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## A. BOARD MATTERS

### 1) Board of Directors

Number of Directors per Articles of Incorporation	Seven (7)
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Actual number of Directors for the year	Seven (7)
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#### (a) Composition of the Board (as of 31 December 2014)

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) <sup>1</sup>	Elected when (Annual /Special Meeting)	No. of years served as director
Antonio Victoriano F. Gregorio III	ED		Chi Ho Co	05/15/2009	12/04/2013	Annual Meeting	5 years
Chi Ho Co	ED		Chi Ho Co	09/22/2008	12/04/2013	Annual Meeting	6 years
Leonardo S. Gayao	NED		Antonio VF Gregorio III	12/22/2010	12/04/2013	Annual Meeting	4 years
Jose Francisco E. Miranda	ED		Antonio VF Gregorio III	12/13/2012	12/04/2013	Annual Meeting	2 years
Manuel G. Acenas	NED		Chi Ho Co	12/13/2012	12/04/2013	Annual Meeting	2 years
Lam Kok Duen	ID		Jose Francisco E. Miranda	12/04/2013	12/04/2013	Annual Meeting	1 year
Felixes G. Latonero	ID		Chi Ho Co	04/13/2011	12/04/2013	Annual Meeting	3 years

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

In June 2013, to enable the Company to be more compliant with the strict requirements of corporate governance and put in place a set of standards that will serve as the Company's guiding principles; the Board of Directors of the Company approved its Manual of Corporate Governance and Code of Business Conduct and Ethics.

Lodestar Investment Holdings Corporation strives to become one of the leaders in its industry through the development and implementation of strategic plans, operating goals and objectives across its entire organization of competent directors, management and personnel.

The Manual of Corporate Governance (MCG), sets out the key principles, guidelines, mandates, roles, obligations and standards of best practices entailed of the Company's Board of Directors, Committees, and Management. all in the context of the ensuring that the stewardship responsibilities of the Company to its shareholders are performed within or subject to specific standards of care and competence.

The guidelines shall be an evolving set of corporate governance principles, subject to modification and updating as circumstances warrant. A Corporate Governance Committee will be created to ensure

<sup>1</sup> Reckoned from the election immediately following January 2, 2012.

compliance with the MCG and shall conduct periodic reviews after the close of audit once every year.

Overall, the guiding principles in the implementation, review and amendment of the MCG shall be:

1. Set out the roles and responsibilities of key persons such as Directors, Officers and Management of the Company following international standards;
2. Recognize the importance of regular reviews of ethics and performance
3. Explore avenues for improvement through the conduct of continuing education on relevant matters;
4. Ensure accountability; and
5. Instill values and practice efficiency and integrity among key persons

The essence of corporate governance is transparency. The more transparent the internal workings of the corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the corporation or misappropriate its assets.

The MCG mandates the Board to respect the rights of the stockholders as provided for in the Corporation Code, namely:

1. Right to vote on all matters that require their consent or approval;
2. Pre-emptive right to all stock issuances of the corporation;
3. Right to inspect corporate books and records;
4. Right to information;
5. Right to dividends; and
6. Appraisal right.

The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.

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

An annual review of the MCG will be conducted to determine compliance therewith. An annual review will also permit the Board to determine the relevance, importance and impact of the Company's mission and vision to its business operations.

(d) **Directorship in Other Companies**

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

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

The Company has no subsidiary, affiliate or joint venture partner

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
N/A		

(ii) Directorship in Other Listed Companies

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

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Antonio Victoriano F. Gregorio III	Asiabest Group International Inc.	ED / Chairman
	NiHao Mineral Resources International Inc.	ED / Chairman
	Dizon Copper-Silver Mines, Inc.	ED
	Abacore Capital Holdings, Inc.	NED
	Minerales Industrias Corporation	NED
Chi Ho Co	Asiabest Group International Inc.	NED
	NiHao Mineral Resources International Inc.	NED
	Geograce Resources Philippines Inc.	ED
Jose Francisco E. Miranda	Asiabest Group International Inc.	ED
	Geograce Resources Philippines Inc.	ED
	Dizon Copper-Silver Mines, Inc.	ED
Leonardo S. Gayao	Dizon Copper-Silver Mines, Inc.	NED
	Abacore Capital Holdings, Inc.	ED
Felixes Latonero	NiHao Mineral Resources International Inc.	ID

(iii) Relationship within the Company and its Group

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
Not applicable		

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

The Company has not set any limits on the companies that a director may hold simultaneously. However, directors are expected to devote the time and attention necessary to properly and effectively perform their duties and responsibilities. They are also mandated to devote sufficient time to familiarize themselves with the corporation's business. They should be constantly aware of and knowledgeable with the corporation's operations to enable them to meaningfully contribute to the Board's work. They should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

	Guidelines	Maximum Number of Directorships in other companies
<b>Executive Director</b>	No guidelines	
<b>Non-Executive Director</b>		
<b>CEO</b>		

(c) Shareholding in the Company

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Antonio Victoriano F. Gregorio III	10,000		Nil
Chi Ho Co	10,000		Nil
Leonardo S. Gayao	1,000		Nil
Jose Francisco E. Miranda	2,000		Nil
Manuel Acenas	2,000		Nil
Lam Kok Duen	10,000		Nil
Felixes Latonero	10,000		Nil
<b>TOTAL</b>	<b>45,000</b>		<b>Nil</b>

2) Chairman and CEO

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

Yes

No

Identify the Chair and CEO:

Chairman of the Board	Antonio Victoriano F. Gregorio III
CEO/President	Chi Ho Co

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	Facilitate and ensure the effective performance of the Board by leading it towards attaining its mission and realizing its vision.  Effectively preside over Board meetings that the Board works as a cohesive team.	The President shall be the chief executive officers of the Company. He shall preside at all meetings of the stockholders and the Board of Directors, in the absence of the Chairman of the Board.
Accountabilities	Ensure that decision-making is done on the Board level through the use of processes and controls laid down in the MCG.  In case of violation of the MCG, either directly, or by failure to report a violation, or by withholding information related to a	The President shall be the head of the Company and is the strategic and operational leader directly accountable to the Board for all corporate activities.  In case of violation of the MCG, either directly, or by failure to report a

	violation, the Chairman may be disciplined for non-compliance with penalties up to and including removal from office or dismissal. Violations may also constitute violations of law and may result in criminal penalties and civil liabilities.	violation, or by withholding information related to a violation, the Chairman may be disciplined for non-compliance with penalties up to and including removal from office or dismissal. Violations may also constitute violations of law and may result in criminal penalties and civil liabilities.
Deliverables	<p>Foster a constructive board culture to ensure the effective and productive performance of the Board's oversight functions over management.</p> <p>Ensure that the members of the Board are timely, properly and accurately informed of developments in the Company.</p> <p>Promote independence in the decision-making of the members of the Board;</p> <p>Ensure that productive output and time management are recognized in Board meetings.</p> <p>Maintain a balance among the varying views of the members of the Board</p> <p>Defer matters that should properly be taken up and decided by management or the various committees.</p> <p>Maintain appropriate meeting decorum.</p> <p>Ensure effective communication with shareholders.</p> <p>Ensure constructive relations between the Board and management</p> <p>Promote high standards of corporate governance.</p>	<p>The President shall have general charge, direction and supervision of the business and affairs of the corporation as the Board of Directors may require and shall annually present a report of the preceding year's business at the annual stockholders meetings.</p> <p>He shall sign or countersign all certificates, contracts or other instruments of the Corporation, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation or shall be required by law otherwise to be signed or executed.</p> <p>He shall perform such other duties as are incident to his office or are properly required of him by the Board of Directors.</p>

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

The Nomination Committee shall periodically review the Company's succession plans for the CEO and, as needed, make recommendations to the Board regarding the selection of individuals to fill this position. There shall be an annual report to the Board by the Nominating Committee on the Company's plans regarding CEO and other senior management succession planning.

An evaluation of the CEO's performance shall be made annually by the non-executive Directors based on objective and subjective criteria such as performance of the business, accomplishment of long-term strategic objectives, management development and organizational development.

4) Other Executive, Non-Executive and Independent Directors

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

Yes. In its 2013 MCG, it is the Board's duty to install and implement a process for the selection of directors to



ensure a mix of competent directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.

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

In addition to the minimum qualifications for directors, at least one Non-Executive Director should have experience in the sector or industry in which the Company belongs to. All Directors should understand the Company’s business environment, devote sufficient time to familiarize themselves with the corporation’s business and should be constantly aware of and knowledgeable with the corporation’s operations to enable them to meaningfully contribute to the Board’s work. They should be abreast with industry developments and business trends in order to promote the corporation’s competitiveness.

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

All members of the Board, whether executive, non-executive or independent should contribute to the Board’s role of stewardship. They, as a board and individually, are mandated to take care of the interests of the shareholders and protect their investments through the implementation of sound corporate policies and plans.

	<b>Executive</b>	<b>Non-Executive</b>	<b>Independent Director</b>
<b>Role</b>	See immediately preceding explanation on the Board’s role.	See immediately preceding explanation on the Board’s role.	See immediately preceding explanation on the Board’s role.
<b>Accountabilities</b>	A director’s office is one of trust and confidence. He/ she shall act in a manner characterized by transparency, accountability, and fairness. He/ she should exercise leadership, prudence, and integrity in directing the Corporation towards sustained progress.	A director’s office is one of trust and confidence. He/ she shall act in a manner characterized by transparency, accountability, and fairness. He/ she should exercise leadership, prudence, and integrity in directing the Corporation towards sustained progress.	A director’s office is one of trust and confidence. He/ she shall act in a manner characterized by transparency, accountability, and fairness. He/ she should exercise leadership, prudence, and integrity in directing the Corporation towards sustained progress.
<b>Deliverables</b>	To conduct fair business transactions with the Corporation and to ensure that personal interest does not bias Board decisions nor conflict with the interests of the Corporation. To devote time and attention necessary to properly discharge his/ her duties and responsibilities. To act judiciously;  To exercise independent judgment  To have a working knowledge of the statutory and regulatory requirements affecting	To conduct fair business transactions with the Corporation and to ensure that personal interest does not bias Board decisions nor conflict with the interests of the Corporation. To devote time and attention necessary to properly discharge his/ her duties and responsibilities. To act judiciously;  To exercise independent judgment  To have a working knowledge of the statutory and regulatory requirements affecting	To conduct fair business transactions with the Corporation and to ensure that personal interest does not bias Board decisions nor conflict with the interests of the Corporation. To devote time and attention necessary to properly discharge his/ her duties and responsibilities. To act judiciously;  To exercise independent judgment  To have a working knowledge of the statutory and regulatory requirements affecting

	the Corporation. To observe confidentiality To ensure the continuing soundness, effectiveness, and adequacy of the Corporation's control environment.	the Corporation. To observe confidentiality To ensure the continuing soundness, effectiveness, and adequacy of the Corporation's control environment.	the Corporation. To observe confidentiality To ensure the continuing soundness, effectiveness, and adequacy of the Corporation's control environment.
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Provide the company's definition of "independence" and describe the company's compliance to the definition.

Independence in reference to Independent Directors means independence from management and freedom from any business or other relationship which could, or could reasonably be perceived to, materially interfere with an Independent Director's exercise of independent judgment in carrying out his/ her responsibilities as a director of the corporation.

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

To ensure that the objectivity and impartiality of an independent director is not compromised, an independent director shall be ineligible for nomination and re-election, after serving the Company for five (5) consecutive years. However, after a "cooling off" period of two (2) years such person should not engage in any activity that, under the Securities Regulation Code and other relevant rules, disqualifies him from being elected as an independent director. Re-election of a person who has served as an independent director for five years is allowed after the mandatory two-year cooling-off period. Upon reelection, such person may serve as an independent director for another four consecutive years. After serving for ten (10) years, a person is perpetually barred from serving as an independent director, without prejudice to his being elected as such in other companies outside the Company.

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

##### (a) Resignation/Death/Removal

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

There is no change in the composition of the Board of Directors for the period in view of the non-holding of the 2014 Annual Stockholders Meeting. All directors for 2013-2017 stayed on holdover capacity.

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

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

Procedure	Process Adopted	Criteria
<b>a. Selection/Election</b>		
Applicable to all Executive, non-executive and Independent Directors	All nominations for directors shall be submitted in writing to the Secretary of the Corporation not earlier than forty (40) days or later than twenty (20) days prior to the date of the regular or special meeting of stockholders. Only stockholders of record are entitled to nominate	A nominee for director should have the following minimum qualifications: a. College education or equivalent academic degree; b. Practical understanding of the

	<p>Any registered stockholder may be nominated and elected to the Board of Directors.</p> <p>The Nomination Committee, by majority vote, shall pass upon the qualification of the nominee to the Board.</p> <p>Approval for nomination of directors shall be conducted by the Nomination Committee prior to the annual shareholders' meeting.</p> <p>All nomination shall be signed by the nominating shareholders together with the acceptance and conformity of the nominees. The Nomination Committee shall pre-screen the qualifications and prepare a Final List of all Candidates for directors.</p> <p>The Final List of Candidates shall be disclosed in the reports required by law, rules and regulations to be submitted to the SEC and to all shareholders;</p>	<p>business of the corporation;</p> <p>c. Membership in good standing in relevant industry, business or professional organizations; and</p> <p>d. Vast and successful business experience.</p> <p>The members of the Board shall be elected from a list of nominees who have been identified, screened and recommended for election by the Nominations Committee. Nominees shall be selected on the basis of the set of criteria and other relevant factors as laid down in the Manual of Corporate Governance.</p> <p>It is in the best interests of the Company and its shareholders to obtain highly qualified individuals to serve on the Board. The Nomination Committee will also consider the contributions that a candidate can be expected to make to the collective functioning of the Board based upon the totality of the candidate's credentials, experience and expertise, the composition of the Board at the time, and other relevant circumstances.</p>
<b>b. Re-election</b>		
(i) Executive Directors	<p>All Directors standing for re-election have to undergo the Nomination process again and be subjected to the same procedures as if standing for election the first time.</p>	<p>The same criteria are applied as above. In determining whether a Director should stand for re-election, appropriate consideration shall be given to the Director's attendance at Board meetings and his or her performance as a Director</p>
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>c. Permanent Disqualification</b>		
(i) Executive Directors	<p>Nominees who possess any of the permanent disqualifications provided under the MCG will not be eligible for election. Should grounds for permanent disqualification of a sitting director exist, the Board will</p>	<p>The criteria applied are the same grounds for permanent disqualification of directors.</p>
(ii) Non-Executive Directors		
(iii) Independent Directors		

	convene to vote on the removal of a director in accordance with the Corporation Code, Securities Regulation Code and other laws	
<b>d. Temporary Disqualification</b>		
(i) Executive Directors	<p>Nominees who possess any of the temporary disqualifications provided under the MCG will not be eligible for election.</p> <p>Should grounds for temporary disqualification of a director exist, the Board will convene to inform the director of the existence of the ground A temporarily disqualified director shall, within sixty (6) business days from such disqualification, take appropriate action to remedy or correct the disqualification. If he/ she fail to do so for unjustified reasons, the disqualification shall become permanent.</p>	The criteria applied are the same grounds for permanent disqualification of directors.
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>e. Removal</b>		
(i) Executive Directors	Should grounds for removal exist, the Board will convene to vote on the removal of a director in accordance with the Corporation Code, Securities Regulation Code and other laws.	A final finding on the existence of grounds as well as the procedure to be followed for removal should be in accordance with the Corporation Code
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>f. Re-instatement</b>		
(i) Executive Directors	Re-instatement will no longer be possible as removal can only be done based on grounds for permanent disqualification and removal from office. The removal should be permanent.	The Board will follow the criteria mandated by the Corporation Code on removal of directors.
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>g. Suspension</b>		
(i) Executive Directors		
(ii) Non-Executive Directors		
(iii) Independent Directors		

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

Name of Director	Votes Received*
Antonio Victoriano F. Gregorio III	370,790,986 (50.10%)
Chi Ho Co	370,790,986 (50.10%)
Leonardo S. Gayao	370,790,986 (50.10%)
Jose Francisco E. Miranda	370,790,986 (50.10%)
Manuel G. Acenas	370,790,986 (50.10%)
Felixes G. Latonero	370,790,986 (50.10%)

Lam Kok Duen**	
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\*The votes received by the Board of Directors were during the last Annual Stockholders Meeting held last 13 December 2012. There were no Annual Stockholders' Meeting held for 2013 and 2014 for lack of quorum required.

\*\*Mr. Lam Kok Duen was elected as Independent Director last 4 December 2013.

## 6) Orientation and Education Program

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

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

The Company held an in-house Corporate Governance Seminar in 15 December 2014.

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Antonio Victoriano F. Gregorio III	12/15/2014	Corporate Governance Seminar	Risks, Opportunities, Assessment & Management (ROAM), Inc.
Chi Ho Co			
Jose Francisco E. Miranda			
Leonardo S. Gayao			
Venus L. Gregorio			

## B. CODE OF BUSINESS CONDUCT & ETHICS

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p>May not act as directors, officers, employees, consultants, agents or investors of entities that are competitors, suppliers or customers of the Company.</p> <p>The Company respects its Director's right to privacy in their personal activities and financial affairs. It is the responsibility of each Director to ensure that his or her personal conduct complies with the following principles and make the proper disclosures, whenever applicable, to allow the</p>	<p>May not act as directors, officers, employees, consultants, agents or investors of entities that are competitors, suppliers or customers of the Company.</p> <p>May not engage in independent business ventures or agree to perform services for other businesses if the activity interferes with an employee's devotion of time and effort to the conduct of the Company's business or otherwise affects his or her</p>	<p>May not act as directors, officers, employees, consultants, agents or investors of entities that are competitors, suppliers or customers of the Company.</p> <p>May not engage in independent business ventures or agree to perform services for other businesses if the activity interferes with an employee's devotion of time and effort to the conduct of the Company's business or otherwise affects his or her</p>

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

	Company to determine and address conflicts of interests issues.	ability to work effectively.	ability to work effectively.
(b) Conduct of Business and Fair Dealings	The Company believes in dealing fairly with its competition and other stakeholders. The Company requires its directors, officers and employees to avoid taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice.	The Company believes in dealing fairly with its competition and other stakeholders. The Company requires its directors, officers and employees to avoid taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice.	The Company believes in dealing fairly with its competition and other stakeholders. The Company requires its directors, officers and employees to avoid taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice.
(c) Receipt of gifts from third parties	May not use their position to derive or secure any personal, financial or other benefit for themselves or their relatives. May not solicit and/or accept any gift or favor from any competitor, supplier or customer except to the extent customary and reasonable in amount and not in consideration for any improper action by the recipient. Finally, the offering or accepting of bribes, payoffs or kickbacks made directly or indirectly to obtain an advantage in a commercial transaction is strictly prohibited. Gifts and business courtesies offered or given by reason of, or in connection with a position or employment in the Company should be avoided.	May not use their position to derive or secure any personal, financial or other benefit for themselves or their relatives. May not solicit and/or accept any gift or favor from any competitor, supplier or customer except to the extent customary and reasonable in amount and not in consideration for any improper action by the recipient. Finally, the offering or accepting of bribes, payoffs or kickbacks made directly or indirectly to obtain an advantage in a commercial transaction is strictly prohibited. Gifts and business courtesies offered or given by reason of, or in connection with a position or employment in the Company should be avoided.	May not use their position to derive or secure any personal, financial or other benefit for themselves or their relatives. May not solicit and/or accept any gift or favor from any competitor, supplier or customer except to the extent customary and reasonable in amount and not in consideration for any improper action by the recipient. Finally, the offering or accepting of bribes, payoffs or kickbacks made directly or indirectly to obtain an advantage in a commercial transaction is strictly prohibited. Gifts and business courtesies offered or given by reason of, or in connection with a position or employment in the Company should be avoided.
(d) Compliance with Laws & Regulations	Maintain compliance with the letter and spirit of all laws governing the jurisdictions in which they perform their duties.	Maintain compliance with the letter and spirit of all laws governing the jurisdictions in which they perform their duties.	Maintain compliance with the letter and spirit of all laws governing the jurisdictions in which they perform their duties.

(e) Respect for Trade Secrets/Use of Non-public Information	During the normal course of business, directors, officers and employees may have access to non-public information regarding the Company's customers, suppliers, operations, strategic plans, financial affairs, employees and trade secrets, among other things. These information are key corporate assets and they have an obligation to protect them and keep them in the strictest confidence, until disclosure is authorized or actually effected	During the normal course of business, directors, officers and employees may have access to non-public information regarding the Company's customers, suppliers, operations, strategic plans, financial affairs, employees and trade secrets, among other things. These information are key corporate assets they have an obligation to protect them and keep them in the strictest confidence, until disclosure is authorized or actually effected	During the normal course of business, directors, officers and employees may have access to non-public information regarding the Company's customers, suppliers, operations, strategic plans, financial affairs, employees and trade secrets, among other things. These information are key corporate assets and they have an obligation to protect them and keep them in the strictest confidence, until disclosure is authorized or actually effected
(f) Use of Company Funds, Assets and Information	Except as otherwise permitted in the Code of Business Ethics, employees, officers and directors, may not take for themselves opportunities that are discovered through the use of the Company's resources, information or position; use the Company's property, information, or position for personal purposes; nor compete with the Company either directly or indirectly.	Except as otherwise permitted in the Code of Business Ethics, employees, officers and directors, may not take for themselves opportunities that are discovered through the use of the Company's resources, information or position; use the Company's property, information, or position for personal purposes; nor compete with the Company either directly or indirectly.	Except as otherwise permitted in the Code of Business Ethics, employees, officers and directors, may not take for themselves opportunities that are discovered through the use of the Company's resources, information or position; use the Company's property, information, or position for personal purposes; nor compete with the Company either directly or indirectly.
(g) Employment & Labor Laws & Policies	It is the Company's policy to comply with all applicable laws and regulations, including those concerning hours of work, compensation, opportunity, human rights and working conditions. These principles, as well as compliance thereto, implementation and application shall be entrenched in the Director's Manual and Employees' Handbook of the Company.	It is the Company's policy to comply with all applicable laws and regulations, including those concerning hours of work, compensation, opportunity, human rights and working conditions. These principles, as well as compliance thereto, implementation and application shall be entrenched in the Director's Manual and Employees' Handbook of the Company.	The Company's most important resource is its employees. It is the Company's policy to comply with all applicable laws and regulations, including those concerning hours of work, compensation, opportunity, human rights and working conditions. These principles, as well as compliance thereto, implementation and application shall be entrenched in the Director's Manual and Employees' Handbook of the Company.
(h) Disciplinary action	In addition to the Code on Business Conduct and Ethics, the Company will also set in place, a	In addition to the Code, the Company will also set in place, an Employee's	In addition to the Code, the Company will also set in place, an Employee's

	Director's Manual which will govern the human resources aspects of the Director's conduct as well as provide for the specific disciplinary actions and procedures for such.	Handbook which will govern the human resources aspects of the employee's conduct as well as provide for the specific disciplinary actions and procedures for such.	Handbook which will govern the human resources aspects of the employee's conduct as well as provide for the specific disciplinary actions and procedures for such.
(i) Whistle Blower	The Board and its directors, shall promptly report any known or suspected violations of this Code to the Chairman of the Governance Committee. No retaliatory action of any kind will be permitted against anyone making such a report in good faith, and the Governance Committee will strictly enforce this prohibition.	The CEO, senior financial officers and chief legal officer shall promptly report any known or suspected violations of this Code to the Chairman of the Governance Committee. No retaliatory action of any kind will be permitted against anyone making such a report in good faith, and the Governance Committee will strictly enforce this prohibition.	Employees should communicate any such possible violation of rules to Management. Employees may also report questionable behavior in the same manner as they may report complaints regarding accounting, internal accounting controls or auditing matters to the Company's auditors. No retaliatory action of any kind will be permitted against anyone making such a report in good faith, and the Governance Committee will strictly enforce this prohibition.
(j) Conflict Resolution	If the Governance Committee determines that the Code has been violated, the offending director, officer or employee may be disciplined for non-compliance with penalties up to and including removal from office or dismissal. Such penalties may include censure, demotion or re-assignment, suspension or all or combination of the foregoing. Violations of the Code may also constitute violations of law and may result in criminal penalties and civil liabilities.	If the Governance Committee determines that the Code has been violated, the offending director, officer or employee may be disciplined for non-compliance with penalties up to and including removal from office or dismissal. Such penalties may include censure, demotion or re-assignment, suspension or all or combination of the foregoing. Violations of the Code may also constitute violations of law and may result in criminal penalties and civil liabilities.	If the Governance Committee determines that the Code has been violated, the offending director, officer or employee may be disciplined for non-compliance with penalties up to and including removal from office or dismissal. Such penalties may include censure, demotion or re-assignment, suspension or all or combination of the foregoing. Violations of the Code may also constitute violations of law and may result in criminal penalties and civil liabilities.

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

Yes.

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

The CEO, as head of management, implements the Code of Business Conduct and Ethics.



4) Related Party Transactions

(a) Policies and Procedures

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

Related Party Transactions	Policies and Procedures
(1) Parent Company	<p>All Related-Party Transactions must be brought to the Management’s attention. On an annual basis, each of the directors and executive officers are required to complete a questionnaire designed to elicit information about any potential Related-Party Transactions.</p> <p>Any potential Related-Party Transaction that is raised will be analyzed by the Company’s Legal Department, in consultation with management and, whenever warranted, the Company’s external auditor. The team will determine whether the transaction or relationship does, in fact, constitute a Related-Party Transaction requiring compliance with this Policy.</p> <p>At each of its meetings, the Audit Committee will be provided with the details of each existing or proposed Related-Party Transaction that it has not previously approved or disapproved with the following information:</p> <ol style="list-style-type: none"> <li>a. the terms of the transaction;</li> <li>b. the business purpose of the transaction;</li> <li>c. benefits to the Company and to the relevant director, executive officer or employee.</li> </ol> <p>In the event the Legal Department determines that it is impractical or undesirable to wait until the next Committee meeting to review a Related-Party Transaction, the Chairman of the Audit Committee may act on its behalf to review and approve the Related-Party Transaction. In determining whether to approve a Related-Party Transaction, considerations should be placed on whether the terms of the Related-Party Transaction are fair to the Company or on terms at least equally favorable as would apply if the other party was not or did not have an affiliation with a director, executive officer or employee of the Company. In addition, the following parameters must be applied in the approval of Related Party Transactions:</p> <ul style="list-style-type: none"> <li>• There should be good demonstrable business reasons for the Company to enter into the Related Party Transaction;</li> <li>• The Related-Party Transaction should not impair the independence of a director; and</li> <li>• The Related-Party Transaction should not present an</li> </ul>
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

	improper conflict of interests for any director, executive officer or employee of the Company, taking into account the size of the transaction, the overall financial position of the director, executive officer or employee, the direct or indirect nature of the interest of the director, executive officer or employee in the transaction, the ongoing nature of any proposed relationship, and any other relevant factors.
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(b) Conflict of Interest

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

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

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	None
Name of Officer/s	None
Name of Significant Shareholders	None

(ii) Mechanism

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

	Directors/Officers/Significant Shareholders
Company	<p>The company has formulated policies to prevent conflict of interests between the Company, its Board, individual directors, officers, and employees. Thus, they may not:</p> <ul style="list-style-type: none"> <li>act as directors, officers, employees, consultants or agents of entities that are competitors, suppliers or customers of the Company;</li> <li>engage in independent business ventures or agree to perform services for other businesses if the activity interferes with an employee's devotion of time and effort to the conduct of the Company's business or otherwise affects his or her ability to work effectively;</li> <li>use their position as an employee of the Company to derive or secure any personal, financial or other benefit for themselves or their relatives.</li> </ul> <p>The Board, individual directors, officers, and employees are expected to report to the Company any personal interests which conflict or may conflict with the interests of the Company. This prohibition applies to the immediate families members and other members of their household. For the avoidance of doubt, activities which are likely to fall under the prohibitions must be reported to the Company for a determination of whether or not conflict of interest indeed</p>

	exists.  The Company has no policy on conflict of interest with significant shareholders.
Group	None

5) Family, Commercial and Contractual Relations

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

None.

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship

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

None.

Names of Related Significant Shareholders	Type of Relationship	Brief Description

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

None.

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction

6) Alternative Dispute Resolution

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

Alternative Dispute Resolution System	
Corporation & Stockholders	The Board is mandated to establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its shareholders, and the Corporation and third parties, including the regulatory authorities. As most alternative dispute resolutions are contractual in nature, the Company will always strive to provide provisions for such dispute resolution in
Corporation & Third Parties	
Corporation & Regulatory Authorities	

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

	contracts that it enters into.
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### C. BOARD MEETINGS & ATTENDANCE

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

No. Quarterly meetings will be called at a date to be determined by the President when the reportorial requirements needing review and approval are prepared for the Board's information and reference. All other meetings will be scheduled at a date to be determined depending on the expediency and requirements of the matters that need to be approved.

2) Attendance of Directors for 31 December 2014

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Antonio Victoriano F. Gregorio III	12/04/2013	4	4	100
Member	Chi Ho Co	12/04/2013	4	4	100
Member	Leonardo S. Gayao	12/04/2013	4	4	100
Member	Jose Francisco E. Miranda	12/04/2013	4	4	100
Member	Manuel G. Acenas	12/04/2013	4	2	50
Independent	Lam Kok Duen	12/04/2013	4	0	0
Independent	Felixes Latonero	12/04/2013	4	3	75

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

None.

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

No. Only majority is required as per the minimum requirement of the Corporation Code.

5) Access to Information

(a) How many days in advance are board papers for board of directors meetings provided to the board?

Board papers are provided to the directors at least two (2) days in advance.

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

Yes.

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

The Corporate Secretary should:

- a. Work fairly and objectively with the Board, Management and stockholders;
- b. Have appropriate administrative and interpersonal skills;
- c. Have a working knowledge of the operations of the corporation;
- d. Ensure that all Board procedures, rules and regulations are strictly followed by the members;
- e. keep the minutes of the meetings of the stockholders, the Board of Directors, the Executive Committee and all the standing committees and shall compile them in book form as part of the corporate records of the Corporation;

- f. issue all notices for all meetings required by law and by these by-laws;
- g. have in his custody the corporate records and the seal of the Corporation and see to it that his seal is affixed on all contracts, deeds, agreements and other documents the execution of which on behalf of the Corporation is duly authorized;
- h. keep the record of the address of each stockholders;
- i. sign with the President or with a Vice-President stock certificates for the shares of the Corporation, the issuance of which shall have been authorized by the Board of Directors;
- j. have general charge of the stock transfer books of the Corporation; and
- k. perform all duties incident to the office of Secretary and such other duties from time to time may be assigned to him by the President or by the Board of Directors.

The Corporate Secretary is responsible for the timely and proper distribution of notices, agenda and other relevant meeting materials for discussion during the pertinent board meeting through the recognized modes of transmission of information ie., personal delivery, fax, mail or courier. Receipt should be ensured to allow for ample review by the members of the Board to enable them to fully comprehend the matters to be discussed during the relevant meeting.

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

Yes. The Company secretary is a corporate lawyer who also has ample knowledge in finance.

(e) Committee Procedures

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

Yes  No

Committee	Details of the procedures
Executive	The relevant meeting materials are prepared and distributed by the Secretary who acts as the Secretariat to all Committees. Directors can get any information from the Secretary through a request duly made.  Management shall be responsible for assuring that, as a general rule, information and data that are important to the Board's understanding of the Company's business and to all matters expected to be considered and acted upon by the Board be distributed in writing to the Board sufficiently in advance of each Board meeting and each action to be taken by written consent to provide the Directors a reasonable time to review and evaluate such information and data. Management shall make every attempt to see that this material is as concise as possible while still providing the desired information. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance.
Audit	
Nomination	
Remuneration	
Others (specify)	

6) External Advice

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

The Board, any Board Committee or group of Independent Directors, as appropriate, and after discussion with the Chairman, and at the expense of the Company, may retain the services of legal counsel, accountants, auditors or any other independent professional advisors to assist on matters involving their

responsibilities as Board or Board Committee members and the Chairman and CEO shall be promptly advised of any such engagement unless the Chairman, as applicable, believes that special circumstances exist where it would not be appropriate to provide such advice. The Company shall have in place procedures to assure that funding is made available to meet the fees and expenses of any such person or firm so retained.

Procedures	Details
None. Any member of the Board or Committee will submit its request to the Board which will be discussed on a case to case basis.	

#### 7) Change/s in existing policies

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

Existing Policies	Changes	Reason
Creation of a new Manual of Corporate Governance	Embodies substantial changes in most aspects of corporate governance	To provide the guidelines and standards of governance compliant with the SEC's expectations as appearing from the ACGR of 2013.

## D. REMUNERATION MATTERS

### 1) Remuneration Process

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

The Company does not pay any salaries to any management officers except per diem allowance when they attend board meetings.

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	NA	The Board determined the salary of one employee based on qualification.
(2) Variable remuneration	NA	NA
(3) Per diem allowance	The test of reasonableness is applied as per diems are not considered regular remunerations.	The test of reasonableness is applied as per diems are not considered regular remunerations.
(4) Bonus	NA	NA
(5) Stock Options and other financial instruments	NA	NA
(6) Others (specify)	NA	NA

### 2) Remuneration Policy and Structure for Executive and Non-Executive Directors

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

The Company does not pay any remuneration to directors except per diem allowances during board meetings.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	NA	NA	NA
Non-Executive Directors	NA	NA	NA

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

The Company does not pay any remuneration to directors except per diem allowances during board meetings.

Remuneration Scheme	Date of Stockholders' Approval
NA	NA

### 3) Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	NA	NA	NA
(b) Variable Remuneration	NA	NA	NA
(c) Per diem Allowance	94,444	16,667	5,555
(d) Bonuses	NA	NA	NA
(e) Stock Options and/or other financial instruments	NA	NA	NA
(f) Others (Specify)	NA	NA	NA
<b>Total</b>	94,444	16,667	5,555

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	NA	NA	NA
2) Credit granted	NA	NA	NA
3) Pension Plan/s Contributions	NA	NA	NA
(d) Pension Plans, Obligations incurred	NA	NA	NA
(e) Life Insurance Premium	NA	NA	NA
(f) Hospitalization Plan	NA	NA	NA
(g) Car Plan	NA	NA	NA
(h) Others (Specify)	NA	NA	NA

<b>Total</b>			
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4) Stock Rights, Options and Warrants

(a) Board of Directors

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

There are no existing policies on stock rights, options, warrants over the Company's shares.

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
NA	NA	NA	NA	NA

(b) Amendments of Incentive Programs

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

The Company has no incentive program in place.

Incentive Program	Amendments	Date of Stockholders' Approval
NA	NA	NA

5) Remuneration of Management

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

Name of Officer/Position	Total Remuneration
NA	NA

**E. BOARD COMMITTEES**

1) Number of Members, Functions and Responsibilities

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

Please see attached Exhibit A.

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee



Chairman (ED)	Antonio VF Gregorio III	06/20/2013				2 years
Member (ED)	Chi Ho Co	06/20/2013				2 years
Member (NED)	Leonardo S. Gayao	06/20/2013				2 years
Member (ID)	Felixes G. Latonero	09/01/2013				2 years
Member						

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Felixes Latonero	09/01/2013	3	2	67	1 year
Member (ED)	Antonio VF Gregorio III	02/21/2011	3	3	100	3 years
Member (ED)	Chi Ho Co	12/13/2012	3	3	100	2 years
Member (ID)						
Member						
Member						

Disclose the profile or qualifications of the Audit Committee members.

The members of the Audit Committee shall preferably have accounting and finance background, one of whom shall be an Independent Director and another should have related audit experience. The Chairman of the Audit Committee should be an Independent Director. He should be responsible for inculcating in the minds of the members of the Board the importance of the management responsibilities in maintaining a sound system of internal control and the Board's oversight responsibility.

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

The Audit Committee shall have the following functions relative to the external auditor:

- a. Provide oversight of the Corporation's external auditors;
- b. Review and approve audit scope and frequency, and the annual internal audit plan;
- c. Discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure coordination where more than one audit firm is involved;
- d. Consider the appointment of an independent external auditor, the audit fee and any question of resignation or dismissal;
- e. Receive and review reports of the external auditor and regulatory agencies, where applicable and ensure that management is taking appropriate corrective actions, in timely manner in addressing control and compliance functions with regulatory agencies;
- f. Review the quarterly, half year and annual financial statements before submission to the Board, focusing particularly on any change/s in accounting policies and practices;

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
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Chairman (ED)	Antonio VF Gregorio III	10/30/2012	1	1		2 years
Member (ED)	Chi Ho Co	10/30/2012	1	1		2 years
Member (NED)						
Member (ID)	Felixes Latonero	10/30/2012	1	1		2 years
Member						

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Felixes G. Latonero	09/01/2013	0	0		1 year
Member (ED)						
Member (NED)						
Member (ID)						
Member	Leonardo S. Gayao	12/13/2012	0	0		2 years
Member	Jose Francisco Miranda	12/13/2012	0	0		2 years

(e) Governance Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Felixes G. Latonero	09/01/2013	0	0		1 year
Member (ED)						
Member (NED)	Leonardo S. Gayao	06/20/2013	0	0		1 year
Member (ID)						
Member						
Member						

(f) Risk Management Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Felixes G. Latonero	09/01/2013	0			1 year
Member (ED)	Anotnio VF Gregorio III	06/20/2013	0			1 year
Member (ED)	Jose Francisco E. Miranda	06/20/2013	0			1 year
Member (ID)						
Member						

3) Changes in Committee Members

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

Name of Committee	Name	Reason
Executive		
Audit		
Remuneration		

4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Executive		
Audit	Issuance of the Audited Financial statements of the group	No major issues were addressed.
Nomination	Screening and nomination of the directors prior to the Annual Stockholders' Meeting in December 2014.	No major issues were addressed.
Remuneration	None, as the company has no employees.	
Others (specify)		

#### 5) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
Executive		
Audit	Install an internal audit system. Prepare an audit plan for the year.	Needs time to prepare the required documents.
Nomination	Prepare a Nomination Committee Charter.	Needs time to prepare the required documents.
Remuneration	Prepare a Remuneration Committee Charter.	Needs time to prepare the required documents.
Governance Committee	Prepare manuals, charters needed for the proper implementation of the Manual on Corporate Governance.	Needs time to prepare the required documents.
Risk Management Committee	Prepare manuals, charters needed for the proper implementation of the programs on risk management.	Needs time to prepare the required documents.

## F. RISK MANAGEMENT SYSTEM

### 1) Disclose the following:

#### (a) Overall risk management philosophy of the company;

The 2013 Manual on Corporate Governance provides that

“The Board and its subsidiaries recognize the importance of identifying and controlling various risks to prevent undue or uncalculated negative impact on the Company. The Board also recognizes that risk oversight, implementation of comprehensive controls and assurance processes are a core function of the Board.

“The Board intends to better manage risks of the Company with the formation of a control framework to assist in identifying, assessing, monitoring and managing risks, so as to safeguard the assets and interests of the Company while ensuring the integrity of reporting.

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

The Risk Management Program is still being prepared. The Board will have an opportunity to review the same when it is submitted to the Board for approval.

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

Please see explanation above.

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

The Risk Management Program shall be reviewed annually and all material changes to the Company's risk profile shall be noted. However, no review has been done yet pending the preparation of the Risk Management Program.

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

The Risk Management Program is still being prepared.

## 2) Risk Policy

- (a) Company

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

The Risk Management Committee is still in the process of preparing a Manual on Risk Management together with a profile of the Company's risks.

Risk Exposure	Risk Management Policy	Objective

- (b) Group

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

The Risk Management Committee is still in the process of preparing a Manual on Risk Management together with a profile of the Company's risks.

Risk Exposure	Risk Management Policy	Objective

- (c) Minority Shareholders

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

The Risk Management Committee is still in the process of preparing a Manual on Risk Management together with a profile of the Company's risks.

Risk to Minority Shareholders

## 3) Control System Set Up

- (a) Company

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

The Risk Management Committee is still in the process of preparing a Manual on Risk Management together with a profile of the Company's risks.

Risk Exposure	Risk Assessment (Monitoring and Measurement)	Risk Management and Control (Structures, Procedures, Actions)

	Process)	Taken)

(b) Group

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

The Risk Management Committee is still in the process of preparing a Manual on Risk Management together with a profile of the Company's risks.

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)

(c) Committee

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

Committee/Unit	Control Mechanism	Details of its Functions
Risk Management Committee	<p>The Risk Management Committee shall operationalize a Risk Management Program which shall be guided by the following:</p> <ol style="list-style-type: none"> <li>1. Establish risk profile and determine external and internal factors which can influence the Company's risk profile;</li> <li>2. Identify and characterize specific threats/ risks;</li> <li>3. Assess the vulnerability of critical assets to specific threats/ risks;</li> <li>4. Determine the risks (i.e. expected likelihood and consequences of specific threats/ risks on specific assets;</li> <li>5. Identify ways on how to minimize said threats/ risks;</li> <li>6. Prioritize risk reduction measures based on strategy;</li> <li>7. Assess effectiveness, conduct reviews and</li> </ol>	<p>Quarterly review of the Company's business must be done for risk identification, mitigation and monitoring.</p>

	evaluation and make necessary adjustments	
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**G. INTERNAL AUDIT AND CONTROL**

1) Internal Control System

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

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

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

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

The Internal Controls are yet to be set-up pending manualization of the Company's Internal Control Systems. The Company expects the setting up of the system to be finished by the 3<sup>rd</sup> quarter of the year.

(c) Period covered by the review;

NA

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

NA

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

The Internal Controls are yet to be set-up pending manualization of the Company's Internal Control Systems. The

2) Internal Audit

(a) Role, Scope and Internal Audit Function

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

Not applicable as there was yet no Internal Audit team set up as of 2014.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process

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

Not applicable as there was yet no Internal Audit team set up as of 2014.

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have

direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

Not applicable as there was yet no Internal Audit team set up as of 2014.

(d) Resignation, Re-assignment and Reasons

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

Not applicable as there was yet no Internal Audit team set up as of 2014.

Name of Audit Staff	Reason

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

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

Not applicable as there was yet no Internal Audit team set up as of 2012.

<b>Progress Against Plans</b>	
<b>Issues<sup>5</sup></b>	
<b>Findings<sup>6</sup></b>	
<b>Examination Trends</b>	

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

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

(f) Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
Establish and communicate the scope and objectives for the audit to appropriate management.	Not yet implemented.
Develop an understanding of the business area under review. This includes objectives, measurements, and key transaction types. This involves review of documents and interviews. Flowcharts and narratives may be created if necessary.	Not yet implemented.
Describe the key risks facing the business activities	Not yet implemented.

<sup>5</sup> “Issues” are compliance matters that arise from adopting different interpretations.

<sup>6</sup> “Findings” are those with concrete basis under the company’s policies and rules.

within the scope of the audit.	
Identify management practices in the five components of control used to ensure each key risk is properly controlled and monitored.	Not yet implemented.
Develop and execute a risk-based sampling and testing approach to determine whether the most important management controls are operating as intended.	Not yet implemented.
Report issues and challenges identified and negotiate action plans with management to address the problems.	Not yet implemented.
Follow-up on reported findings at appropriate intervals. Internal audit departments maintain a follow-up database for this purpose.	Not yet implemented.

(g) Mechanism and Safeguards

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
None yet as the Internal Audit System and Manual is not yet prepared.	None yet as the Internal Audit System and Manual is not yet prepared.	None yet as the Internal Audit System and Manual is not yet prepared.	None yet as the Internal Audit System and Manual is not yet prepared.

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

The Chairman, CEO, and Director for Internal Audit will give the required attestation.

## H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	The policies will be prepared and implemented.	
Supplier/contractor selection practice		
Environmentally friendly value-chain		
Community interaction		
Anti-corruption programmes and procedures?		
Safeguarding creditors' rights	The Company has no creditors at this time	

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



No. However, policies on the Company's Corporate Social Responsibility will be prepared.

3) Performance-enhancing mechanisms for employee participation.

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

The Company complies with all applicable health and safety laws and regulations as part of its commitment to providing its employees with a safe and healthy work environment. In this regard, employees are expected to work in a safe manner with due regard for their personal safety as well as that of their co-workers.

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

The Company's employee is enrolled with PhilCare, is a multi-service Health Maintenance Organization (HMO) which provides access to quality and affordable healthcare services.

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

The Company only has minimal number of employees. No training and development program is in place due to minimal requirements.

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

No reward compensation policy at the current time.

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

The Company will come up with an Employee's Handbook providing for grievance and complaints mechanisms from employees. The Code on Business Conduct and Ethics affirms that no retaliatory action of any kind will be permitted against anyone making such a report in good faith, and the Governance Committee will strictly enforce this prohibition.

**I. DISCLOSURE AND TRANSPARENCY**

1) Ownership Structure

(a) Holding 5% shareholding or more – as of 31 December 2014

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corporation	607,584,430	82.106	
Renato L. Reyes	85,407,500	11.54	

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	No
Details of whistle-blowing policy	No

Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

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

1. The Company has no dividend policy to disclose.
2. As of 31 December 2012, the Company had no whistle blower policy.

### 3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Punongbayan & Araullo	Php215,000	

### 4) Medium of Communication

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

1. Telecommunicating
2. E-mail
3. Facsimile
4. Mail

### 5) Company Website

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

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	No
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

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

The maintenance of the Company's website is being outsourced. Admittedly, no periodic checking and maintenance is being done. To improve this, the Company will meet with the provider to discuss management's internal accessibility to the website.

6) Disclosure of RPT as of 31 December 2014.

RPT	Relationship	Nature	Value
Advances to stockholder	Chi Ho Co – President and Director of the company	Advances from a stockholder for working capital purposes	Php2,457,076
Transaction with Key Management Personnel	Jose Francisco E. Miranda – Treasurer , Director and VP for Operations of the company	Compensation of key management personnel for 2014 part of Salaries and wages	Php260,000
Transaction with Key Management Personnel		Services rendered by lawyers who are also key management personnel of the group which consists of legal and back office work.	Php730,000

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

The 2013 Manual on Corporate Governance mandates that all related party transactions pass through a process to ensure that RPTs will not prejudice the Company.

All Related-Party Transactions must be brought to the Management’s attention. On an annual basis, each of the directors and executive officers are required to complete a questionnaire designed to elicit information about any potential Related-Party Transactions.

Any potential Related-Party Transaction that is raised will be analyzed by the Company’s Legal Department, in consultation with management and, whenever warranted, the Company’s external auditor. The team will determine whether the transaction or relationship does, in fact, constitute a Related-Party Transaction requiring compliance with this Policy.

**J. RIGHTS OF STOCKHOLDERS**

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

(a) Quorum

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

<b>Quorum Required</b>	50% + 1 of outstanding capital stock
------------------------	--------------------------------------

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

<b>System Used</b>	Disclosure and approval by votes
<b>Description</b>	Corporate acts for the year preceding an annual meeting are submitted to for the approval or ratification of shareholders. The acts are identified and explained in the Agenda and Information Statements which are distributed to the shareholders for their information. During the meeting, the corporate acts are submitted to the shareholders who must vote on whether or not to approve the same.

(c) Stockholders’ Rights

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

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
None.	

#### Dividends

Declaration Date	Record Date	Payment Date
None		

#### (d) Stockholders' Participation

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

Measures Adopted	Communication Procedure
After discussion of the Agenda during stockholders' meetings, stockholders are given an opportunity to comment or ask questions in an open forum.	Announcement of the opening of the floor for questions and / or comments. Shareholders have an opportunity to address the Board and ask questions that may concern the Company or them as stockholders.

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
  - a. Amendments to the company's constitution
  - b. Authorization of additional shares
  - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

The Information Statements required to be distributed among shareholders prior to an annual or special meeting contain information on any corporate decisions requiring shareholders' approval. The Company expects that shareholders who are interested in the approval or disapproval of such decisions will participate during the meeting to voice their concerns.

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

No. The company complies with the requirement of sending out notices at least 15 business days prior to the meeting.

- a. Date of sending out notices: 25 November 2014.
- b. Date of the Annual/Special Stockholders' Meeting: 16 December 2014

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

The Company was not able to properly convene the meeting for lack of quorum.

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

Resolution	Approving	Dissenting	Abstaining
N/A	N/A	N/A	N/A

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

The 17C of December 16, 2014 disclosed the non-holding of the 2014 Annual Stockholders' Meeting for lack of quorum.

(e) Modifications

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

Modifications	Reason for Modification
No modifications.	

(f) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Antonio V.F. Gregorio III Chi Ho Co Jose Francisco Miranda Leonardo S. Gayao (total number of shares of BOD present is 23,000)	16 December 2014	By poll	.0031 % 23,000 shares	31.07 229,971,000	31.08% 229,994,000

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

No. The Corporate Secretary was tasked to validate the ballots when voting is done by secret ballot or count the number of hands raised when voting by show of hands is done.

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

Yes.

(g) Proxy Voting Policies

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

	Company's Policies
Execution and acceptance of proxies	Must be executed by a stockholder
Notary	Not required to be notarized
Submission of Proxy	Must be submitted twenty four (24) hours from the date of the meeting.
Several Proxies	No policy. However, in case of several proxies, the latest validated one will prevail.
Validity of Proxy	Proxies are valid for five (5) years unless sooner revoked.
Proxies executed abroad	No policy.

Invalidated Proxy	Invalidated proxies will not be allowed to vote.
Validation of Proxy	Validation of proxies shall be conducted at the Company offices one (1) day prior to the meeting.
Violation of Proxy	No policy.

(h) Sending of Notices

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

Policies	Procedure
The Company should send out notices 15 working days prior to the date of the annual meeting.	A reputable courier is engaged for purposes of delivering the proxies.
The mailing list of stockholders is streamlined to ensure that the notices and Information Statements reach the shareholders.	<p>Notices sent during the previous years which have been returned for reasons of "invalid address", "cannot be located" or "moved" are no longer sent notices for the coming years</p> <p>The stockholders' list is adjusted and a mailing list is prepared to cover only stockholders' with valid addresses.</p> <p>The Company inquired from the PCD participants re: their estimated number of beneficial owners and such number of copies of notices and 20IS are sent to the PCD participant.</p>

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	200
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	25 November 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	25 November 2014
State whether CD format or hard copies were distributed	Hard copies
If yes, indicate whether requesting stockholders were provided hard copies	

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

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	No

The amount payable for final dividends.	NA
Documents required for proxy vote.	Yes

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

1. The Company had no dividend policy at the time of the meeting.
2. No dividends were declared.

## 2) Treatment of Minority Stockholders

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

Policies	Implementation
<p>The Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely:</p> <p>Right to vote on all matters that require their consent or approval.  Pre-emptive right to all stock issuances of the corporation.  Right to inspect corporate books and records.  Right to information  Right to dividends  Appraisal right</p>	<p>The Company allows all shareholders' including the minority to participate in decision makings during annual and special meetings of shareholders. The pre-emptive rights of stockholders are deemed in the Articles of Incorporation. All their rights are implemented in accordance with the Articles of Incorporation and By Laws and applicable laws, rules and regulations.</p>
<p>It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.</p>	<p>No shareholder has yet complained of breach of his rights.</p>
<p>The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.</p>	<p>The Definitive Information Statements containing relevant information for the benefit of the stockholders are timely and adequately distributed.</p>
<p>The Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.</p>	<p>No opportunity for application or implementation in the absence of circumstances giving rise to such.</p>

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes. Subject to rules, any shareholder of record has the right to nominate candidates for directors.

## K. INVESTORS RELATIONS PROGRAM

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

The Corporate Information Officer is responsible for the external communications of the Company. Major company announcements are reviewed and approved by the President and Corporate Secretary before they are

released to the public. On the other hand, the Company has no restrictions on internal communications , i.e., there is freedom of communications among the people in the organization as long as they remain internal.

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

The Company has no investor’s relations program in place at the current time. Under the Manual on Corporate Governance, the Board will identify the Corporation’s major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program that will keep them informed of important developments in the Corporation.

	Details
(1) Objectives	
(2) Principles	
(3) Modes of Communications	
(4) Investors Relations Officer	

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

The Company’s proposed merger with Abacus Coal will comply with the requirements of the Corporation Code. Other matters involving acquisition or sales of substantial portions of corporate assets will have to be carefully reviewed by the President, submitted to the Board for approval and eventually to the shareholders for approval or ratification, as maybe necessary under the circumstances.

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

In the case of Abacoal, Cuervo Appraisers did an appraisal of the value of Abacoal’s coal resources and estimates. Although there was no study done on the fairness of the transaction price, the valuation of the coal resource and estimates is far greater than the transaction price.

**L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

Initiative	Beneficiary

The Company’s Social Responsibility Manual is still being prepared at the current time.

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

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

	Process	Criteria
<b>Board of Directors</b>	The Governance Committee, working with the Chairman shall develop and oversee a performance assessment of the effectiveness of the Board. This assessment shall focus on the performance of the Board as a	The Performance Assessment Guidelines and scorecard shall be prepared by the Governance Committee in accordance with the mandates of the Manual on Corporate Governance.



	whole, concentrating on areas where performance might be improved. The Chairman shall present the results of such annual assessment to the Board for its review and discussion.	
<b>Board Committees</b>	The Governance Committee, working with the Chairman shall develop and oversee a performance assessment of the effectiveness Committees.	The Performance Assessment Guidelines and scorecard shall be prepared by the Governance Committee in accordance with the mandates of the Manual on Corporate Governance.
<b>Individual Directors</b>	The Board, through the Governance Committee shall administer an annual self-evaluation among individual directors.	The Performance Assessment Guidelines and scorecard shall be prepared by the Governance Committee in accordance with the mandates of the Manual on Corporate Governance.
<b>CEO/President</b>	The Board is responsible for approving and implementing a process of evaluation of the President's performance both on an on-going an annual basis. The Board shall establish annual performance expectations and goals for the President which should be benchmark for success of projects undertaken and implemented by the President for each annual review.	The Criteria will be set by the Board as one of the mandates of the Manual on Corporate Governance.

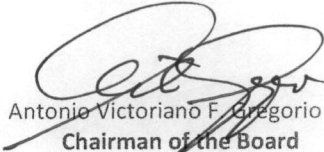
#### **N. INTERNAL BREACHES AND SANCTIONS**

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

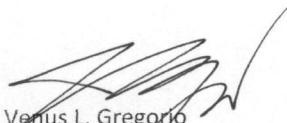
<b>Violations</b>	<b>Sanctions</b>
If the Governance Committee determines that this Code has been violated, either directly, or by failure to report a violation, or by withholding information related to a violation, the offending Employee may be disciplined for non-compliance.	The penalties for violations may include written notices to the individual involved that a violation has been determined, censure, demotion or re-assignment, suspension with or without pay or benefits, removal from office or dismissal, or all or combination of the foregoing. Violations may also constitute violations of law and may result in criminal penalties and civil liabilities for the directors, officers, management and employees.

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of \_\_\_\_\_ on \_\_\_\_\_, 20\_\_.

**SIGNATURES**

  
 Antonio Victoriano F. Gregorio III  
 Chairman of the Board

  
 Chi Ho Co  
 President

  
 Venus L. Gregorio  
 Corporate Secretary & Compliance Officer

  
 Felixes Latonero  
 Independent Director

APR 10 2015

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2015, affiant(s) exhibiting to me their \_\_\_\_\_, as follows:

Name	ID Number	Expiry
Antonio Victoriano F. Gregorio III	Driver's License # N02-90-140220	11/05/2016
Chi Ho Co	Driver's license N03-89-080012	04/30/2016
Venus L. Gregorio	Passport No. EB2782656	06/22/2016
Felixes G. Latonero	Driver's License # N02-00-426715	06/11/2018

Doc No. 156 ;  
 Page No. 33 ;  
 Book No. 25 ;  
 Series of 2015.

**JOVEN G. SEVILLANO**  
 NOTARY PUBLIC  
 COMMISSION NO. 0285-15 UNTIL DECEMBER 31, 2016  
 ROLL NO. 53970  
 IBP LIFETIME NO. 011302 RIZAL  
 PTR NO. 2277151 ; 1-5-15; MANDALUYONG  
 MCLE COMPLIANCE NO. IV - 0014990 23 APRIL 2013  
 METRO MART COMPLEX, MANDALUYONG CITY

EXHIBIT A

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Audit	Chi Ho Co Antonio V.F. Gregorio III		Felixes G. Latonero	Yes.	The Audit committee shall assist the Board in performing an oversight responsibility for the financial reporting process, supervise the managements activities, monitor and evaluate the adequacy and effectiveness of the corporations internal control system, coordinate, monitor and facilitate compliance with laws rules and regulations and review the reports and financial statements before their submission to the Board.	<p>Provide oversight over the senior management’s activities in managing credit, market liquidity, operational, legal and other risks of the Corporation. The function shall include receiving from senior management periodic information on risk exposures and risk management activities.</p> <p>Provide oversight of the Corporation’s internal and external auditors.</p> <p>Review and approve audit scope and frequency, and the annual internal audit plan.</p> <p>Discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure coordination where more than one</p>	<p>Evaluate and determine non-audit work by external auditor and keep under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to the Corporation’s total expenditure on consultancy.</p> <p>Establish and identify the reporting line of the chief audit executive so that the reporting level allows the internal audit activity to fulfill its responsibilities.</p>

						<p>audit firm is involved.</p> <p>Be responsible for the setting-up of an internal audit department and consider the appointment of internal auditor as well as an independent external auditor, the audit fee and any question of resignation or dismissal.</p> <p>Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system.</p> <p>Receive and review reports of internal and external auditors and regulatory agencies, where applicable and ensure that management is taking appropriate corrective actions, in timely manner in addressing control and compliance functions with regulatory agencies.</p> <p>Review the quarterly, half year and annual financial</p>	
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						statements before submission to the Board, focusing particularly on any change/s in accounting policies and practices.	
Nomination	Antonio V.F. Gregorio III Chi Ho Co		Felixes Latonero	None	The Nomination Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees.	Formulate screening policies to enable the Committee to effectively review and evaluate the qualification of the nominees nominated to the board and other appointments which require Board approval Assess the effectiveness of the Board processes and procedures in the election and replacement of directors. Conduct nominations for independent directors prior to the stockholders' meeting in accordance with the procedure set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code, as the same may be amended from time to	The Nomination Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees.

						time.	
Remunerati on	Jose Francisco Miranda	Leonardo S. Gayao	Felixes G. Latonero	None	The Remuneration Committee is responsible for establishing the procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the corporation's culture, strategy and the business environment.	The Remuneration Committee is responsible for establishing the procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the corporation's culture, strategy and the business environment.	The Remuneration Committee is responsible for establishing the procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the corporation's culture, strategy and the business environment.
Executive	Antonio V.F. Gregorio III  Chi Ho Co	Leonardo S. Gayao	Felixes G. Latonero	None	During the intervals between the meetings of the Board of Directors, the Executive Committee shall exercise all the powers of the Board of Directors in the Management and direction of the affairs of the Company, in all matters in which specific directions shall not have been given by the Board of Directors.  All actions by the Executive Committee shall be reported to the Board of Directors at its meeting next succeeding such action and shall be subject to revision or alteration by the Board, provided that no rights of third parties shall be affected by any such revision or alteration.		
Governance		Leonardo S. Gayao	Felixes Latonero	None	The Governance Committee shall assist the Board with respect to governance matters most especially in the implementation of practices and standards to be observed in an	Undertaking and approving an annual performance assessment of the Board, its Committees and the Individual Directors. The Performance Assessment Guidelines and scorecard	The Governance Committee shall assist the Board with respect to governance matters most especially in the implementation of practices and standards to be observed in an

					<p>effective stewardship environment.</p>	<p>shall be prepared in accordance with the mandates of this MGC.</p> <p>Preparation and approval of an Annual Program of Governance including the planning of an annual continuing education program for the Board and Management.</p> <p>Approval of policies, programs and processes to be contained in a manual and directors' handbook insofar as the same will supplement this MGC</p> <p>Recommending governance practices and policies to the Company's subsidiaries and investment entities.</p> <p>Assessing the competency requirements and compliance levels of the members of the Board insofar as continuing Board education is concerned.</p> <p>Reviewing policies of the</p>	<p>effective stewardship environment.</p>
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						<p>Board and the Standing Committees insofar as they relate to governance matters.</p> <p>Reviewing governance standards published by other Philippine listed companies with a view of assessing their relevance and developing a more current set of standards for the Company.</p>	
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