


SECURITIES AND EXCHANGE COMMISSION
SEC FORM - ACGR
ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year **2014**
2. Exact Name of Registrant as Specified in its Charter **SSI Group, Inc.**
3. Address of Principal Office: **6th Floor Midland Buendia Building, 403 Senator Gil Puyat Avenue, Makati city**

Postal Code: **1200**
4. SEC Identification Number: **CS200705607**
5. (SEC Use Only)
Industry Classification Code

6. BIR Tax Identification Number **006-710-876**
7. Issuer's Telephone number, including area code: **(632) 896-95-951**
8. Former name or former address, if changed from the last report: **N/A**

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DISCLAIMER: As prescribed under SEC Memorandum Circular No. 3, series of 2015, the full and complete Annual Corporate Governance Report (“ACGR”) shall be submitted by the Company to the Philippine Stock Exchange (“PSE”) and the Securities and Exchange Commission (“SEC”) and shall also be made available on the Company’s website on or before the prescribed deadline which is on May 30, 2016. Nonetheless, for purposes of complying with the SEC Advisory requiring all publicly-listed companies to submit their 2014 ACGR as an attachment to the Annual Report in light of the 2014-2015 ASEAN Corporate Governance Scorecard Assessment, the Company submits herewith the ACGR with information available to the Company as of the date hereof.

A. BOARD MATTERS

1. BOARD OF DIRECTORS

Number of Directors per Articles of Incorporation	Nine (9)
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Actual number of Directors for the year	Nine (9)
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i. Composition of the Board

Complete the table with information on the Board of Directors:

Name	Type (ED, NED, ID)	If nominee, identify the principal	Nominator in the last election	Date first elected	Date last elected	Elected When (most recent)	No. of Years as Director
Zenaida R. Tantoco	ED		Anthony T. Huang	2007	June 2014	Regular	Since 2007
Anthony T. Huang	ED		Anthony T. Huang	2007	June 2014	Regular	Since 2007
Ma. Teresa R. Tantoco	ED		Anthony T. Huang	2008	June 2014	Regular	Since 2008
Ma. Elena T. Valbuena	NED		Anthony T. Huang	2008	June 2014	Regular	Since 2008
Bienvenido V. Tantoco III	NED		Anthony T. Huang	2007	June 2014	Regular	Since 2007
Eduardo T. Lopez III	NED		Anthony T. Huang	2008	June 2014	Regular	Since 2008
Edgardo Luis Pedro T. Pineda, Jr.	NED		Anthony T. Huang	2014	June 2014	Special	Since 2014
Baltazar N. Endriga	ID		Anthony T. Huang, Not Related	2014	September 2014	Special Meeting	Since October 2014
Carlo L. Katigbak	ID		Anthony T. Huang, Not Related	2014	October 2014	Special Meeting	Since October 2014

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

Per the Company’s Manual on Corporate Governance duly filed with the SEC (the “Manual”), the Board of Directors (the "Board") is primarily responsible for the governance of the Corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.

- b. How often does the Board review and approve the vision and mission?

As often as necessary taking into account competitive, governance and market conditions

ii. Directorship in Other Companies

- a. Directorship in the Company's Group¹

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

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

Name	Corporate Name of the Group Company	Type of Directorship
Zenaida R. Tantoco	SSI Group Companies*, SIAL CVS Retailers, Inc, SIAL Specialty Retailers, Inc.	ED
Anthony T. Huang	SSI Group Companies*, SIAL CVS Retailers, Inc, SIAL Specialty Retailers, Inc.	ED
Ma. Teresa R. Tantoco	SSI Group Companies*	ED
Ma. Elena T. Valbuena	SSI Group Companies*	NED
Bienvenido V. Tantoco III	SSI Group Companies*	NED
Eduardo T. Lopez III	SSI Group Companies*	NED
Edgardo Luis Pedro T. Pineda, Jr.	Stores Specialists, Inc.*	NED
Baltazar N. Endriga	None	N/A
Carlo L. Katigbak	None	N/A

*SSI Group Companies are defined as: Stores Specialists, Inc., Rustan Marketing Specialists, Inc., International Specialty Concepts, Inc., Rustan Specialty Concepts, Inc., Specialty Office Concepts, Inc., Specialty Investments, Inc., Luxury Concepts, Inc., International Specialty Fashions, Inc., Footwear Specialty Retailers, Inc., Global Specialty Retailers, Inc., Specialty Food Retailers, Inc., International Specialty Retailers, Inc., International Specialty Wear, Inc., Fastravel Specialists Holdings, Inc., International Specialty Apparel, Inc., Casual Clothing Retailers, Inc.

b. Directorship in Other Listed Companies

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

Not Applicable

c. Relationship within the Company and its Group

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

Bienvenido Tantoco, Sr. is the patriarch of the Tantoco Family, and together with his wife, the late Gliceria R. Tantoco, are the founders of the Rustan's Group. They have six children, Bienvenido R. Tantoco, Jr., Zenaida R. Tantoco, Ma. Carmencita T. Lopez, Ma. Elena T. Valbuena, Ma. Lourdes T. Pineda and Ma. Teresa R. Tantoco (collectively, the "Second Generation").

As set out below, the Board is comprised of several members of the Second Generation, as well as several of their children:

Zenaida R. Tantoco, is the Chairman and Chief Executive Officer of the Company.

Anthony T. Huang, is the President of the Company and the son of Zenaida R. Tantoco.

Wellborn Trading and Investments, Inc. is beneficially owned by Zenaida R. Tantoco, Anthony T. Huang, Michael T. Huang and Catherine T. Huang as to 77.9%, 7.4%, 7.4% and 7.4% respectively. Zenaida R. Tantoco directly and indirectly owns 468,583,779 common shares of the company equivalent to 14.14% of outstanding shares.

Ma. Teresa R. Tantoco, is the Treasurer of the Company.

Birdseyeview, Inc. is wholly and beneficially owned by Ma. Teresa R. Tantoco. Ma. Teresa R. Tantoco directly and indirectly owns 466,886,931 common shares of the company equivalent to 14.09% of outstanding shares

Ma. Elena T. Valbuena, is a Director of the Company.

Marjorisca Incorporated is wholly and beneficially owned by Ma. Elena T. Valbuena. Ma. Elena T. Valbuena directly and indirectly owns 466,310,879 common shares of the company equivalent to 14.08% of outstanding shares.

Bienvenido V. Tantoco III, is a Director of the Company and the son of Bienvenido R. Tantoco, Jr.

Eduardo T. Lopez III, is a Director of the Company and the son of Ma. Carmencita T. Lopez. Educar Holdings, Corp. is beneficially owned by seven members of the Lopez family, Eduardo S. Lopez, Jr. Ma. Carmencita T. Lopez, Eduardo T. Lopez III, Ma. Margarita L. De Jesus, Ma. Carmencita L. Tiangco, and Enrique Antonio T. Lopez, each of whom holds an equal shareholding interest of 14.3%

Edgardo Luis Pedro T. Pineda, Jr, is a Director of the Company and the son of Ma. Lourdes T. Pineda. Bordeaux Holdings, Inc. is wholly and beneficially owned by Ma. Lourdes T. Pineda

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

Per the Company's Manual, other than directorships in the Company's subsidiaries and affiliates, the members of the Board shall limit directorships in other stock and non-stock corporations to no more than five (5).

iii. Shareholding in the Company

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

As of March 31, 2015

Title of Class	Name of beneficial owner	Position	Amount and Nature of Beneficial Ownership (shares)	Citizenship	% to Total Outstanding Shares
Named Executive Officers					
Common	Zenaida R. Tantoco	Chairman and CEO	468,583,779 (direct and indirect through Wellborn Trading and Investments, Inc.)	Filipino	14.1444%
Common	Anthony T. Huang	President	3,502,100 (direct)	Filipino	0.1057%
Other Executive Officers and Directors					
Common	Ma. Teresa R. Tantoco	Treasurer	466,886,931 (direct and indirect through Birdseyeview, Inc.)	Filipino	14.0931%
Common	Ma. Elena T. Valbuena	Director	466,310,879 (direct and indirect through Marjorisca Inc.)	Filipino	14.0758%
Common	Bienvenido V. Tantoco III	Director	856,100 (direct and indirect through spouse)	Filipino	0.0258%
Common	Eduardo T. Lopez III	Director	790,100 (direct)	Filipino	0.0238%
Common	Edgardo Luis Pedro T. Pineda, Jr.	Director	100 (direct)	Filipino	0.0000%
Common	Baltazar N. Endriga	Independent Director	1 (direct)	Filipino	0.0000%
Common	Carlo L. Katigbak	Independent Director	1 (direct)	Filipino	0.0000%

2. CHAIRMAN AND CEO

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

Per the Company's Manual, the role of the CEO is performed by the President. In the case of the Company, the Presidency is held by Anthony T. Huang, a different person from the Chairman and CEO, Zenaída R. Tantoco. Furthermore, dissenting and contrary independent views are encouraged during board meetings.

v. Roles, Accountabilities and Deliverables

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

Per the Company's By-Laws, the President shall exercise the following functions:

- a.) To preside at the meetings of the stockholders;
- b.) To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation;
- c.) To supervise and manage the business affairs of the corporation upon the direction of the Board of Directors;
- d.) To implement the administrative and operational policies of the corporation under his supervision and control;
- e.) To appoint, remove, suspend, or discipline employees of the corporation, prescribe their duties, and determine their salaries;
- f.) To oversee the preparation of the budgets and the statements of accounts of the corporation;
- g.) To represent the corporation at all functions and proceedings;
- h.) To execute on behalf of the corporation all contracts, agreements and other instruments affecting the interests of the corporation which require the approval of the Board of Directors;
- i.) To make reports to the Board of Directors and stockholders;
- j.) To sign certificates of stock; and
- k.) To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.

Per the Company's Manual, the duties and responsibilities of the Chair in relation to the Board may include, among others, the following:

- a.) Ensure that the meetings of the Board are held in accordance with the By-laws or as the Chair may deem necessary;
- b.) Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the President, Management and the directors; and
- c.) Maintain qualitative and timely lines of communication and information between the Board and Management.

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

Performance reviews are conducted annually to assess potential senior officers. An employee who has shown exceptional talent and/or potential to handle higher responsibility will be considered for promotion and developmental training. This aims to prepare qualified candidates to fulfill more significant duties and responsibilities in the future.

3. OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS

- i. Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Yes. Per the Company's Manual, the membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process. Furthermore, part of the Company's qualification for directors is a practical understanding of the Company's business as well as prior business experience.

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

Part of the qualifications for directors is business experience and an understanding of the Company. All of the Company's non-executive directors have extensive experience in the retail industry.

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

Per the Company's By-Laws, the Board of Directors (including all executive and non-executive directors as well as independent directors) shall also have the following powers:

- a.) From time to time, to make and change rules and regulations not inconsistent with these by-laws for the management of the corporation's business and affairs;
- b.) To purchase, receive, take or otherwise acquire for and in the name of the corporation, any all properties, rights, or privileges, including securities and bonds of other corporations, for such consideration and upon such terms and conditions as the Board may deem proper or convenient;
- c.) To invest the funds of the corporation in other corporations or for purposes other than those for which the corporation was organized, subject to such stockholders' approval as may be required by law;
- d.) To incur such indebtedness as the Board may deem necessary, to issue evidence of indebtedness including without limitation, notes, deeds of trust, bonds, debentures, or securities, subject to such stockholders approval as may be required by law, and/or pledge, mortgage, or otherwise encumber all or part of the properties of the corporation;
- e.) To establish pension, retirement, bonus, or other types of incentives or compensation plans for the employees, including officers and directors of the corporation;
- f.) To prosecute, maintain, defend, compromise or abandon any lawsuit in which the corporation or its officer are either plaintiffs or defendants in connection with the business of the corporation;
- g.) To delegate, from time to time, any of the powers of the Board which may lawfully be delegated in the course of the current business of the corporation to any standing or special committee or to any officer or agent and to appoint any person to be agent of the corporation with such powers and upon such terms as may be deemed fit;
- h.) To implement these by-laws and to act on any matter not covered by these by-laws, provided such matter does not require the approval or consent of the stockholders under the Corporation Code.

The Company's Manual also provides that non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

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

The Company defines an Independent Director as a person who, apart from his fees and

shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgement in carrying out his responsibilities as director.

The Company is not aware of any material conflicts of interests applicable to any of its independent directors.

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

The Company shall comply with the provisions of the SEC Memorandum Circular No. 9, Series of 2011, which states that independent directors shall can serve as such for five (5) consecutive years, followed by a cooling off period of two (2) years.

4. CHANGES IN THE BOARD OF DIRECTORS (Executive, Non-Executive and Independent Directors)

i. Resignation/Death/Removal

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

None

ii. Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

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

Qualifications, Selection/Appointment and Re-Election

Per the Company's By-Laws, any person having at least one share of stock registered in his name in the books of the Corporation may be nominated and elected to the Board of Directors, provided, however that no person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Corporation or any of its subsidiaries or affiliates. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:

- (i) **If he is an officer, manager or controlling person of, or the owner (either of record or beneficial) of 10% or more of any outstanding class of shares of any corporation (other than the one in which this Corporation owns at least 30% of the capital stock) engaged in business which the Board, by at least two-thirds (2/3) vote, determines to be competitive or antagonistic to that of the Corporation or any of its subsidiaries or affiliates;**
- (ii) **If he is an officer, manager or controlling person of, or the owner (either of record or beneficial) of 10% or more of any outstanding class of shares of, any corporation or entity engaged in any line of business of the Corporation or any of its subsidiaries or affiliates, when in the judgment of the Board, by at least two-thirds (2/3) vote, the law against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors; or**
- (iii) **If the Board, in the exercise of its judgment in good faith, determines by at least two-thirds (2/3) vote that he is the nominee or any person set forth in (i) or (ii).**

In determining whether or not a person is a controlling person, beneficial owner or nominee of another, the Board may take into account such factors as business and family relationships.

The Company's Manual also provides that in addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, a director of the Company must have the following minimum qualifications:

- (i) College graduate with a bachelor's degree (or equivalent academic degree following a four-year college education);
- (ii) Practical understanding of the business of the Corporation; and

(iii) Previous business experience.

For the proper implementation of foregoing, all nominations for election of the directors by the stockholders shall be submitted in writing to the Board of Directors and be received at the Corporation's principal place of business at least thirty (30) days prior to the date of the regular or special meeting of stockholders for the purpose of electing directors. Nominations which are not submitted within such nomination period shall not be valid.

Furthermore, the independent directors shall have all the qualifications and none of the disqualifications set forth in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations, as the same may be amended from time to time.

Disqualifications, Removal and Suspension

The Company's Manual provides that:

The following shall be grounds for the permanent disqualification of a director:

- (i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- (ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or *Bangko Sentral ng Pilipinas* (BSP), or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- (iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- (iv) Any person who has been adjudged by final judgment or order of the SEC, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or any of its rule, regulation or order;
- (v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the Corporation;

- (vi) Any person judicially declared as insolvent;
- (vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above;
- (viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.

Temporary Disqualification

The Board may provide for the temporary disqualification of a director for any of the following reasons:

- (i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.
- (ii) Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.
- (iii) Dismissal or termination for cause as director of any corporation covered by the Revised Code of Corporate Governance. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.
- (iv) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.
- (v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

vi. Voting Result of the last Annual General Meeting

Not Applicable

5. ORIENTATION AND EDUCATION PROGRAM

- i. Disclose details of the company's orientation program for new directors, if any.

New directors are taken on a tour of the Company's operations depending on the availability of the director

- ii. State any in-house training and external courses attended by Directors and Senior Management² for the past three (3) years:

² Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

Corporate Governance Seminar conducted by Sycip Gorres and Velayo, August 18, 2014

- iii. Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Not Applicable

B. CODE OF BUSINESS CONDUCT & ETHICS

1. POLICIES

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

Refer to the Company's Governance Manual for the general policies covering the relevant issues.

2. DISSEMINATION OF CODE

- i. Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

The Manual of Corporate Governance have been disseminated to the members of the Board of Directors

3. COMPLIANCE WITH CODE

- i. Discuss how the company implements and monitors compliance with the code of ethics or conduct.

The Company periodically evaluates compliance with the requirements of the Manual of Corporate Governance and the requirements of applicable law.

4. RELATED PARTY TRANSACTIONS

Per the Company's Manual, the Company recognizes that the essence of corporate governance is transparency. The more transparent the internal workings of the Corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the Corporation or misappropriate its assets. Thus, the Company has adopted the policy that all material information about the Corporation which could adversely affect its viability or the interests of the stockholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information should be disclosed through the appropriate Exchange mechanisms and submissions to the SEC.

- i. Conflict of Interest
a. Directors/Officers and 5% or more Shareholders

There are no actual or perceived conflicts of interests which involves Directors, Officers and Shareholders holding 5% or more of the Company's outstanding common shares

- b. Mechanism
• **Mandatory disclosure of conflicts and interests**
• **Required disclosure of existing relationships and business ownership upon hiring**

5. FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS

- i. Indicate, if applicable, any relation of a family³, commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Details of Related Party Transactions are discussed under Note 21 of the Company's Audited

³ Family relationship up to the fourth civil degree either by consanguinity or affinity.

Financial Statements

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

Details of Related Party Transactions are discussed under Note 21 of the Company's Audited Financial Statements

- iii. Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Not applicable

6. ALTERNATIVE DISPUTE RESOLUTION

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

	Alternative Dispute Resolution System
Corporation & Stockholders	As of date, there are no disputes between the Company and any of its stock holders, third parties and regulatory authorities that would require adoption of an alternative dispute resolution system.
Name of Officer/s	
Name of Significant Shareholders	

C. BOARD MEETINGS & ATTENDANCE

1. SCHEDULE OF MEETINGS

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

Meetings are scheduled before a particular meeting

2. DETAILS OF ATTENDANCE BY DIRECTORS

Board	Name	Date of Election	No. of Meetings Held during the year	No of Meetings Attended	%
Chairman	Zenaida R. Tantoco	2007	11	9	82%
Member	Ma. Elena T. Valbuena	2008	11	11	100%
Member	Ma. Teresa R. Tantoco	2008	11	9	82%
Member	Anthony T. Huang	2007	11	11	100%
Member	Bienvenido V. Tantoco III	2007	11	8	73%
Member	Eduardo T. Lopez III	2008	11	11	100%
Member	Edgardo T. Pineda, Jr.	2014	11	9	82%
Independent	Baltazar N. Endriga	2014	11	1	9%
Independent	Carlo L. Katigbak	2014	11	1	9%

3. SEPARATE MEETING OF NON-EXECUTIVE DIRECTORS

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

No

Is the minimum quorum requirement for Board decision set at two-thirds of board members? Please

explain.

Based on the Corporation's Amended By-Laws, a majority of the number of directors as fixed by the Articles of Incorporation shall constitute a quorum for the transaction of corporate business, and every decision of at least a majority of the directors present at the meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board.

4. ACCESS TO INFORMATION

- i. How many days in advance are board papers for board of directors meetings provided to the board?

Notice, agenda and board papers are given to the directors at least 5 days before the scheduled board meetings

- ii. Do board members have independent access to Management and the Corporate Secretary?

Yes, based on the Company's Manual, the Company recognizes that reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the members of the Board should be given independent access to Management and the Corporate Secretary.

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

Per the Company's Manual, the Corporate Secretary shall, among other things, perform the following duties:

- If he is not at the same time the Corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- Inform the members of the Board, in accordance with the By-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval; and
- Ensure that all Board procedures, rules and regulations are strictly followed by the members;

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

Yes

- ix. Committee Procedures

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

Yes, as a matter of policy for all committees of the Company, board meeting materials and other relevant information are provided to the members at least 5 days before the meeting. Should the Committee members need further information or assistance from external advisors or consultants, they may request for such through the Corporate Secretary or Management.

5. EXTERNAL ADVICE

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

Per the Company's Manual, the directors, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the Corporation's expense. Thus, as a matter of practice, the necessity for such professional advice is taken up during board

meetings.

6. CHANGES IN EXISTING POLICIES N/A

D. REMUNERATION MATTERS

1. REMUNERATION PROCESS

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

The Company's remuneration and compensation committee is responsible for objectively recommending a formal and transparent framework of remuneration and evaluation for the members of the Board and the Company's key executives to enable them to run the Company successfully.

2. REMUNERATION POLICY AND STRUCTURE FOR DIRECTORS

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

For Executive Directors, the Company's remuneration and compensation committee is responsible for objectively recommending a formal and transparent framework of remuneration and evaluation for the members of the Board and the Company's key executives to enable them to run the Company successfully.

For all directors, the applicable allowance is ₱20,000 per meeting

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

The Company's By-Laws provide that by resolution of the Board, each director, shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.

3. AGGREGATE REMUNERATION

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

For Executive Directors, please refer to the table below:

	Year	Estimated Total (In ₱ millions)
CEO and the four most highly compensated executive officers named above	2012	14.7
	2013	15.6
	2014	16.1
	2015 (estimated)	16.9
Aggregate compensation paid to all other officers and Directors as a group unnamed	2012	1.4
	2013	3.1
	2014	3.4
	2015 (estimated)	3.6

Remuneration Item	Executive Directors	Non-Executive Directors	Independent Directors
Fixed Remuneration	Please refer to table	None	None
Variable Remuneration	Please refer to table	None	None
Per diem allowance	None	None	None
Bonuses	None	None	None
Stock Options and/or other financial investments	None	None	None

Others	An allowance of P20,000 is given to directors per meeting.		
Total	Please refer to the table		

Other customary benefits such as but not limited to healthcare and hospitalization plans, are provided to Executive Directors at levels consistent to market practice.

4. STOCK RIGHTS, OPTIONS AND WARRANTS

i. Board of Directors

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

On August 4, 2014, the Board and stockholders of SSI Group, Inc. approved a stock grant to reward and compensate the key executive officers for services rendered in 2014. As approved by the Board and stockholders of the Corporation, the shares to be issued pursuant to the stock grant for the year 2014 will be priced based on the Offer Price set during the initial public offering of the shares of the Company. The shares covered by the stock grant are expected to be issued to the eligible employees of the Corporation during the second and fourth quarter of 2015.

ii. Amendments of Incentive Programs N/A

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

5. REMUNERATION OF MANAGEMENT

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

Please refer to the table below which was disclosed as part of the Annual Report:

Name	Position
Zenaida R. Tantoco	Chairman and CEO
Anthony T. Huang	President
Elizabeth T. Quiambao	Executive Vice President
Rossellina J. Escoto	Vice President—Finance
Reuben J. Ravago	Vice President—IT

	Year	Total (In ₱ millions)
CEO and the four most highly compensated executive officers named above	2012	14.7
	2013	15.6
	2014	16.1
	2015 (estimated)	16.9
Aggregate compensation paid to all other officers and Directors as a group unnamed	2012	1.4
	2013	3.1
	2014	3.4
	2015 (estimated)	3.6

E. BOARD COMMITTEES

1. NUMBER OF MEMBERS FUNCTIONS AND RESPONSIBILITIES

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive*				N/A	N/A	N/A	N/A
Audit	1	1	1	None yet	The Company's audit committee is responsible for assisting the Board in its fiduciary responsibilities by providing an independent and objective assurance to its management and shareholders of the continuous improvement of its risk management systems, business operations and the proper safeguarding and use of its resources and assets. The audit committee provides a general evaluation of and assistance in the overall improvement of its risk management, control and governance processes. The audit committee shall have functions and powers prescribed by the Board and in accordance with applicable laws and regulations, including, among others, assisting the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process and monitoring of compliance with laws, rules and regulations, oversight over the external auditors, the nature, scope and expenses of the audit, and evaluation and determination of any non-audit work and review of the non-audit fees paid to the external auditors.		
Nomination	2	1	-	None yet	The Company's nomination committee is responsible for providing the Company's shareholders with an independent and objective evaluation and assurance that the members of the Board are competent and will foster long-term success and competitiveness.		
Remuneration	2		1	None yet	The Company's remuneration and compensation committee is responsible for objectively recommending a formal and transparent framework of remuneration and evaluation for the members of the Board and the Company's key executives to enable them to run the Company successfully. The remuneration and compensation committee must comprise at least three members, including one independent director. The remuneration and compensation committee reports directly to the Board and is required to meet at least once a year.		
Others (specify)	N/A						

*The Company does not have an Executive Committee at the moment.

2. COMMITTEE MEMBERS

(a) Executive Committee N/A

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

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No of meetings attended	%	Length of Service in Committee
Chairman	Baltazar N. Endriga	2014	N/A			Since 2014
Member (ED)	Anthony T. Huang	2014	N/A			Since 2014
Member (NED)	Bienvenido V. Tantoco III	2014	N/A			Since 2014
Member (ID)						
Member						

Disclose the profile or qualifications of the Audit Committee members.

Baltazar N. Endriga, 74, Independent Director of the Company since 2014. Mr. Endriga is also the President of Meridian International College of Business, Arts and Technology and the Managing Director of Endriga, Manangu & Associates, Certified Public Accountants. In addition, he is a member of the National Executive Council — National Movement for Free Elections, and a board member of Miriam College Foundation and Kalayaan College, respectively. Prior to that, among other positions, he was the President of the Credit Information Corporation, a board member and Treasurer of the Management Association of the Philippines, President and Chief Academic Officer of University of the East, and a faculty member of De La Salle University Graduate School of Business. Mr. Endriga graduated magna cum laude from University of the East with a Bachelor of Business Administration degree, major in Accounting, and Harvard Business School with a Master of Business Administration degree.

Anthony T. Huang, 43, Director of the Company since 2007. He is the President of the Company. Mr. Huang is also the President and a director of all of the Group's companies. He joined the Group in 1995 and has over 22 years of experience in the retail business. He also serves as the Executive Vice President of Rustan Marketing Corporation. He is a member of the board of directors of Sta. Elena Properties, Inc. Rustan Supercenters, Inc. and Commonwealth Foods, Inc. Mr. Huang graduated from the University of Asia and the Pacific with a Bachelor of Arts degree in Humanities.

Bienvenido V. Tantoco III, 48, Director of the Company since 2007. Mr. Tantoco is the President of Rustan Supercenter, Inc. He was also the Executive Vice President and General Manager of Rustan Supercenter, Inc. prior to his appointment as the President. In addition, he served as the Vice President for Corporate Planning and later with the Office of the President, of Rustan Commercial Corporation. Mr. Tantoco graduated from Connecticut College with a Bachelor of Arts degree in Economics, and J.L Kellogg Graduate School of Management, Northwestern University with a Master of Management degree, majors in Marketing, Accounting, and Organizational Behavior.

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

Per the Company's Manual, the Audit Committee performs oversight functions over the Corporation's internal and external auditors. It should ensure, among others, that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Zenaida R. Tantoco	2014	N/A			
Member (ED)	Anthony T. Huang	2014	N/A			
Member (NED)	Edgardo T. Pineda Jr.	2014	N/A			
Member (ID)						
Member						

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Zenaida R. Tantoco	2014	N/A			
Member (ED)	Anthony T. Huang	2014	N/A			
Member (NED)	Edgardo T. Pineda	2014	N/A			
Member (ID)						
Member						

(e) Others (Specify)

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

N/A

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

3. CHANGES IN COMMITTEE MEMBERS

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

N/A

4. WORK DONE AND ISSUES ADDRESSED

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

N/A. The Committees have been constituted only in November 2014

5. COMMITTEE PROGRAM

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

Following the constitution of the several committees of the Company in November 2014, each of the committees is currently evaluating its plans to improve its governance for the ensuing year, in light of the Company's goals for 2015.

F. RISK MANAGEMENT SYSTEM

1. STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM

Following the adoption of the Company's Manual and the constitution of the Company's Audit Committee, the Company's risk management system is currently being reviewed by the Audit Committee, and subject to further review by the Board of Directors.

As prescribed under SEC memorandum circular number 3, series of 2015, for newly listed companies, the full and complete ACGR of the company shall be submitted to the PSE and the SEC and shall also made available on the Company's website on or before May 30, 2016

(a) Overall risk management philosophy of the company;

- (b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;
- (c) Period covered by the review;
- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and
- (e) Where no review was conducted during the year, an explanation why not.

2. RISK POLICY

i. Company

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

Following the adoption of the Company's Manual and the constitution of the Company's Audit Committee, the Company's risk management system is currently being reviewed by the Audit Committee, and subject to further review by the Board of Directors.

As prescribed under SEC memorandum circular number 3, series of 2015, for newly listed companies, the full and complete ACGR of the company shall be submitted to the PSE and the SEC and shall also made available on the Company's website on or before May 30, 2016.

Per the Company's Manual, the control environment of the Company includes the organizational and procedural controls supported by effective management information and risk management reporting systems. Risk management is included in the internal control responsibilities primarily of the Board. The Audit Committee also provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities.

ii. Group

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

Following the adoption of the Company's Manual and the constitution of the Company's Audit Committee, the Company's risk management system is currently being reviewed by the Audit Committee, and subject to further review by the Board of Directors.

As prescribed under SEC memorandum circular number 3, series of 2015, for newly listed companies, the full and complete ACGR of the company shall be submitted to the PSE and the SEC and shall also made available on the Company's website on or before May 30, 2016.

iii. Minority Shareholders

Risk to Minority Shareholders
The Company recognizes the general risks inherent to shareholders holding less shares, i.e., less voting power. However, the Company ensures compliance with the protection afforded to minority stockholders by the Philippine Corporation Code.

3. CONTROL SYSTEM

i. Company

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

Following the adoption of the Company's Manual and the constitution of the Company's Audit Committee, the Company's risk management system is currently being reviewed by the Audit Committee, and subject to further review by the Board of Directors.

As prescribed under SEC memorandum circular number 3, series of 2015, for newly listed companies, the full and complete ACGR of the company shall be submitted to the PSE and the SEC and shall also made available on the Company's website on or before May 30, 2016.

ii. Group

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

Following the adoption of the Company's Manual and the constitution of the Company's Audit Committee, the Company's risk management system is currently being reviewed by the Audit Committee, and subject to further review by the Board of Directors.

As prescribed under SEC memorandum circular number 3, series of 2015, for newly listed companies, the full and complete ACGR of the company shall be submitted to the PSE and the SEC and shall also made available on the Company's website on or before May 30, 2016.

iii. Committee

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

All the other committees, subject to their functions as provided in the Company's Manual

G. INTERNAL AUDIT AND CONTROL

1. STATEMENT OF EFFECTIVENESS OF INTERNAL CONTROL SYSTEM

Disclose the following information pertaining to the internal control system of the company:

Following the adoption of the Company's Manual and the constitution of the Company's Audit Committee, the Company's internal control system is currently being reviewed by the Audit Committee, and subject to further review by the Board of Directors. As a matter of practice, any issue relating to the internal control system of the Company is addressed by the Management and the Board on a case-to-case basis.

As prescribed under SEC memorandum circular number 3, series of 2015, for newly listed companies, the full and complete ACGR of the company shall be submitted to the PSE and the SEC and shall also made available on the Company's website on or before May 30, 2016.

Explain how the internal control system is defined for the company;

Per the Company's Manual, internal control system is the framework under which internal controls are developed and implemented (alone or in concert with other policies or procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the Corporation is exposed.

As prescribed under SEC memorandum circular number 3, series of 2015, for newly listed companies, the full and complete ACGR of the company shall be submitted to the PSE and the SEC and shall also made available on the Company's website on or before May 30, 2016.

- (a) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;
- (b) Period covered by the review;
- (c) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and
- (d) Where no review was conducted during the year, an explanation why not.

2. INTERNAL AUDIT

i. Role, Scope, and Internal Audit Function

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

Per the Company's Manual, Management should formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

- (i) The extent of its responsibility in the preparation of the financial statements of the Corporation, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;
- (ii) An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Corporation should be maintained;
- (iii) On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;
- (iv) The Corporation should consistently comply with the financial reporting requirements of the SEC;
- (iv) The Internal Auditor should submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.

ii. Appointment and Removal of Internal Auditor

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

Yes as stated in the Company Manual

iii. Reporting Relationship with the Audit Committee

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

As stated in the Company's Manual, the Audit Committee reviews the reports submitted by the internal auditors. The Audit Committee shall identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee.

iv. Resignation, Re-assignment and Reasons

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

Subject of on-going review. As prescribed under SEC memorandum circular number 3, series of 2015, for newly listed companies, the full and complete ACGR of the company shall be submitted to the PSE and the SEC and shall also made available on the Company's website on or before May 30, 2016.

v. Progress against Plans, Issues⁴, Findings⁵ and Examination Trends

⁴ "Issues" are compliance matters that arise from adopting different interpretations.

⁵ "Findings" are those with concrete basis under the company's policies and rules.

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

Subject of on-going review. As prescribed under SEC memorandum circular number 3, series of 2015, for newly listed companies, the full and complete ACGR of the company shall be submitted to the PSE and the SEC and shall also made available on the Company's website on or before May 30, 2016.

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

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

vi. Audit Control Policies and Procedures

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

Subject of on-going review. As prescribed under SEC memorandum circular number 3, series of 2015, for newly listed companies, the full and complete ACGR of the company shall be submitted to the PSE and the SEC and shall also made available on the Company's website on or before May 30, 2016.

vii. Mechanism and Safeguards

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

On-going review. As prescribed under SEC memorandum circular number 3, series of 2015, for newly listed companies, the full and complete ACGR of the company shall be submitted to the PSE and the SEC and shall also made available on the Company's website on or before May 30, 2016.

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

Zenaida R. Tantoco – Chairman and CEO
Anthony T. Huang – President
Margarita A. Atienza – Compliance Officer

H. ROLE OF STAKEHOLDERS

1) STATEMENT ON EMPLOYEE PARTICIPATION

Subject of On going review. As prescribed under SEC memorandum circular number 3, series of 2015, for newly listed companies, the full and complete ACGR of the company shall be submitted to the PSE and the SEC and shall also made available on the Company's website on or before May 30, 2016.

- i. Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?
None at the moment
- ii. Performance-enhancing mechanisms for employee participation.

- (a) What are the company's policy for its employees' safety, health, and welfare?
- (b) Show data relating to health, safety and welfare of its employees.
- (c) State the company's training and development programmes for its employees. Show the data.
- (d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

The Company has adopted a compensation policy which we believe to be competitive with industry standards in the Philippines. The Company's employees are offered incentive-based compensation depending on their ability to meet certain incentive program's criteria, which include sales, profitability, inventory control and compliance with standard operating procedures. Furthermore, members of the staff also enjoy specific benefits particular to the Company's business such as employee discounts for purchases of merchandise from the brands that the Company represents, as well as special private sales held only for the employees. Salaries and benefits are reviewed periodically and adjusted to retain current employees and attract new employees. Performance is reviewed annually and employees are rewarded based on the attainment of defined objectives.

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

As a matter of practice, upon receipt of a written from an employee, Management conducts an investigation on its merit, subject to due process. Once proven, appropriate penalties and sanctions may be imposed thereafter. Further, policy provides that anyone who in good faith reports an incident shall not be retaliated upon or suffer harassment or adverse employment consequence.

I. DISCLOSURE AND TRANSPARENCY

1. Ownership Structure

- (a) Holding 5% shareholding or more

Please refer to disclosure lifted from the Annual Report as of March 31, 2015

Title of Class	Names and addresses of record owners and relationship with the Company	Name of beneficial owner and relationship with record owner	Citizenship	Number of shares held	% to Total Outstanding Shares
Common	PCD Nominee Corporation 37 th Floor Tower 1, the Enterprise Center, Ayala Avenue cor. Paseo de Roxas, Makati City (stockholder)	Wellborn Trading and Investments, Inc.⁶ (client of PDTC participant)	Filipino	468,043,679	14.1281%

Notes

⁶ Wellborn Trading and Investments, Inc. is beneficially owned by Zenaida R. Tantoco, Anthony T. Huang, Michael T. Huang and Catherine T. Huang as to 77.9%, 7.4%, 7.4% and 7.4% respectively. Zenaida R. Tantoco directly and indirectly owns 468,583,779 common shares of the company equivalent to 14.14% of outstanding shares.

Title of Class	Names and addresses of record owners and relationship with the Company	Name of beneficial owner and relationship with record owner	Citizenship	Number of shares held	% to Total Outstanding Shares
Common	PCD Nominee Corporation 37 th Floor Tower 1, the Enterprise Center, Ayala Avenue cor. Paseo de Roxas, Makati City (stockholder)	Marjorisca, Incorporated ⁷ (client of PDTC participant)	Filipino	434,440,400	13.1137%
Common	PCD Nominee Corporation 37 th Floor Tower 1, the Enterprise Center, Ayala Avenue cor. Paseo de Roxas, Makati City (stockholder)	Birdseyeview, Inc. ⁸ (client of PDTC participant)	Filipino	434,412,500	13.1129%
Common	PCD Nominee Corporation 37 th Floor Tower 1, the Enterprise Center, Ayala Avenue cor. Paseo de Roxas, Makati City (stockholder)	Educar Holdings, Corp. ⁹ (client of PDTC participant)	Filipino	415,753,800	12.5497%
Common	PCD Nominee Corporation 37 th Floor Tower 1, the Enterprise Center, Ayala Avenue cor. Paseo de Roxas, Makati City (stockholder)	Bordeaux Holdings, Inc. ¹⁰ (client of PDTC participant)	Filipino	414,967,821	12.5260%

SECURITY OWNERSHIP OF MANAGEMENT AS OF MARCH 31, 2015

Title of Class	Name of beneficial owner	Position	Amount and Nature of Beneficial Ownership (shares)	Citizenship	% to Total Outstanding Shares
Named Executive Officers					
Common	Zenaida R. Tantoco	Chairman and CEO	468,583,779 (direct and indirect)	Filipino	14.1444%
Common	Anthony T. Huang	President	3,502,100 (direct)	Filipino	0.1057%
Common	Elizabeth T. Quiambao	Executive Vice President	3,334,000 (direct)	Filipino	0.1006%
Common	Rosselina J. Escoto	Vice President—Finance	133,500 (direct)	Filipino	0.0040%
Common	Reuben J. Ravago	Vice President—IT	20,300 (direct)	Filipino	0.0006%

⁷ Marjorisca Incorporated is wholly and beneficially owned by Ma. Elena T. Valbuena. Ma. Elena T. Valbuena directly and indirectly owns 466,310,879 common shares of the company equivalent to 14.08% of outstanding shares.

⁸ Birdseyeview, Inc. is wholly and beneficially owned by Ma. Teresa R. Tantoco. Ma. Teresa R. Tantoco directly and indirectly owns 466,886,931 common shares of the company equivalent to 14.09% of outstanding shares.

⁹ Educar Holdings, Corp. is beneficially owned by seven members of the Lopez family, Eduardo S. Lopez, Jr. Ma. Carmencita T. Lopez, Eduardo T. Lopez III, Ma. Margarita L. De Jesus, Ma. Carmencita L. Tiangco, and Enrique Antonio T. Lopez, each of whom holds an equal shareholding interest of 14.3%

¹⁰ Bordeaux Holdings, Inc. is wholly and beneficially owned by Ma. Lourdes T. Pineda

Title of Class	Name of beneficial owner	Position	Amount and Nature of Beneficial Ownership (shares)	Citizenship	% to Total Outstanding Shares
Other Executive Officers and Directors					
Common	Ma. Teresa R. Tantoco	Treasurer	466,886,931 (direct and indirect)	Filipino	14.0931%
Common	Ma. Elena T. Valbuena	Director	466,310,879 (direct and indirect)	Filipino	14.0758%
Common	Bienvenido V. Tantoco III	Director	856,100 (direct and indirect)	Filipino	0.0258%
Common	Eduardo T. Lopez III	Director	790,100 (direct)	Filipino	0.0238%
Common	Edgardo Luis Pedro T. Pineda, Jr.	Director	100 (direct)	Filipino	0.0000%
Common	Baltazar N. Endriga	Independent Director	1 (direct)	Filipino	0.0000%
Common	Carlo L. Katigbak	Independent Director	1 (direct)	Filipino	0.0000%
Common	Cheryl Anne M. Berioso	Head of Corporate Planning	20,000 (direct)	Filipino	0.0006%

Except as disclosed above, none of the Company's other executive officers or department managers own shares directly or indirectly in the Company. Ownership in the Company is limited to that indicated in the foregoing.

2) Does the Annual Report disclose the following:

Key risks	YES
Corporate objectives	
Financial performance indicators	YES
Non-financial performance indicators	YES
Dividend policy	YES
Details of whistle-blowing policy	No, circulated internally
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	YES
Training and/or continuing education programme attended by each director/commissioner	Not required
Number of board of directors/commissioners meetings held during the year	Not required
Attendance details of each director/commissioner in respect of meetings held	Not required
Details of remuneration of the CEO and each member of the board of directors/commissioners	YES

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

3) External Auditor's fee

The following table sets out the aggregate fees billed to SSI Group, Inc. for the last three fiscal years for professional services rendered by SGV & Co.

(in PhP Millions)	Audit and Audit-related Fees		Tax Fees	Other Fees	Total
	Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings	Professional Fees related to the Initial Public Offering			
2014	4.6	11.0	-	-	14.6
2013	4.0	-	-	-	4.0
2012	3.7	-	-	-	3.7

4) Medium of Communication

SEC disclosures, Press Releases, the PSE Edge system as well as news on the website

5) Date of release of audited financial report: **April 15, 2015**

6) Company Website

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

Business operations	YES
Financial statements/reports (current and prior years)	YES
Materials provided in briefings to analysts and media	Not Applicable
Shareholding structure	YES included in disclosures
Group corporate structure	YES included in disclosures
Downloadable annual report	Applicable for 2014 Annual Report
Notice of AGM and/or EGM	N/A
Company's constitution (company's by-laws, memorandum and articles of association)	For uploading

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

7) Disclosure of RPT

Please refer to Note 21 of the Audited Financial Statements for a discussion on related party transactions

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

The Company has controls in place to address relevant issues related to the above. Please refer to the Company's Manual of Corporate Governance.

J. RIGHTS OF STOCKHOLDERS

1. RIGHT TO PARTICIPATE EFFECTIVELY IN STOCKHOLDERS' MEETINGS

(a) Quorum

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

Refer to the by laws

Quorum Required	Stockholders representing majority of the outstanding capital stock
------------------------	--

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

General requirements under the Philippine Corporation code

System Used	By vote of stockholders
Description	Corporate acts requiring stockholders' approval are approved by the vote of stockholders owning the majority of the stock issued and outstanding of the Company or 2/3 thereof, as may be required under the Philippine Corporation Code.

(c) Stockholders' Rights

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

N/A

Stockholders' Right under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code

Dividends N/A

Declaration Date	Record Date	Payment Date

(d) Stockholders' Participation

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

The Company has not yet held its Annual Stockholders' Meeting after its shares were listed in the PSE in November 2014. The Company shall comply with all applicable laws and requirements relating to the conduct of the Annual Stockholders' Meeting.

2. Measures Adopted	3. Communication Procedure
4.	5.
6.	7.

8. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
General law requirements corp code

- a. Amendments to the company's constitution

This is subject to approval by the stockholders owning the majority of the stock issued and outstanding of the Company or 2/3 thereof, as provided in the Philippine Corporation Code.

- b. Authorization of additional shares

This is generally subject to approval by the Board of Directors, as provided in the Philippine Corporation Code.

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

This is subject to approval by the stockholders owning 2/3 of the stock issued and outstanding of the Company, as provided in the Philippine Corporation Code.

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

N/A

- a. Date of sending out notices: N/A
- b. Date of the Annual/Special Stockholders' Meeting:

10. State, if any, questions and answers during the Annual/Special Stockholders' Meeting. **None**

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

12. Resolution	13. Approving	14. Dissenting	15. Abstaining
16.	17.	18.	19.
20.	21.	22.	23.

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

(e) Modifications **N/A**

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

(f) Stockholders' Attendance

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

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs? **N/A**
 Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.
Yes

(g) Proxy Voting Policies

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

	Company's Policies
Execution and acceptance of proxies	At all meetings of stockholders, a stockholder may vote in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary. All proxies must be in the hands of the Secretary not later than ten (10) days before the date set for the meeting. Proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary at least five (5) days prior to a scheduled meeting or by their personal presence at the meeting. The decision of the Secretary on the validity of the proxies shall be final and binding until and unless set aside by a court of competent jurisdiction.
Notary	Not required
Submission of Proxy	All proxies must be in the hands of the Secretary not later than ten (10) days before the date set for the meeting.
Several Proxies	Stockholders may vote the share or shares standing in his name on the stock transfer books of the Corporation.
Validity of Proxy	Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary
Proxies executed abroad	At all meetings of stockholders, a stockholder may vote in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact.
Invalidated Proxy	Proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary at least five (5) days prior to a scheduled meeting or by their personal presence at the meeting. The decision of the Secretary on the validity of the proxies shall be final and binding until and unless set aside by a court of competent jurisdiction.
Validation of Proxy	
Violation of Proxy	

(h) Sending of Notices

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

Per the Company's By-Laws, notices for regular or special meetings of stockholders may be sent by the Secretary by personal delivery or by mail at least two (2) weeks prior to the date of the meeting to each stockholder of record at his last known address or by publication in a newspaper of general circulation. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called. In case of special meetings, only matters stated in the notice can be the subject of motions or deliberations at such meeting. Notice of any meeting may be waived, expressly or impliedly, by any stockholder, in person or by proxy, before or after the meeting.

When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

(i) Definitive Information Statements and Management Report

N/A. This will be determined in the next Annual Stockholders' Meeting for 2015

Number of Stockholders entitled to receive Definitive information Statements and Management Report and Other Materials	
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	
State whether CD format or hard Copies were distributed	
If yes, indicate whether requesting stockholders were provided hard copies	

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

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

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

2. TREATMENT OF MINORITY STOCKHOLDERS

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

Policies	Implementation
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Minority stockholders are given the same protection and rights under the Philippine Corporation Code	The Company observes the procedure provided under the Philippine Corporation Code including, without limit, the exercise of appraisal rights.
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(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes. Under the Company's By-Laws and Corporate Governance Manual, all stockholders have the right to nominate candidates to the Board.

K. INVESTORS RELATIONS PROGRAM

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

The IRO is responsible for ensuring that shareholders have timely and uniform access to official announcements, disclosures and market-sensitive information relating to the Company. As our officially designated spokesperson, the IRO is responsible for receiving and responding to investor and shareholder queries. In addition, the IRO oversees most aspects of the Company's shareholder meetings, press conferences, investor briefings, management of the investor relations portion of the Company's website and the preparation of annual reports. The IRO is also responsible for conveying information such as our policy on corporate governance and corporate social responsibility, as well as other qualitative aspects of our operations and performance.

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

	Details
(1) Objectives	Foster shareholder participation and build shareholder trust and confidence
(2) Principles	Transparency in disclosure and availability of information
(3) Modes of Communication	Email, written correspondence and telephone
(4) Investors Relations Officer	MA. MARGARITA A. ATIENZA

- 3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

Due diligence, benchmarking, market dynamics, long-term sustainability of the business, synergies with the whole group, cost implications, core competency, board approval, regulatory approvals, in all cases, as consistent with applicable law.

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

N/A

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES.

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

Under review. As prescribed under SEC memorandum circular number 3, series of 2015, for newly listed companies, the full and complete ACGR of the company shall be submitted to the PSE and the SEC and shall also made available on the Company's website on or before May 30, 2016.

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

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

Under review. As prescribed under SEC memorandum circular number 3, series of 2015, for newly listed companies, the full and complete ACGR of the company shall be submitted to the PSE and the SEC and shall

also made available on the Company's website on or before May 30, 2016.

N. INTERNAL BREACHES AND SANCTIONS

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

As provided in the Company's Manual, to avoid non-compliance and to strictly observe the provisions of this Manual, the Board of Directors may impose appropriate sanctions, penalty or corrective measures, after due notice and hearing, on the erring directors, officers and employees. Sanction or penalty may include censure, suspension and removal from office depending on the gravity of the offense, the resulting damage, as well as the frequency of the violation. The commission of a grave violation of this Manual by any member of the Board of Directors shall be sufficient cause for removal from directorship.

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on 15 April, 2015.

SIGNATURES



ANTHONY T. HUANG
 President



BALTAZAR N. ENDRIGA
 Independent Director



MA. MARGARITA A. ATIENZA
 Compliance Officer

SUBSCRIBED AND SWORN to before me this 15th day of April 2015, affiant(s) exhibiting to me their identification documents, as follows:

NAMES	ID NUMBER	DATE OF ISSUE	PLACE OF ISSUE
ANTHONY T. HUANG	Phil. Passport EB5215003	APRIL 23, 2012	DFA MANILA
BALTAZAR N. ENDRIGA	PRC# 0006558	1/21/2014	Manila
MA. MARGARITA A. ATIENZA	Phil. Passport EB4253351	DECEMBER 12, 2011	DFA MANILA

Doc. No. 120 ;
 Page No. 25 ;
 Book No. 424 ;
 Series of 2015 ;

ATTY. VIRGILIO B. BATALLA
 NOTARY PUBLIC FOR MAKATI CITY
 APPOINTMENT NO. M-32
 UNTIL DECEMBER 31, 2016
 Notary Public
 ROLL OF ATTY. NO. 48348
 BUREAU COMPLIANCE NO. IV-0016353/4-10-2013
 REG. NO. 702762 - LIFETIME MEMBER
 PTR. NO. 474 - 8510 JAN 05, 2015
 EXECUTIVE BLDG. CENTER
 MAKATI AVE., COR., JUPITER