paterno and Jesus "Gigi" Zulueta, whom we will always be indebted to for their friendship and notable contributions to ICD.

I would like to take this chance - in behalf of Atty. Fe B. Barin, Eduardo V. Francisco, and Pete H. Maniego, Jr. to ask for your continued support as your committee promotes more active involvement of the membership towards the advancement of our advocacy and at the same time - giving back a strong value to your membership.



BIENVENIDO S. BAUTISTA
Chairman
Committee on Fellows

BOARD OF TRUSTEES

A

BOUT US



MR. FRANCIS G. ESTRADA



Chairman

Trustee since January 2004

Francis G. Estrada currently serves as director in a number of public and private, for profit and not-for-profit organizations.

He was the first alumnus to be elected President and Chief Executive Officer of the Asian Institute of Management ("AIM"). He serves or has served as Chairman of: (1) The Board of Trustees of the Institute of Corporate Directors (ICD) of the Philippines, (2) The Board of Trustees of De La Salle University, (3) The Board of Advisers of the Development Bank of the Philippines, (4) The Multi-Sectoral Governance Council of the Armed Forces of the Philippines, (5) The De La Salle Philippines Investment Committee, and the (6) The Board of Visitors at the Philippine Military Academy (PMA).

Mr. Estrada serves or has served (among others) on the: (1) National Mission Council of De La Salle Philippines, (2) Multi-Sectoral Governance Council of the Board of Investments of the Philippines, (3) Board of Governors, Asian Institute of Management, and (4) De La Salle, Lipa Board of Trustees.

Upon his return to the Philippines in 1997, after 22 years overseas, Mr. Estrada co-founded and served as Chairman, General Partner of Equity Managers Asia, Inc. (Philippines), a financial and investment advisory boutique. He has extensive experience in international merchant banking, cross-border mergers and acquisitions, corporate finance, direct investments and general management. He has lived in Hong Kong, Singapore, Indonesia, and the Philippines. He has done business and traveled extensively in Asia, the US, Europe and the Middle East for over 35 years.



Executive Committee



Mr. Estrada's investment experience has included establishing and managing joint ventures throughout the Asian region, originating, executing, nurturing and exiting from a variety of investment transactions throughout the region.

Together with former US Treasury Secretary, William E. Simon, he co-founded and served as President and Chief Executive Officer ("CEO") of William E. Simon and Sons, Asia ("Simon Asia") from 1992 to 1997. Simon Asia was a partnership among leading US and Asian private investors engaged in private equity investments and buy-outs throughout the Australasian region.

In partnership with former American Express International Banking Corporation Chairman, Richard M. Bliss, he co-founded and served as Chief Operating Officer ("COO") of the Asian Oceanic Group ("AOG") from 1982 to 1991. AOG was a partnership among Cigna Corporation of the USA, the Kuwait Investment Authority, Nissho-Iwai and the Orix Groups from Japan, and a number of management related investors. Headquartered in Hong Kong, it maintained offices/joint-ventures in New York, Singapore, Manila, Jakarta and Istanbul.

He was Managing Director/Chief Operating Officer and led the turn-around of P.T. First Indonesian Finance and Investment Corporation ("Ficorinvest") the merchant banking subsidiary of the Indonesian central bank, from 1975-1980. After eroding more than half of its capital base as a consortium bank, Ficorinvest was transformed into the industry leader within 18 months, a position it maintained for over a decade thereafter.

Mr. Estrada serves (has served) as independent director or adviser to the following publicly-listed, for-profit institutions: Ayala Land, Inc. (Compensation and Nomination Committee Chair), the leading property company in the Philippines; Energy Development Corporation (Governance Committee chair), the country's leading renewable energy producer and the world's second largest geothermal energy producer and, Rizal Commercial Banking Corporation, a leading Philippine universal bank and EEI Corporation (the leading publicly-listed Engineering and Construction company in the Philippines). He also serves as independent director (Risk Management Committee chair and member of the Investment and Audit committees) at Philamlife Insurance Company, the leading life insurance company in the country as well as RCBC Savings Bank where he served as Risk Management Committee chair.

In the Not-for-Profit area (and in addition to the above), Mr. Estrada serves (or has served) as director/trustee of: Clean Air Asia, Sociedad Espanola de Beneficiencia, Maximo Kalaw and the Roxas - Kalaw Foundations.

He is a Fellow of the Institute for Solidarity in Asia (ISA); an organization dedicated to the improvement of public governance and performance standards through judicious and active citizen participation.

He has served as Advisory Board member of Shanghai Jiao Tong University's Antai College of Economics and Management and the Universiti Putri Malaysia, Graduate School of Management. He has also served as a Governor of the Xavier Labor Relations Institute (XLRI), a leading private graduate school of management based in Jamshedpur, India.

Mr. Estrada has served on the boards of over 40 private and public companies in Asia, the U.S. and Australia. He has served as Governor (and later on, Trustee) of the Asian Institute of Management, Chairman of the Philippine Business Council of Hong Kong, and founding director of the Asian Cultural Council and the Bayanihan Foundation of Hong Kong.

Mr. Estrada was named "Most Outstanding Alumnus" of the Asian Institute of Management in 1989. He holds Bachelor of Arts (Literature) and Bachelor of Science (Business Administration) degrees from De La Salle University (Philippines), and a Master in Business Management, "with Distinction" from the Asian Institute of Management. He completed the Advanced Management Program at the Harvard Business School in 1989. He has traveled widely and speaks Filipino, English, Spanish and some Bahasa Indonesia/Melayu.

April, 2017

BOARD OF TRUSTEES



ATTY. FE B. BARIN 

Trustee since April 2012

Atty. Fe B. Barin, is a Fellow of the ICD and a member of its Board of Trustees since April, 2012. She earned her Bachelor of Laws degree from the University of the Philippines College of Law in 1956 and passed the Bar Examination given the same year.

Her career in the government service' spanning a period of almost 54 years, has always been in the regulatory and supervisory agencies: 44 years in the then Central Bank of the Philippines, now Bangko Sentral ng Pilipinas (BSP), in various capacities, culminating in her full time membership in the Monetary Board of the BSP, 13 mos. as the first Chairperson of the Energy Regulatory Commission. She was Chairperson of the Securities and Exchange Commission (SEC) from Sept. 2004 to May 2011. As SEC Chair, she was Ex Officio member of the Anti Monetary Laundering Council and the Credit Information Corporation of the Philippines.

Atty. Fe is a member of the Integrated Bar of the Philippines, the U. P. Women Lawyers Circle, the Philippine Constitution Association, Philippine Bar Association and the Judicial Reforms Initiative. Currently, she is a member of the Board of Directors, Bank of Commerce; Independent Director, MMPC Auto Financial Services Corporation; Director, General Milling Corporation; and Executive Vice President, Manila Bulletin Publishing Corp.



MR. BIENVENIDO S. BAUTISTA 

Trustee since April 2014

Mr. Bienvenido S. Bautista was the Executive Vice President of Universal Robina Corporation (URC) and also served as Managing Director of its branded consumer food group and Chief Regional Marketing Officer of its subsidiary, URC International Co. Ltd. He has also held the position of President and CEO of PITC Pharma; Chairman of Kraft Foods Philippines and Vice-president / Area Director of Kraft Foods International in South/Southeast Asia; President of San Miguel Beer; and President of San Miguel Foods.

Mr. Bautista was also the first Asian and first Filipino to be appointed as Chair of the Jakarta International School and received the Agora Award for Excellence in Marketing Management in 1994. He is also the President and Board Trustee of Ayala Pineridge Condominium Corporation (Baguio), a Director in Goldilocks Bakeshop, Inc., Flexo Manufacturing Corporation, Dominos Pizza, and Directories Philippines Corporation. He holds a Master of Business Management degree from the Ateneo Graduate School of Business and earned his Bachelor of Science in Economics degree from the Ateneo de Manila University.

 Audit Committee

 Fellows Committee

 Nomination, Remuneration, and Governance Committee



MR. REX C. DRILON II 

Trustee since April 2015

Mr. Rex C. Drilon, II served as Chief Operating Officer of Ortigas & Co., Ltd, and was Principal Executive Officer of Concrete Aggregates Corporation. He has also held senior management positions and directorships at the FMMC Group, Philippine Fuji Xerox, Jardine Sugar, Ayala Land, as well as Cebu Holdings, Inc. and Cebu Property Ventures & Development Corporation. He has also held the chairmanship for several national advisory groups geared towards governance and institutional transformation. He is currently an Independent Director of Metrobank; Trustee of Institute for Solidarity in Asia, and Shareholder Association of the Philippines; Chairman of Keyland Corporation, YLD, Inc., National Advisory Group for Police Transformation and Development, and National Issues Committee, Management Association of the Philippines; and Vice Chairman and Founding President, Iloilo Economic Development Foundation. He holds a Bachelor of Science in Business Administration from the University of the East and pursued graduate studies at the University of Asia and the Pacific.



MR. FRANCISCO C. EIZMENDI JR.

Trustee since January 2004

Currently the Chairman of Dearborn Motors Corporation, Mr. Eizmendi was previously the President and Chief Operating Officer of San Miguel Corporation. He also served as Chairman of the San Miguel Brewery in Hong Kong and was director on the boards of San Miguel Foods and Coca-Cola Amatil, Australia. He is also an Independent Director of Sun Life Grepa Financial, Inc., and Makati Finance. He holds a degree in Chemical Engineering from the University of Santo Tomas and was awarded his Doctorate in Corporate Management (Honoris Causa) by the University of Baguio.

A

BOUT US



Executive Committee



Nomination, Remuneration, and Governance Committee

BOARD OF TRUSTEES



A

BOUT US

MR. EDUARDO V. FRANCISCO



Trustee since April 2015

Mr. Francisco is President of BDO Capital & Investment Corporation, the investment banking arm of BDO Unibank, Inc. He is also the, Vice Chairman for International Association of Financial Executives Institutes (IAFEI), Chairman/ Director/ Trading Nominee of BDO Nomura Securities, and Chairman of Averon Holdings Corp.

He also sits on the boards of Management Association of the Philippines (MAP), UP-Development Center for Finance (UPDCF), CIBI Foundation, Shareholders Association of the Philippines (SharePhil), AFC Merchant Bank, Institute of Corporate Directors (ICD), International School of Manila (ISM), UP College of Business Alumni Association (UPCBA), and Valle Verde Country Club, Inc. (VVCCI). He is also a member of Makati Business Club (MBC), and the POLO Triathlon Team.

He is on the Capital Markets committees of the Bankers Association of the Philippines and Philippine Stock Exchange. He is also in the Listings committee of the Philippine Dealing and Exchange Corporation.

He was formerly the Co-Chairman of the Capital Market Development Council (CMDC) of the Philippines, Vice Chairman of the Integrity Initiative, and was President of the Management Association of the Philippines (MAP), Financial Executives Institute of the Philippines (FINEX), Wharton-Penn Club, Federation of Valle Verde Associations, First Valle Verde Association Inc. and BDO Securities Corporation. He was also previously on the boards of Makati Sports Club, Inc. (MSCI), Foundation for Filipino Entrepreneurs (FFE), LGU Guarantee Corp., Investment Houses Association of the Philippines (IHAP), Makati Business Development Council and BDO Strategic Corp.

Mr. Francisco has worked with other financial institutions in New York and Hong Kong. He holds a Masters in Business Administration from the Wharton School of the University of Pennsylvania and Bachelor's degree in Business Administration from the University of the Philippines. He is also a recipient of the Distinguished Alumnus Award from the U.P. College of Business Administration.



Fellows Committee



Nomination, Remuneration, and Governance Committee



ATTY. TEODORO ALEJANDRO Y. KALAW IV

Trustee since May 2012

As one of the first and youngest Fellows of the Institute of Corporate Directors (ICD), Teddy has chaired ICD's Family-Owned or Controlled Corporations Circle since 2007, where he was primarily responsible for creating and developing ICD's Governance Framework for Family-Owned or Controlled Corporations. He has counselled on and taught the framework both locally and internationally, with the latter aspect particularly as a consultant to the World Bank's International Finance Corporation. A Trustee of the Institute since May 2012, he also serves on its core faculty. He is also a Graduate Member of the Australian Institute of Company Directors, from which he obtained his Company Directors Course Diploma in 2010. He is also an Independent Director of Gothong Southern, Treasurer & Board Member of KALFAM Enterprises Inc., and Vice-President for Compliance and Board Member of First Orient Securities.



MR. ROBERTO G. MANABAT

Trustee since October 2009

Mr. Roberto G. Manabat has over 40 years of experience in the accountancy profession and has advised numerous corporations and government agencies on good governance. He was the first General Accountant of the SEC and he set up the necessary protocols for effective reviews of financial reports submitted by PLCs and other corporations. Currently he is Chairman and CEO of KPMG RG Manabat and Co. (a member firm of KPMG International), he earned his Masters in Business Administration at the Asian Institute of Management and his Bachelor of Science in Business Administration from the University of the East – Manila.



BOUT US

BOARD OF TRUSTEES



ATTY./ENGR. PEDRO H. MANIEGO, JR.  

FICD, PIE, ESQ.

Trustee since April 2015

Mr. Pedro "Pete" H. Maniego, Jr. is a Fellow since 2007 and current Trustee of the Institute of Corporate Directors (ICD), and Chairman of the Strategic Execution Pathway of ICD. He is also the Chairman of the U.P. Engineering Research and Foundation, Inc., Chairman of the Committee on Power and Energy of the National Competitiveness Council, Senior Policy Advisor of the Institute for Climate and Sustainable Cities, consultants of several energy companies, and member of the Philippine Bar. He was the Chairman of the National Renewable Energy Board (NREB) from 2010 to 16.

Pete is a professional industrial engineer, lawyer, economist, management consultant, and professorial lecturer. He has more than 45 years of experience in senior executive and C-level positions in the energy, metals, beverage, semiconductor, IT, munitions, construction, venture capital, and the academe. His previous affiliations include PNOC, Arms Corporation, Secure Arms Inc., Mesco Inc., Bancom, Asean Fabricators, the Coca-Cola Export Corp., University of the Philippines, and Asian Development Bank. He was a B.S. Industrial Engineering and Bachelor of Laws graduate of the University of the Philippines, and completed post-graduate studies in management, economics and engineering in the Asian Institute of Management, University of the Philippines, University of Asia & the Pacific, Federation of Korean Industries, Carl Duisberg Gesellschaft of Germany, Palladium Kaplan-Norton and the Renewables Academy of Berlin.



Executive Committee



Fellows Committee



Nomination, Remuneration, and Governance Committee



MS. SHERISA P. NUESA 

Trustee since May 2012

A Certified Public Accountant, Ms. Sherisa P. Nuesa is the President and Director of ALFM Mutual Funds Group. She is currently a member of the Boards of Directors of Manila Water Company, Far Eastern University, the Generika/Actimed group of companies, and FERN Realty Corporation. She is also a Trustee of Integrity Initiative Inc., Financial Executives Institute of the Philippines (FINEX) Foundation, and Judicial Reform Initiative.

Ms. Nuesa was a former Managing Director of conglomerate Ayala Corporation and served in various senior management positions within the Ayala Group, among them as CFO of Manila Water Company.

She was ING FINEX CFO of the Year for 2008. She holds a Master of Business Administration degree from the Ateneo-Regis Graduate School of Business, and a BSC Accounting degree from the Far Eastern University. She attended advanced management programs in Harvard Business School and Stanford University.



MS. IMELDA C. TIONGSON

Trustee since May 2016

Ms. Imelda C. Tiongson is presently the Managing Director of a multi-billion ING formed investment company, Opal Portfolio Investments (SPV-AMC) Inc. She is also the Chairwoman of Fin Tech Global Resources, Inc., and Trustee for Center for School Governance. Ms. Tiongson was part of the working group at the Congress which drafted the combined Law on Business rehabilitation and insolvency called The Financial Rehabilitation and Insolvency Act of 2010. Presently also Lecturer at Ateneo Graduate School of Business on lending and banking subjects. She was a former Senior Vice President and Head of Remedial of Philippine National Bank and was connected also with National Australia Bank. She completed her Bachelor of Business in Accountancy at Royal Melbourne Institute of Technology in Australia with Credit and Australian Accounting for Bankers with a perfect score and took post graduate class on Remedial Management at Asian Institute of Management.

A

BOUT US

Audit Committee

Nomination, Remuneration, and Governance Committee

PERFORMANCE HIGHLIGHTS

STRATEGY EXECUTION PATHWAY (STEP)



37 organizations attended
the STEP Essentials Course



Launched the STEP
Masters Course

CORPORATE GOVERNANCE ANALYTICS



140 or 55.56% out of
252 PLCs improved their
scores in the 2016 ACGS
Assessment



83 or 66.40% out
of 124 Insurance
Companies
improved their
scores in the 2016
ACGS Assessment



Award for Excellence
granted to 5 GOCCs
on the Corporate
Governance Scorecard
(CGS) for the GOCC
sector

COURSE DEVELOPMENT AND RESEARCH



Increase in public courses
conducted from 44 to 52



Attendees rose from
1,810 to 2,345



Increase in Teaching
Fellows from 24 to 35

FELLOWS RELATIONS



Increase in Fellows from
221 to 232



From 55 to 63
Graduate Members



A total of 10 associate
members inducted

GNDI MEMBERSHIP

In recognition of its position as the leading advocate of corporate governance and prime mover of professionalizing corporate directorship in the Philippines, the Institute of Corporate Directors (ICD) was admitted to the Global Network of Director Institutes (GNDI) last June 28, 2016.

GNDI is an international collaborative effort among eighteen (18) director institutes around the world which promotes awareness of corporate directorship and governance. Representing more than 100,000 individual directors and governance professionals, GNDI member institutions include the National Association of Corporate Directors (USA); the Swiss Institute of Directors; the United Kingdom's Institute of Directors; the Hong Kong Institute of Directors; the Thai Institute of Directors and the Singapore Institute of Directors.

Membership in the GNDI now grants ICD directors the opportunity join other GNDI institutes worldwide with varying benefits through availment of GNDI's Global Passport – a program that unlocks access to benefits and governance resources for directors from around the world. Benefits include subscriptions to member-only publications, online governance resources, special pricing for events and director registry services, among others. It offers opportunities to share experiences with and learn from international colleagues, and to keep current on business and governance trends across the world.

GLOBAL PASSPORT BENEFITS

ICD's participation in the GNDI will significantly enhance its directorship training capabilities and participate in global discussions concerning governance principles and standards.

Visit www.gndi.org to learn more about the GNDI.



BOUT US

THE PILIPINAS SHELL PETROLEUM CORPORATION INITIAL PUBLIC OFFERING: A CORPORATE GOVERNANCE JOURNEY



A

BOUT US

In May 2016, ICD was approached by senior management of Pilipinas Shell Petroleum Corporation (PSPC) with a unique request. PSPC is an integrated oil refining and marketing company and a key player in the local petroleum industry. It focuses on turning crude oil into a range of refined products, which are distributed across the country and marketed to retail consumers and commercial customers in various business sectors. With total assets of over PHP 70.6 B and net revenues of PHP 136.8 B, PSPC operates a 110,000 bpd refinery and over 990 retail stations nationwide.

As PSPC was preparing for the initial public offering of its shares later that year, ICD was asked to help it assess whether its corporate governance infrastructure was consistent with the standards set by the best governed publicly listed companies (PLCs) in the Philippines. In response to the request, ICD crafted the following program for PSPC:

- (1) A CG Health Check assessment which rated PSPC according to the ASEAN Corporate Governance Scorecard (ACGS);
- (2) An exclusive Corporate Governance Orientation Program (CGOP) for PSPC senior management which featured panel discussions with ICD Fellows who either serve as directors on or are employed with PLCs. The panelists fielded questions from the PSPC participants regarding CG Challenges they might find and shared best practices to address these concerns; and

ICD would like to thank the dedicated Fellows who took their time and effort to impart their knowledge and expertise namely, Mr. Christopher James Nelson, Ms. Helen De Guzman, Atty. Jose Jesus Laurel, Ms. Catherine Hufana-Ang, Ms. Corazon Guidote, Mr. Rex C. Drillon, Mr. Frank Numann, and Ms. Sherisa P. Nuesa.

INVESTORS' FORUM

INSTITUTIONAL INVESTORS RECOGNIZE GOVERNANCE AWARDEES AT INVESTORS' FORUM

Institutional Investors have a fiduciary duty to safeguard and promote the interests of their beneficiaries and clients. As such, they must observe good corporate governance practices. The internationally recognized G20/OECD defines corporate governance as a means to create market confidence and business integrity, which in turn is essential for companies that need access to equity capital for long term investment. Corporate governance policies for institutional investors are best embodied in a stewardship code. The 2016 Investors' Forum was organized to enable discussion of other countries' relevant experiences and equip attendees with best practices in stewardship and governance to improve their investment practices.

The Institute of Corporate Directors (ICD) partnered with the Fund Managers Association of the Philippines (FMAP), the Philippine Investment Funds Association (PIFA), the Trust Officers Association of the Philippines (TOAP), and PJS Corporate Support, Inc. to help investors practice responsible stewardship. It brought together institutional investors, fund managers, trust officers, asset managers, stockbrokers and directors, as well as regulatory bodies such as insurance companies and investment/commercial banks.

The forum featured a roster of investment experts among its speakers, as well as international wealth stewardship advocates to educate the Philippines business community on current trends in global

investment and proper stewardship in the context of good corporate governance. These included Mr. George Dallas, Policy Director of the International Corporate Governance Network; Ms. Asthildur Hjaltadottir, Director of Services at the Global Reporting Initiative; and Mr. Jenn-Hui Tan, Director of Corporate Finance at Fidelity International.

The highlight of the event was the first ever recognition by institutional investors of the best governed publicly-listed companies (PLCs) in the country. These were: Manila Water Company, Inc.; Philex Mining Corporation; Aboitiz Equity Ventures, Inc.; BDO Unibank, Inc.; Globe Telecom, Inc.; GT Capital Holdings, Inc.; Manila Electric Company; Ayala Corporation; Ayala Land, Inc.; Philippine Long Distance Telephone Co.; SM Prime Holdings, Inc.; Bank of the Philippine Islands; Energy Development Corporation; International Container Terminal Services, Inc.; and Metropolitan Bank & Trust Company.

These firms – the first 11 of which were also named ASEAN Corporate Governance Award winners last November – topped the following criteria: ASEAN Corporate Governance Scorecard, Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors.



BOUT US



IN MEMORIAM



JESUS "GIGI" ZULUETA

1950 - 2016

Beloved ICD Fellow and Friend

"With the passing away of Gigi Zulueta, I wish to put on record the deep sense of gratitude I have---and of the many others who helped initiate our corporate governance advocacy.

Towards the middle of 1999, when I was thinking of what next step I should take after having served ADB in Tokyo, I had a short conversation with Gigi. Since I mentioned corporate governance as a possible advocacy, Gigi immediately gave me encouragement. He happened to have just attended a short seminar at the Harvard Business School on corporate governance; he readily gave me the books and other materials he obtained from that seminar at Harvard. Those were the first set of materials I read about corporate governance; they proved to be very useful in organizing (and preparing for) the first set of trial sessions on corporate governance that I conducted, first involving a small group of close friends (who willingly served as the guinea pigs).

After these initial experimental sessions on corporate governance, I arranged for a small group to formally train in Australia. This group went to the Australian Institute of Directors. Among the members of this small group, perhaps no more than a dozen, was Gigi Zulueta. After their return, Gigi and his group-mates (those who went to Australia with him) were kind enough to provide more substance and support that I needed when I organized the first set of formal sessions that later turned out to be the basis of our current Professional Directors Program.

I write this note to share with our ICD Fellows. It is my way of recognizing our debt of gratitude to Gigi for the help he gave me when I was laying the foundations for ICD. Without him we could not have gone far in giving a start to ICD."

- Dr. Jesus P. Estanislao, Chairman Emeritus

ROBERTO M. PATERNO

1936 - 2016



MEMBERSHIP GUIDELINES

MEMBER BENEFITS

Join ICD as a **Fellow, Graduate Member or Associate** and enjoy these benefits:

The opportunity to be invited to join ICD's committees to help shape its agenda and positions on various issues, and contribute to the development of best practices and policy proposals concerning good governance;

Inclusion in the list of members recommended by ICD to corporate boards upon request (subject to the fit between professional qualifications and requirements of the corporation)*.

The chance to participate in ICD's various corporate governance training programs and workshops as a facilitator and/or lecturer;

Free attendance to ICD monthly breakfast roundtables, the Distinguished Corporate Governance Speaker Series, fellowship gatherings and others *;

Fellows and Graduate Members may attend one whole-day ICD training/course per year for free*;

Discounts on registration fees for working sessions, ICD training courses and partner tie-ups; and

Complimentary use of the exclusive Fellows' Room at ICD's headquarters;

* Associates have paid entrance to events, and are not included in ICD director recommendations.

BE RECOGNIZED.

Members may affix post-nominals after their name, to indicate that they are part of a learned society of trained professional directors. Fellows affix FICD; Graduate Members, GICD; Associates, AICD.



QUALIFICATIONS AND PROCESS

To qualify as an ICD **Fellow or Graduate Member**, the following criteria must be met:

 **EDUCATION.** Full participation in the Institute's Professional Directors Program

 **EXAMINATION.** Shows sufficient familiarity with the various director issues that the Professional Directors Program covers

 **EXPERIENCE.** Must be a member of the board of a recognized and reputable professional / business / non-government organization for at least 2 years (for Fellows)

* If an applicant lacks sufficient experience he/she may be named a Graduate Member until sufficient board experience has been gained.

 **ETHICS.** Commitment to ethics, social responsibility and corporate governance as manifested by a pledge to participate in the Institute's advocacy: names of candidates are posted for evaluation for Fellows to comment on integrity and reputation.

Note: The accreditation process takes approximately 3 months, from examination submission to member induction.

One may also join ICD as an **Associate Member**, and enjoy part of the Fellows' benefits.

Requirements are:

 **EDUCATION.** Attended one day ICD training program: Corporate Governance (CG) Orientation, Strategy Execution Pathway, ASEAN CG Scorecard or Board Services; Must be endorsed by an ICD Fellow, member of staff; or passed due diligence

 **ETHICS.** Same as above

MEMBERSHIP GUIDELINES

MEMBERSHIP CATEGORIES

Category	Course Requirement	Annual Dues	Voting Rights	Other Remarks
Honorary Fellows (FICD)	Not necessary	None	None	Title bestowed by Board of Trustees.
Fellows (FICD)	PDP	P20,000	Yes	Must pass interview & possess sufficient director experience.
Graduate Members (GICD)	PDP	P15,000	None	Must pass interview. Can progress to Fellow once sufficient director experience is gained.
Associate Members (AICD)	CGOP/ any one whole day course/ program	P10,000	None	No exam or interview requirement but will have a screening process and fill up application form. <i>Discounted prices to ICD events and programs.</i>

A

BOUT US

Fellows and Members Inducted in 2016

Fellows

- Mr. Leovigildo Abot
- Mr. Victor Jose Africa
- Ms. Patricia Jane Arriola
- Atty. Maria Corina Bunag
- Mr. Juan Diaz, Jr.
- Mr. Asterio Favis, Jr.
- Ms. Carolina Go
- Mr. Miguel Angel Gonzalez
- Mr. Charles Robert Gothong
- Ms. Ma. Teresa Jesudason
- Mr. Telibert Laoc
- Mr. Johannes Albertus Loozekoot
- Dr. Conchita Manabat
- Atty. Erwin Orocio
- Mr. Robert Sears
- Mr. Timothy Strong
- Atty. Jose Tomas Syquia
- Ms. Edel Mary Vegamora

Graduate Members

- Atty. Eireene Xina Acosta
- Mr. John Mark Borja
- Ms. Loriza Cabatbat
- Atty. Denis Cabucos
- Ms. Rosalie De Silva - Guarin
- Mr. Dionesio Dimpas
- Mr. Georgy Gabriel
- Ms. Maria Lourdes Lozada
- Ms. Joy Maneja
- Ms. Mary Ann Morante
- Mr. Robert Gerard Nepomuceno
- Ms. Pamela Pitas
- Atty. Marie Cecile Quintos
- Mr. Coleridge Shelley
- Ms. Teresita Sureta
- Atty. Jose Mari Tolentino
- Col. Cornelio Jr. Valencia

Associate Members

- Mr. Mark Anthony Almodovar
- Mr. Anthony Catajan
- Mr. Mario Demarillas
- Mr. Paolo Luis Francisco
- Mr. Cris Gamboa
- Ms. Lee Malapad

Graduate Members elevated to Fellowship:

- Mr. Angelito M. Gabriel
- Atty. Ma. Jasmine S. Oporto
- Ms. Ma. Cristina S. Rosales
- Mr. Romeo D. Lustestica
- Mr. Philip N. Tan



TEACHING FELLOWS



Carmelita R. Araneta



Wilfrido A. Atienza



Atty. Fe B. Barin



Bienvenido S. Bautista



Engr. Dante M. Briones



Eduardo L. David



Romeo G. David



Atty. Carla J. Domingo



Rex C. Drilon II



Ma. Victoria C. Españo



Dr. Jesus P. Estanislao



Francis G. Estrada

A

BOUT US

A

BOUT US



Atty. Simeon Ken R. Ferrer



Catherine L. Hufana-Ang



Ricardo Nicanor Jacinto



Atty. Teodoro Alejandro Y. Kalaw IV



Lourdes D. Magno



Roberto G. Manabat



Atty. Engr. Pedro H. Maniego Jr.



Vicente T. Mills, Jr.



Dr. Vaughn F. Montes



Jonathan Juan DC Moreno



Gregorio S. Navarro



Imelda G. Nibungco

TEACHING FELLOWS



Sherisa P. Nuesa



Frank D. Numann



M. Jasmine S. Oporto



Wilfredo A. Paras



Alfredo B. Reyes



Atty. Jose Tomas Syquia



Imelda C. Tiongson



Reginald H. Tiu



Lope M. Yuvienco



Ma. Lourdes B. Yuvienco



Edward Dennis J. Zshornack

A

BOUT US

CIRCLE CHAIRS AND MEMBERS

CEBU CIRCLE



Jeremias C. Zapata Jr.
Chair

Warmest greetings from Cebu, the Queen City of the South!



BOUT US

We, the members of ICD-Cebu, are grateful for the Fellows' Lunch programs done in Cebu last year. The first, held in April 2016, was spearheaded by ICD CEO Ricky Jacinto who gave us an update on "The State of Corporate Governance" in the country and how we stand in comparison with others in the region. While we can see some excellently governed companies among those listed in the Philippine Stock Exchange, the country as a whole has a lot of catching up to do with our Asian neighbours if she wants to capture a larger portion of global investments.

Our second event was done in November 2016 by IT expert and ICD Fellow Dante Briones who graciously gave his time to lecture us on IT Governance - a very important matter but most ignored and neglected issue in the Boardroom. Lack of security consciousness on the part of company executives could lead to information leaks which will have dire consequences for the company.

Both events were attended not only by ICD members but by business friends, colleagues, and clients as well as supporters from the academe and media. This is our way of sharing our advocacy to interested parties hoping that in the future they will open themselves to becoming part of the governance landscape.

CIRCLE CHAIRS AND MEMBERS

A
BOUT US

For 2017, we hope for a more vibrant participation in ICD activities. We hope to increase our membership with more fellows, graduate and associate members joining our ranks to compensate for very active members we lost to the higher calling of public service; Gerry Sta. Ana was appointed ERC commissioner; Melanie Ng doubles as president of the Cebu Chamber of Commerce and Industry and director of the Mactan Cebu International Airport Authority; Philip Tan is business sector representative to the Regional Tripartite Wages and Productivity Board; Dondi Joseph is ExeCom chair of the Mega Cebu Development Coordinating Board and recently named Honorary Consul of the Netherlands. ICD-Cebu is proud to share our advocacies within their spheres of influence.

As the Cebu economy grows along with the country; as more Cebu based companies goes public through listing in the PSE, as more disciples will be needed to spread the gospel of good governance; it is our fervent hope and wish that ICD will continue to be the shepherd that guides his flock.

Daghang salamat! Mabuhî kitang tanan sa ICD!

JEREMIAS C. ZAPATA JR.

Chairman
Cebu Circle



Rogelio Q. Lim



Jose Soberano III



Philip N. Tan

FELLOWS CIRCLE



Eduardo L. David
Chair

Report on ICD Committee on Fellows' Relations Circle

A

BOUT US

monthly meetings, seminars, introducing new members or new companies to corporate governance

- (a) to survey members' activities;
- (b) to understand the reasons for joining, their expectations, their profile and demographics;
2. The committee's vice chair is Paolo Delgado, with members Gerry Bacarro, Imelda Nibungco, Maria Lourdes Lozada, Leveric Ng, Carmelo Alcala, Tomasa Lipana, Marivic Espano, Ed David
3. The committee has met 4 times since June 15, with an average attendance of Meeting 1 - July 27 (5 members) Meeting 2 - August 25 (3 members) Meeting 3 - November 15 (6 members) Meeting 4 - With Pet Bautista

CIRCLE CHAIRS AND MEMBERS

A

BOUT US

4. Conclusions and recommendations

(a) principal reasons for joining ICD

- required by SEC, BSP, PSE or by their superiors
- desire to serve as independent directors of private or publicly listed companies (48 pct); to learn best CG practices (63 pct); continuing education (44 pct);
- interested to learn about best CG practices (74 pct); family business governance (41 pct); shareholder rights (33 pct);
- 70 pct of members are inactive (FINEX active members about 10 pct, similar to ICD)
- not for socials, and significant majority are "semi-retired"
- not for professional growth, no emotional connection/equity with ICD
- prefers round table discussion in small groups rather than lunch meetings (which is one way conversation)
- speakers and topics of interest are major attractions for attending, but oftentimes duplicates with other organizations;
- social media in a closed "ICD group" can be of interest to members who can engage, without traveling, and not limited to the time of meetings;
- surveys can be conducted through social media in a closed group;
- newspaper type newsletters are not read and ineffective vehicle to communicate;
- our typical surveys get a response rate of 9.9 pct;

(b) live in different parts of Metro Manila and Metro Cebu

- traffic can be a challenge, so if it is just one meeting in Makati, they will not attend unless it is compelling
- prefer to have the meeting nearby, i.e. If working in Quezon City, the farthest he or she would travel would be Ortigas.
- ICD had meetings at Ortigas and Cebu to accommodate members working or living in the northern and central part of the city.

(c) some members have been invited to become Directors

- need to update members with "wins", e.g. Mr. Cruz just got appointed Independent director of xyz company. Added suggested to profile the ideal "independent director";
- actively look for partners, like association of utility cooperatives, Medium and small scale companies seeking outside directors, rural banks, etc.
- for ICD members, offer to resign after 3 years, or if more than 3 Directorships, in favor of other ICD members
- encourage members to attend courses for upgrading skills, to become resource speakers, and increase their commitment exposure to the target market.
- device metrics to measure performance of initiatives
- casual mentorship can be initiated;
- get better data base on our members as present format does not allow info on directorships as part of management roles, how many directorships you sit on, pct of independent directors vs executive (Mgt) Directors.



EDUARDO L. DAVID
Chairman
Fellows Circle

CIRCLE CHAIRS AND MEMBERS



Carmelo B. Alcala



Rey Gerardo Bacarro



Bienvenido S. Bautista



Carmelo Ma. Bautista

A

BOUT US



Loriza D. Cabatbat



Jose Paolo L. Delgado



Ma. Victoria C. Españo



Hans R. Hauri



Gordon Alan P. Joseph



Francisco Ed. Lim



Tomasa H. Lipana



Maria Lourdes P. Lozada



Senen L. Matoto



Leveric T. Ng



Imelda G. Nibungco

NATIONAL GOVERNANCE CIRCLE



Francis G. Estrada
Chair

Since its inception, which was the aftermath of the Asian Financial Crisis, the Institute of Corporate Directors (ICD) has been modestly working on the peripheries though resolute in its determination to continuously form corporate decision makers into creating a governance ecosystem that hopes to create a long-term impact and social transformation in society. However, the world is changing much too rapidly that subtle but important actions without a commanding presence such as a booming voice, could very well become permanently lost in the side lines. As ICD nears its 20th year milestone in less than two years' time, our next level of engagement in championing our advocacy should consider taking these definite positions on governance related issues.

First, we should not duplicate the role of other organizations. Our own focal point is on governance and we ought to align with our stakeholders.

Second, contemporary events affecting Europe (Brexit), the United States (election of President Donald Trump), and our own country (after effects of an eight-month Duterte presidency) show that democracy is not free. People will always criticize a populist leader but that is the very nature of a popular vote. To make it work, various issues have to be sorted, explained and understood by various stakeholders. There are no shortcuts by simply trivializing facts, and focusing on sound bites with regard to important national issues such as corruption, plunder, drug and human trafficking, capital punishment, lower taxes, and the like compared with fully educating the public on possible long-term outcomes that affect the country on each of the issues at hand.



BOUT US

CIRCLE CHAIRS AND MEMBERS

A
BOUT US

As the chair of the national governance circle, I enjoin all Fellows, Graduate Members and Associates, and not just circle members, to participate, be more proactive and aboveboard, yet circumspect in expressing our common views as advocates of good corporate governance with regard to national issues that affect the general populace. Your participation is most welcome whether in circle meetings or in jointly coming up with a common ICD stand on particular national governance issues. Let us bear in mind what we represent and stand for, addressing these issues in the light of our common values of social responsibility, patriotism, independence, excellence, solidarity and ethics.



Francis G. Estrada
Chairman
National Governance Circle

A

BOUT US



Edilberto P. Adan



Rafael M. Alunan III



Edilberto P. De Jesus



Benedicta Du-Baladad



Francis G. Estrada



Mario R. Gatus



Roy Eduardo T. Lucero



Sherisa P. Nuesa



Epifanio Q. Qua-Hiansen



Mercedes B. Suleik

CIRCLE CHAIRS AND MEMBERS

SCORECARD CIRCLE

A

BOUT US



Pedro P. Benedicto Jr.
Chair

CG SCORECARDS CIRCLE'S 2016 ACCOMPLISHMENTS

1. The Corporate Governance Scorecards Circle Charter was finalized. The charter contains a more defined role of the members in taking the lead in the advocacy, awareness and development of corporate governance scorecards and related programs towards an enhanced corporate governance framework and improved country's overall governance rating.
2. The members were able to provide support in the CG Analytics initiatives as resource speakers in four (4) ACGS workshops for Insurance Companies (lectures from Dr. Pedro P. Benedicto, Jr., Ms. Catherine Hufana-Ang, Ms. Helen T. de Guzman and Mr. Gerardo F. Dela Paz). The workshops were held in One Pacific Place Residence, Makati City. The lecturers from the circle increased to 6 in 2016 from 2 in 2015.

There were 136 attendees, representing 76 companies of the 125 InsCos. The attendance rate was higher than the previous year. 56% of respondents rated the workshop excellent (90% and above)

3. It was announced in Sept. 8, 2016 scorecard circle's meeting that Dr. Pedro P. Benedicto, Jr. and Ms. Helen T. de Guzman are the new chairperson and vice chairperson of the circle.

4. The circle has the following new members:

- Jonathan Juan DC. Moreno
- Atty. Ace Devino A. Custodio
- Atty. Maria Jasmine S. Oporto
- Ms. Veneranda F. Tomas

2017 Initiatives:

1. Continue increasing the number of circle members, and its engagement in the circle's initiatives and activities.
2. Create a technical working group to develop scorecards for different sectors (e.g. FOCC – may need to collaborate with other circles)

Clarification: The CG scorecard for FOCCs must be developed with the goal of improving the governance of the FOCCs to make the journey easier towards being a publicly-listed company in the future and not serve as a separate standard to the ACGS.

3. All members are encouraged to contribute an article that will be posted in ICD website. The article may be about a section/item on the Scorecard that the member has expertise on e.g risk management. It should be around 400-500 words. The target is to submit one article per quarter.

Assignments:

First quarter – Dr. Jhun (Risk Management)

Second quarter – Mr. Manabat (Audit Committee)

Third – Ms. Helen (Internal Audit)

Fourth – Ms. Cathy

CIRCLE CHAIRS AND MEMBERS

A

BOUT US

4. Take some initiatives to encourage those companies which scored low in the 2016 assessment to improve more their corporate governance practices. They should also be encouraged to attend the ACGS workshop set in the first and second quarter of 2017.
5. Tentative schedule of next quarterly meetings:
 - March 23, 2017
 - June 29, 2017
 - September 29, 2017
 - December 7, 2017



PEDRO P. BENEDICTO JR.
Chairman
Scorecard Circle

A

BOUT US



Helen T. De Guzman



Gerardo F. Dela Paz



Catherine Hufana-Ang



Roberto G. Manabat



Jonathan Juan DC. Moreno



Paulino M. Servado Jr.



Reginald H. Tiu



Veneranda F. Tomas

CIRCLE CHAIRS AND MEMBERS

STRATEGY EXECUTION PATHWAY (STEP) CIRCLE

A

BOUT US



Pedro H. Maniego Jr.
Chair

Dear ICD Fellows,

We are proud to update you on the activities of the Strategy Execution Pathway Circle (StEP), formerly known as the Performance Governance System Circle (PGS). While the PGS of the Institute for Solidarity in Asia caters to the needs of LGUs and government agencies, StEP will focus on privately-owned companies and GOCCs. Utilizing the Balanced Scorecard framework, StEP aims to add value to Company performance through strategy design and execution.

In 2016, the Circle handheld 13 Companies that have undergone the Strategy Execution Pathway, and worked with them to develop their Vision, Mission, Core Values, Strategy Map, and Scorecard. The number of organizations we served increased

by 63% compared to 2015. In addition to finance, industrial and service companies, we also targeted cooperatives, microfinance institutions, and rural banks in line with the strategic thrust of ICD.

For companies who want to move on from strategy planning to execution, the StEP Masters course was launched in 2016. The Masters course seeks to provide the participants with the tools and discipline to align, cascade and execute the balance scorecard to achieve breakthrough results. Through the StEP Essentials and Masters, the number of participants in our courses increased by 85% versus 2015.



BOUT US

Our achievements last year would not have been possible without the strong support of our active Circle members and staff. We continue to improve the skills of our faculty through the regular training programs. In addition to Freddie Reyes and Pete Maniego, another three facilitators were certified as Palladium Kaplan-Norton Certified Graduates in 2016—Dante Briones, Ida Tiongson, and Marose Anatalio. Likewise, Teddy Kalaw attended the Palladium Boot Camp in Dubai while RB Bascon attended the Boot Camp in Australia. Dr. Nick Fontanilla, Rex Drilon and Ricky Jacinto are StEP Circle members and regular lecturers.

We will unveil the new StEP Logo that signifies the growth of the StEP program since its inception. Besides continuing to improve our StEP Essentials and Master courses, we will add new offerings for directors in the form of corporate board retreats. We will intensify our corporate interventions to differentiate us from other organizations providing similar training programs.

To accomplish our objectives for 2017, we are soliciting the active participation of our Fellows and Graduate members. We need more dedicated members as well as endorsements and availments of our services by ICD members to expand our reach.

A handwritten signature in black ink, appearing to read "Pedro H. Maniego Jr." followed by a period.

PEDRO H. MANIEGO JR.
Chairman
StEP Circle

CIRCLE CHAIRS AND MEMBERS



Roberto T. Bascon Jr.



Engr. Dante M. Briones



Rex C. Drilon II



Dr. Aniceto B. Fontanilla



Ricardo Nicanor N. Jacinto



Atty. Teodoro Alejandro Y.
Kalaw IV



Alfredo B. Reyes



Imelda C. Tiongson

A

BOUT US

THOUGHT LEADERSHIP CIRCLE



Atty. Teodoro Alejandro Y. Kalaw IV
Co-chairman

The ICD Thought Leadership Circle contributes to fulfilling the vision and mission of the Institute by:

- a. Reviewing and coordinating content development of the institute's courses.
 - i. Curriculum Development - Reviewing and developing the course curriculum of ICD to ensure that all courses provided are intellectually robust, grounded in practical applications, provide the most recent innovations in the discipline of corporate governance and its related fields, and are conceptually consistent with each other.
 - ii. New Course Design – Supervise the design and production of new courses.
- b. Supervising the Institute's research and publication initiatives.
 - i. Research Supervision – Supervise the production of case studies and other research to support ICD courses and advocacies.
 - ii. Content Production – Supervise the publication of materials to support ICD courses and facilitate ongoing professional development and/or awareness-building for the Institute's members and external stakeholders.
 - iii. Intellectual Property – Develop, protect, and enforce ICD's Intellectual Property Policy.



BOUT US

CIRCLE CHAIRS AND MEMBERS

- c. Overseeing the recruitment, selection, and development of Institute Faculty.
- i. Faculty Accreditation – Provide and implement a rigorous process for recruiting and assessing faculty for ICD's courses.
 - ii. Faculty Development – Supervise faculty orientation and development initiatives.

A
BOUT US

Given its mandate, the Circle in 2016 engaged in the following activities:

- a. ICD Courses
 - Coordinated comprehensive course reviews and content revisions for the following current courses:
 - Professional Directors Program
 - FOCC Course (rebranded as Family Business Governance),
 - Strategic Execution (StEP) Program
 - Corporate Secretaries as Corporate Governance Professionals
 - Corporate Governance Orientation Program
 - Supervised the introduction of the following new courses:
 - Business Integrity
 - STEP Masters
- b. Research and Publications
 - Supervised the production of the following research and case studies:
 - Amendments to the Corporation Code, Concept paper for the ACGS Correlation Study, Mini-Cases
 - Reviewed the production of the following publications:
 - 2016 Remuneration and Benefits Survey of Directors of Philippine Publicly-Listed Companies
 - Monthly Corporate Governance Updates
 - Corporate Governance Digests
 - Coordinated the development of the Institute's Intellectual Property Policy

c. ICD Faculty

- Supervised the conduct of ICD Faculty Summits last January 13, 2016 and August 9, 2016.
- Accredited the following new institute faculty: Catherine Hufana-Ang; Wilfrido Atienza; Bienvenido Bautista; Maria Victoria Españo; Atty. Pedro Maniego Jr.; Lourdes Magno; Vicente T. Mills Jr.; Atty. Maria Jasmine Oporto; Wilfredo Paras; Alfredo Reyes; and Reginald Tiu
- Circulated the following materials to ICD faculty for discussion:
 - Proposed Corporation Code Amendments of the Philippine Securities and Exchange Commission
 - King IV Report on Corporate Governance (IoDSA)
 - IFC Internal Audit Master Program



ATTY. TEODORO ALEJANDRO Y KALAW IV
Chairman
Thought Leadership Circle

CIRCLE CHAIRS AND MEMBERS



Atty. Fe B. Barin



Rex C. Drilon II



Dr. Jesus P. Estanislao



Francis G. Estrada



Ramoncito S. Fernandez



Ricardo Nicanor N. Jacinto



Roy Eduardo T. Lucero



Sherisa P. Nuesa



Roberto S. Vergara



Edwin B. Villanueva

A

BOUT US

EXAMINERS AND INTERVIEWERS



Mr. Cris G. Acosta, PhD, CFA



Ms. Carmelita R. Araneta



Atty. Fe B. Barin



Mr. Bienvenido S. Bautista



Mr. Cris S. Cabalatungan



Mr. Baltazar N. Endriga



Mr. Eduardo V. Francisco



Ms. Corazon P. Guidote



Mr. Gordon Alan P.
Joseph



Atty. Angelica H. Lavares



Atty./Eng. Pedro H.
Maniego Jr.



Mr. Mariano M. Martin



Dr. Vaughn F. Montes



Ms. Imelda C. Tiongson



Mr. Lope M. Yuvienco



Mr. Jeremias C. Zapata Jr.

A

BOUT US

OFFICERS AND STAFF

A
BOUT US



MANCOM

Pablo M. Tansiking, Jr., Director – Accounting; Sisenando U. Bengzon, Director – Course Development and Research; Ricardo Nicanor N. Jacinto, CEO; Roberto T. Bascon, Jr., Director – CG Analytics; Mary Rose G. Anatalio, Director – Board Services; Vanessa P. Bicomong, Director – Marketing and Sales; Michelle L. Dee, Director – Fellows Relations; Regine Marie E. Cinco, Team Leader – Course Development and Research



COURSE DEVELOPMENT & RESEARCH

Sydney Nicole K. Calo, Business Researcher; Carla Angeli A. Ronquillo, Course Coordinator; Regine Marie E. Cinco, Team Leader – Course Development and Research; Ria Angeli C. Soliman, Events Logistics Coordinator; Sisenando U. Bengzon, Director – Course Development and Research



FELLOWS RELATIONS

Almira Faye R. Manapat, Fellows Relations Specialist; Michelle L. Dee, Director – Fellows Relations; Christian A. Cardenas, Fellows Relations Specialist

**MARKETING AND SALES**

Pink Celine V. Aparicio, Marketing Coordinator;
Vanessa P. Bicomong, Director – Marketing and Sales;
Cynthia A. Bovier-Lapierre, Business Development Specialist

**CG ANALYTICS**

Cathyrine P. Perez , CG Analyst; Genica Faye E. Bucao, CG Analyst; Anna Maylyn B. Sabado, CG Analyst; Roberto T. Bascon, Jr., Director – CG Analytics

**BOARD SERVICES**

Mary Rose G. Anatalio, Director – Board Services;
Patricia L. Ongpin, Board Services Program Coordinator

**ACCOUNTING**

Romelle Glenn M. Dimailig, Office Staff; Marcial G. Calasan, Accounting Specialist I; Lulu L. Baysa, Accounting Specialist; Jesson A. Grajo, Accounting Staff; Pablo M. Tansiking, Jr., Director – Accounting

OFFICERS AND STAFF

A
BOUT US



HR AND ADMINISTRATION

Roger Joseph R. Marcelo, Executive Assistant to Chairman Emeritus/Admin Assistant; Kristine Lynden P. Gonio, HR and Admin Specialist; Jennifer V. Santos, Director – HR and Admin; Nelvi Myn P. Lucero, HR and Admin Coordinator; Jesus S. Sultan, Jr., Administrative Staff



RESOURCE MOBILIZATION

Jose Rafael K. Ortega, Director – Resource Mobilization; Cara Marie S. Sangual, Resource Mobilization Specialist

LIST OF DONORS

(CHAIRMAN'S CIRCLE)

United States Agency for International Development (USAID)

(GOVERNANCE AMBASSADOR)

Ayala Corporation

(GOVERNANCE PARTNER)

Manila Electric Company

(GOVERNANCE PATRON)

AIG

(SPONSORS)

DG3 Idocs Inc.

ALFM

Ayala Land Premier

Azeus Systems Philippines, Inc.

BDO Unibank, Inc.

Cebu Holdings

Cebu Landmasters, Inc.

CPDone

D&L Industries

DPC Yellow Pages

Etihad Airways

Gothong Southern

Intellicare

John Clements Consultants, Inc.

Land Bank of the Philippines

Marco Polo Ortigas

Meralco

Metro Pacific Investments Corporation

Philex Mining Corporation

Philinsure

Philippine National Bank

Pilipinas Shell Petroleum Corporation

RCBC

Splash Corporation

Steel Asia Manufacturing Corporation

Teach for the Philippines

Villanueva, Gabionza & Dy Law

ZMG Ward Howell



BOUT US

INVESTORS' FORUM DONORS

United States Agency International Development (USAID)

FORUM ORGANIZERS

Fund Managers Association of the Phil., Inc.
Institute of Corporate Directors
Philippine Investment Funds Association
PJS Corporate Support, Inc.
Trust Officers Association of the Philippines

FORUM PARTNERS

 International Finance Corporation
Pru Life UK

MAJOR SPONSORS

Bangko Sentral ng Pilipinas
Land Bank of the Philippines
Government Service Insurance System
Social Security System

PATRON SPONSOR

Philam Life

INVESTOR STAKEHOLDER

Philippine National Bank

CORPORATE GOVERNANCE GUIDELINES

1. STATEMENT OF PURPOSE

The Board of Trustees (the "Board") of the Institute of Corporate Directors ("ICD") has adopted the following guidelines to create a framework that seeks to ensure the effective governance of ICD. The Board intends this framework to be flexible and, subject to any applicable law, the Board may modify this framework based on its experience under it.

The Board is responsible for the stewardship of ICD and for supervising the management of the business and affairs of ICD. Accordingly, the Board acts as the ultimate decision-making body of ICD, except with respect to those matters that must be approved by its members. The Board has the power to delegate its authority and duties to committees of the Board (each a "Committee") or individual members and to senior management as it determines appropriate, subject to any applicable law. At all times, the Board will retain its oversight function and ultimate responsibility for matters that the Board may delegate to Committees, unless specified in the mandate of a given Committee from time to time or as otherwise specifically delegated by the Board to a Committee. The Board explicitly delegates to senior management responsibility for the day to day operations of ICD, including all matters not specifically assigned to the Board or to any Committee. Where the Chair of the Board, a Committee or senior management is responsible for making recommendations to the Board, the Board will carefully consider those recommendations.

The mandate, functions and responsibilities of the Board and its Committees are subject to the provisions of ICD's by-laws and other applicable legislation.

2. BOARD MANDATE

The fundamental duty of the Board is to manage or supervise the management of the activities and affairs of the organization. The Trustees will perform their duties honestly and in good faith with a view to the best interests of ICD while exercising at least the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and will consider the interests of all members, employees and other stakeholders of ICD. In fulfilling their roles, Trustees and senior management will apply the principles specified in the Vision, Mission and Goals statement of ICD. In fulfilling its duties, the Board is, among other things, responsible for the following:

- appointing, evaluating and remunerating the Chief Executive Officer ("CEO"); on an ongoing basis, satisfying itself that the business of ICD is conducted ethically and with integrity and that the CEO and other senior management inculcate a culture of integrity throughout ICD;
- reviewing and approving from time to time ICD's Vision, Mission and Goals;
- providing input to, reviewing and approving ICD's strategic direction and strategic plan;
- understanding and overseeing the management of the principal risks to ICD's business, including reviewing with the CEO and senior management their assessment of the principal risks to ICD's business (or, in the case of financial risk, receiving reports from the Finance & Finance & Audit Committee on management's review thereof) and ensuring that appropriate systems to manage these risks are implemented. In the case of financial risk, these functions may be performed by the Finance & Audit Committee;
- reviewing and approving annual budgets;

CORPORATE GOVERNANCE GUIDELINES

- monitoring, on a regular basis, performance of ICD (including the CEO and other senior management) against the strategic plan and the annual budget;
- reviewing and approving annual audited financial statements (as recommended by the Finance & Audit Committee);
- approving the selection of ICD Fellows made and proposed to the Board; and Members
- considering, and if thought fit, approving recommendations made to the Board by the Committees.

3. QUALIFICATION OF TRUSTEES

ICD seeks as Trustees committed individuals who have the highest ethical standards, sound practical commercial judgment and an interest in the long term best interests of ICD and its members and other stakeholders. Trustees are selected with nondiscrimination of gender, race, religion, age, professional skill, or other qualifications. With this goal in mind, each year the Board will determine: (i) what competencies and skills the Board as a whole should possess (taking into account the particular business of ICD) as will be reflected in the Board Matrix approved by the Board; and (ii) whether the competencies and skills that the existing Trustees possess meet the requirements set out in the Board Matrix. The Board will make those determinations in sufficient time for the Chair of the Board, in consultation with the Nomination, Remuneration and Governance (NRG) Committee, to reflect them in the Chairman of the Board's recommendations for nominees to the Board.

In order to be qualified as a Trustee, an individual must be a Fellow in good standing of ICD at the time of his or her election or appointment as such and throughout his or her term of office.

4. BOARD SIZE

The Board will periodically review whether its current size is appropriate. The size of the Board will, in any case, be within the number provided in the articles of incorporation of ICD.

5. TERM LIMIT FOR TRUSTEES OF THE BOARD

All Trustees are elected at the annual general meeting of members of ICD for a term of three (3) years. Beginning in 2013, the maximum cumulative term of a Trustee shall not exceed nine (9) years.

6. COMMITTEES

The Board will have an Finance & Audit Committee and an Nomination, Remuneration and Governance Committee, the charters of each of which will be as established by the Board from time to time. The Board may, from time to time, establish and maintain additional or different committees as it deems necessary or appropriate.

Committees of ICD are established to facilitate the work of the Board. Committees are accountable to the Board, which at all times retains responsibility for the activities and decisions of Committees. Each Committee has its particular oversight responsibilities in relation to ICD but all have common rules of governance and composition, and common operating principles and procedures.

7. ACCESS TO INFORMATION AND ADVISORS

In carrying out its duties, the Board and each of its Committees will have full access to all of the books, records, facilities and personnel of ICD that are relevant in respect of the duties of the Board or of a particular



Committee. In carrying out its duties, the Board and each Committee (in respect of that Committee's duties) may, from time to time, with the consent of the Chair of the Board, retain an outside advisor at the ICD's expense and determine the advisor's fees and other retention terms. Those advisors may include counsel, auditors, and other professionals, as appropriate. Individual Trustees may retain an outside advisor with the approval of the Executive Committee.

8. BOARD MEETINGS

AGENDA

The Chair of the Board, or a designate of the Chair, is responsible, in consultation with the CEO, for establishing the agenda for each Board meeting. Each director may suggest items for inclusion on the agenda and may raise at any Board meeting subjects that are not on the meeting agenda.

FREQUENCY OF MEETINGS

The Board will meet as often as the Board considers appropriate to fulfill its duties, but in any event at least once per quarter. The scheduled Board meetings will be held on the last Friday of the month following the end of the quarter.

RESPONSIBILITIES OF TRUSTEES WITH RESPECT TO MEETINGS

Trustees are expected to regularly attend Board meetings and Committee meetings (as applicable) and to review in advance all materials for Board meetings and Committee meetings (as applicable).

VOTING AT MEETINGS

At meetings of the Board each director shall have one vote and questions shall be decided by a two-thirds (2/3) majority of votes. In case of an equality of votes, the chair of the meeting shall not have a second or casting vote.

MINUTES

The minutes of all Board meetings will be approved at the next meeting of the Board.

ICD's corporate secretary (the "Corporate Secretary") is responsible for ensuring that draft minutes are completed after each meeting. The Corporate Secretary will circulate the draft minutes to the Trustees with the agenda for the next Board meeting, at least 5-7 days prior to the next Board meeting date. These may be circulated earlier to assist communication between and among management and the Board.

ATTENDANCE AT MEETINGS

The Board (or any Committee) may invite, at its discretion, non-Trustees to attend a meeting. Although Trustees are encouraged to attend all meetings in person, pursuant to ICD's by-laws, a Trustee may participate in a meeting by means of a telephonic, an electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

EXECUTIVE SESSIONS

At each Board meeting (and each Committee meeting at which members of management are in attendance), there shall be an opportunity for the Trustees to meet separately without management present.

CORPORATE GOVERNANCE GUIDELINES

Below is a summary of ICD's board members' attendance in all board meetings F.Y. 2016

Board Member	05 Feb 2016 (BoT)	5 May 2016 (BoT)	5 May 2016 (AGMM)	5 May 2016 (BoT Org)	29 July 2015 (BoT)	18 Nov 2014 (BoT)
Francis G. Estrada	Present	Present	Present	Present	Present	Present
Francisco C. Eizmendi, Jr.	Absent	Absent	Absent	Absent	Present	Absent
Fe B. Barin	Present	Present	Present	Present	Present	Absent
Rex C. Drilon II	Present	Present	Present	Present	Absent	Present
Bienvenido S. Bautista	Present	Present	Present	Present	Present	Present
Roberto G. Manabat	Present	Present	Present	Present	Absent	Present
Pedro H. Maniego	Present	Present	Present	Present	Present	Present
Eduardo V. Francisco	Absent	Present	Present	Present	Present	Absent
Sherisa P. Nuesa	Absent	Present	Present	Present	Absent	Present
Teodoro Y. Kalaw IV	Present	Present	Present	Present	Present	Present
Imelda C. Tiongson	—	—	—	Present	Present	Present
Edwin B. Villanueva	Present	Present	Present	—	—	—
Cesar B. Bautista (+)	—	—	—	—	—	—

9. ORIENTATION AND CONTINUING EDUCATION OF TRUSTEES

Each new director will receive a comprehensive orientation from the Chair and the CEO, or designates, including an overview of the role of the Board, the Committees and each individual director, the nature and operation of ICD's business and the contribution and time commitment the new director is expected to make. The orientation will include access to senior management of ICD and the facilities of ICD. The Board will consider from time to time appropriate continuing education for the Trustees, which may include presentations from management, site visits (including at ICD programs) and presentations from industry experts. Each director is also expected to maintain the necessary level of expertise to perform his or her responsibilities as a director.

10. ROLE OF THE CHAIR

The principal role of the Chair of the Board is to provide leadership to the Board. The Chair is elected by the incoming Board in the Trustees' meeting immediately following an annual general meeting. The Chair is accountable to the Board, acts as a direct liaison between the Board and the management of ICD, and acts as a spokesperson for Board decisions where appropriate.

The Board supports the concept of separation of the role of the Chair from that of the CEO, confirming that the Chair should be independent from management and free from any interest and any business or other relationship which could interfere with, or reasonably be perceived to interfere with, the Chair's independent judgment.

More specifically the duties and responsibilities of the Chair are as follows:

- to provide leadership to the Board in following the strategic plan of ICD;
- to act as Chair at meetings of the Board;
- to chair the annual general meeting and other meetings of members;
- to act as a liaison between management and the Board;
- to provide advice and counsel to the CEO;
- to oversee that ICD Trustees are properly informed and that sufficient and timely advance distribution of all information and materials is provided to enable the Trustees to form appropriate judgments and make all necessary decisions;
- to see that issues arising out of Board *in camera* deliberations are adequately communicated to and addressed by management and that the resulting outcomes are communicated to the Board;
- to coordinate the activities of the Board with Committee chairs;
- with the CEO, develop and approve the Board agenda;
- with the CEO, to oversee a program of comprehensive director orientation for new Trustees;
- to attend any meeting of any Committee that the Chair considers appropriate;
- with the CEO, to recommend to the Board the date, time and location of the annual general meeting;
- to advise the Board of member concerns as appropriate; and
- to annually conduct a Board evaluation based on a process approved by the Executive Committee.

11. ROLE OF THE CHIEF EXECUTIVE OFFICER

The CEO is responsible for preparing for the Board's review, implementing and executing the strategic plan and annual budget and related objectives approved by the Board. The CEO will have the authority to manage and supervise the day to day business of ICD, including making any decisions not specifically assigned to the Board or to any Committee of the Board, subject to any applicable law.

The CEO shall, subject to the authority of the Board, be responsible for the direct management of the business and affairs of ICD and shall direct and supervise the other officers and employees of ICD. The CEO shall see that all orders and resolutions of the Board are carried into effect and the CEO shall have such other responsibilities and perform such other duties as are delegated or assigned by the Board. The CEO shall be a director of ICD.

The responsibilities of the CEO include:

- managing the business and affairs of ICD within the guidelines established by the Board and reporting to the Board, its Committees and members as appropriate;
- recommending to the Board the strategy for ICD's business, and when approved by the Board, implementing the corresponding strategic plan;
- communicating in a timely fashion with the Board, its Committees and members, as appropriate, on material matters affecting ICD;
- overseeing the integrity of ICD's accounting, internal controls and preparation of financial reports;



CORPORATE GOVERNANCE GUIDELINES

- with the Chair, ensuring that new Trustees receive a comprehensive director orientation;
- developing an annual budget for review by the Finance & Audit Committee and approval of the Board and implementing the annual budget;
- overseeing the quality, consistency and delivery of the education and certification programs offered by ICD and its partners (if any);
- serving as ICD's principal spokesperson and principal manager of relationships with ICD's stakeholders; and
- such other duties as the Board may delegate from time to time.

12. COMMUNICATIONS WITH FELLOWS AND OTHERS

Fellows and other interested parties may contact the Board with any questions or concerns, including complaints with respect to accounting, internal accounting controls, or auditing matters, by contacting the Corporate Secretary of ICD at:

Corporate Secretary c/o the Institute of Corporate Directors 14F Trident Tower, 312 Gil Puyat Avenue, Makati City Tel (main): (02) 884-14941 Fax: (02) 884-1493

All correspondence received by the Corporate Secretary will be promptly acknowledged and reviewed by the Corporate Secretary, who will determine whether the correspondence should be forwarded immediately to the Board or any member of the Board or whether the correspondence should be presented to the Board at its next regular meeting. The Corporate Secretary will consult with the Chair if there is a question concerning the need for immediate review by the Board or by any member of the Board.

13. CODE OF BUSINESS CONDUCT AND ETHICS

The Board has adopted the Code of Business Conduct and Ethics of the Center for Excellence in Governance. The Board expects all Trustees, officers, employees and volunteers of ICD to conduct themselves in accordance with the highest ethical standards, and to adhere to the Code.

14. EXPENSES

ICD will pay all of the expenses reasonably incurred by the Board and its Committees in the course of carrying out their duties. ICD places importance on ensuring that those traveling in relation to ICD business exercise due care and prudence in incurring expenses.

15. PUBLIC DISCLOSURE OF GOVERNANCE DOCUMENTATION

ICD will disclose on its website the current version of these guidelines, the Code of Business Conduct and Ethics, its Whistleblower Policy and the charters for each of its Committees.

16. EXTERNAL AUDITOR

The auditing firm, Navarro Amper& Co. is ICD's external auditor since 2003. The signing partner of the consolidated financial statements of ICD since 2008 has been Mr. Wilfredo Baltazar.

The Auditor's Fee in 2015 was Php148,120.

GUIDELINES FOR THE CONSTITUTION OF THE NOMINATION COMMITTEE AND THE NOMINATION AND ELECTION OF TRUSTEES (BOT) OF THE INSTITUTE OF CORPORATE DIRECTORS

SECTION ONE - THE NOMINATION, REMUNERATION AND GOVERNANCE (NRG) COMMITTEE

A. Composition

The Board of Trustees shall create the NRG which shall have at least three (3) members.

B. Duties and Responsibilities

The NRG shall discharge the BOT's responsibilities with respect to oversight of the following:

- i. Promulgate the guidelines or criteria to govern the conduct of nomination of Fellows to act as a Trustee;
- ii. Oversee succession planning for ICD's President & Chief Executive Officer
- iii. Appraise the BOT's performance.

SECTION TWO – QUALIFICATIONS AND DISQUALIFICATIONS OF INDEPENDENT DIRECTORS

A. Qualifications

A Trustee of ICD must be:

- i. A Fellow in good standing;
- ii. Assiduous and willing to devote time and effort to the responsibilities of being a Trustee; and
- iii. With no conflict of interest.

A Fellow is considered to be in good standing when he/she has complied with all of the obligations and duties of a Fellow as well as being current with regards to his/her payment of annual dues.

"Conflict of interest" is a situation in which the private interests or personal considerations of a nominee Trustee or such person's immediate family, or any organization or group in which such a person holds

a position as a member, employee, officer, director, partner or stockholder, may be seen as competing with the interests of ICD.

Without limiting the generality of the foregoing, a person shall be deemed to have a conflict of interest if he/she is an officer, manager or controlling person of, or the owner (either of record or beneficially) of any corporation engaged in a business which the BOT, by at least 2/3 vote, determines to be competitive or antagonistic to that of ICD.

In determining whether a person is a controlling person, beneficial owner or the nominee of another who could likewise be deemed covered by a conflict of interest situation, the BOT may take into account ownership of, directly or indirectly, at least 51% of a business or organization as defined in paragraph 2 of this subsection.

GUIDELINES FOR THE CONSTITUTION OF THE NOMINATION COMMITTEE AND THE NOMINATION AND ELECTION OF TRUSTEES (BOT) OF THE INSTITUTE OF CORPORATE DIRECTORS

B. Disqualifications

No one can be a Trustee if that person is:

- i. Finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions;
- ii. Finally found by regulators or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of

the Securities Regulation Code, the Corporation Code, or any other law administered by the Securities and Exchange Commission, the Bangko Sentral ng Pilipinas, the Governance Commission for GOCCs, the Insurance Commission or like regulators;

- iii. Judicially declared to be insolvent;
- iv. Has an affiliation which conflicts with the interests and concerns of ICD as defined above.

SECTION THREE – NOMINATION AND SCREENING PERIODS

- A. Nominations for trustees shall be announced and closed by the NC each year provided that its duration shall not be less than two weeks and the final list of nominees shall be submitted for consideration of the Fellows not less than 21 days prior to the AGM.
- B. The NC shall require each nomination for Trustee to be accompanied by a nomination form (see Annex A) and a statement from the nominee attesting that

he/she has no conflict of interest as defined herein. The identity of the nominating person or group and their signatures must be clearly visible on the form.

- C. No nominations for trustee shall be accepted at the floor during the AGM.

ANNEX A

TRUSTEE NOMINATION FORM

I/We, the undersigned, being Fellows in good standing of the Institute of Corporate Directors (ICD), nominate _____ for election as trustee to the Board of Trustees of ICD.

By: _____

Signature Above Printed Name

Date: _____

By: _____

Signature Above Printed Name

Date: _____

By: _____

Signature Above Printed Name

Date: _____

(Note: if space is insufficient for the list of nominators, you may attach extra pages with the printed names and signatures of other nominators.)

CONFORME TO NOMINATION AS INDEPENDENT DIRECTOR

I, _____, a Fellow in good standing of ICD, have read the Trustee Nomination Form in which my name was submitted as a candidate for trustee of ICD and I have no objections to such nomination.

I further certify that no conflict of interest exists between my being a trustee of ICD and my other affiliations as defined and stated in ICD's Guidelines for Nomination. Should I discover a conflict of interest or become qualified after the submission of this Conforme, I understand that my candidacy is automatically withdrawn. I shall promptly inform ICD no later than 2 days after personal knowledge of such conflict or disqualification.

By: _____

Signature Above Printed Name

Date: _____

Printed Name and Signature

Date

INDEPENDENT AUDITORS' REPORT

INSTITUTE OF CORPORATE DIRECTORS, INC.
(A Non-stock, Non-profit Association)

**Financial Statements
December 31, 2016 and 2015
and
Independent Auditors' Report**



FINANCIALS

14th Floor Trident Tower Condominium
H.V. Dela Costa St. Salcedo Village
1227 Makati City, Philippines

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Shareholders
INSTITUTE OF CORPORATE DIRECTORS, INC.
(A Non-stock, Non-profit Association)
14th Floor Trident Tower Condominium
H.V. Dela Costa St. Salcedo Village
1227 Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Institute of Corporate Directors, Inc. ("the Association"), which comprise the statements of assets, liabilities and fund balances as at December 31, 2016 and 2015, the statements of revenues and expenses, statements of changes in fund balances and statements of cash flows and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute of Corporate Directors, Inc. as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements of the Code of Ethics for Professional Accountants in the Philippines (the Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PFRS for SMEs, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



INDEPENDENT AUDITORS' REPORT

In preparing the financial statements, Management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Report on Other Legal and Regulatory Requirements

Report on the Supplementary Information Required by Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 24 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of Management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Navarro Amper & Co.

BOA Registration No. 0004, valid from December 4, 2015 to December 31, 2018

SEC Accreditation No. 0001-FR-4, issued on January 7, 2016; effective until January 6, 2019, Group A
TIN 005299331

By:



Nina Cecilia S. Felismino

Partner

CPA License No. 0103737

TIN 218-720-328

BIR A.N 08-002552-46-2016, issued on November 22, 2016; effective until November 22, 2019

PTR No. A-3264640, issued on January 5, 2017, Taguig City

Taguig City, Philippines

March 17, 2017



Member of Deloitte Touche Tohmatsu Limited

ICD, INC. 2016 Annual Report 73



INFINANCIALS

AUDITED FINANCIAL STATEMENTS

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCES

	Notes	December 31	
		2016	2015
ASSETS			
Current Assets			
Cash	7	P 8,054,345	P 7,330,052
Trade receivables	8	2,093,301	1,232,543
Advances to officers and employees	9	12,317	72,628
Advances to Institute for Solidarity in Asia, Inc.	14	175,125	34,988
Prepayments and other current assets	10	838,370	787,540
Total Current Assets		11,173,458	9,457,751
Non-current Assets			
Property and equipment - net	11	19,549,597	21,179,884
Refundable deposits	16	103,972	104,999
Total Non-current Assets		19,653,569	21,284,883
		P30,827,027	P30,742,634
LIABILITIES AND FUND BALANCES			
Current Liabilities			
Payables and accrued expenses	12	P 1,877,786	P 3,038,271
Due to an officer	14	9,791,554	11,907,167
Loans payable	13	2,038,200	2,038,200
Income tax payable		1,022,337	—
Total Current Liabilities		14,729,877	16,983,638
Non-current Liability			
Loans payable - net of current portion	13	7,002,082	8,148,291
Deferred tax liability	23	1,839	4,078
Total Non-current liabilities		7,003,921	8,152,369
		21,733,798	25,136,007
Fund Balances			
Unrestricted fund balance	21	9,093,229	5,606,627
		P30,827,027	P30,742,634

See Notes to Financial Statements.



STATEMENTS OF REVENUES AND EXPENSES

		For the Years Ended December 31	
	Notes	2016	2015
REVENUES			
Programs		P 29,083,063	P 23,730,854
Membership dues and contributions		9,310,033	10,980,959
Grants	17	3,122,506	4,253,787
Foreign exchange gains		6,131	13,593
Interest income	7	2,215	9,471
Other income		25,747	—
		41,549,695	38,988,664
EXPENSES			
Program cost	18	29,317,617	29,972,258
General and administrative expenses	19	6,216,300	5,011,400
Other expense	20	—	3,695,392
Finance costs	13	700,927	747,191
		36,234,844	39,426,241
Excess of Revenues Over Expenses/(Expenses Over Revenues) Before Tax		5,314,851	(437,577)
Income Tax Expense	22	1,828,249	577,366
Excess of Revenues Over Expenses/(Expenses Over Revenues) for the Year		P 3,486,602	(P 1,014,943)

See Notes to Financial Statements.



FINANCIALS

AUDITED FINANCIAL STATEMENTS

STATEMENTS OF CHANGES IN FUND BALANCES

Note	For the Years Ended December 31, 2016 and 2015		
	Members Contribution	Fund Balances	Total
Balance, January 1, 2015	P 65,000	P 6,556,570	P 6,621,570
Excess of expenses over revenues	—	(1,014,943)	(1,014,943)
Balance, December 31, 2015	65,000	5,541,627	5,606,627
Excess of revenues over expenses	—	3,486,602	3,486,602
Balance, December 31, 2016	21	P 65,000	P 9,028,229
			P 9,093,229

See Notes to Financial Statements.

STATEMENTS OF CASH FLOWS

	Notes	For the Years Ended December 31	
		2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over expenses (expense over revenues) before tax		P 5,314,851	P (437,577)
Adjustments:			
Depreciation	11	1,760,037	1,653,510
Unrealized foreign exchange (gain) loss - net		(6,131)	(13,593)
Interest income	7	(2,215)	(9,417)
Finance cost	13	700,927	747,191
Operating cash flows before working capital changes		7,767,469	1,940,060
Decrease (Increase) in:			
Trade receivables		(860,758)	839,075
Advances to officers and employees		60,311	26,592
Advances to Institute for Solidarity in Asia, Inc.		(140,137)	204,733
Prepayments and other current assets		(50,830)	(431,101)
Increase (Decrease) in:			
Payables and accrued expenses		(1,160,485)	1,400,583
Due to an officer		(2,115,613)	(1,000,000)
Cash generated from operations		3,499,957	2,979,942
Income taxes paid		(808,151)	(530,836)
Net cash from operating activities		2,691,806	2,449,106
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	11	(129,750)	(228,458)
Refund of security deposit	16	1,027	42,000
Interest income received	7	2,215	9,471
Net cash used in investing activities		(126,508)	(176,987)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of loans payable	13	(1,146,209)	(1,019,060)
Finance cost paid	13	(700,927)	(747,191)
Net cash used in financing activities		(1,847,136)	(1,766,251)
Effect of Changes in Foreign Exchange Rates		6,131	13,594
Net Increase in Cash		724,293	519,462
Cash, Beginning		7,330,052	6,810,590
Cash, End		P 8,054,345	P 7,330,052

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

1. CORPORATE INFORMATION

Institute of Corporate Directors, Inc. (the "Association") is a non-stock, non-profit association duly organized and existing under the laws of the Republic of the Philippines. The Association was registered with the Philippine Securities and Exchange Commission (SEC) on January 15, 2004 primarily to design, develop and foster a common and substantive corporate governance reform agenda that is grounded on professionalism, good governance, corporate ethics, and responsible

citizenship; to inculcate, nurture, promote and foster this agenda in business, government, and other institutions in the Asia-Pacific region in service of the broad and common developmental interests of civil society.

The Association's principal office is located at 14th Floor Trident Tower Condominium, H.V. Dela Costa St. Salcedo Village, 1227 Makati City.

2. FINANCIAL REPORTING FRAMEWORK

STATEMENT OF COMPLIANCE

The financial statements of the Association have been prepared in accordance with the Philippine Financial Reporting Standard for Small and Medium-Sized Entities (PFRS for SMEs) issued by the International Accounting Standards Board (IASB) as approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

BASIS OF PREPARATION AND PRESENTATION

These financial statements have been prepared on the historical cost convention, except for certain financial instruments that are carried at amortized cost.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Philippine Peso, the currency of the primary economic environment in which the Association operates. All amounts are recorded in the nearest peso, except when otherwise indicated.

3. AMENDMENTS TO THE PFRS FOR SMEs

All amendments to the PFRS for SMEs do not have significant impact in the Association's financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS

The Association classifies its financial instruments as either basic or other financial instruments. Financial instruments are recognized only when the Association becomes a party to the contractual provisions of the instrument.

BASIC FINANCIAL INSTRUMENTS

The Association's basic financial assets and liabilities are measured initially at transaction price including transaction costs except for those that are measured at fair value through profit or loss.

BASIC FINANCIAL INSTRUMENTS AT AMORTIZED COST

The Association's basic financial instruments other than investments in non-convertible and non-puttable preference shares and non-puttable ordinary shares that are publicly traded or whose fair value can be measured reliably are subsequently measured at amortized cost less impairment.

The amortized cost of a financial instrument at the end of each reporting period is computed as the net of the amount at which the financial instrument is measured at initial recognition, minus any repayments of the principal, plus or minus the cumulative amortization using the effective interest method of any difference between the amount at initial recognition and the

maturity amount, minus, in the case of a financial asset, any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

The carrying amounts of the Association's basic financial instruments carried at amortized cost at the end of each reporting periods are shown in Note 6.

EFFECTIVE INTEREST METHOD

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the carrying amount of the financial asset or financial liability. The effective interest rate is determined on the basis of the carrying amount of the financial asset or liability at initial recognition.

Under the effective interest method, the amortized cost of a financial asset (liability) is the present value of future cash receipts (payments) discounted at the effective interest rate; and the interest expense (income) in a period equals the carrying amount of the financial liability (asset) at the beginning of a period multiplied by the effective interest rate for the period.

DERECOGNITION OF FINANCIAL ASSETS

The Association derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or are settled, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.



NOTES TO FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

If the Association, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the Association derecognizes the asset and recognize separately any rights and obligations retained or created in the transfer.

Any difference between the consideration received and the amounts recognized and derecognized shall be recognized in profit or loss.

DERECOGNITION OF FINANCIAL LIABILITIES

Financial liabilities are derecognized only when it is extinguished or when the obligation specified in the contract is discharged, is cancelled or expires.

Any difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed shall be recognized in profit or loss.

IMPAIRMENT OF FINANCIAL ASSETS MEASURED AT COST OR AMORTIZED COST

At the end of each reporting period, the Association shall assess whether there is objective evidence of impairment of any financial assets that are measured at cost or amortized cost. If there is objective evidence of impairment, the entity shall recognize an impairment loss in profit or loss immediately.

Objective evidence that a financial asset or group of assets is impaired includes:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;

- the creditor, for economic or legal reasons relating to the debtor's financial difficulty, granting to the debtor a concession that the creditor would not otherwise consider;
- it has become probable that the debtor will enter bankruptcy or other financial reorganization; and
- observable data indicating that there has been a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, even though the decrease cannot yet be identified with the individual financial assets in the group, such as adverse national or local economic conditions or advance charges in industry conditions.

For an instrument measured at amortized cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If such a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the Association would receive for the asset if it were to be sold at the end of each reporting period.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the Association shall reverse the previously recognized impairment loss either directly or adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset (net of allowance account) that exceeds what the carrying amount would have been had the impairment not previously recognized. The Association shall recognize the amount of reversal in profit or loss immediately.

PREPAYMENTS

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit as they are consumed in operations or expire with the passage of time. Prepayments are classified in the statements of assets, liabilities and fund balances as current asset when the cost of services related to the prepayments are expected to be incurred within one year or the Association's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current asset.

PROPERTY AND EQUIPMENT

Property and equipment are initially measured at cost. The cost of an item of property and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Association. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

Office equipment	3 to 5 years
Furniture and fixtures	3 years
Office building	25 years

Office improvements are depreciated over the improvements' useful life of three to fifteen years, or when shorter, the term of the relevant lease.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Property and equipment is derecognized by the Association upon its disposal or when the property and equipment is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

IMPAIRMENT OF TANGIBLE ASSETS

Assets that are subject to depreciation are assessed at the end of each reporting period to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is derecognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

NOTES TO FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

Tangible assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period. When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income.

EMPLOYEE BENEFITS

SHORT-TERM BENEFITS

The Association recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Association to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and non-monetary benefits.

REVENUE RECOGNITION

Revenue is recognized when it is probable that the economic benefit associated with the transaction will flow to the Association and the amount of revenue can be measured reliably.

REVENUE FROM PROGRAMS

Revenue from programs which arise from various people or organizations for seminars and conferences conducted are recognized and measured in the period the services are provided.

MEMBERSHIP DUES AND CONTRIBUTIONS

Membership dues and contributions are recognized when received

GRANTS RECEIVED

Grants received from various funding agencies are recognized in the period when received.

INTEREST AND OTHER INCOME

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable. Other income are recognized when earned or when received.

EXPENSE RECOGNITION

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss: on the basis of a direct association between the costs incurred and the earning of specific

items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the Association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of assets, liabilities and fund balances as an asset.

Expenses in the statements of revenues and expenses are presented using function of expense method. Program Costs refer to seminars, conferences & exhibits expenses and corporate governance scorecard expenses. General and administrative expenses refer to membership dues and subscription, depreciation, repairs and maintenance, janitorial and outside services, legal and audit fees, taxes and licenses and other miscellaneous expenses.

FUND EXPENSES RECOGNITION

Expenses are recognized when intended project costs and expenses are incurred.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Transactions in currencies other than Philippine Peso are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Gains and losses arising on retranslation are included in the statements of revenues and expenses.

RELATED PARTIES

A related party transaction is a transfer of resources, services or obligations between the Association and the related party, regardless of whether a price is charged.

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. The key management personnel of the Association are also considered to be related parties.

TAXATION

CURRENT TAX

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of revenues and expenses because it excludes items of income or expense that are never taxable or deductible. The Association's current tax expense is calculated using 30% regular corporate income tax rate (RCIT) or 2% minimum corporate income tax (MCIT) rate, whichever is higher.

Income tax expense in 2016 and 2015 pertains to RCIT computed at the tax rate of 30% of taxable net income.

DEFERRED TAX

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable

NOTES TO FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

EVENTS AFTER THE END OF THE REPORTING PERIOD

The Association identifies events after the end of the reporting period as events that occurred after the reporting date but before the date the financial statements were authorized for issue. Any subsequent events that provide additional information about the Association's financial position at the reporting date are reflected in the financial statements. Non-adjusting subsequent events are disclosed in the notes to the financial statements when material.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Association's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

ESTIMATING USEFUL LIVES OF PROPERTY AND EQUIPMENT

The useful lives of property and equipment are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Association's assets. In addition, the estimation of the useful lives is based on the Association's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

A reduction in the estimated useful lives of property and equipment would increase the recognized operating expenses and decrease non-current assets.

As at December 31, 2016 and 2015, the carrying amounts of the Association's property and equipment amounted to P19,549,597 and P21,179,884, respectively. Total accumulated depreciation as at December 31, 2016 and 2015 amounted to P7,378,758 and P5,618,721, respectively, as disclosed in Note 11.

ASSET IMPAIRMENT

The Association performs an impairment review when certain impairment indicators are present.

Determining the fair value of property and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Association to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Association to conclude that property and equipment is impaired. Any resulting impairment loss could have a material adverse impact on the financial position and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Association believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges.

As at December 31, 2016 and 2015, Management believes that the recoverable amounts of the Association's property and equipment exceed their carrying amounts; consequently, no impairment loss was recognized in both years.

ESTIMATING ALLOWANCES FOR DOUBTFUL ACCOUNTS

The Association estimates the allowance for doubtful accounts related to its trade receivables based on assessment of specific accounts when the Association has information that certain customers are unable to meet their financial obligations. In these cases, judgment used was based on the best available facts and circumstances including but not limited to, the length of relationship with the customer and the customer's current credit status based on third party credit reports and known market factors. The Association used judgment to record specific reserves for customers against amounts due to reduce the expected collectible amounts. These specific reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated.

The amounts and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in the allowance for doubtful accounts would increase the recognized operating expenses and decrease current assets.

As at December 31, 2016 and 2015, the Management believes that the recoverability of their receivables is certain, consequently, no provision for doubtful accounts was recognized in both years. Total trade and other receivables as at December 31, 2016 and 2015 amounted to P2,093,301 and P1,232,543, respectively, as disclosed in Note 8.

NOTES TO FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

DEFERRED TAX ASSETS

The Association reviews the carrying amounts at the end of each reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

However, there is no assurance that the Association will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

No deferred tax asset was recognized in the statements of assets, liabilities and fund balances as at December 31, 2016 and 2015.

6. CATEGORIES OF FINANCIAL INSTRUMENTS

	2016	2015
Financial Assets at Amortized Cost		
Cash	P 8,054,345	P 7,330,052
Trade receivables	2,093,301	1,232,543
Advances to officer and employees	12,317	72,628
Advances to Institute for Solidarity in Asia, Inc. (ISA)	175,125	34,988
Refundable deposits	103,972	104,999
	P10,439,060	P 8,775,210
Financial Liabilities at Amortized Cost		
Payables and accrued expenses	P 1,616,272	P 2,235,022
Loans payable	9,040,282	10,186,491
Due to an officer	9,791,554	11,907,167
	P20,448,108	P24,328,680

Payables and accrued expenses excludes government liabilities of P261,514 and P803,249 in 2016 and 2015, respectively, as disclosed in Note 12.

7. CASH

	2016	2015
Cash on hand	P 20,000	P 20,000
Cash in bank	8,034,345	7,310,052
	P8,054,345	P7,330,052

Cash in bank earned an average interest of 0.25% per annum in 2016 and 2015. Interest income earned in 2016 and 2015 amounted to P2,215 and P9,471, respectively.

8. TRADE RECEIVABLES

Trade receivables include amounts due from the Association's fellows and other people relative to carrying out activities for seminars and conferences conducted by the Association.

The average credit period taken on sale of services is 30 days. No interest is charged on the receivables for the 30 days and thereafter. Likewise, no interest is charged on the receivables outstanding balance. Total trade receivables as at December 31, 2016 and 2015 amounted to P2,093,301 and P1,232,543, respectively.

9. ADVANCES TO OFFICERS AND EMPLOYEES

This account represents cash advances provided to fellows, officers and employees to defray for expenses and are subject to liquidation. Total advances to officers and employees as at December 31, 2016 and 2015 amounted to P12,317 and P72,628 respectively.

10. PREPAYMENTS AND OTHER CURRENT ASSETS

	2016	2015
Prepaid expenses	P 416,410	P —
Excess withholding tax on compensation	228,866	52,110
Input value-added tax (VAT)	98,616	531,720
Creditable VAT	94,478	72,646
Prepaid tax	—	131,064
	P838,370	P787,540

Prepaid expenses pertains to advance payment for seminar fee and real property tax.



FINANCIALS

NOTES TO FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

11. PROPERTY AND EQUIPMENT - NET

	Office Improvements	Office Equipment	Furniture and Fixtures	Office Building	Total
Cost					
January 1, 2015	P 5,279,914	P 1,894,817	P 895,416	P 18,500,000	P 26,570,147
Additions	44,350	173,412	10,696	—	228,458
December 31, 2015	5,324,264	2,068,229	906,112	18,500,000	26,798,605
Additions	18,481	111,269	—	—	129,750
December 31, 2016	5,342,745	2,179,498	906,112	18,500,000	26,928,355
Accumulated Depreciation					
January 1, 2015	738,341	1,228,506	395,031	1,603,333	3,965,211
Depreciation	408,093	324,907	180,510	740,000	1,653,510
December 31, 2015	1,146,434	1,553,413	575,541	2,343,333	5,618,721
Depreciation	467,847	297,991	192,533	801,666	1,760,037
December 31, 2016	1,614,281	1,851,404	768,074	3,144,999	7,378,758
Carrying Amount					
December 31, 2016	P 3,728,464	P 328,094	P 138,038	P 15,355,001	P 19,549,597
Carrying Amount					
December 31, 2015	P 4,177,830	P 514,816	P 330,571	P 16,156,667	P 21,179,884

Management believes that property and equipment are not impaired as of December 31, 2016 and 2015.

12. PAYABLES AND ACCRUED EXPENSES

	2016	2015
Payables and accruals	P 1,616,272	P 2,235,022
Output VAT	261,514	575,407
Expanded withholding tax	—	133,720
Withholding tax refund to employees	—	94,122
	P 1,877,786	P 3,038,271

Payables and accruals include the amount owed for various professional fees, seminar venue and materials, light and water, travel, postage and telephone bills, and other payroll liabilities.

13. LOANS PAYABLE

On March 12, 2012, the Association entered into an agreement with Union Bank of the Philippines (Union Bank) to buy the present office condominium unit containing an area of 521.12 square meters for a purchase price of P37,000,000.

Ownership of the above office will be split equally between the Association and the Institute for Solidarity in Asia, Inc. (ISA). Likewise, the Association and ISA will share equally in all costs and expenses related to the office building, including, but not limited to, amortizations of the Union Bank obligation, capital expenditures, association dues, utilities and real estate property taxes.

The total reservation fee and down payment paid amounted to P3,700,000. The balance of P33,300,000 shall be paid over 15 years, with a fixed interest rate of 11% per annum, in equal monthly installments of P378,487 starting June 16, 2012.

In June 2013, the Association and ISA paid an amount of P7,000,000 to reduce the principal balance of the loan. Also, the contract to sell was amended to reduce the monthly installments to P300,000 and the interest rate was changed from a fixed rate of 11% per annum to one subject to re-pricing every 6 months based on market

rate, equivalent to the average of 10 year and 20 year Philippine Dealing System Treasury - Fixing (PDST-F) rates, plus an additional 2.5%.

The interest rates used during the periods were as follows:

Period	PDST-F Average Rate	Interest Rate Used
Dec. 17, 2014 - Jun. 16, 2015	4.77%	7.27%
Jun. 17 - Dec. 31, 2015	4.57%	7.07%
Dec. 17 - Jun. 16, 2016	4.79%	7.29%
Jun. 17 - Dec. 16, 2016	4.43%	6.93%
Dec. 17 - 31, 2016	5.27%	7.77%

As at December 31, 2016 and 2015, the outstanding balance of loans payable amounted to P18,080,564 and P20,372,982, respectively, where P9,040,282 and P10,186,491, respectively, represent 50% share of the Association.

Principal loan payments by the Association in 2016 and 2015 amounted to P1,146,209 and P1,019,060, respectively, while finance costs of the Association on such loan in 2016 and 2015 amounted to P700,927 and P747,191, respectively.

NOTES TO FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

14. RELATED PARTY TRANSACTIONS

In the normal course of business, the Association transacts with companies which are considered related parties.

The summary of the Association's transactions and outstanding balances with related parties as at and for the years ended December 31, 2016 and 2015 are as follows:

Category	Amounts	2016		Terms	Condition	Reference
			Outstanding Balance			
Advances to ISA Under Common Trustees						
Various advances	P 139,986	P	175,125	Collectible on demand; non-interest bearing	Unsecured; no impairment	a
Due to an officer						
Professional fees and advances	2,091,793		(9,791,554)	Payable on demand; interest bearing	Unsecured	b
<hr/>						
Category	Amounts	2015		Terms	Condition	Reference
			Outstanding Balance			
Advances to ISA Under Common Trustees						
Various advances	P 204,733	P	34,988	Collectible on demand; non-interest bearing	Unsecured; no impairment	a
Due to an officer						
Professional fees and advances	1,000,000		(11,907,167)	Payable on demand; interest bearing	Unsecured	b

a. Advances to ISA

This pertains to advances arising from payment of common expenses and loan amortization made by the Association on behalf of ISA. The outstanding balance as at December 31, 2016 and 2015 amounted to P175,125 and P34,988, respectively.

b. Due to an officer

This includes cash advances from an officer by the Association to support the programs and operations prior to receipt of financial commitment from the funding agencies and unpaid professional fees.

The outstanding balance of due to an officer as at December 31, 2016 and 2015 include:

	2016	2015
Advances from an officer	P 6,263,533	P 6,513,653
Accrued interest	3,231,321	3,746,814
Accrued professional fees	296,700	1,646,700
	P 9,791,554	P 11,907,167

In 2012, the Association accrued 6% interest on professional fees and advances from an officer. On April 4, 2014, the Board of Trustees of the Association approved the adjustment of interest rate on professional fees and advances from an officer from 6% to 4% effective retroactively until December 31, 2013.

On November 7, 2014, the Board of Trustees of the Association approved the following resolutions: a) suspend the accrual of interest on professional fees and advances from an officer effective December 31, 2013 and b) pay the professional fees and advances from an officer every quarter with the amount of P250,000 starting from the fourth quarter of 2014.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The short-term benefits of key management personnel of the Association in 2016 and 2015 amounted to P2,010,000 and P2,468,221, respectively.

15. EMPLOYEE BENEFITS

Aggregate employee benefits expense comprised of short-term benefits which amounted to P8,556,988 and P5,527,731 in 2016 and 2015, respectively, as disclosed in Notes 18 and 19.

16. REFUNDABLE DEPOSITS

Refundable deposits as at December 31, 2016 and 2015 amounted to P103,972 and P104,999, respectively. The refundable deposits included deposits made to Meralco, PLDT and Salcedo Towers.

On August 2016, an additional monthly payment of P120,000 was approved by the Board of Trustees. The basis of the additional monthly payments is the projected cash flow for the year 2016.

17. GRANT AGREEMENT

On June 10, 2014, the Association entered into a grant agreement with the Gerry Roxas Foundation, Inc. (GRF). As stipulated in the agreement, GRF, under the authority contained in its Phil Am Fund Contract with the United States Agency for International Development (USAID), awarded to the Association the sum of P11,747,727 to provide support for the Association's program entitled "ASEAN Corporate Governance Scorecard." The grant shall apply to expenditures made by the Association in furtherance of the program objectives during the period from June 10, 2014 to June 9, 2017.

The Association's refunds from its security deposit in 2016 and 2015 amounted to P1,027 and P42,000, respectively.

Total revenues recognized from the above grant amounted to P3,122,506 and P3,542,503 in 2016 and 2015, respectively. Total disbursements made by the Association amounted to P2,413,758 and P3,752,238 in 2016 and 2015, respectively which were charged to program costs.

Total grants in 2016 and 2015 amounted to P3,122,506 and P4,253,787, respectively.

NOTES TO FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

18. PROGRAM COST

The details of program cost in 2016 and 2015 are as follows:

	Notes	2016	2015
Seminars, conferences and exhibits		P 10,254,410	P 9,746,347
Salaries, wages and other short-term employee benefits	15	7,271,183	4,275,373
Professional fees		7,823,169	10,302,454
Depreciation	11	1,438,546	1,348,198
Corporate governance scorecard expenses		1,403,112	2,998,834
Communication, light and water		516,208	594,459
Marketing		428,425	387,146
Office supplies		102,229	259,447
Transportation and travel		80,335	60,000
		P 29,317,617	P 29,972,258

19. GENERAL AND ADMINISTRATIVE EXPENSES

The details of general and administrative expenses in 2016 and 2015 are as follows:

	Notes	2016	2015
Professional fees		P 2,450,944	P 1,343,307
Salaries, wages and other short-term employee benefits	15	1,285,805	1,252,358
Legal and audit fees		752,804	613,365
Membership dues and subscription		537,821	441,973
Depreciation	11	321,491	305,312
Transportation and travel		241,001	293,796
Repairs and maintenance		157,392	160,736
Communication, light and water		129,052	148,615
Janitorial and outside services		124,357	119,510
Taxes and licenses		76,184	71,645
Office supplies		54,079	23,568
Miscellaneous		85,370	237,215
		P 6,216,300	P 5,011,400



20. OTHER EXPENSE

In 2015, the Association received a notice of assessment from the Bureau of Internal Revenue for failure to qualify as a tax exempt entity under the NIRC of 1977. The Association paid the deficiency tax assessment

amounting to P3,695,392 which comprises of penalty and interest amounting to P2,483,431 and P1,211,961, respectively.

21. UNRESTRICTED FUND BALANCE

The unrestricted fund balance consists of the following:

	Members' Contribution	Fund Balances	Total
Balance, January 1, 2015	P65,000	P 6,556,570	P 6,621,570
Excess of expenses over revenues	—	(1,014,943)	(1,014,943)
Balance, December 31, 2015	65,000	5,541,627	5,606,627
Excess of revenues over expenses	—	3,486,602	3,486,602
Balance, December 31, 2016	P65,000	P 9,028,229	P9,093,229

22. INCOME TAXES

Component of income tax expense is as follows:

	Note	2016	2015
Current tax expense		P 1,830,488	P 503,010
Deferred tax expense (benefit)	23	(2,239)	74,356
		P 1,828,249	P 577,366

A numerical reconciliation between tax expense (benefit) and the product of accounting profit (loss) multiplied by 30% in 2016 and 2015 follows:

	2016	2015
Accounting profit (loss)	P 5,314,851	(P 437,577)
Tax expense (benefit) at 30%	P 1,594,455	(P 131,273)
Tax effect of expenses that are non-deductible/taxable		
Non-deductible expenses	1,171,210	1,987,616
Non-taxable income	(936,751)	(1,276,136)
Tax effect of interest income subjected to final tax	(665)	(2,841)
	P 1,828,249	P 577,366

NOTES TO FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

23. DEFERRED TAXES

The following are the composition of the deferred tax liability recognized by the Association:

	2014	Recognized in profit or loss	2015	Recognized in profit or loss	2016
Deferred Tax Assets					
Unrealized foreign exchange gain	P2,991	P1,087	P 4,078	P2,991	P1,839

24. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR) UNDER REVENUE REGULATIONS NO. 15-2010

The following supplementary information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

OTHER TAXES AND LICENSES

Details of the Association's other taxes and licenses and permit fees paid or accrued in 2016 are as follows:

Charged to General and Administrative Expenses	
Real estate tax	P61,909
Permit fees	8,625
Registration fees	5,150
Residence or community tax	500
	P76,184

WITHHOLDING TAXES

Details of the Association's withholding taxes paid or accrued in 2016 is as follows:

Expanded withholding taxes	P1,008,035
Withholding tax on compensation and benefits	1,318,478
	P2,326,513

25. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Association were approved and authorized for issuance by the Board of Trustees and Members on March 17, 2017.

* * *

14/F Trident Tower, Sen. Gil Puyat Avenue,
1200 Makati City
Telephone: (632) 884-1494 / 884-1498 / 889-5448
Telefax: (632) 884-1493
www.icdcenter.org

