

COVER SHEET

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(Company's Full Name)

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(Business Address: No. Street City / Town / Province)

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KRISTINE ANN CATINDIG-ONG

Contact Person

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8635-0680

Company Telephone Number

1	2		3	1
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Month

Day

Fiscal Year

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SEC Form 20-IS Preliminary Information Statement

FORM TYPE

0	6
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Month

0	6
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Day

Annual Meeting

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Secondary License Type, if Applicable

C	F	D
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Dept. Requiring this Doc.

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Amended Articles Number/Section

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183

Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

LCU

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Document I.D.

Cashier

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STAMPS



## **NOTICE OF ANNUAL STOCKHOLDERS' MEETING**

Notice is hereby given that the Annual Stockholders Meeting of D&L INDUSTRIES, INC. will be held virtually on Monday, 06 June 2022 at 9:00 o'clock in the morning. The meeting and log-in credentials will be sent to the stockholders via email upon registration (guidelines in Annex "A"), The Agenda is as follows:

1. Call to Order
2. Certification of Notice and determination of Quorum
3. Approval of Minutes of Previous Meeting
4. Approval of Annual Report for the year ended December 31, 2021
5. Approval of Amendment to By-Laws
6. Election of Auditors
7. Election of Directors
8. Consideration of such other business as may properly come before the meeting
9. Adjournment

Only stockholders of record as at the close of business on 13 May 2022 are entitled to notice, and to vote at the meeting. The Stock and Transfer Books of the Corporation will be closed from 13 May 2022 to 06 June 2022.

In view of the current situation, stockholders may only attend by remote communication. Stockholders who wish to participate in the virtual meeting must register online at this link – <https://shareholder.dnl.com.ph/> on or before 31 May 2022. Guidelines for registration, participation and voting are in Annex "A". Stockholders may attend the virtual meeting in person or through your authorized representative with the execution of a proxy. Deadline for submission of proxies is on 31 May 2022. The proxy form is enclosed and stockholder may accomplish and submit the proxy form by uploading the same during online registration at the above link. Please note that the Corporation is not soliciting proxies.

Further, a stockholder may vote in *absentia* and in case the stockholder is unable to join or send a representative. Stockholders voting in *absentia* shall be considered present for purposes of determining quorum. Stockholders who wish to vote in *absentia* shall likewise register online at this link – <https://shareholder.dnl.com.ph/> on or before 31 May 2022. Subject to registration and validation procedures, stockholders who registered to vote in *absentia* may cast their votes by the vote included in this notice and uploading the same during the online registration at the above link.

A video and audio recording of the meeting will be taken in accordance with the requirements of the Securities and Exchange Commission

Stockholders may submit written nominations for directors to the Corporate Secretary by mail or email at the addresses mentioned above not later than 27 May 2022. All nominations shall be in writing duly signed by the nominating stockholders or their duly authorized (in writing) representatives, with the written acceptance of the nominee. The nomination form is attached herewith. A copy of a valid government-issued identification card with photo of the nominee shall likewise be enclosed. All nominees for Directors and Independent Directors shall possess the qualifications and none of the disqualifications prescribed by law and the Corporation's policies. If a nominee for Independent Director, the nominee shall likewise submit a duly accomplished Certificate of Qualification in the form prescribed by the Securities and Exchange Commission in its Memorandum Circular No. 5, Series of 2017 dated March 7, 2017.

Thank you.

  
**KRISTINE ANN C. CATINDIG-ONG**  
Corporate Secretary

## **EXPLANATION OF AGENDA ITEMS FOR STOCKHOLDERS' APPROVAL**

### **Approval of minutes of previous meeting**

The minutes of the meeting held on 07 June 2021 are available at the company website, [www.dnl.com.ph](http://www.dnl.com.ph).

Remarks: A resolution on this agenda item must be approved with the majority of the votes of the stockholders present and eligible to vote.

### **Annual report**

The financial statements as of 31 December 2021 (FS) will be presented for approval by the stockholders. Prior thereto, the President, Mr. Alvin D. Lao, will deliver a report to the stockholders on the performance of the company in 2021 and the outlook for 2022. The FS is included in the Information Statement posted on the company's website - [www.dnl.com.ph](http://www.dnl.com.ph).

Remarks: A resolution on this agenda item must be approved with the majority of the votes of the stockholders present and eligible to vote.

### **Approval of Amendment to By-Laws**

The amendment to Article VIII, Section 4 of the By-Laws by delegating to the Board of Directors the power to amend the By-Laws for purposes of complying with subsequent requirements of law and regulatory bodies including practices that the Corporation may be required to adopt and to reflect therein shall be submitted for ratification by the stockholders. For the details, please refer to the Information Statement posted on at the company's website - [www.dnl.com.ph](http://www.dnl.com.ph).

Remarks: A resolution on this agenda item must be approved by the votes of stockholders present and eligible to vote representing at least 2/3 of the outstanding capital.

### **Election of auditors**

The appointment of the external auditor, Isla Lipana and Co., for the ensuing year will be endorsed to the stockholders. The profile of the external auditor will be provided in the Information Statement and in the company website for examination by the stockholders.

Remarks: A resolution on this agenda item must be approved with the majority of the votes of the stockholders present and eligible to vote.

### **Election of directors**

In accordance with the By-laws, the Corporate Governance Manual, and SEC rules, any stockholder, including minority stockholders, may submit to the Corporate Secretary nominations to the Board by 10 May 2022. The Nomination Committee will determine whether the nominees for directors, including the nominees for independent directors, have all the qualifications and none of the disqualifications to serve as members of the Board before submitting the nominees for election by the stockholders. The profiles of the nominees to the Board will be provided in the Information Statement and in the company website for examination by the stockholders.

Remarks: The directors are elected by plurality of votes using the cumulative voting method. The tally of votes will be reflected in the minutes of the meeting.

### **Consideration of such other business as may properly come before the meeting**

The Chairman will open the floor for comments and questions by the stockholders. Stockholders may also propose to consider such other relevant matters or issues.

**PROXY**

**KNOW ALL MEN BY THESE PRESENTS:**

The undersigned, stockholder of **D & L INDUSTRIES, INC.**, do hereby constitute and appoint \_\_\_\_\_ as my attorney-in-fact and proxy, to attend and represent me at the Annual Stockholders Meeting of D & L Industries, Inc. on **06 June 2022**, and thereat to vote upon \_\_\_\_\_ shares of stock owned by me on the following agenda items as I have indicated below and any and all business that may come before said meeting. If I fail to indicate my vote on the items specified below, my proxy shall vote in accordance with the recommendation of Management. Management recommends a "FOR ALL" vote for proposal 7, and a "FOR" vote for proposals 1 through 6.

ITEM NO.	SUBJECT MATTER	ACTION		
		For	Against	Abstain
3	<ul style="list-style-type: none"> <li>Approval of Minutes of Previous Meeting</li> </ul>			
4	<ul style="list-style-type: none"> <li>Approval of Annual Report</li> </ul>			
5	<ul style="list-style-type: none"> <li>Approval of Amendment to By-Laws</li> </ul>			
6	<ul style="list-style-type: none"> <li>Appointment of Isla Lipana &amp; Co. as External Auditor</li> </ul>			
7	<ul style="list-style-type: none"> <li>Election of Directors</li> </ul>	<b>FOR ALL*</b>	<b>WITHHOLD FOR ALL*</b>	<b>EXCEPTION</b>
	<p>*All nominees listed below</p> <ol style="list-style-type: none"> <li>Mercedita S. Nollado – Independent (Ind)</li> <li>Filemon T. Berba, Jr. – Ind.</li> <li>Corazon S. de la Paz-Bernardo – Ind.</li> <li>Lydia R. Balatbat-Echaz – Ind.</li> <li>Yin Yong L. Lao</li> <li>John L. Lao</li> <li>Alvin D. Lao</li> </ol> <p><i>Note:</i></p> <p><i>To withhold authority to vote for any individual nominee(s) of Management, please mark Exception box and list the name(s) under.</i></p>			

In the absence of my proxy, this authority is hereby conferred upon the Presiding Officer of the meeting, provided that this proxy shall stand suspended where I am personally present thereat.

This proxy revokes and supersedes all previous proxies executed by me, and the power and authority herein granted shall be valid for said Stockholders Meeting and Adjournments thereof, unless earlier withdrawn by me with written notice filed with the Corporate Secretary of D&L Industries, Inc.

IN WITNESS WHEREOF, the undersigned has executed this PROXY this \_\_\_\_ of \_\_\_\_\_ 2022 in \_\_\_\_\_.

\_\_\_\_\_  
Name and Signature of Stockholder/ Authorized Representative

Witnessed by: \_\_\_\_\_

# VOTING IN ABSENTIA

NAME OF STOCKHOLDER : \_\_\_\_\_

NUMBER OF SHARES : \_\_\_\_\_

TELEPHONE NUMBER : \_\_\_\_\_

ADDRESS : \_\_\_\_\_

ITEM NO.	SUBJECT MATTER	ACTION		
		For	Against	Abstain
3	<ul style="list-style-type: none"> <li>Approval of Minutes of Previous Meeting</li> </ul>			
4	<ul style="list-style-type: none"> <li>Approval of Annual Report</li> </ul>			
5	<ul style="list-style-type: none"> <li>Approval of Amendment to By-Laws</li> </ul>			
6	<ul style="list-style-type: none"> <li>Appointment of Isla Lipana &amp; Co. as External Auditor</li> </ul>			
7	<ul style="list-style-type: none"> <li>Election of Directors</li> </ul>	FOR ALL*	WITHHOLD FOR ALL*	EXCEPTION
	<p>*All nominees listed below</p> <ol style="list-style-type: none"> <li>8. Mercedita S. Nollado – Independent (Ind)</li> <li>9. Filemon T. Berba, Jr. – Ind.</li> <li>10. Corazon S. de la Paz-Bernardo – Ind.</li> <li>11. Lydia R. Balatbat-Echauz – Ind.</li> <li>12. Yin Yong L. Lao</li> <li>13. John L. Lao</li> <li>14. Alvin D. Lao</li> </ol> <p><i>Note:</i></p> <p><i>To withhold authority to vote for any individual nominee(s) of Management, please mark Exception box and list the name(s) under.</i></p>			

If I fail to indicate my vote on the foregoing items, it is understood that I shall be considered to have voted in accordance with the recommendation of Management. Management recommends a "FOR ALL" vote for proposal 7, and a "FOR" vote for proposals 1 through 6.

\_\_\_\_\_  
Signature over Printed Name of Stockholder

## NOMINATION FORM

Please check proper box

\_\_\_\_\_ Nominee for Independent Director (Note: Please submit Certificate of Qualification)  
\_\_\_\_\_ Not Nominee for Independent Director

\_\_\_\_\_  
Name of Nominee

Citizenship: \_\_\_\_\_ Age: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Place of Birth: \_\_\_\_\_ Name of Spouse: \_\_\_\_\_

Residential  
Address: \_\_\_\_\_ Tel. No.: \_\_\_\_\_ Cell. No.: \_\_\_\_\_

Office  
Address: \_\_\_\_\_ Tel. No.: \_\_\_\_\_ Cell. No.: \_\_\_\_\_

Educational Background/ Attainment:	
Work and/ or Business Experience:	
Stockholdings (indicate direct and indirect shares)	

Name of Nominator-Stockholder or Authorized Representative: \_\_\_\_\_

Relation of Nominee and Nominator: \_\_\_\_\_

Conformity and acceptance:

\_\_\_\_\_  
Nominee

\_\_\_\_\_  
Nominator

\_\_\_\_\_  
Date

**D&L INDUSTRIES, INC.**  
**VIRTUAL ANNUAL STOCKHOLDERS MEETING**  
**GUIDELINES ON ONLINE REGISTRATION, VOTING AND PARTICIPATION**

**I. REGISTRATION**

1. Only DNL stockholders as 13 May 2022 (Record Date), may register, join and vote in the virtual Annual Stockholders Meeting ("ASM").
2. Stockholders may register online thru the DNL ASM registration portal ("Portal"), which may be accessed at this link - [https:// shareholder.dnl.com.ph/](https://shareholder.dnl.com.ph/)
3. Online registration will be open from 14 May 2022 until 31 May 2022.
4. Provide all the information and supporting documents required through the portal.
  - a. Provide valid and active email and contact number of the stockholder and proxy, if any.
  - b. Documentary Requirements:
    - i. For Individual Stockholders with share recorded in their name
      1. Copy of a valid government-issued ID with photo and signature (front and back)
    - ii. For Individual Stockholders under a Broker Account
      1. Copy of a valid government-issued ID with photo and signature (front and back)
      2. Broker's Certification stating the account name and number of shares
    - iii. For Corporate Shareholders
      1. Copy of a Secretary's Certificate appointing its representative and attesting to the authority of the representative to vote for and on behalf of the corporate stockholder
      2. Copy of a valid government-issued ID with photo and signature (front and back) of the representative
    - iv. For Stockholders under joint account
      1. Letter of authority signed by all joint stockholders, identifying who among them is authorized to cast the vote for the joint account
      2. Submit requirements per i, ii and iii above, as may be applicable
      3. Copy of valid government-issued ID with photo and signature (front and back) of each joint stockholder
    - v. For Stockholders who will appoint s proxy
      1. Copy of a duly accomplished proxy form (submit on or before 31 May 2021)
      2. Regarding the stockholder, submit requirements per i, ii and iii above, as may be applicable
      3. Copy of a valid government-issued ID with photo and signature (front and back) of the proxy, except if the proxy is the Chair man or President of DNL or the presiding officer of the ASM

- vi. For Stockholders who will vote in absentia
    - 1. Requirements per i, ii and iii above, as may be applicable
    - 2. Duly accomplished ballot for voting in absentia
- c. Ensure that the photo and signature in the ID submitted are clearly displayed.
- d. Files uploaded should be in JPEG format with a file size of not more than 2MB.
- 5. All stockholders who registered shall be subjected to a verification process. Only those who have been verified will receive the meeting link and log-in credentials via email.
- 6. DNL reserves the right to ask for additional requirements.

## **II. PARTICIPATION**

- 1. Stockholders may join the ASM on 6 June 2022 at 9 o'clock in the morning through the meeting link and log-in credentials to be sent by email after registration and verification.
- 2. Stockholders may comment or raise questions via the chat box or raise hand function. To ensure an orderly meeting, stockholders are encouraged to send in their questions in advance to [ir@dnl.com.ph](mailto:ir@dnl.com.ph). Relevant questions will be answered during the ASM.
- 3. The ASM will be recorded and the recording will be made available on the company website.

## **III. VOTING**

- 1. In all items for approval except election of directors, each share of stock entitles its registered owner to one vote.
- 2. In case of election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares equal, or he may distribute them on the same principle among as many nominees as he shall see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.
- 3. Stockholders participating in the ASM may cast their votes: 1) in advance by sending their votes on the agenda items, with the stockholder's name and number of shares, by email to [ir@dnl.com.ph](mailto:ir@dnl.com.ph) on or before 5 June 2022; or 2) during the meeting by typing the name of the stockholder and vote in the chat box.
- 4. Votes will be tabulated by DNL's stock transfer agent and verified by the external auditor.
- 5. Stockholders who are unable to join the ASM or appoint a proxy may vote in absentia by signifying this option in the Portal and accomplishing and uploading the ballot on or before 31 May 2021.

For any questions or inquiries, including request for assistance in the registration process, please email us at [asm\\_registration@dnl.com.ph](mailto:asm_registration@dnl.com.ph).



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT  
of  
D&L INDUSTRIES, INC.

PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

☐ Preliminary Information Statement

☐ Definitive Information Statement

2. Name of Registrant as specified in its charter **D&L INDUSTRIES, INC.**

3. **Metro Manila, Philippines**

Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **44852**

5. BIR Tax Identification Code **000-421-957-000**

6. **65 Calle Industria, Bagumbayan, Quezon City**

Address of principal office

**1110**

Postal Code

7. Registrant's telephone number, including area code

**(02) 8635-0680**

8. Date, time and place of the meeting of security holders

**Date : June 6, 2022**

**Time : 9:00 AM**

**Place : Virtual Meeting, meeting link and log-in credentials to be sent to the stockholder via email upon successful registration**

9. Approximate date on which the Information Statement is first to be sent or given to security holders

**Not later than May 16, 2022** (Note: Per SEC Notice dated February 16, 2022, the Company is permitted to make available this Information Statement on the company website and PSE Edge in lieu of physical distribution.)

10. **In case of Proxy Solicitations:**

**Name of Person Filing the Statement/ Solicitor: N/A**

**Address and Telephone No.: N/A**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class: **Common Stock, P1 par value**

No. of Shares of Common Stock Issued and Outstanding: **7,142,857,990 Shares\***

*\* Reported by stock transfer agent as of March 31, 2021*

Amount of Debt Outstanding: P13,790,000 (as of December 31, 2021)

12. Are any or all of the registrant's securities listed in a Stock Exchange?

Yes   /   No       

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

A total of 7,142,857,990 common shares are listed in the Philippine Stock Exchange.

<b>INFORMATION REQUIRED IN INFORMATION STATEMENT</b>
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**A. GENERAL INFORMATION**

**Item 1. *Date, time, and place of meeting of security holders***

- (a) The annual stockholders' meeting of D&L Industries, Inc. will be held on:

**Date : June 6, 2022**

**Time : 9:00 a.m.**

**Place : Virtual Meeting, meeting link and log-in credentials to be sent to the stockholder via e-mail upon successful registration**

The complete mailing address of the principal office of the registrant is:

**#65 Calle Industria  
Bagumbayan  
Quezon City, Metro Manila.**

- (b) Approximate date when the Information Statement is first to be sent to security holders: not later than **May 16, 2022** (Note: Per SEC Notice dated February 16, 2022, the Company is permitted to make available this Information Statement on the company website and PSE Edge in lieu of physical distribution.)

**Item 2. *Dissenters' Right of Appraisal***

A stockholder has a right to dissent and demand payment of the fair value of his share: (i) in case any amendment to the articles of incorporation has the effect of changing or restricting

the rights of any stockholders or class of shares or of authorizing preferences over the outstanding shares or extending or shortening the term of corporate existence; (ii) in case of any sale, lease, mortgage or disposition of all or substantially all the corporate property or assets; (iii) in case of merger or consolidation, and (iv) in case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

The appraisal right may be exercised by a stockholder who has voted against the proposed corporate action, by making a written demand to the Company within thirty (30) days after the date on which the vote was taken for the payment of the fair market value of his shares.

There are no matters or proposed actions as specified in the attached Notice of Annual Meeting that may give rise to a possible exercise by shareholders of their appraisal rights or similar right as provided in the Title X of the Revised Corporation Code of the Philippines.

**Item 3. *Interest of Certain Persons in or Opposition to Matters to be Acted Upon***

- (a) No director, nominee for election as director, associate of the nominee or executive officer of the Company at any time since the beginning of the last fiscal year has had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.
- (b) None of the incumbent directors has informed the Company in writing of an intention to oppose any action to be taken by the Company at the meeting.

**B. CONTROL AND COMPENSATION INFORMATION**

**Item 4. *Voting Securities and Principal Holders Thereof***

- (a) Number of Shares Outstanding as of March 31, 2022: 7,142,857,990 common shares  
  
Number of Votes entitled: One (1) vote per share
- (b) All stockholders of record at the close of business on May 13, 2022 are entitled to notice and to vote at the Annual Stockholders' Meeting.
- (c) In case of election of directors, each stockholder may vote such number of shares for as many persons as there are directors or he may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many nominees as he shall see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

### (1) Security Ownership of Certain Record and Beneficial Owners

As of March 31, 2022, the beneficial owners of more than five (5) percent of any class of the Company's voting securities are as follows:

<b>Title of Class</b>	<b>Name, address of record owner and relationship with issuer</b>	<b>Name of Beneficial Owner &amp; Relationship w/ Record Owner</b>	<b>Citizenship</b>	<b>No. of Shares Held</b>	<b>Percent (1)</b>
Common	JADEL Holdings, Inc. (2) 65 Calle Industria, Bagumbayan, Quezon City Stockholders	n/ a	Filipino	3,930,114,072	55.02%
Common	PCD Nominee Corp (Non-Filipino) G/ F Makati Stock Exchange, Ayala Avenue, Makati City	Deutsche Bank Manila - Clients' Account	Foreign	417,106,043	5.84%

Note: (1) Percentage is based on total number of shares issued – 7,142,857,990

(2) Figures are based on the report rendered by the stock transfer agent; Jadel Holdings has yet to decide on who will vote the shares and what voting mode it will exercise

### (2) Security Ownership of Management

The following table shows the security ownership of the Company's senior management as of March 31, 2022

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Position</b>	<b>Amount and Nature of Beneficial Ownership (1) - Balance as of 12/31/2021</b>	<b>Amount and Nature of Beneficial Ownership (1) - Balance as of 3/31/2022</b>	<b>Citizenship</b>	<b>% to Total Outstanding</b>
Common	Dean L. Lao	Chairman Emeritus	28,105,048	1,549,500 (2)	Filipino	0.02%
Common	Dean L. Lao		34,379	42,000 (3)	Filipino	0.00%
Common	Leon L. Lao	Member Advisory Board	100,000	100,000 (3)	Filipino	0.00%
Common	Alvin L. Lao	Member Advisory Board	1,910,493	1,910,493 (3)	Filipino	0.03%
Common	Alvin L. Lao	Member Advisory Board	51,086,326	51,086,326 (3)	Filipino	0.72%
Common	Yin-Ying L. Lao	Chairman	7,388,638	7,388,638 (3)	Filipino	0.10%
Common	Yin-Ying L. Lao	Chairman	32,993,601	32,993,601 (3)	Filipino	0.46%
Common	John L. Lao	Vice Chairman	14,790,566	14,790,566 (3)	Filipino	0.21%
Common	John L. Lao	Vice Chairman	71,212,002	71,497,202 (3)	Filipino	1.00%
Common	John L. Lao	Vice Chairman	8,450,178	8,450,178 (3)	Filipino	0.12%
Common	Riannon T. Sefoy	Independent Director	200,000	200,000 (3)	Filipino	0.00%
Common	Maricela S. Nollado	Independent Director	700,000	700,000 (3)	Filipino	0.01%
Common	Conrado S. de la Paz-Gonzales	Independent Director	100	100 (3)	Filipino	0.00%
Common	Lydia R. Salazar - Schanz	Independent Director	89,500	89,500 (3)	Filipino	0.00%
Common	Alvin D. Lao	President & Chief Executive Officer	8,910,500	8,940,500 (3)	Filipino	0.13%
Common	Dean A. Lao, Jr.	Managing Director Chemical Technologies	1,927,888	1,931,578 (3)	Filipino	0.03%
Common	Dean A. Lao, Jr.	Managing Director Chemical Technologies	1,632,000	1,632,000 (3)	Filipino	0.02%
Common	Dean A. Lao, Jr.	Managing Director Chemical Technologies	2,290,577	2,290,577 (3)	Filipino	0.03%
Common	Leonor A. Lao	Managing Director POC and DLPC	1,023,000	1,023,000 (3)	Filipino	0.01%
Common	Leonor A. Lao	Managing Director POC and DLPC	55,235,710	42,682,872 (3)	Filipino	0.60%
Common	Vincent D. Lao	Managing Director Olan-Ros, Inc.	2,642,000	2,642,000 (3)	Filipino	0.04%
Common	Vincent D. Lao	Managing Director Olan-Ros, Inc.	1,927,790	1,931,520 (3)	Filipino	0.03%
Common	Francis Diego Q. Lao	Chief Financial Officer Treasurer & Chief Compliance Officer	1,279,000	1,279,000 (3)	Filipino	0.02%
Common	Francis Diego Q. Lao	Chief Financial Officer Treasurer & Chief Compliance Officer	18,443,918	18,443,918 (3)	Filipino	0.26%
Common	Joselito R. Rivera	Chief Operating Officer	250,000	250,000 (3)	Filipino	0.00%
Common	Kristine Grading-Ong	Corporate Secretary	296,000	296,000 (3)	Filipino	0.00%
Common	Kristine Grading-Ong	Corporate Secretary	1,383,600	1,383,600 (3)	Filipino	0.01%
Common	Arnell Anne T. Lao	Assistant Corporate Secretary	17,902,402	17,902,402 (3)	Filipino	0.25%
Common	Orissa Marie U. Soodad	Investor Relations Manager	353,800	353,800 (3)	Filipino	0.00%

Percentage is based on total number of shares issued of 7,142,857,990

Note: <sup>(1)</sup> Indirectly owned shares are attributable to the individual Lao family member's direct (D) and indirect (I) interests in the following companies, which are principal stockholders of the Company

Name of Company	No. of shares in the Company	% to Total Outstanding
Jadel Holdings Co., Inc.	4,358,276,686	61.02%
SmartWorks Trading Co., Inc.	111,476,466	1.56%
Allivee United, Inc.	89,793,091	1.26%
Jadana, Inc.	54,420,789	0.76%
Prime Spin, Inc.	76,051,142	1.06%
CEE Industries, Inc.	98,359,333	1.38%
Hansevian, Inc.	752,000	0.01%

**(3) Material Information on the current stockholders and their voting rights**

The stockholders of record as of May 13, 2022 and their respective shareholdings are listed in Appendix 5 hereof.

Each stockholder shall, in every meeting of stockholders, be entitled to one vote for each share of the capital stock held by the stockholder, in person or by proxy duly appointed as herein provided and except in cases in which it is by statute, charter or by the By-laws, otherwise provided, a majority of the votes cast by the stockholders present in person or by proxy at any meeting shall be sufficient for the adoption of any resolution.

In case of election of directors, each stockholder may vote such number of shares for as many persons as there are directors or he may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many nominees as he shall see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

**Item 5. *Directors and Key Officers***

**The incumbent Directors and Executive Officers of the Company are as follows:**

Advisory Board Members

Name	Age	Nationality	Position
Dean L. Lao	83	Filipino	Chairman Emeritus
Leon L. Lao	79	Filipino	Member, Advisory Board
Alex L. Lao	76	Filipino	Member, Advisory Board

<sup>1</sup> In compliance with Section 49 of the Revised Corporation Code.

Directors, Executive Officers, and Key Officers of wholly-owned subsidiaries:

<b>Name</b>	<b>Age</b>	<b>Nationality</b>	<b>Position</b>
Yin Yong L. Lao	69	Filipino	Chairman
John L. Lao	67	Filipino	Director and Vice Chairman
Alvin D. Lao	50	Filipino	Director, President and Chief Executive Officer
Mercedita S. Nollado	81	Filipino	Independent Director
Filemon T. Berba, Jr.	84	Filipino	Independent Director
Corazon S. de la Paz-Bernardo	81	Filipino	Independent Director
Lydia R. Balatbat-Echauz	74	Filipino	Independent Director
Franco Diego Q. Lao	43	Filipino	CFO, Treasurer, Compliance Officer
Joseito P. Rivera	59	Filipino	Chief Operating Officer
Dean A. Lao, Jr.	54	Filipino	Managing Director, Chemrez Technologies
Lester A. Lao	54	Filipino	Managing Director, FIC and DLPC
Vincent D. Lao	48	Filipino	Managing Director, Oleo-Fats, Inc.
Kristine Ann C. Catindig-Ong	40	Filipino	Corporate Secretary
Ainslee Anne T. Lao	31	Filipino	Assistant Corporate Secretary

Independent directors currently comprise the majority of the Board of Directors and 43% of the board are women.

	<b>2019</b>	<b>2020</b>	<b>2021</b>
Percentage of independent directors	57%	57%	57%
Percentage of women on the board	43%	43%	43%

The record of attendance of the directors at the meetings of the Board of Directors held during 2021 is as follows:

<b>Board</b>	<b>Name</b>	<b>Date of Election</b>	<b>No. of Meetings Held during the year</b>	<b>No. of Meetings Attended</b>	<b>%</b>
Chairman	Yin Yong L. Lao	06-7-21	7	7	100
Member	John L. Lao	06-7-21	7	7	100
Member	Alvin D. Lao	06-7-21	7	7	100
Independent	Filemon T. Berba, Jr.	06-7-21	7	7	100
Independent	Mercedita S. Nollado	06-7-21	7	7	100
Independent	Corazon S. de la Paz-Bernardo	06-7-21	7	7	100
Independent	Lydia R. Balatbat-Echauz	06-7-21	7	7	100

The following are the periods of service and a brief description of the business experience during the past five years of the incumbent directors and executive officers of the Company:

**Dean L. Lao** is the Co-founder and Chairman Emeritus of the Company, having previously served as Chairman and President of the Company from 1971 to 2013. He now sits on the Advisory Board of the Company since 2017. He was the founder of the various companies belonging to the Lao Family which include FIC Marketing, Inc. (1986), Oleo-Fats, Incorporated (1988), Corro-Coat, Inc (1990), Aero-Pack Industries, Inc. (1990), First in Colors, Incorporated (1991), and Chemrez Product Solutions, Inc. (1991). He currently serves as Director of the following companies: Aero-Pack Industries, Inc., Chemrez Product Solutions, Inc., First in Colours, Incorporated, Oleo-Fats Incorporated, Malay Resources, Inc., FIC Marketing, Inc., FIC Tankers Corporation, LBL Prime Properties Incorporated, Ecozone Properties, Inc., First Batangas Industrial Park, Inc., Color-Chem Corp., North Mactan Industrial Corporation and Jadel Holdings Co., Inc. Dean obtained his B.S. in Chemical Engineering from the Polytechnic Colleges of the Philippines.

**Leon L. Lao** is the co-founder of D&L Industries, Inc. Having previously served the Company in various capacities (Director, Chairman, President and Chief Operating Officer), Leon Lao now sits on the Advisory Board of the Company since 2017. He currently serves as the President of Chemrez Technologies, Inc., First in Colors, Incorporated and D&L Polymer & Colours, Inc., and Director of Aero-Pack Industries, Inc., Chemrez Product Solutions, Inc., First in Colours, Incorporated, Oleo-Fats Incorporated, Malay Resources, Inc., LBL Prime Properties Incorporated, Ecozone Properties, Inc., First Batangas Industrial Park, Inc., Color-Chem Corp., North Mactan Industrial Corporation and Jadel Holdings Co., Inc. Leon obtained his B.S. in Chemical Engineering from the Polytechnic Colleges of the Philippines.

**Alex L. Lao** is a member of the Advisory Board of the company. He was a Director of the Company from 1971 to 2017. He has also been a Director of other subsidiaries and affiliates of D&L Industries. He previously served as Alternate Director of Axis REIT a real estate investment trust listed in Malaysia. Mr. Lao is also a Director of the following: Aero-Pack Industries, Inc., Chemrez Product Solutions, Inc., First in Colours, Incorporated, Oleo-Fats Incorporated, Malay Resources, Inc., FIC Marketing, Inc., LBL Prime Properties Incorporated, First Batangas Industrial Park, Inc., Anonas LRT Property and Dev't Corp., Hotel Acropolis, Inc., Color-Chem Corp., North Mactan Industrial Corporation and Jadel Holdings Co., Inc. Alex obtained his B.S. in Chemical Engineering from the Polytechnic Colleges of the Philippines.

**Yin Yong L. Lao** is the Chairman of the Company, having been a Director since 1971 and having previously served as President. He is a Director as well as President and Chief Executive Officer of LBL Prime Properties Incorporated, Anonas LRT Property and Dev't Corp., Hotel Acropolis, Inc. and Ecozone Properties, Inc. Yin Yong is also a Trustee of the Association of Petrochemical Manufacturers of the Philippines. He also serves as a director of the following: Aero-Pack Industries, Inc., Chemrez Technologies, Inc., Chemrez Product Solutions, Inc., First in Colours, Incorporated, Oleo-Fats, Incorporated, Malay Resources, Inc., First Batangas Industrial Park, Inc., Color-Chem Corp., North Mactan Industrial Corporation, and Jadel Holdings Co., Inc. He graduated from the Ateneo de Manila University with a Bachelor of Arts degree in General Studies.

**John L. Lao** is the Vice Chairman of the Company. He previously served as the President until August 2016. He is currently the President of Aero-Pack Industries, Inc. and Executive Vice President of Chemrez Technologies. His other directorships include North Mactan Industrial Corporation, Chemrez Technologies, Inc., Chemrez Product Solutions, Inc., First in Colours, Incorporated, D&L Polymer & Colours, Inc., D&L Powder Coating, Inc., Oleo-Fats Incorporated, Malay Resources, Inc., FIC Marketing, Inc., LBL Prime Properties Incorporated, Ecozone Properties, Inc., Anonas LRT Property and Dev't Corp., Hotel Acropolis, Inc., First Batangas Industrial Park, Inc., Color-Chem Corp. and Jadel Holdings Co., Inc.

John obtained his B.S. in Business Administration from the University of the East.

**Mercedita S. Nollado** is an independent director of the Company. She also serves currently as a Director and/or officer in various capacities for BPI Foundation, Inc., BPI Investment Management, Inc., Xurpas, Inc., Ayala Foundation, Inc., Ayala Land Commercial REIT, Inc., Anvaya Cove Beach & Nature Club, Michigan Holdings, Inc., and Sonoma Properties, Inc. She is also a member of the Advisory Board of Ayala Land, Inc. and Bank of the Philippine Island. Mrs. Nollado obtained a B.S. in Business Administration and Accountancy (Magna Cum Laude and class valedictorian) and a Bachelor of Laws (L.I.B degree – cum laude and class valedictorian) from the University of the Philippines. She placed 2<sup>nd</sup> in both the Certified Public Accountant exams and bar exams in 1960 and 1965, respectively.

**Filemon T. Berba, Jr.** is an independent director of the Company. He is the Chairman of the Philippine Foundation for Science & Technology, President Emeritus of the Philippine Quality Award Foundation. He also previously served as Senior Managing Director of Ayala Corporation from 1991 to 2003, seconded as Vice Chairman and President of Manila Water Company from 1997 to 2003, President of Globe Telecom from 1995 to 1997, Vice Chairman and President of Integrated Microelectronics, Inc. from 1991 to 2003, President and Chief Executive Officer of Philippine Electric Corporation from 1987 to 1990, President of Westinghouse Asia Controls Corporation from 1979-1987, Group President of various companies under the Herdis Group from 1975-1979, Vice President for Manufacturing and Logistics Services for United Laboratories from 1973 to 1975, as well as other senior management positions in the First Philippine Holdings Group. Mr. Berba obtained a B.S. in Electrical Engineering (Magna Cum Laude) from the University of the Philippines and obtained his Masters of Business Administration degree (with distinction) from the Wharton School of the University of Pennsylvania.

**Corazon de la Paz-Bernardo** is an independent director of the Company. She headed the Social Security System from 2001 to 2008 as President and CEO. Prior to this, she built a successful career as a certified public accountant at Jaquin Cunanan & Co (Price Waterhouse Coopers Philippines) from 1967 to 2001 where she was the Chairman and Senior Partner of the firm from 1981 to 2001. She was also the first non-European President of the International Social Security Association from 2004 to 2010. She continues to be an independent director or trustee of other companies including Roxas & Co., Republic Glass Holdings Corp., University of the East, University of the East RMMMCI, Miriam College, Del Monte Philippines, and Phinma Education Holdings Inc.. She is an adviser to the board and audit committee of BDO Unibank, Inc. and adviser to the audit committee of PLDT. Mrs. de la Paz-Bernardo is a graduate of the University of the East (Magna Cum Laude) and obtained first place in the 1960 CPA board examination. She obtained her MBA from the Cornell University Johnson School of Management as a Fulbright grantee and UE scholar.

**Lydia Balatbat-Echauz** is an independent director of the Company. She has more than three decades of leading the country's top schools. She served as President of publicly listed Far Eastern University from 2002 to 2012. Previous to this, she was Associate Director at the Graduate School of Business, Ateneo de Manila University until 1985 and Dean of the Graduate School of Business, De La Salle University from 1986 to 2002. Her expertise extends beyond the academe as she also sits on the board of several companies which include Meralco, Pilipinas Shell Petroleum Corp., PLDT Beneficial Trust Fund, Global Business Power Corporation, SM Foundation, Inc., Henry Sy Foundation, Inc., PhilStar Group, Riverside College, Inc., NBS College, Felicidad T. Sy Foundation, Inc., FERN Realty Corporation, BusinessWorld Publishing Corporation and Tahanan Mutual Building and Loan Association.



**Alvin D. Lao** became a Director and President and Chief Executive Officer of the Company in August 2016. He also serves as a Director of Axis REIT, a REIT (real estate investment trust) listed in Malaysia. He is the President of the Technology Club of the Philippines (Philippine alumni of the Massachusetts Institute of Technology) and past president of the Entrepreneurs Organization (EO, Philippine Chapter). He is a current member of the Financial Executives Institute of the Philippines (FINEX), Wallace Business Forum, Akademyang Filipino, and Management Association of the Philippines. He is a member of the Advisory Board of Urban Land Institute – Philippine Branch. He is also the Executive Vice President and Treasurer of LBL Prime Properties Incorporated and Ecozone Properties, Inc. His other directorships include: First in Colours, Incorporated, D&L Polymer & Colours, Incorporated, FICTankers Corporation, Anonas LRT Property and Dev't Corp., Ecozone Properties, Inc. and Hotel Acropolis, Inc. He was previously a faculty member of the De La Salle University Graduate School of Business. He graduated from the University of Western Australia with a Bachelor of Science in Information Technology (Honours) and Statistics. He also holds a Master's degree in Business Administration from the MIT Sloan School of Management.

**Joselito P. Rivera** was appointed as the Chief Operating Officer in August 2017. Mr. Rivera's corporate leadership experience was gained through multi-disciplinary roles at local and multinational companies. He was the Global Head for Leadership at Ericsson Corporate Headquarters in Stockholm, Sweden for six years. Prior to that, he was with Ericsson Philippines for nine years where he held various management positions such as Senior Vice President for Business Development and Head for Market Communications, Vice President for Human Resources and Operations Development, Asia Pacific Head for Ericsson University and Talent Management. He also held positions in human resources and organization effectiveness roles at Basic/ Foote, Cone & Belding, and Philippine Airlines. He is currently the Chairperson, Board of Trustees and OIC President of Pamantasan Lungsod ng Marikina and Lead Adviser for Marikina Local Government, Office of the Mayor, with focus areas in education, DRRM, livelihood and health. He was formerly Lead Adviser for several organizations such as the McCann World Group, Philippine Business for Social Progress, Staff House International, SEA Institute, Ateneo Law School, Puno Law and various Government Agencies.

**Franco Diego Q. Lao** was appointed as the Chief Financial Officer, Treasurer and Chief Compliance Officer of the Company on May 4, 2021. He has 21 years of experience with the group. Immediately before his appointment as CFO, he was the Finance Director of Oleo-Fats, Incorporated since February 2021. He was the Group Supply Chain Director for D&L Industries from 2017 to 2020. Before that, he was Supply Chain Manager from 2010-2016, Product Manager from 2006 to 2009 and Product Representative from 2000-2006 of Oleo Fats. He currently serves as Director of the following companies: D&L Polymer & Colours, Inc., Best Value Factory Outlet Corp., D&L Premium Foods Corp. and Natura Aeropack Corporation. He holds a Bachelor of Commerce major in Accounting and Marketing degree from the University of Western Australia.

**Dean A. Lao, Jr.** is the Managing Director of Chemrez and a member of the Management Committee of D&L Industries. He is currently the Chairman of the United Coconut Association of the Philippines, Director of the ASEAN Oleochemical Manufacturing Group, President of the Philippine Oleochemical Manufacturers Association, President of The Philippine Biodiesel Association and member of the Wallace Business Forum, Chemical Industries Association of the Philippines, Philippine Association of Paint Manufacturers and the Entrepreneurial Organization, Philippine Chapter. He graduated from Curtin

University in Western Australia with a Bachelor of Business in Information Processing after completing his freshman year at the Ateneo de Manila University in the Philippines with a BA in Interdisciplinary Studies. He also completed the Advanced Management Program of Harvard Business School.

**Lester A. Lao** is the Managing Director of First in Colours, Incorporated and D&L Polymer & Colours, Inc. and a member of the Management Committee of D&L Industries. He also serves as Director of First in Colours, Incorporated, D&L Polymer & Colours, Inc., Anonas LRT Property and Dev't Corp., Hotel Acropolis, Inc. and Star Anise Properties Corporation. He finished his Bachelor of Applied Science (Information Business) in Edith Cowan University Australia.

**Vincent D. Lao** is the Managing Director of Oleo-Fats and a member of the Management Committee of D&L Industries. He also serves as the President of Best Value Factory Outlet Corp. He was previously Assistant Trader at Shuwa Co. Ltd. in Japan from 1994 to 1995. He also serves as Director of D&L Polymer & Colours, Incorporated, Oleo-Fats, Incorporated, Anonas LRT Property and Dev't Corp., Hotel Acropolis, Inc. and Star Anise Properties Corporation. He graduated from the University of Western Australia with a Bachelor of Arts in Economics and Japanese Studies.

**Kristine Ann C. Catindig-Ong** is the Corporate Secretary of the Company, Corporate Information Officer and Corporate Legal Counsel of the Company. She is likewise the Assistant Corporate Secretary of the following subsidiaries: Oleo-Fats, Incorporated, D&L Polymer & Colours, Inc., First in Colours, Incorporated, Aero-Pack Industries, Inc., and Chemrez Technologies, Inc. She is a lawyer with a juris doctor degree from the Ateneo School of Law and a member of the Integrated Bar of the Philippines.

**Ainslee Anne T. Lao** is the Assistant Corporate Secretary of the Company. She also serves as Director and Corporate Secretary of D&L Premium Foods Corp., Natura Aeropack Corporation and Jadel Research Center, Incorporated. She is likewise the Assistant Corporate Secretary of the following subsidiaries: Oleo-Fast, Incorporated, D&L Polymer & Colours, Inc., First In Colours, Incorporated, Aero-Pack Industries, Inc., Chemrez Product Solutions, Inc. and Chemrez Technologies, Inc. She also serves as Chief Financial Officer of the following: LBL Prime Properties Incorporated, Anonas LRT Property and Dev't. Corporation, Ecozone Properties, Inc., Hotel Acropolis, Inc., LBL Land Corporation, Malay Resources, Inc. and Star Anise Properties Corporation. She holds a Bachelor of Arts degree in History and a Master's degree in International Business from the University of London.

## Training<sup>2</sup>

All the above-named directors and officers attend an annual corporate governance seminar conducted in-house. The seminar for 2021 is entitled, "*Executive Briefing on Crypto Assets for Corporates*" and was held virtually on November 18, 2021 via Zoom.

## Term of Office

The Company's Articles of Incorporation provide for the election of seven (7) directors to serve for a term of one year. The directors are elected at each annual meeting of the stockholders by the stockholders entitled to vote. Unless he resigns, dies or is removed, each director holds office until the next annual election and until his successor is duly elected.

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<sup>2</sup> In compliance with Section 49 of the Revised Corporation Code

## The Board of Directors

As of date, the nominees for election to the Board of Directors on June 6, 2022 are as follows:

1. MERCEDITA S. NOLLEDO, Independent Director
2. FILEMON T. BERBA, JR., Independent Director
3. CORAZON S. DE LA PAZ-BERNARDO, Independent Director
4. LYDIA R. BALATBAT-ECHAUZ, Independent Director
5. JOHN L. LAO, Director
6. YIN YONGL. LAO, Director
7. ALVIN D. LAO, Director

A brief profile of the nominees are provided in Appendix 4 hereof.

The incumbent Independent directors of the Company are:

1. MERCEDITA S. NOLLEDO, Filipino
2. FILEMON T. BERBA, JR., Filipino
3. CORAZON S. DE LA PAZ-BERNARDO, Filipino
4. LYDIA R. BALATBAT-ECHAUZ, Filipino

The named Independent Directors are likewise nominees for election as independent directors of the Board of Directors on June 6, 2022. Details of the nominees for Independent Directors are as follows:

<b>Nominee for Independent Director (a)</b>	<b>Person/ Group Recommending Nomination (b)</b>	<b>Relation of (a) and (b)</b>
Filemon T. Berba, Jr.	Dean L. Lao	None
Mercedita S. Nolleddo	Yin Yong L. Lao	None
Corazon S. de la Paz-Bernardo	Yin Yong L. Lao	None
Lydia R. Balatbat-Echauz	Dean L. Lao	None

The independent directors have certified that they possess all the qualifications and none of the disqualifications provided for in the SRC (see their respective Certificates of Qualification attached here as Appendix 4-1).

In approving the nominations for independent directors, the Nominations Committee took into consideration the guidelines and procedures on the nomination of independent directors prescribed in SRC Rule 38. The Nomination Committee is comprised of Mr. John L. Lao as Committee Chairman and Mr. Alvin D. Lao, and Mr. Filemon T. Berba, Jr. as Committee members.

All the nominees for election to the Board of Directors satisfy the mandatory requirements specified under the provisions of Section 15, Article IV of the Company's By-Laws.

Important Note:

SEC Memorandum Circular (MC) No. 24-2019 set the term limit of the independent directors to a maximum of nine (9) years. In case the company wants to retain an independent director who has

served for nine years, the board of directors should provide meritorious justification and seek the approval of shareholders during the annual shareholders' meeting.

Engr. Filemon T. Berba, Jr. has reached his 9th year as Independent Director of the Company. In accordance with the SEC MC No. 24-2019, the Board seeks the reelection of Engr. Berba as Independent Director for the term 2022-2023 given the following reasons:

1. Mr. Berba is an engineer by profession. He has also worked for various conglomerates in crucial roles. His educational background and professional experience are very valuable, especially now that the Company is embarking on a huge business expansion.
2. It will be difficult to orient a new director on the Company's businesses at this point given the threat of COVID-19. To enable a new director to have a good working knowledge of the businesses, the director has to undergo orientation consisting of a number of actual plant visits and personal meetings, which is still not recommended at the moment because of COVID-19 concerns. Thus, inducting a new director to the Board may not be the best idea at this time.
3. Mr. Berba has consistently shown integrity and probity. The Board is confident that Engr. Berba will be able to maintain his independence despite being an independent director of the Company for nine years.

### **FAMILY RELATIONSHIPS**

Mr. Dean L. Lao, Mr. Leon L. Lao, Mr. Alex L. Lao, Mr. Yin Yong L. Lao and Mr. John L. Lao are brothers. Mr. Dean A. Lao, Jr. and Mr. Lester A. Lao are sons of Mr. Dean L. Lao. Mr. Alvin D. Lao and Mr. Vincent D. Lao are sons of Mr. Leon L. Lao. Ainslee Anne T. Lao and Franco Diego Q. Lao are the children of Mr. Alex L. Lao.

There are no family relationships between the current members of the Board of Directors and key officers other than the above.

### **DIRECTORS DISCLOSURES ON SELF DEALING AND RELATED PARTY TRANSACTIONS<sup>3</sup>**

There were no transactions with directors that are not in the ordinary course of business of the Company.

Details of the Related Party Transaction are discussed under Notes 1 (General Corporate Information) and 18 (Related Party Transaction) of the Notes to the Consolidated Financial Statements of the Company for the year ended 2021. The related party transactions have been evaluated and executed fairly in accordance with Company's policies and under what the Company believes to be terms and conditions as may reasonably be obtained from non-related third parties.

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<sup>3</sup> In compliance with Section 49 of the Revised Corporation Code

## **LEGAL PROCEEDINGS**

None of the directors and officers have been involved in any bankruptcy proceeding, nor have they been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment, or decree of competent jurisdiction, permanent or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, or found in action by any court or administrative bodies to have violated a securities or commodities law, for the past five (5) years up to the latest date.

As of the date of this report, the Company is not a party to any litigation or arbitration proceedings of material importance, which could be expected to have a material adverse effect on the Company or on the results of its operations. No litigation or claim of material importance is known to be pending or threatened against the Company or any of its properties.

## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Details of the Related Party Transaction are discussed under Notes 1 (General Corporate Information) and 18 (Related Party Transaction) of the Notes to the Consolidated Financial Statements of the Company for the year ended 2021. The related party transactions have been evaluated and executed fairly in accordance with the Company's policies and under what the Company believes to be terms and conditions as may reasonably be obtained from non-related third parties.

There were no transactions with directors, officers or any principal stockholders (owning at least 10% of the total outstanding shares of the Company) that are not in the ordinary course of business of the Company.

## **APPRAISAL AND PERFORMANCE REPORT FOR THE BOARD: CRITERIA AND PROCEDURE FOR ASSESSMENT<sup>4</sup>**

### *Criteria and Procedure for Assessment*

A self-assessment survey was conducted among the directors at the Board level and at the Board Committee level. The directors were asked to provide satisfaction ratings on four key areas: 1) fulfillment of duties and responsibilities; 2) quality of the relationship between the board or board committee and management; 3) effectiveness of the processes and meetings of the board or board committees; and 4) performance of the individual member. The directors were to give their satisfaction ratings using the five-point scale:

- |   |                             |
|---|-----------------------------|
| 1 | - Strongly Disagree         |
| 2 | - Disagree                  |
| 3 | - Neither Disagree or Agree |
| 4 | - Agree                     |
| 5 | - Strongly Agree            |

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<sup>4</sup> In compliance with Section 49 of the Revised Corporation Code

### 2021 Appraisal Report

- 89% of the responses indicate that the directors agree or strongly agree that the Board fulfilled its duties and responsibilities. Notably, a few directors are neutral on the matter of the Board's engagement in the succession planning for the CEO and other key officers.
- 92% of the responses given in the area of board-management relationship are "agree" or "strongly agree". This indicates that the Board is satisfied with the quality of its relationship with management. There were a few 2 and 3 ratings on the correlation of executive pay and company performance and implementation of incentive systems.
- 86% of the time, directors agree or strongly agree that the Board processes and meetings are effective. One did not respond and a few responded with a 3 rating when asked on the institution of a formal review process for monitoring the effectiveness of Board composition and processes and the monitoring of Company performance with industry comparative data.
- 91% of the responses for the performance of the individual directors are "agree" or "strongly agree," a strong indication that the directors are highly satisfied of their individual performances.

### Item 6. Compensation of Directors and Executive Officers

The following table summarizes the aggregate compensation of the key management personnel of the Company (as most highly compensated officers) for the years ended December 31, 2022 (projected) and 2021 and 2020 (actual):

Name	Position	Year	Salary	Bonus	Other Compensation
Alvin D. Lao	President and CEO	2021		-	-
Dean A. Lao, Jr.	Managing Director - Chemrez	2021		-	-
Lester A. Lao	Managing Director - DLPC/FIC	2021		-	-
Vincent D. Lao	Managing Director - Oleo Fats	2021		-	-
Other Senior Officers		2021		-	-
<b>Total</b>			<b>₱39,812,011</b>		
	2022 projected compensation		42,200,732		
	2021 actual compensation		39,812,011		
	2020 actual compensation		38,468,761		

The following is the remuneration arrangement for directors for each meeting attended:

Board meetings -

- P60,000 for the Chairman of the Board
- P50,000 for each Board member

Board Committee meetings -

- P35,000 for the chair man of the Board Committee
- P25,000 for each member of the Board Committee

The table below provides the gross compensation received by the members of the Board for 2021, given in their capacity as directors:

<b>Directors</b>	<b>Board Meetings</b>	<b>Committee Meetings</b>	<b>Total</b>
Filemon T. Berba Jr.	250,000.00	250,000.00	<b>500,000.00</b>
Mercedita S. Nollado	250,000.00	350,000.00	<b>600,000.00</b>
Corazon S. de la Paz-Bernardo	250,000.00	320,000.00	<b>570,000.00</b>
Lydia R. Balatbat-Echaz	250,000.00	195,000.00	<b>445,000.00</b>
Yin Yong L. Lao	300,000.00	25,000.00	<b>325,000.00</b>
John L. Lao	150,000.00	25,000.00	<b>175,000.00</b>
Alvin D. Lao	250,000.00	-	<b>250,000.00</b>

Aside from the aforementioned director fee no other compensation is paid to Directors of the Company. Further, the Company does not have any stock option or management incentive plan as part of its current compensation for Directors and officers.

## **Item 7. Independent Public Accountants**

### **(a) Audit and Audit-Related Fees**

The Company's independent public accountant is the accounting firm of Isla Lipana & Co. The Company's Audit Committee recommended for approval of the Board the appointment of external auditor for the ensuing year. The stockholders then approved and ratified the appointment of external auditor at the annual stockholder's meeting held on June 07, 2021. Isla Lipana has not expressed any intention to resign as the Company's principal auditor nor has it indicated any hesitance to accept re-election after the completion of their last audit. The stockholders approved the appointment of Isla Lipana & Co. as the Corporation's external auditors for the year 2021 - 2022. Isla Lipana is recommended for re-appointment as external auditor for 2022. Representatives of Isla Lipana will be present during the Annual Stockholders Meeting on June 6, 2022 where they will have the opportunity to make a statement, if they wish to do so, and respond to questions, if any.

Pursuant to the General Requirements of the SRC Rule 68, paragraph 3(b)(iv), the Company has engaged Isla Lipana & Co. as external auditor with the following audit engagement partner-in-charge rotation: Mr. Roderick M. Danao was the audit engagement partner-in-charge for the Company's financial statement audit in 2018 up to 2021. Ms. Gina S. Detera was the audit engagement partner-in-charge for the Company's financial statement audit in 2017 and 2016.

The aggregate fees billed for each of the last three (3) fiscal years for professional services that are normally rendered by Isla Lipana & Co (formerly Joaquin Cunanan & Co.) for the audit of the company's Annual Financial Statements are the following:

<b>Year</b>	<b>Audit Fees</b>
2018	P5,670,000
2020	P4,500,000
2021	P5,400,000

There are no other assurance and related services by Isla Lipana & Co. that are related to the performance of the audit or review of the Company's Financial Statements.

(b) All Other Fees

Isla Lipana & Co. was engaged to provide a Comfort Letter covering financial information for the years 2017 to 2020 in line with the Company's Bond Issuance in 2021, for which fees in the amount of P1,528,000 were paid by the Company to the Isla Lipana & Co. Aside from this, there are no aggregate fees billed in each of the last three (3) fiscal years of Isla Lipana & Co. other than the services reported under item (a) above.

(c) Audit Committee's Approval Policies and Procedures

The Audit Committee is composed of Mrs. Corazon S. de la Paz-Bernardo, as Chairman (Independent Director), Atty. Mercedita S. Nollado (Independent Director) and Mr. Filemon T. Berba Jr. (Independent Director).

The Audit Committee meets on a regular basis to:

- a) Assist 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 applicable laws, rules and regulations;
- b) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation;
- c) Perform oversight functions over the corporation's internal and external auditors. It should ensure 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;
- d) Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it;
- e) Prior to the commencement of the external audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is



involved in the activity to secure proper coverage and minimize duplication of efforts;

- f) Establish an internal audit function, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- g) Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;
- h) Review the reports submitted by the internal and external auditors;
- i) Review the quarterly, half---year and annual financial statements before their submission to the Board, with particular focus on the following matters:
  - Any change/ s in accounting policies and practices
  - Major judgmental areas
  - Significant adjustments resulting from the audit
  - Going concern assumptions
  - Compliance with accounting standards
  - Compliance with tax, legal and regulatory requirements
- j) Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report; and
- l) Establish and 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. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

#### **Item 8. *Compensation Plans***

There are no matters or actions to be taken up in the meeting with respect to any stock option or management incentive plan pursuant to which cash or non-cash compensation will be paid or distributed.

### **C. ISSUANCE AND EXCHANGE OF SECURITIES**

#### **Item 9. *Authorization or Issuance of Securities Other than for Exchange***

There are no matters or actions to be taken up in the meeting with respect to authorization or issuance of securities.

**Item 10. Modification or Exchange of Securities**

There are no matters or actions to be taken up in the meeting with respect to the modification of any class of the Company's securities or the issuance of authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class.

**Item 11. Financial and Other Information**

The audited financial statements as of December 31, 2021, Management's Discussion and Analysis, Market, Price of Shares and Dividends and other data related to the Company's financial information (Form 17-A) are attached hereto as Appendix 1.

Pursuant to SRC Rule 68, as amended, the Company's SEC 17-Q Reports for the quarterly period ended March 31, 2021 is likewise incorporated by reference, attached hereto as Appendix 2, presenting the unaudited interim financial statements as of March 31, 2022, Management's Discussion and Analysis and other data related to the Company's financial information for the first quarter of 2022.

**Market for Issuer's Common Equity**

The Company's common shares are traded on the First Board of the Philippine Stock Exchange. The common shares were listed on December 12, 2012. The following table shows the high and low prices of the Company's shares in the Philippines Stock Exchange for each quarter within the last two fiscal years and for the first quarter of 2022:

In Pesos	2022		2021		2020	
	High	Low	High	Low	High	Low
First Quarter	9.00	6.96	7.89	6.63	9.60	3.97
Second Quarter			8.43	7.07	5.91	4.38
Third Quarter			8.63	7.45	5.80	4.50
Fourth Quarter			9.45	7.45	7.70	5.15

Source: Bloomberg

The market capitalization of the Company's common shares as of April 28, 2022, based on the closing price of P7.04 per share was P50,285,720,250.

### **Compliance with leading practice on Corporate Governance**

The Company's Board revised its Manual on Corporate Governance on August 9, 2018 in compliance with SEC Memorandum Circular No. 19, Series of 2016 dated November 22, 2016. The Manual shall aid the Company in monitoring and assessing the level of the Company's compliance with practices on good corporate governance, which are consistent with the relevant Philippine laws and regulations. With the aid of its committees, the Board of Directors shall be primarily responsible for the governance of the Company and shall, hence, ensure compliance with the principles of good corporate governance.

The Company's Manual on Corporate Governance outlines specific investor's rights and protections and enumerates particular duties expected from the Board members, officers and employees. It also features a disclosure system, which highlights adherence to the principles of transparency, accountability and fairness. A compliance officer is tasked with the formulation of specific measures to determine the level of compliance with the Manual by the Board members, officers and employees. There are no known material deviations from the Company's Manual of Corporate Governance.

For compliance with leading practices on corporate governance, please refer to the latest i-ACGR which can be accessed through the Company's website at this link: <https://dnl.com.ph/wp-content/uploads/2019/05/Integrated-Annual-Corporate-Governance-Report-2018.pdf>. The Company will submit its I-ACGR covering the year 2021 on or before the deadline set by the SEC.

In addition, the Company has a Code of Business Principles (CoBP) which encapsulates the Company's general policies relative to its stakeholders. The CoBP contains policies on customer's welfare, dealing with suppliers and the government, whistle blowing, community welfare, the environment and sustainable development and employee welfare. The COBP can be accessed through the Company's website at this link: <http://www.dnl.com.ph/images/corporategovernance/DnLCodeofBusinessPrinciplesrolloutversion.pdf>. The Company's programs for employee health, safety and welfare and training and development are presented in the ACGR.

The Company is taking further steps to enhance adherence to principles and practices of good corporate governance.

### **Item 12. *Mergers, Consolidations, Acquisitions and Similar Matters***

There are no matters or actions to be taken up in the meeting with respect to merger, consolidation, acquisition by, sale or liquidation of the Company.

### **Item 13. *Acquisition or Disposition of Property***

There are no matters or actions to be taken up in the meeting with respect to acquisition or disposition of any property by the Company.

**Item 14. *Restatement of Accounts***

The accounting policies adopted are consistent with those of the previous financial year .

**D. OTHER MATTERS****Item 15. *Action with Respect to Reports***

The approval of the following will be considered and acted upon at the stockholders' meeting:

- (a) Minutes of the annual meeting of stockholders held on June 07, 2021 (Appendix 3)
- (b) Annual Report of the Company together with the Audited Financial Statement for the year ended December 31, 2021 (Appendix 1)

**Item 16. *Matters Not Required to be Submitted***

There are no actions to be taken up in the meeting with respect to any matter which is not required to be submitted to a vote of security holders.

**Item 17. *Amendment of Charter, Bylaws or Other Documents******Amendment to By-Laws***

Approval by the stockholders will be sought to amend Article VIII, Section 4 of the Corporation's By-Laws to delegate to the Board of Directors the power to amend the By-Laws for purposes of complying with subsequent requirements of law and regulatory bodies including practices that the Corporation may be required to adopt and to reflect therein.

<p style="text-align: center;"><b>ARTICLE VIII</b></p> <p style="text-align: center;"><b>SUNDRY PROVISIONS</b></p>	<p style="text-align: center;"><b>ARTICLE VIII</b></p> <p style="text-align: center;"><b>SUNDRY PROVISIONS</b></p>
<p>Section 4. Amendments. These By-Laws may be altered, amended or repealed by the affirmative vote of a majority of the stock issued and outstanding and entitled to vote at any regular meeting of stockholders. The same action may be taken at any special meeting of the stockholders, notice of the proposed alteration, amendment or repeal is contained in the notice of the meeting. The Board of Directors may adopt additional regulations in harmony with the foregoing By-Laws and their amendments, but shall not alter, modify or repeal the foregoing By-Laws and their amendments.</p>	<p><u>Section 4. Amendments. The Board of Directors is hereby authorized to amend and effect subsequent and necessary revisions to the By-Laws for purposes of complying with best practices, subsequent requirements of law and/ or regulatory bodies. The power of the Board of Directors to amend, repeal or adopt new by-laws may be revoked only by the vote of the stockholders representing a majority of the outstanding capital stock at a regular or special meeting called for that purpose.</u></p>

A resolution on this agenda item must be approved by stockholders representing at least 2/ 3 of the outstanding capital stock of the Corporation.

#### **Item 18. *Other Proposed Action***

The following are to be proposed for approval during the stockholders' meeting:

- (a) Appointment of External Independent Auditors; and
- (b) Election of the Members of the Board of Directors for the ensuing year

#### **Important Note:**

SEC Memorandum Circular (MC) No. 24-2019 set the term limit of the independent directors to a maximum of nine (9) years. In case the company wants to retain an independent director who has served for nine years, the board of directors should provide meritorious justification and seek the approval of shareholders during the annual shareholders' meeting.

Engr. Filemon T. Berba, Jr. has reached his 9th year as Independent Director of the Company. In accordance with the SEC MC No. 24-2019, the Board seeks the reelection of Engr. Berba as Independent Director for the term 2022-2023 given the following reasons:

1. Mr. Berba is an engineer by profession. He has also worked for various conglomerates in crucial roles. His educational background and professional experience are very valuable, especially now that the Company is embarking on a huge business expansion.
  2. It will be difficult to orient a new director on the Company's businesses at this point given the threat of COVID-19. To enable a new director to have a good working knowledge of the businesses, the director has to undergo orientation consisting of a number of actual plant visits and personal meetings, which is still not recommended at the moment because of COVID-19 concerns. Thus, inducting a new director to the Board may not be the best idea at this time .
  3. Mr. Berba has consistently shown integrity and probity. The Board is confident that Engr. Berba will be able to maintain his independence despite being an independent director of the Company for nine years.
- (c) Ratification of all acts of the Board of Directors and officers beginning June 08, 2021 to date.

The matters acted upon or approved by the Board of Directors, its Committees, and Management include –

- (i) constitution of board committees and appointment of chair men and members and lead independent director;
- (ii) appointment of officers;
- (iii) appointment of authorized representatives and signatories;
- (iv) ratification of the actions of the board committees;
- (v) approval of contracts, agreements transaction made in the ordinary course of business;
- (vi) treasury matters; and
- (vii) acts and resolutions covered by disclosures to the Securities and Exchange Commission and Philippine Stock Exchange.

## **Item 19. Voting Procedures**

### **1. Manner of Voting**

#### **Method: Straight and Cumulative Voting**

In all items for approval except election of directors, each share of stock entitles its registered owner to one vote.

In case of election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares equal, or he may distribute them on the same principle among as many nominees

as he shall see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

***2. Vote required for approval***

Unless a different requirement is imposed by the Corporation Code and other relevant laws, the vote of stockholders representing at least a majority of the issued and outstanding capital stock entitled to vote is required.

***3. Methods of Counting Votes***

Each share shall be counted as one (1) vote.

The votes will be tabulated by the stock and transfer agent and verified by the accounting firm of Isla Lipana & Co (formerly Jaquin Cunanan Pricewaterhouse Coopers).

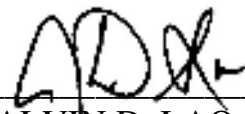
**UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A AND THE LATEST QUARTERLY REPORT ON SEC FORM 17-Q, FREE OF CHARGE. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A AND 17-Q SHALL BE ADDRESSED TO:**

**D&L Industries, Inc.  
65 Industria, Bagumbayan Quezon City, Philippines 1110  
Attention: Ms. Crissa Bondad**

## SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Quezon City on April 28, 2022.

By: \_\_\_\_\_

A handwritten signature in black ink, appearing to read 'ADL' with a stylized flourish at the end.

ALVIN D. LAO  
PRESIDENT/CEO



**D&L Industries Inc.**  
List of Top 20 Shareholders  
as of 3/ 31/ 2022

	Name	No. of shares held	% to total outstanding
1	JADEL HOLDINGSCO., INC.,	3,930,114,072	55.02%
2	PCD NOMINEE CORPORATION (FILIPINO)	1,515,756,655	21.22%
3	PCD NOMINEE CORPORATION (NON-FILIPINO)	1,028,775,197	14.40%
4	SMARTWORKSTRADING CO., INC.	118,828,450	1.66%
5	CEE INDUSTRIES INC.	113,139,897	1.58%
6	JADANA INC.	98,141,822	1.37%
7	ALLVEE UNITED, INC.	95,524,564	1.34%
8	PRIME SPIN INC.	80,146,296	1.12%
9	JOHN L. LAO	65,987,202	0.92%
10	YIN YONGL. LAO	32,993,601	0.46%
11	ALEX L. LAO	32,579,888	0.46%
12	IVIE MAE DIM LAO	3,125,000	0.04%
13	YVONNE KEH	2,246,500	0.03%
14	EMILY CHUA	1,649,400	0.02%
15	ALVIN D. LAO	1,200,000	0.02%
16	DEAN LAO JR.	1,023,000	0.01%
17	YVETTE ANN DIM LAO ITF KYLE ZACHARY LAO CHUA- UNSU	1,000,000	0.01%
18	YVETTE ANN DIM LAO ITF STELLA KATHLYN LAO CHUA- UNSU	1,000,000	0.01%
19	VINCENT D. LAO ITF LORENZO VINCE TAN LAO	1,000,000	0.01%
20	MAO CORPORATE HOLDINGS, INC.	1,000,000	0.01%
	Total	7,133,947,252	99.88

MINUTES OF THE MEETING OF THE STOCKHOLDERS OF  
**D&L INDUSTRIES, INC.**  
 HELD VIA VIDEO CONFERENCE (ZOOM WEBINAR)  
 ON JUNE 7, 2021 AT 9:00 AM

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ATTENDANCE:

TOTAL NUMBER OF SHARES PRESENT/REPRESENTED:	6,046,133,505*
ISSUED AND OUTSTANDING (NET OF TREASURY STOCK)	7,142,857,990
PERCENTAGE OF SHARES PRESENT /REPRESENTED	84.65%

\*(By Proxy – 5,822,205,030 (81.51%); In Person – 223,928,475(3.13%))

**PROCEEDINGS OF THE MEETING**

**I. CALL TO ORDER**

Mr. Yin Yong L. Lao, Chairman, called the meeting to order at exactly 9:00 AM and thereafter presided. The Corporate Secretary, Atty. Kristine Ann C. Catindig-Ong, recorded the minutes thereof.

All the directors of the Corporation were present in the meeting as well as the following directors and officers:

Chairman/Director	Mr. Yin Yong L. Lao
Chairman Emeritus	Mr. Dean L. Lao
Vice-Chairman/Director	Mr. John L. Lao
President and CEO/Director	Mr. Alvin D. Lao
Lead Independent Director	Atty. Mercedita S. Nalledo
Independent Director	Engr. Filemon T. Berba, Jr.
Independent Director	Dr. Lydia R. Balatbat-Echauz
Independent Director	Ms. Corazon S. de la Paz-Bernardo
Advisory Board	Mr. Dean L. Lao
Advisory Board	Mr. Leon L. Lao

Advisory Board	Mr. Alex L. Lao
Treasurer/CFO	Mr. Franco Diego Q. Lao
COO	Mr. Joselito P. Rivera
Corporate Secretary	Atty. Kristine Ann C. Catindig-Ong
Asst. Corp. Secretary	Ms. Ainslee Anne T. Lao
Compliance Officer	Mr. Franco Diego Q. Lao
Corporate Information Officer and Corporate Legal Counsel	Atty. Kristine Ann C. Catindig-Ong
Investment Relations Officer	Ms. Crissa Marie Bondad

Chair - Audit Committee (Ms. Corazon S. de la Paz-Bernardo)

Chair - Executive Committee (Mr. Dean L. Lao)

Chair - Nomination Committee (Mr. John L. Lao)

Chair - Remuneration Committee (Mr. Yin Yong L. Lao)

Chair – Corporate Governance Committee (Atty. Mercedita S. Nolleto)

Chair – Risk Oversight Committee (Engr. Filemon T. Berba, Jr.)

Chair – Related Party Transaction Committee (Ms. Lydia R. Balatbat-Echaz)

Representatives from the Stock Transfer Agent, Stock Transfer Service, Inc., and external auditor, Isla Lipana and Co, were also present to record the attendance and tally the votes on agenda items.

## **II. PROOF OF NOTICE**

The Corporate Secretary certified that the Annual Shareholder's Meeting notices, notice of this meeting and definitive copies of the Information Statement were published via the Company's website and PSE Edge on May 14, 2021 in accordance with the SEC Notice dated April 20, 2020 providing for an alternative mode of distributing ASM notices, notice of this meeting and definitive copies of the Information Statement. The notice was also published in two (2) newspaper of general circulation, in print and digital format - In the Philippine Star and Philippine Daily Inquirer on May 13 and 14, 2021.

### **III. DETERMINATION OF QUORUM**

The Corporate Secretary certified that based on the record of attendance, stockholders representing 6,046,133,505 shares or 84.65% of the total issued and outstanding capital stock of the Corporation (net of treasury stock) were present, either in person or by proxy, and that there was a quorum to consider the business stated in the agenda for the meeting.

### **IV. APPROVAL OF MINUTES OF PREVIOUS MEETING**

On motion duly made and seconded, without any objection or questions, and taking into consideration that more than majority of the votes submitted to the Corporation already voted in favor of this agenda item, the stockholders approved the minutes of the annual stockholders' meeting held on September 18, 2020.

Prior to disclosure of the final tally of votes to the stockholders, stockholders were given a few more minutes to cast their votes on this agenda item through remote communication.

Summary of Votes for this matter is as follows:

<b>VOTE</b>	<b>NUMBER OF VOTES</b>
FOR	6,045,720,003 (84.63%)
AGAINST	0
ABSTAIN	0

### **V. APPROVAL OF ANNUAL REPORT AND FINANCIAL STATEMENTS**

Proceeding with the agenda, Mr. Alvin D. Lao, President and CEO, presented to the stockholders the Annual Report and the Audited Financial Statements as of December 31, 2020.

Mr. Alvin D. Lao reported a recurring net income of P2.0 billion or decrease of -23% primarily due to the effect of the Covid-19 Pandemic, which caused unprecedented economic disruption in the world. The President however, highlighted that the Corporation remained profitable all throughout the period as there was no month when net income was negative, even during the peak of the worst part of the Enhanced Community Quarantine during the month of April 2020. The foregoing shows the essential and highly-relevant nature of the Corporation's businesses, which cater to basic industries. The performance during extraordinary times when uncertainty was high also highlights resilience and operational adeptness.

Based on the results, the worst part seems over as recovery continued in 1Q2021 with recurring net income at P695 million, +35% Y-o-Y, +9 Q-o-Q. Including a one-time gain of P29 million related to the retroactive implementation of CREATE Act for the year 2020, total net income for the quarter stood at P724 million, up 41% YoY. All segments posted significant recovery YoY. The 1Q2021 income is tracking ahead of FY2019 income but slightly behind FY2018 income. Clearly, the Corporation and its customers have adjusted to the new normal.

Balance Sheet remains strong especially against the external pressures. Interest cover is at 30x, net debt at P4 billion.

On its strategic priorities, gross profit margin is at 17% (19% in 2019). Sales mix tilted towards commodities but the average margin for the High Margin Specialty Product (HMSP) category significantly bounced back in the 2<sup>nd</sup> half of 2020, reversing its drop during the worst of the lockdown period.

The President also reported its growing export business to complement its domestic market. For the 1Q2021, Export contribution to total sales reached a record high of 34%. The long term-goal is for export business to comprise 50% of total sales.

The Corporation continue to invest in research and development. The Corporation remains committed to the expansion

of its business with the construction of new facilities in FIT, Batangas in progress. The expansion facility will cater to the Corporation's growing export business and instrumental to its future growth as its plans to develop more high value-added coconut-based products and penetrate new international markets.

After the presentation, floor was opened for questions and there was no question with respect to the Annual Report and Audited Financial Statement as of 31 December 2020.

On motion duly made and seconded, without any objection or questions, and taking into consideration that more than majority of the votes submitted to the Corporation already voted in favor of this agenda item, the stockholders approved the Annual Report and the Audited Financial Statements of the Corporation as of 31 December 2020 included in the Annual Report.

Prior to disclosure of the final tally of votes to the stockholders, stockholders were given a few more minutes to cast their votes on this agenda item through remote communication.

Summary of Votes for this matter is as follows:

<b>VOTE</b>	<b>NUMBER OF VOTES</b>
FOR	6,044,891,503 (84.63%)
AGAINST	828,500 (0.01%)
ABSTAIN	0

## **VI. ISSUANCE OF PHILIPPINE PESO-DENOMINATED FIXED-RATE BONDS**

The next item in the agenda was the issue, offer, and sale to the public by the Corporation of Philippine Peso-Denominated fixed-rate Bonds in the aggregate principal amount of up to Three Billion Pesos (Php3,000,000,000.00) with an over-subscription of up to Two Billion Pesos (Php2,000,000,000.00). The Board of Directors on March 15, 2021



approved the issuance of bonds. The details were also disclosed in the Information Statement and PSE EDGE.

On motion duly made and seconded, without any objection or questions, and taking into consideration that stockholders representing more than 2/3 of the outstanding capital stock of the Corporation have voted in favor of this agenda item, the stockholders approved and ratified the issue, offer, and sale to the public by the Corporation of Philippine Peso-Denominated fixed-rate Bonds in the aggregate principal amount of up to Three Billion Pesos (Php3,000,000,000.00) with an over-subscription of up to Two Billion Pesos (Php2,000,000,000.00).

Prior to disclosure of the final tally of votes to the stockholders, stockholders were given a few more minutes to cast their votes on this agenda item through remote communication.

Summary of Votes for this matter is as follows:

<b>VOTE</b>	<b>NUMBER OF VOTES</b>
FOR	6,044,874,503 (84.63%)
AGAINST	828,500 (0.01%)
ABSTAIN	0

## **VII. AMENDMENT TO MANAGEMENT AGREEMENTS**

The next item on the agenda was the approval and ratification of amendments to existing management agreements and new management agreements. On March 2, 2021, the Board of Directors approved the amendment to the existing management agreements between the Company and its following subsidiaries and affiliates:

- Aero-Pack Industries, Inc.
- First in Colours, Incorporated
- Chemrez Technologies, Inc.

- Chemrez Product Solutions, Inc.
- Oleo-Fats, Incorporated
- FIC Marketing, Inc.
- Consumer Care Products, Incorporated
- FIC Tankers Corporation
- LBL Prime Properties Incorporated

New Management Agreements were also entered into by the Corporation and other subsidiaries and affiliates, namely:

- D&L Polymer & Colours, Inc.
- Best Value Factory Outlet Corp.
- Malay Resources, Inc. and
- Ecozone Properties, Inc.

Under the said new agreements, the Company will render management services for the said subsidiaries and affiliates for five (5) years.

On motion duly made and seconded, without any objection or questions, and taking into consideration that more than majority of the votes submitted to the Corporation already voted in favor of this agenda item, the stockholders approved the amendments to existing management agreements and new management agreements, as described above.

Prior to disclosure of the final tally of votes to the stockholders, stockholders were given a few more minutes to cast their votes on this agenda item through remote communication.

Summary of Votes for this matter is as follows:

<b>VOTE</b>	<b>NUMBER OF VOTES</b>
FOR	6,002,508,672 (84.04%)
AGAINST	22,404,185 (0.31%)
ABSTAIN	20,261,646 (0.28%)



## **VIII. RATIFICATION OF ACTS OF MANAGEMENT**

The next item on the agenda was the approval and ratification of all acts of the Board and Management from the date of the last annual stockholders' meeting held on September 18, 2020 to date as well as the contracts and transactions entered into by the Corporation for the same period.

On motion duly made and seconded, without any objection or questions, and taking into consideration that more than a majority of the votes submitted to the Corporation already voted in favor of this agenda item, the stockholders ratified all acts of the Board and Management from the date of the last annual stockholders' meeting held on September 18, 2020 to date, as well as the contracts and transactions entered into by the Corporation for the same period, all as reflected in minutes of the Board Meetings, the Annual Report, and the Audited Financial Statements as of December 31, 2020.

Prior to disclosure of the final tally of votes to the stockholders, stockholders were given a few more minutes to cast their votes on this agenda item through remote communication.

Summary of Votes for this matter is as follows:

<b>VOTE</b>	<b>NUMBER OF VOTES</b>
FOR	6,043,368,703 (84.61%)
AGAINST	0
ABSTAIN	2,352,300 (0.03%)

## **IX. APPOINTMENT OF EXTERNAL AUDITORS**

The next item in the agenda was the designation of the Corporation's external auditors. Pursuant to the By-Laws, and the recommendation of the Audit Committee, the nomination of Isla Lipana & Co. as external auditors was endorsed to the stockholders.

On motion duly made and seconded, without any objection or questions, and taking into consideration that more than a majority of the votes submitted to the Corporation already voted in favor of this agenda item, the stockholders approved the appointment of Isla Lipana & Co. as the Corporation's external auditors for the year 2021-2022.

Prior to disclosure of the final tally of votes to the stockholders, stockholders were given a few more minutes to cast their votes on this agenda item through remote communication.

Summary of Votes for this matter is as follows:

<b>VOTE</b>	<b>NUMBER OF VOTES</b>
FOR	5,938,592,503 (83.14%)
AGAINST	107,128,500 (1.50%)
ABSTAIN	0

#### **X. ELECTION OF DIRECTORS**

The Chairman thereafter opened nominations for directors to serve for the term 2021-2022. Pursuant to the By-Laws, the nominations of directors were based on the recommendations of the Nomination Committee. The stockholders were previously given until May 10, 2020 to submit nominations to the Nomination Committee. Only nominations of the seven (7) incumbent directors were submitted and evaluated during the given period. All nominees are found to possess all the qualifications and none of the disqualifications, prescribed for directors, including independent directors.

Based on the evaluation and recommendation of the Nomination Committee, the following individuals are nominated as directors:

1. Mr. Yin Yong L. Lao
2. Mr. John L. Lao

3. Mr. Alvin D. Lao

And the following as Independent Directors:

4. Atty. Mercedita S. Nollado
5. Engr. Filemon T. Berba Jr.
6. Dr. Lydia R. Balatbat-Echauz
7. Ms. Corazon S. de la Paz-Bernardo

On proper motion duly seconded, unanimously approved, and without any objection, the nomination for directors was closed.

In view of the fact that there were only seven (7) nominees to the seven (7) seats, a motion was made, duly seconded, and unanimously approved without any objection for the above-named nominees/incumbent directors to be elected as Directors of the Corporation without need of ballot to serve as such for the term 2021-2022 and until their successors shall have been elected and qualified.

1. Mr. Yin Yong L. Lao
2. Mr. John L. Lao
3. Mr. Alvin D. Lao
4. Atty. Mercedita S. Nollado
5. Engr. Filemon T. Berba Jr.
6. Dr. Lydia R. Balatbat-Echauz
7. Ms. Corazon S. de la Paz-Bernardo

Atty. Mercedita S. Nollado, Engr. Filemon T. Berba Jr., Dr. Lydia R. Balatbat-Echauz and Ms. Corazon S. de la Paz-Bernardo were nominated and elected as Independent Directors.

## **XI. OTHER MATTERS**

### **Declaration of Cash Dividends**

The Chairman informed the stockholders that at the meeting of the Board of Directors held immediately before the stockholders'

meeting, the Board approved the declaration of cash dividends for stockholders of record as of June 21, 2021, Regular cash dividend of P0.141 per share and a special cash dividend of 0.050 per share, or a total of P0.191 per share, payable on July 15, 2021.

Shareholders will receive P0.191 dividends per share. This year's dividend, amounting to ₱1.36 billion, is equivalent to 68% of last year's net income.

Including this year's dividend, it was reported that the Company has returned a total of ₱11.5billion in cash to shareholders through cash dividends since the IPO in 12 December 2012.

#### **Donation to the Lao Foundation, Inc.**

The Chairman also reported that the Corporation, based on its previous resolution, has set aside and donated 1% of the net profits of the previous year (2020) to the Lao Foundation, Inc. For 2021, the Group has donated ₱20,919,185.62 to the Foundation.

The donation is part of the Company's social corporate responsibility and endeavors to empower the marginalized sector of the community through education, values formation, and livelihood programs.

## **XII. ADJOURNMENT**

Prior to the adjournment, the Chairman inquired if there is any other query or matter that the stockholders might want to take up. Ms. Crissa Marie Bondad, the Corporation's Investment Relations Officer, read the questions that were sent via the Zoom chatbox and Q&A Platform.

A question was asked on the possibility of stopping or reducing dividend payments, with the money to be used for growth or to buy back shares. The President explained that they are aiming for a good

balance between the interest of shareholders, on how they treat them, and the requirements for operation of the Corporation. To put the declaration of dividend in its proper context, net gearing is at 22% and interest cover at 30x. Interest cover means the amount EBIT can cover interest expense. At present, debts levels are quite low and conservative. On the suggestion to buy back shares, the President said that it is something they can consider in the future but at this time, they deem it appropriate to give the cash to the shareholders.

On a similar question with respect to putting capital in acquisitions and related industries, the President explained that management is always on the lookout for opportunities.

The next question is how the management sees the company's performance in the next 2-3 years considering all the uncertainty brought about by Covid19. The President replied that based on their assessment, things are starting to look better. As reported, they saw improvements in 4Q2020, which is better than 4Q2019 (pre-pandemic). Likewise, the 1Q2021 is better than 1Q2020, most of which had no lockdowns. There are also bright spots with the expected vaccination roll out in the next few months. As of date, the government will already start with the vaccination of A4 Category to include those whose work requires them to be outside their homes.

Customers such as those in the restaurant and hospitality business continue to be affected but things are looking more optimistic as the economy continues to open up and recover.

Another question was asked on the reason for investing in UITF. The President explained that management wants to maximize interest on cash at hand and UITF has better interest rate as compared to the interest rates in other avenues. Also, unlike in time deposit, cash put in UITF is easily available when you need it.

Finally, a question was asked on how the Corporation plans on adapting to the new normal. In reply, management highlighted the importance of being proactive and being able to react fast, mindful

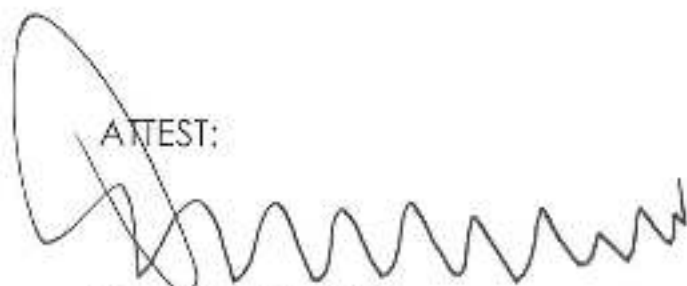
that not only is change constant, but even the rate of change is changing. The President also reiterated the construction of the FIT expansion plant in Batangas.

There being no other query, the meeting, on motion duly made and seconded, was adjourned at about 10:25 AM.



**KRISTINE ANN C. CATINDIG-ONG**  
Corporate Secretary

ATTEST:



**YIN YONG L. LAO**  
Chairman



**YIN YONG L. LAO**

Nominee for Director



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Age: 69

Education: Bachelor of Arts in General Studies  
Ateneo de Manila University

Affiliations:

Aero-Pack Industries, Inc. (Director)  
Chemrez Technologies, Inc. (Director)  
Chemrez Product Solutions, Inc. (Director)  
Oleo-Fats, Incorporated (Director)  
First in Colours, Incorporated (Director)  
Palmera Resources, Inc. (Director)  
LBL Prime Properties Incorporated (Director)  
Malay Resources, Inc. (Director)  
Ecozone Properties, Inc. (Director)  
Anonas LRT Property and Dev't. Corp. (Director)  
Hotel Acropolis, Inc. (Director)  
Star Anise Properties Corporation (Director)  
Lao Foundation, Inc. (Trustee)  
Association of Petrochemical Manufacturers of the Phils. (Trustee)

## **JOHN L. LAO**

Nominee for Director



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Age: 67

Education: Bachelor of Science in Business Administration  
University of the East

Affiliations:

Aero-Pack Industries, Inc. (Director)  
Chemrez Technologies, Inc. (Director)  
Chemrez Product Solutions, Inc. (Director)  
Oleo-Fats, Incorporated (Director)  
First in Colours, Incorporated (Director)  
D&L Polymer & Colours, Inc. (Director)  
Natura Aeropack Corporation (Director)  
LBL Prime Properties, Inc. (Director)  
Malay Resources, Inc. (Director)  
Ecozone Properties, Inc. (Director)  
Anonas LRT Property and Dev't Corp. (Director)  
Hotel Acropolis, Inc. (Director)  
Star Anise Properties Corporation (Director)  
Lao Foundation, Inc. (Trustee)



## **ALVIN D. LAO**

Nominee for Director



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Age: 50

Education: Master Degree in Business Administration  
MIT Sloan School of Management  
Cambridge, MA

Bachelor of Science in Information Technology  
University of Western Australia  
Perth, Western Australia

Affiliations:

Axis REIT (Director)  
First in Colours, Incorporated (Director)  
D&L Polymer & Colours, Inc. (Director)  
FIC Tankers Corporation (Director)  
Jadel Research Center, Incorporated (Director)  
Ecozone Properties, Inc. (Director)  
Anonas LRT Property and Dev't Corp. (Director)  
Hotel Acropolis, Inc. (Director)  
Star Anise Properties Corporation (Director)  
Lao Foundation, Inc. (Trustee)

## **MERCEDITA S. NOLLEDO**

Nominee for Independent Director



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Age: 81

Profession: Lawyer  
Certified Public Accountant

Education: Bachelor of Laws  
Cum Laude  
University of the Philippines

Bachelor of Science in Business Administration  
Magna Cum Laude  
University of the Philippines

### Affiliations:

Ayalaland Commercial REIT, Inc. (Director)  
Anvaya Cove Beach & Nature Club (Director)  
BPI Investment Management, Inc. (Director)  
Michigan Holdings, Inc. (Director)  
Sonoma Properties, Inc. (Director)  
Xurpas, Inc. (Director)  
Ayala Foundation, Inc. (Trustee)  
BPI Foundation, Inc. (Trustee)  
Ayala Land, Inc. (Member, Advisory Board)  
Bank of the Philippine Islands (Member, Advisory Board)

**FILEMON T. BERBA JR.**

Nominee for Independent Director



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Age: 84

Profession: Engineer

Education: Masters of Business Administration  
With Distinction  
Wharton School of the University of Pennsylvania

Bachelor of Science in Electrical Engineering  
Magna Cum Laude  
University of the Philippines

Affiliations:

Philippine Foundation for Science and Technology (Chairman)  
Philippine Quality Award Foundation (Trustee)

## **CORAZON S. DE LA PAZ-BERNARDO**

Nominee for Independent Director



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Age: 81

Profession: Certified Public Accountant

Education: Masters in Business Administration  
Cornell University, New York

Bachelor in Business Administration  
(Magna Cum Laude)  
University of the East

Affiliations:

Republic Glass Holdings Corporation (Independent Director)  
Roxas & Company, Inc. (Independent Director)  
Del Monte Philippines, Inc. (Independent Director)  
Phinma Education Holdings Inc. (Independent Director)  
PLDT, Inc. (Adviser To The Board Audit Committee)  
BDO Unibank, Inc. (Adviser To The Board and Audit Committee)  
MFI Polytechnic Institute, Inc. (Treasurer & Trustee)  
Laura Vicuna Foundation for Street Children (Asst. Treasurer & Trustee)  
Jaime V. Ongpin Foundation, Inc. (Vice Chair & Trustee)  
Jaime V. Ongpin Microfinance Foundation (Chairman)  
Miriam College (Trustee)  
University of the East (Independent Trustee)  
UE Ramon Magsaysay Memorial Medical Center (Independent Trustee)

## **LYDIA R. BALATBAT-ECHAUZ**

Nominee for Independent Director



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Age: 74

Education: Doctor of Business Administration  
De La Salle University

Master of Business Administration  
Ateneo de Manila University

AB Economics and Mathematics  
St. Theresa's College

### Affiliations:

Meralco (Independent Director)  
Pilipinas Shell Petroleum Corp. (Independent Director)  
PLDT Beneficial Trust Fund (Director)  
Philstar Group (Director)  
BusinessWorld Publishing Corporation (Director)  
Riverside College Inc. (Director)  
Fern Realty Corp. (Director)  
NBS College (Director)  
Tahanan Mutual Building and Loan Association, Inc. (Director)  
SM Foundation, Inc. (Trustee)  
Felicidad T. Sy Foundation, Inc. (Trustee)  
Henry Sy Foundation, Inc. (Trustee)  
Mano Amiga Academy (Trustee)  
Akademyang Filipino Asso., Inc. (Trustee)  
Museo del Galeon, Inc. (Trustee)  
DLS College of St. Benilde (Trustee)