

**A. BOARD MATTERS**

1) Board of Directors

Number of Directors per Articles of Incorporation	11
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Actual number of Directors for the year	11
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(a) Composition of the Board

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
John L. Gokongwei, Jr.	ED	N/A	Felipe Remollo	1994	June 25, 2014	Annual Meeting	20 years
James L. Go	ED	N/A	Felipe Remollo	1994	June 25, 2014	Annual Meeting	20 years
Lance Y. Gokongwei	ED	N/A	Felipe Remollo	1994	June 25, 2014	Annual Meeting	20 years
Robert G. Coyiuto, Jr.	ED	N/A	Felipe Remollo	1982	June 25, 2014	Annual Meeting	32 years
James G. Coyiuto	NED	N/A	Felipe Remollo	2005	June 25, 2014	Annual Meeting	9 years
Benedicto T. Coyiuto	NED	N/A	Felipe Remollo	2013	June 25, 2014	Annual Meeting	2 years
Josephine V. Barcelon	NED	N/A	Felipe Remollo	2014	June 25, 2014	Annual Meeting	1 year
Gabriel C. Singson	NED	N/A	Felipe Remollo	July 14, 2005	June 25, 2014	Annual Meeting	9 years
Perry L. Pe	ED	N/A	Felipe Remollo	1995	June 25, 2014	Annual Meeting	19 years
Antonio L. Go	ID	N/A	Apollo P. Madrid (no relationship with nominator)	July 3, 2007	June 25, 2014, x years	Annual Meeting	7 years
Ricardo A. Balbido, Jr.	ID	N/A	Apollo P. Madrid (no relationship with nominator)	July 14, 2005	June 25, 2014	Annual Meeting	9 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.

The Board has adopted the Revised Corporate Governance Manual in 2010 for the Company. The Manual elaborates on the governance roles and responsibilities of the Board and its Directors. The Board ensures that all material information about the Company is disclosed to the public on a timely manner. The Board likewise is strongly committed to respect and promote the rights of stockholders in accordance with the Revised Corporate Governance Manual, the Company's Articles of Incorporation, and By-Laws.

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

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

The Board reviews and approves the vision and mission of the company when the need arises.

(d) Directorship in Other Companies

✓ 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:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
John L. Gokongwei, Jr.	JG Summit Holdings, Inc.	Executive
	Universal Robina Corporation	Executive
	Gokongwei Brothers Foundation, Inc.	Executive, Chairman
	JG Summit Petrochemical Corporation	Non-Executive
	Cebu Air, Inc.	Non-Executive
	JG Summit Capital Markets Corporation	Non-Executive
	Robinsons Land Corporation	Executive
	CFC Corporation	Non-Executive
	Robinsons, Inc.	Non-Executive
	Bio-Resource Power Generation Corporation	Non-Executive
	United Industrial Corporation Limited	Executive
	Singapore Land Limited	Executive, Chairman
James L. Go	JG Summit Holdings, Inc.	Executive, Chairman
	Robinsons Land Corporation	Executive, Chairman
	Gokongwei Brothers Foundation, Inc.	Executive
	JG Summit Petrochemical Corporation	Executive, Chairman
	Universal Robina Corporation	Executive, Chairman
	JG Summit Capital Markets Corporation	Non-Executive
	Cebu Air, Inc	Non-Executive
	CFC Corporation	Non-Executive
	Robinsons Inc.	Executive, Chairman
	Bio-Resource Power Generation Corporation	Non-Executive
	Robinsons Holdings, Inc.	
	United Industrial Corporation Limited	Non-Executive
	Singapore Land Limited	Non-Executive
	Marina Center Holdings, Inc.	Non-Executive
Hotel Marina City Private Limited	Non-Executive	
Philippine Long Distance Telephone Company	Non-Executive	
Lance Y. Gokongwei	Universal Robina Corporation	Executive
	Robinsons Land Corporation	Executive

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

	Gokongwei Brothers Foundation, Inc.	Non-Executive
	JG Summit Petrochemical Corporation	Executive
	Cebu Air, Inc.	Executive
	JG Summit Capital Markets Corporation	Executive
	JGSummit Holdings, Inc.	Executive
	CFC Corporation	Executive, Chairman
	Robinsons Inc.	Executive
	United Industrial Corp. Ltd.	Non-Executive
	Robinsons Bank Corporation Corporation	Executive, Chairman
	Express Holdings, Inc.	Executive, Chairman
	Robinsons Supermarket Corporation	Executive
Robert G. Coyiuto	JG Summit Holdings Inc.	Non-Executive
James G. Coyiuto	None	N/A
Perry L. Pe	None	N/A
<a href="#">Benedicto T. Coyiuto</a>	None	N/A
Gabriel C. Singson	Gokongwei Brothers Foundation, Inc., Inc.	Non-Executive
<a href="#">Josephine V. Barcelon</a>	None	N/A
Antonio L. Go	Cebu Air, Inc. United Industrial Corp. Ltd.	ID
Ricardo A. Balbido	None	N/A

✓ 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.
John L. Gokongwei, Jr.	A. Soriano Corporation	Non-Executive
Gabriel C. Singson	Rizal Commercial Banking Corporation	Non-Executive
Robert G. Coyiuto, Jr.		
Perry L. Pe	Araneta Properties Inc.	Non-Executive
James G. Coyiuto		
Antonio L. Go	Equitable Computer Services, Inc. Equicom Savings Bank Algo Leasing and Finance Inc. Digital Communications Phils. Inc. Equicom Manila Holdings Inc. Equicom Information Technology, Inc. Equitable Foundation, Inc. Go Kim Pah Foundation Inc. Maxicare Healthcare Corporation Medilink Network Inc. Pin-An holdings, Inc.	Chairman Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive

✓ 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
James L. Go	John Gokongwei, Jr.	James L. Go is the brother of John L. Gokongwei, Jr.
Lance Y. Gokongwei	John Gokongwei, Jr.	Lance Y. Gokongwei is the son of John L. Gokongwei, Jr.
James G. Coyiuto	Robert G. Coyiuto, Jr.	James G. Coyiuto is the brother of Robert G. Coyiuto
<a href="#">Benedicto T. Coyiuto</a>	<a href="#">Robert G. Coyiuto</a>	<a href="#">Benedicto T. Coyiuto is the son of Robert G. Coyiuto</a>

- ✓ 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 a limit on the number of board seats in other companies that an individual director or CEO may hold simultaneously. Guidelines observed are stated in Article II Section 13 of the Revised Corporate Governance Manual.

	Guidelines	Maximum Number of Directorships in other companies
<b>Executive Director</b>	A Director shall exercise due discretion in accepting and holding directorships and officerships in other corporations. A Director may hold any number of directorships or officerships outside the corporation provided that, in the Director's opinion, these other positions do not detract or compromise the Director's capacity to diligently perform his duties as a Director of the Corporation.	The Company has not set a limit on the number of board seats in other companies that an individual director or CEO may hold simultaneously.
<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
John L. Gokongwei	107,001		
James L. Go	1		0.00%
Lance Y. Gokongwei	1		0.00%
Robert Coyiuto, Jr.	565,664,986		0.28%
<a href="#">Josephine V. Barcelon</a>	<a href="#">100,000</a>		
Perry L. Pe	513,621		
James G. Coyiuto	1		0.00%
Gabriel C. Singson	1		0.00%
<a href="#">Benedicto T. Coyiuto</a>	<a href="#">10,000</a>		0.00%
Ricardo A. Balbido, Jr.	100,000		0.00%
Antonio L. Go	1		0.00%
<b>TOTAL</b>	<b>566,602,616</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

The roles and responsibilities of the Chairman of the Board of Directors and CEO are defined in the By-Laws and Revised Corporate Governance Manual to ensure that the Board gets independent views and perspectives.

Identify the Chairman and CEO:

Chairman of the Board	James L. Go
CEO	James L. Go

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	Article V, Section 1 (a) of By-Laws  a. Chairman of the Board and the Chief Executive Officer. The Chairman of the Board shall preside at all regular and special meetings of the Board and the annual and special meetings of the stockholders. He shall perform such other functions as may be decided by the Board of Directors.	Same
	(from Corporate Governance Manual, Article II, paragraph 11) 1. Ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chairman may deem necessary. 2. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the Directors and Management. 3. Maintain qualitative and timely lines of communication and information between the Board and Management.	same
Accountabilities	See above	
Deliverables	1. Agenda for the meetings 2. Statement of Management's Responsibility for audited financial statements 3. SEC Form 17-A 4. Other reports required by law	1. Statement of Management's Responsibility for audited financial statements 2. SEC Form 17-A 3. Other reports required by law

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

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.

The Company does not have said written policy. However, the current Directors have diverse background and work experience.

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

The Company does not have a policy that states that at least one non-executive director has experience in the sector or industry the Company belongs to. The Company has non-executive directors that are well experienced that allow them to give objective views, perspectives, and decisions on matters raised to the Board.

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

	Executive	Non-Executive	Independent Director
Role	<p>A Director's Office is one of trust and confidence. A Director should act in the best interest of the Corporation in a manner characterized by transparency, accountability, and fairness. He should also exercise leadership, prudence, and integrity in directing the Corporation towards sustained progress.</p> <p>A Director should observe the following norms of conduct:</p> <ol style="list-style-type: none"> <li><b>Conduct fair business transactions with the Corporation, and ensure that his personal interest does not conflict with the interests of the Corporation.</b> The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making</li> </ol>	Same	Same

	<p>process. A director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation.</p> <p>2. <b>Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.</b> A director should devote sufficient time to familiarize himself with the Corporation's business. He should be constantly aware of and knowledgeable with the Corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.</p> <p>3. <b>Act judiciously.</b> Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.</p> <p>4. <b>Exercise independent judgment.</b> A director should view each problem or situation</p>		
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	<p>objectively. If a disagreement with other Directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollary, he should support plans and ideas that he thinks are beneficial to the Corporation.</p> <p>5. <b>Have a working knowledge of the statutory and regulatory requirements that affect the Corporation, including its articles of incorporation and By-Laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.</b> A director should also keep abreast with industry developments and business trends in order to promote the Corporation's competitiveness.</p> <p>6. <b>Observe confidentiality.</b> A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.</p> <p>7. <b>Have a working knowledge of the corporation's control systems.</b> A director shall ensure the continuing soundness, effectiveness, and</p>		
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	adequacy of the Corporation's control environment.		
Accountabilities	See above	See above	See above
Deliverables	1. Exercises the powers of the Board of Directors as stated in the By-Laws  2. Executes all resolutions and the minutes of the meetings of the Board of Directors	Exercises the powers of the Board of Directors as stated in the By-Laws	1. Exercises the powers of the Board of Directors as stated in the By-Laws  2. Submits at the time of his election a certification confirming that he possesses the qualifications and none of the disqualifications to serve as an independent director of the Company.

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

An independent director is a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the corporation and includes, among others, any person who:

- 1 Is not a director or officer or substantial stockholder of the corporation or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;
- 2 Does not own more than two percent (2%) of the shares of the corporation and/or its related companies or any of its substantial shareholders;
- 3 Is not a relative of any director, officer or substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- 4 Is not acting as a nominee or representative of any director or substantial shareholder of the corporation, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;
- 5 Has not been employed in any executive capacity by the corporation, any of its related companies and/or by any of its substantial shareholders within the last two (2) years.
- 6 Is not retained, either personally or through his firm or any similar entity, as professional adviser, by the corporation, any of its related companies and/or any of its substantial shareholders, within the last two (2) years; or
- 7 Has not engaged and does not engage in any transaction with the corporation and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial.

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

The Corporation will comply with the term limits for independent directors prescribed under SEC Memorandum Circular No. 9, Series of 2011.

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:

Name	Position	Date of Cessation	Reason
Not Applicable			

(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/Appointment</b>		
(i) Executive Directors	<p>Article III, Section 1 of the By-Laws</p> <p>The directors shall be elected annually by the stockholders from among stockholders of record, as of the record date set by the Board of Directors for purposes of such election, which record date shall be at least sixty (60) days prior to the annual stockholders meeting for the term of one (1) year and/or until the election and acceptance of their duly qualified successors.</p>	<ul style="list-style-type: none"> <li>• Must own at least one share of the capital stock of the Company in his own name.</li> <li>• A majority of the directors must be residents of the Philippines.</li> <li>• He must not have been convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years or a violation of the Corporation Code, committed within five years before the date of his election.</li> <li>• He must be of legal age.</li> </ul>
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	<ol style="list-style-type: none"> <li>1. The Nomination Committee (the "Committee") shall have at least three (3) members, one of whom is an independent director. It shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be properly disclosed in the corporation's information or proxy statement or such other reports required to be submitted to the Commission.</li> <li>2. Nomination of independent director/s shall be conducted by the Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.</li> <li>3. The 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 for independent director/s.</li> <li>4. After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Corporation is required to submit to the Commission. The name of the</li> </ol>	<p>An independent director shall have the following:</p> <ol style="list-style-type: none"> <li>1.1 He shall have at least one (1) share of stock of the corporation;</li> <li>1.2 He shall be at least a college graduate or he has sufficient management experience to substitute for such formal education;</li> <li>1.3 He shall be twenty one (21) years old up to seventy (70) years old, however, due consideration shall be given to qualified Independent Directors up to the age of eighty (80);</li> <li>1.4 He shall have proven to possess integrity and probity; and</li> <li>1.5 He shall be assiduous.</li> </ol>

	<p>person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.</p> <p>5. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as independent director/s. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained nor allowed on the floor during the actual annual stockholders' meeting.</p> <p>6. Election of Independent Director/s</p> <p>6.1 Except as those required under this Rule and subject to pertinent existing laws, rules and regulations of the Commission, the conduct of the election of independent director/s shall be made in accordance with the standard election procedures of the company or its by-laws.</p> <p>6.2 It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent director/s. He shall ensure that an independent director/s are elected during the stockholders' meeting.</p> <p>6.3 Specific slot/s for independent directors shall not be filled-up by unqualified nominees.</p> <p>7. 6.4 In case of failure of election for independent director/s, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.</p>	
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**b. Re-appointment**

(i) Executive Directors	Same process as stated above for selection/appointment of Executive Directors	Same criteria as stated above for selection/appointment of Executive Directors
(ii) Non-Executive Directors	Same process as stated above for selection/appointment of Non-Executive Directors	Same criteria as stated above for selection/appointment of Non-Executive Directors
(iii) Independent Directors	Same process as stated above for selection/appointment of Independent Directors	Same criteria as stated above for selection/appointment of Independent Directors

**c. Permanent Disqualification**

(i) Executive Directors		Criteria for the permanent disqualification of a Director are specified in the Revised Corporate Governance Manual.
(ii) Non-Executive Directors		Same as above
(iii) Independent		Same as above with additional criteria,

Directors		<p>as follows:</p> <p>No person enumerated under Section II (5) of the Code of Corporate Governance shall qualify as an independent director. He shall likewise be disqualified during his tenure under the following instances or causes:</p> <p>2.1 He becomes an officer or employee of the corporation where he is such member of the board of directors/trustees, or becomes any of the persons enumerated under letter (A) hereof;</p> <p>2.2 His beneficial security ownership exceeds two percent (2%) of the outstanding capital stock of the corporation where he is such director;</p> <p>2.3 Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family;</p> <p>2.4 Such other disqualifications that the Corporate Governance Manual provides.</p>
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**d. Temporary Disqualification**

(i) Executive Directors		Criteria for the temporary disqualification of a Director are specified in the Revised Corporate Governance Manual.
(ii) Non-Executive Directors		Same as above
(iii) Independent Directors		Same as above

**e. Removal**

(i) Executive Directors	<p>1. It must take place either at a regular meeting or special meeting of the stockholders or members called for the purpose;</p> <p>2. There must be previous notice to the stockholders or members of the intention to remove;</p> <p>3. The removal must be by a vote of the stockholders representing 2/3 of Outstanding Capital Stock or 2/3 of members.</p> <p>4. The director may be removed with or without cause unless he was elected by the minority, in which case, it is required that there is cause for removal.</p>	Criteria for the removal of a Director are specified in the Revised Corporate Governance Manual.
(ii) Non-Executive Directors	<p>1. It must take place either at a regular meeting or special meeting of the stockholders or members called for the purpose;</p>	Same as above

	<p>2. There must be previous notice to the stockholders or members of the intention to remove;</p> <p>3. The removal must be by a vote of the stockholders representing 2/3 of Outstanding Capital Stock or 2/3 of members.</p> <p>4. The director may be removed with or without cause unless he was elected by the minority, in which case, it is required that there is cause for removal.</p>	
(iii) Independent Directors		Same as above
<b>f. Re-instatement</b>		
(i) Executive Directors	Same process as stated above for selection/appointment of Executive Directors	Criteria for the re-instatement of a Director are specified in the Revised Corporate Governance Manual.
(ii) Non-Executive Directors	Same process as stated above for selection/appointment of Non-Executive Directors	Same as above
(iii) Independent Directors	Same process as stated above for selection/appointment of Independent Directors	Same as above
<b>g. Suspension</b>		
(i) Executive Directors		Criteria for the suspension of a Director are specified in the Revised Corporate Governance Manual.
(ii) Non-Executive Directors		Same as above
(iii) Independent Directors		Same as above

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

Name of Director	Votes Received
John L. Gokongwei, Jr.	More than a majority vote
James L. Go	
Robert Coyiuto, Jr.	
Lance Y. Gokongwei	
Perry L. Pe	
<a href="#">Josephine V. Barcelon</a>	
James G. Coyiuto	
Gabriel C. Singson	
<a href="#">Benedicto T. Coyiuto</a>	
Antonio L. Go	
Ricardo A. Balbido, Jr.	

#### 6) Orientation and Education Program

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

New directors receive appropriate orientation from the Corporate Secretary when first appointed to the Board. The directors are likewise given an orientation kit that includes the latest Annual Report, Definitive Information Statement, relevant disclosures to the SEC and PSE, Revised Corporate Governance Manual, related governance policies, etc. This is to ensure that new Directors become familiar with the Company's business and governance processes.

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

(c) 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
John L. Gokongwei, Jr.	June 17, 2014	Corporate Governance	Sycip, Gorres, Velayo & Co.
James L. Go	June 17, 2014	Corporate Governance	Sycip, Gorres, Velayo & Co.
Lance Y. Gokongwei	June 17, 2014	Corporate Governance	Sycip, Gorres, Velayo & Co.
Robert G. Coyiuto, Jr.	July 7, 2014	Corporate Governance	Philippine Securities Consultancy Corporation
Perry L. Pe			
Josephine V. Barcelon	August 19, 2014	Corporate Governance	Institute of Corporate Directors
James G. Coyiuto	July 7, 2014	Corporate Governance	Philippine Securities Consultancy Corporation
Gabriel C. Singson			
Benedicto T. Coyiuto	July 17, 2014	Corporate Governance	Philippine Securities Consultancy Corporation
Antonio L. Go	June 17, 2014	Corporate Governance	Sycip, Gorres, Velayo & Co.
Ricardo A. Balbido, Jr.	June 17, 2014	Corporate Governance	Sycip, Gorres, Velayo & Co.

#### 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
1. Conflict of Interest	The Company's Code of Business Conduct require employees to make a conscious effort to avoid conflict of interest situations; that his judgment and discretion is not influenced by considerations of personal gain or benefit. A conflict of interest may also occur because of the actions, employment, or investments of an immediate family member of an employee.	Same	Same
2. Conduct of Business and Fair Dealings	The Company's employees that recommend, endorse, or approve the procurement or /sale of goods and services should make a conscious effort to avoid any conflict of interest situation in transactions that they are involved in.	Same	Same
3. Receipt of gifts from third parties			
4. Compliance with Laws & Regulations	The Company ensures that all transactions comply with relevant laws and regulations. Any deficiencies are immediately rectified.	Same	Same
5. Respect for Trade Secrets/Use of Non-public Information	The Company has policies that ensure proper and authorized disclosure of confidential information. Disclosures to the public can only be done after disclosure to the SEC and PSE by the Company's authorized officers.	Same	Same

<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.

6. Use of Company Funds, Assets and Information			
7. Employment & Labor Laws & Policies	The Company's Administration Office ensures compliance with employment and labor laws and policies.	Same	Same
8. Disciplinary action	Violation of any provision of the Code of Business Conduct may result to disciplinary action, including dismissal and reimbursement for any loss to the Company that results from the employee's action. If appropriate, a violation may result in legal action against the employee or referral to the appropriate government authorities.	Same	Same
9. Whistle Blower			
10. Conflict Resolution			

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

Yes. The Company's Code of Business Conduct has been disseminated to all directors, senior management, and employees.

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

All new employees undergo an orientation program to familiarize themselves with the Code. Relevant disclosure and compliance statements are likewise secured prior employment or engagement with the Company. Employees are likewise required to give relevant disclosures on an annual basis.

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.

The Executive Committee is actively involved in planning, approving, reviewing, and assessing the performance of each of the Company's transactions with related parties. The Executive Committee oversees the decision making process for the Company and the Group. The Executive Committee's functions are supported by the heads of each of the operating segments, which provide essential input and advice in the decision-making process.

Related Party Transactions	Policies and Procedures
(1) Parent Company	Not applicable. OPMC is the Parent Company.
(2) Joint Ventures	Transfer of funds/advances is approved by the Chairman/CEO and the President / COO
(3) Subsidiaries	Transfer of funds/advances is approved by the Chairman/CEO and the President / COO
(4) Entities Under Common Control	Transactions are approved by the Executive Committee.
(5) Substantial Stockholders	Transactions are approved by the Executive Committee.
(6) Officers including spouse/children/siblings/parents	Transactions are approved by the Executive Committee.
(7) Directors including spouse/children/siblings/parents	Transactions are approved by the Executive Committee.
(8) Interlocking director relationship of Board of Directors	The Corporation, adopts by law, the rules pertaining to interlocking directors, as follows: a) If the interests of the interlocking director in the corporations are both substantial (stockholdings exceed 20% of outstanding capital stock) General Rule: A contract between two or more corporations having

	<p>interlocking directors shall not be invalidated on that ground alone. Exception: If the contract is fraudulent or not fair and reasonable.</p> <p>b) If the interest of the interlocking director in one of the corporations is nominal while substantial in the other (stockholdings 20% or more), the contract shall be valid provided the following conditions are present:</p> <ol style="list-style-type: none"> <li>1) The presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting;</li> <li>2) That the vote of such director was not necessary for the approval of the contract;</li> <li>3) That the contract is fair and reasonable under the circumstances.</li> </ol> <p>Where (1) and (2) are absent, the contract can be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock or by the vote of the stockholders representing at least 2/3 of the members in a meeting called for the purpose. Provided that:</p> <ol style="list-style-type: none"> <li>1) Full disclosure of the adverse interest of the directors/trustees involved is made on such meeting;</li> <li>2) The contract is fair and reasonable under the circumstances.</li> </ol>
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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	Entities and persons that wish to transact business with the company are required to submit accreditation papers and undergo evaluation by designated committees that recommended accreditation. Disclosure of relationships are required.
Group	Same as above.

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:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
None		

(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:

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description
None		

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

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
None		

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	
Corporation & Third Parties	
Corporation & Regulatory Authorities	

**C. BOARD MEETINGS & ATTENDANCE**

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

These are scheduled before the beginning of the year.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman Emeritus	John L. Gokongwei, Jr.	June 25, 2014	4	4	100%
Chairman / CEO	James L. Go	June 25, 2014	4	4	100%
President / COO	Robert Coyiuto, Jr.	June 25, 2014	4	4	100%
Member	Lance Y. Gokongwei	June 25, 2014	4	3	75%
Member	Perry L. Pe	June 25, 2014	4	3	75%
Member	Benedicto Coyiuto	June 25, 2014	4	2	50%
Member	James G. Coyiuto	June 25, 2014	4	3	75%
Member	Gabriel C. Singson	June 25, 2014	4	2	50%
Member	Josephine V. Barcelon	June 25, 2014	4	2	50%
Independent	Ricardo A. Balbido, Jr.	June 25, 2014	4	2	50%
Independent	Antonio L. Go	June 25, 2014	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?

No.

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

A majority of the subscribed capital, present in person or represented by proxy, shall be sufficient at a stockholders' meeting to constitute a quorum for the election of directors and for the transaction of any business whatsoever, except in those cases in which the Corporation Code requires the affirmative vote of a greater proportion.

5) Access to Information

(a) How many days in advance are board papers<sup>5</sup> for board of directors meetings provided to the board?

At least three (3) working days before the meeting together with notice of meeting.

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

Yes. Board members have independent access to Management and the Corporate Secretary.

(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?

(Article IX of Corporate Governance Manual)

The Corporate Secretary shall:

1. Be loyal to the mission, vision, and objectives of the Corporation.
2. Work fairly and objectively with the Board, Management, and stockholders.
3. Possess appropriate administrative and interpersonal skills.
4. Have a working knowledge of the operations of the corporation.
5. Be aware of the laws, rules, and regulations necessary in the performance of his duties and responsibilities.
6. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meeting of the Board and its Committees, as well as other official records of the Corporation.
7. Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation.
8. As to agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting.
9. Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.
10. Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so.
11. Ensure that all Board procedures, rules, and regulations are strictly followed by the members.
12. Submit every 30<sup>th</sup> day of January of each year (as may be required by the Commission), an annual certification as to the attendance of the Directors during Board meetings.

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

Yes.

(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	(Paragraph 9 of Article II of Corporate Governance Manual) To enable the Directors to properly fulfill their duties and responsibilities, Management should provide the Directors with complete, adequate and timely information about the matters to be taken in their meetings.  Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a Director to enable him to properly perform his duties and responsibilities. Hence, the Directors is given independent access to Management and to the Corporate Secretary.
Audit	
Nomination	
Remuneration	

<sup>5</sup> Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

	The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts, and internal financial documents.
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6) External Advice

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

Procedures	Details
(Paragraph 9 of Article II of Corporate Governance Manual)  The Directors, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense.	

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
None		

**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:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Based on the compensation structure and policies of the Company on salary adjustments promotions and performance assessments.	
(2) Variable remuneration	None	
(3) Per diem allowance	Each officer shall receive a reasonable per diem for his attendance at meetings and / or official business trips	
(4) Bonus	Determined upon achievement of performance based matrix	
(5) Stock Options and other financial instruments	None	
(6) Others (specify)	Rice, leave credits	

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.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Performance based matrices		

Non-Executive Directors	Each director shall receive a reasonable allowance for his attendance at meeting
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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.

Remuneration Scheme	Date of Stockholders' Approval
Ratification of acts of the Board of Directors, its Committees, officers and Management	June 25, 2014
Ratification of acts of the Board of Directors, its Committees, officers and Management	June 27, 2013
Ratification of acts of the Board of Directors, its Committees, officers and Management	June 28, 2012

### 3) Aggregate Remuneration

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

FY13

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	P8,262,615		
(b) Variable Remuneration			
(c) Per diem Allowance			
(d) Bonuses	P600,000	P750,000	P300,000
(e) Stock Options and/or other financial instruments			
(f) Others (Specify)			
<b>Total</b>	<b>P 8,862,615</b>	<b>P750,000</b>	<b>P300,000</b>

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances			
2) Credit granted			
3) Pension Plan/s Contributions	Please refer to Note 16 of the Notes to the Audited Financial Statements as of December 31, 2013.		
(d) Pension Plans, Obligations incurred			
(e) Life Insurance Premium			
(f) Hospitalization Plan	Healthcare coverage and benefits are provided by the Company through a health maintenance program.		
(g) Car Plan			
(h) Others (Specify)			
<b>Total</b>			

4) Stock Rights, Options and Warrants

(a) Board of Directors

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

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
Not applicable				

(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:

Incentive Program	Amendments	Date of Stockholders' Approval
None		

5) Remuneration of Management

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

Name of Officer/Position	Total Remuneration
Ethelwoldo E. Fernandez/Corporate Secretary	P2,210,842
Apollo P. Madrid/SVP-Operations and Administration	
Jeanette U. Yu/Chief Financial Officer/Treasurer	

**E. BOARD COMMITTEES**

1) Number of Members, Functions and Responsibilities

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	3	2		<p>The Board of Directors may form an Executive Committee composed of five (5) members to be elected by the Board of Directors from among its members. Said Committee may act by majority vote of its members, in the course of the normal business or businesses of the Company, on such matters within the competence of the Board, except with respect to:</p> <ol style="list-style-type: none"> <li>1. Approval of any action for which shareholders approval is also required;</li> <li>2. Filling of vacancies in the Board of Directors;</li> <li>3. Amendment or repeal of the By-laws, or the adoption of new By-</li> </ol>			

				<p>laws of the Company;</p> <p>4. Amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;</p> <p>5. Declaration and distribution of cash dividends to shareholders; and</p> <p>6. Any matter that may be limited by law or by the Board of Directors by the majority vote of its members.</p>
Audit	1	3	1	<p>The Audit Committee shall have the following functions:</p> <ol style="list-style-type: none"> <li>1. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal controls, audit process and monitoring of compliance with applicable laws, rules and regulations.</li> <li>2. Provide oversight over Management’s activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function may include regular receipt from Management of information on risk exposures and risk management activities.</li> <li>3. Perform oversight functions over the Company’s Internal and External Auditors. It should ensure that the Internal and External Auditors are given reasonable access to all material records, properties and personnel to enable them to perform their respective audit functions.</li> <li>4. Review the Annual Internal Audit Plan to ensure its conformity with the objectives of the Company. The Plan shall include the audit scope, resources and budget necessary to implement it.</li> <li>5. Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.</li> <li>6. Ensure the establishment of an Internal Audit Department and the appointment of a Corporate Auditor and the terms and conditions of its engagement and removal.</li> <li>7. Monitor and evaluate the adequacy and effectiveness of the Company’s internal control system, including financial reporting control and information technology security.</li> <li>8. Review the reports submitted by the Internal and External Auditors.</li> <li>9. Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following: <ul style="list-style-type: none"> <li>• any change/s in accounting policies and practices;</li> <li>• major judgmental areas;</li> <li>• significant adjustments resulting from the audit;</li> <li>• going concern assumptions;</li> <li>• compliance with accounting standards; and</li> <li>• compliance with tax, legal and regulatory requirements.</li> </ul> </li> <li>10. Coordinate, monitor and facilitate compliance with laws, rules and regulations.</li> <li>11. Evaluate and determine the non-audit work, if any, of the</li> </ol>

				<p>External Auditor, and review periodically the non-audit fees paid to the External Auditor in relation to their significance to the total annual income of the External Auditor and to the Company's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. If the non-audit work is allowed, this should be disclosed in the Company's Annual Report.</p> <p>12. Establish and identify the reporting line of the Corporate Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee.</p> <p>The Audit Committee shall ensure that, in the performance of the work of the Corporate Auditor, he shall be free from interference by outside parties.</p>
Nomination	3	1	1	<p>The Nomination Committee shall be responsible for ensuring that the selection of new members of the Board is transparent with the end objective of having the Board increase shareholder value. For this purpose, the Nomination Committee shall:</p> <ol style="list-style-type: none"> <li>1. Pre-screen, evaluate the qualifications and shortlist all candidates nominated to become a Director in accordance with pertinent provisions of the Articles of Incorporation and By Laws of the Company, as well as established guidelines on qualifications and disqualifications.</li> <li>2. Recommend guidelines in the selection of nominee/s for Director/s which may include the following based on the perceived needs of the Board at a certain point in time: <ul style="list-style-type: none"> <li>• Nature of the business of the Corporations which he is a Director of</li> <li>• Age of the Director nominee</li> <li>• Number of directorships/active memberships and officerships in other corporations or organizations</li> <li>• Possible conflict of interest</li> </ul> </li> <li>3. Recommend guidelines in the determination of the optimum number of directorships/ active memberships and officerships in other corporations allowable for Directors. The capacity of Directors to serve with diligence shall not be compromised.</li> <li>4. Recommend to the Board regarding the size and composition of the Board in view of long term business plans, and the needed appropriate skills and characteristics of Directors.</li> </ol> <p>Assess the effectiveness of the Board's processes and procedures in the election or replacement of Directors.</p>
Remuneration	2	2	1	<p>The Remuneration and Compensation Committee recommends for Board approval a formal and transparent policy and system of remuneration and evaluation of the Directors and Management Officers. For this purpose, the Committee shall:</p> <ol style="list-style-type: none"> <li>1. Recommend a formal and transparent procedure for developing a policy on executive remuneration and evaluation and for fixing the remuneration packages of Directors and Management Officers that is consistent with the Company's culture, strategy, and business environment.</li> </ol>

			<p>2. Recommend the amount of remuneration, which shall be in a sufficient level to attract and retain Directors and Management Officers who are needed to run the company successfully.</p> <p>3. Disallow any Director to decide his remuneration.</p> <p>4. Ensure that Full Business Interest Disclosure is part of the pre-employment requirements for all incoming Management Officers, which among others compel all Management Officers to declare under the penalty of perjury all of their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.</p> <p>5. Review recommendations concerning the existing Human Resources Development Handbook, with the objective of strengthening provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.</p> <p>6. Provide in the Company's Annual Reports, information and proxy statements a clear, concise and understandable disclosure of aggregate compensation of its Executive Officers for the previous fiscal year and the ensuing year as prescribed by the Commission or other regulatory agency.</p>
Others (specify)	None		

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	James L. Go	June 25, 2014	4	4	100%	12 years
Member (ED)	John L. Gokongwei, Jr.	June 25, 2014	4	4	100%	12 years
Member (ED)	Robert G. Coyiuto, Jr.	June 25, 2014	4	4	100%	12 years
Member (NED)	Lance Y. Gokongwei	June 25, 2014	4	4	100%	12 years
Member (NED)	Benedicto T. Coyiuto	June 25, 2014	4	4	100%	2 years

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Committee Chairman (ID)	Antonio L. Go	June 25, 2014	1	1	100%	7 years
Member (ED)	Lance Y. Gokongwei	June 25, 2014	1	1	100%	12 years
Member (ED)	Perry L. Pe	June 25, 2014	1	1	100%	12 years
Member (NED)	James G. Coyiuto	June 25, 2014	1	1	100%	9 years
Member (NED)	Benedicto T. Coyiuto	June 25, 2014	1	1	100%	2 years

Disclose the profile or qualifications of the Audit Committee members.

(Paragraph 2 of Article III of Corporate Governance Manual)

1. The Board establishes the Audit Committee and appoints the members of the Committee.
2. This Audit Committee reports functionally to the Board.
3. The Audit Committee shall be composed of at least three (3) members from the Board, at least one (1) of whom shall always be Independent Director. The Board shall ensure that each member should have adequate competence and/or experience on accounting, finance and audit to enable them to discharge their responsibilities.
4. The Board shall appoint an Independent Director as Committee Chairman.
5. The Audit Committee, as a body, shall have neither executive nor managerial powers and duties in the Corporation except those relating to the management of the Corporate Auditor.

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

See above functions of the Audit Committee.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	James L. Go	June 25, 2014	1	1	100%	12 years
Member (ED)	Robert G. Coyiuto, Jr.	June 25, 2014	1	1	100%	12 years
Member (ED)	Perry L. Pe	June 25, 2014	1	1	100%	12 years
Member (NED)	James G. Coyiuto	June 25, 2014	1	1	100%	7 years
Member (ID)	Ricardo A. Balbido, Jr.	June 25, 2014	1	1	100%	9 years

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	James L. Go	June 25, 2014	1	1	100%	12 years
Member (ED)	Robert G. Coyiuto, Jr.	June 25, 2014	1	1	100%	12 years
Member (ED)	Lance Y. Gokongwei	June 25, 2014	1	1	100%	12 years
Member (NED)	James G. Coyiuto	June 25, 2014	1	1	100%	9 years
Member (ID)	Antonio L. Go	June 25, 2014	1	1	100%	7 years

(e) Others (Specify)

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

There no other committee constituted by the Board of Directors.

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Not applicable						

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	None	
Audit		
Nomination		

Remuneration	
Others (specify)	

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	Review of financial statements for approval of the Board	No significant issues that would put the Company and its subsidiaries at major risk
Nomination	Recommendation of nominees to be included in the final list of independent directors	No significant issues that would put the Company at major risk
Remuneration	Recommendation of budgets for merit increase and salary adjustments	No significant issues that would put the Company at major risk
Others (specify)	None	

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		
Nomination	Pre-screen qualifications of nominees for independent directors	No significant issues that would put the Company at major risk
Remuneration	Review and evaluate existing remuneration policies and procedures	No significant issues that would put the Company at major risk
Others (specify)	Not applicable	

**F. RISK MANAGEMENT SYSTEM**

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Company aims to identify, measure, analyze, monitor, and control all forms of risks that would affect the company.

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

There is no statement issued. The Audit Committee reviews the effectiveness of risk management systems employed by the company.

(c) Period covered by the review;

The Audit Committee periodically reviews the risk management system of the company through its meetings and review of required reports.

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

The adequacy of the risk management system is reviewed annually by the Audit Committee. On a quarterly basis, specific risk management processes and findings are reviewed and evaluated.

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

Not applicable.

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:

Risk Exposure	Risk Management Policy	Objective
<i>Liquidity risk</i>	<p>Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company seeks to manage its liquidity profile to be able to finance its operations, capital expenditures and service maturing debts.</p> <p>The Company monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Company maintains a level of cash and cash equivalents deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows.</p>	To minimize risk of not being able to meet funding obligations.
<i>Credit risk</i>	<p>Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company trades only with its dealers. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.</p> <p>The Company has a counterparty credit risk management policy which allocates investment limits based on counterparty credit ratings and credit risk profile.</p>	It is the Company's objective that losses are minimized due to credit risks.
<i>Equity price risk</i>	Equity price risk is such risk where the fair values of the investments in quoted equity securities could decrease as a result of changes in the levels of equity indices and the value of the individual stock.	
<i>Foreign currency risk</i>	<p>Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits in the type of business in which the Company is engaged with.</p> <p>The Company's foreign exchange risk results primarily from movements of U.S. Dollar against other currencies.</p>	The Company seeks to maintain a square or minimal position on its foreign currency exposure.
<i>Interest rate risk</i>	Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	The Company's policy is to manage its interest income using a mix of fixed and variable rates, whichever has a higher yield.

	The Company's interest rate exposure management policy centers on reducing its exposure to changes in interest rates. The Company's exposure to the risk of changes in the interest rates relates primarily to the cash in bank with fixed interest rates.	
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(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:

<b>Risk Exposure</b>	<b>Risk Management Policy</b>	<b>Objective</b>
<i>Liquidity risk</i>	<p>Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group seeks to manage its liquidity profile to be able to finance its operations, capital expenditures and service maturing debts.</p> <p>The Group monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Company maintains a level of cash and cash equivalents deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows.</p>	To minimize risk of not being able to meet funding obligations.
<i>Credit risk</i>	<p>Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group trades only with its dealers. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.</p> <p>The Group has a counterparty credit risk management policy which allocates investment limits based on counterparty credit ratings and credit risk profile.</p>	It is the Group's objective that losses are minimized due to credit risks.
<i>Equity price risk</i>	Equity price risk is such risk where the fair values of the investment in quoted equity securities could decrease as a result of changes in the levels of equity indices and the value of the individual stock.	
<i>Foreign currency risk</i>	<p>Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits in the type of business in which the Company is engaged with.</p> <p>The Company's foreign exchange risk results primarily from movements of U.S. Dollar against other currencies.</p>	The Group seeks to maintain a square or minimal position on its foreign currency exposure.
<i>Interest rate risk</i>	Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market	The Group's policy is to manage its interest income using a mix of fixed and variable rates, whichever has a higher yield.

	<p>interest rates.</p> <p>The Company's interest rate exposure management policy centers on reducing its exposure to changes in interest rates. The Company's exposure to the risk of changes in the interest rates relates primarily to the cash in bank with fixed interest rates.</p>	
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(c) Minority Shareholders

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

<b>Risk to Minority Shareholders</b>
<p>Due to statutory limitations on the obligations of majority shareholders with respect to minority shareholders, minority shareholders are subject to the risk of the exercise by the majority shareholders of their voting power. However, the Corporation Code provides for minority shareholders' protection in certain instances wherein a vote by the shareholders representing at least two-thirds of the Company's outstanding capital stock is required. The Corporation Code also grants shareholders an appraisal, right allowing a dissenting shareholder to require a corporation to purchase his shares in certain instances.</p>

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:

<b>Risk Exposure</b>	<b>Risk Assessment (Monitoring and Measurement Process)</b>	<b>Risk Management and Control (Structures, Procedures, Actions Taken)</b>
<i>Liquidity risk</i>	Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company seeks to manage its liquidity profile to be able to finance its operations, capital expenditures and service maturing debts.	The Company maintains a level of cash and cash equivalents deemed sufficient to finance its operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows.
<i>Credit risk</i>	Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company trades only with its dealers. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.	<p>The Company transacts only with recognized, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.</p> <p>The Company has a counterparty credit risk management policy which allocates investment limits based on counterparty credit ratings and credit risk profile.</p>
<i>Equity price risk</i>	Equity price risk is such risk where the fair values of the investment in quoted equity securities could decrease as a result of changes in the levels of equity indices and the value of the individual stock.	
<i>Foreign currency risk</i>	Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company believes that its profile of foreign currency	The Company makes use of derivative financial instruments, such as interest rate swaps, to hedge the variability in cash flows arising from fluctuation in benchmark interest rates

	exposure on its assets and liabilities is within conservative limits in the type of business in which the Company is engaged with.	
<i>Interest rate risk</i>	Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	The Company's interest rate exposure management policy centers on reducing its exposure to changes in interest rates. The Company's exposure to the risk of changes in the interest rates relates primarily to the cash in bank with fixed interest rates.

(b) Group

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

<b>Risk Exposure</b>	<b>Risk Assessment (Monitoring and Measurement Process)</b>	<b>Risk Management and Control (Structures, Procedures, Actions Taken)</b>
<i>Liquidity risk</i>	Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group seeks to manage its liquidity profile to be able to finance its operations, capital expenditures and service maturing debts.	The Group maintains a level of cash and cash equivalents deemed sufficient to finance its operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows.
<i>Credit risk</i>	Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group trades only with its dealers. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.	The Group transacts only with recognized, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.  The Group has a counterparty credit risk management policy which allocates investment limits based on counterparty credit ratings and credit risk profile.
<i>Equity price risk</i>	Equity price risk is such risk where the fair values of the investment sin quoted equity securities could decrease as a result of changes in the levels of equity indices and the value of the individual stock.	
<i>Foreign currency risk</i>	Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits in the type of business in which the Group is engaged with.	The Group makes use of derivative financial instruments, such as interest rate swaps, to hedge the variability in cash flows arising from fluctuation in benchmark interest rates
<i>Interest rate risk</i>	Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	The Group's interest rate exposure management policy centers on reducing its exposure to changes in interest rates. The Group's exposure to the risk of changes in the interest rates relates primarily to the cash in bank with fixed

		interest rates.
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(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
Board of Directors (BOD)	The BOD of the Company and the respective BOD of each subsidiary are ultimately responsible for the oversight of the Group’s risk management processes that involve identifying, measuring, analyzing, monitoring and controlling risks. Each BOD has created the board-level Audit Committee to spearhead the managing and monitoring of risks.	
Audit Committee (AC)	The AC shall assist the Group’s BOD in its fiduciary responsibility for the over-all effectiveness of risk management systems, and both the internal and external audit functions of the Group. Furthermore, it is also the AC’s purpose to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes.	The AC aims to ensure that: <ul style="list-style-type: none"> <li>a. financial reports comply with established internal policies and procedures, pertinent accounting and auditing standards and other regulatory requirements;</li> <li>b. risks are properly identified, evaluated and managed, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks, and crisis management;</li> <li>c. audit activities of internal and external auditors are done based on plan, and deviations are explained through the performance of direct interface functions with the internal and external auditors; and</li> <li>d. the Group’s BOD is properly assisted in the development of policies that would enhance the risk management and control system.</li> </ul>
Compliance Officer	The Compliance Officer assists the BOD in complying with the principles of good corporate governance.	He shall be responsible for monitoring actual compliance with the provisions and requirements of the Corporate Governance Manual and other requirements on good corporate governance, identifying and monitoring control compliance risks, determining

		violations, and recommending penalties on such infringements for further review and approval of the BOD, among others.
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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;
- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The company understands that the primary responsibility for the design, implementation and maintenance of internal control rest on Management; while the Board and its Audit Committee oversee actions of Management and monitor the effectiveness of controls put in place.

Audit Committee’s purpose is to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes. Monitor and evaluate the adequacy and effectiveness of the Company’s internal control system, including financial reporting control and information technology security. And this committee meets quarterly and as often as necessary.

- (c) Period covered by the review;  
Not applicable.
- (d) How often internal controls are reviewed and the directors’ criteria for assessing the effectiveness of the internal control system; and
- (e) Where no review was conducted during the year, an explanation why not.  
Not applicable.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

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

Role	Scope	Indicate whether In-house or Outsource Internal Audit 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?
- (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?
- (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.

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.

<b>Progress Against Plans</b>	
<b>Issues<sup>6</sup></b>	
<b>Findings<sup>7</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

(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
The Audit Committee performs oversight functions over the Company’s internal and external auditors. It should act independently	The Company and its officers, staff and any other person who are privy to the material non-public information are prohibited to communicate material non-public information	The Company and its officers, staff and any other person who are privy to the material non-public information are prohibited to communicate material non-public information	The Company and its officers, staff and any other person who are privy to the material non-public information are prohibited to communicate material non-public information

<sup>6</sup> “Issues” are compliance matters that arise from adopting different interpretations.

<sup>7</sup> “Findings” are those with concrete basis under the company’s policies and rules.

<p>from each other and that both auditors are given unrestricted access to records, properties and personnel to enable them to perform their respective audit functions.</p>	<p>about the Corporation to any person, unless the Corporation is ready to simultaneously disclose the material non-public information to the Commission and to the Exchanges except if the disclosure is made to:</p> <ul style="list-style-type: none"> <li>• A person who is bound by duty to maintain trust and confidence to the Corporation such as but not limited to its auditors, legal counsels, investment bankers, financial advisers; and</li> <li>• A person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.</li> </ul>	<p>about the Corporation to any person, unless the Corporation is ready to simultaneously disclose the material non-public information to the Commission and to the Exchanges except if the disclosure is made to:</p> <ul style="list-style-type: none"> <li>• A person who is bound by duty to maintain trust and confidence to the Corporation such as but not limited to its auditors, legal counsels, investment bankers, financial advisers; and</li> <li>• A person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.</li> </ul>	<p>about the Corporation to any person, unless the Corporation is ready to simultaneously disclose the material non-public information to the Commission and to the Exchanges except if the disclosure is made to:</p> <ul style="list-style-type: none"> <li>• A person who is bound by duty to maintain trust and confidence to the Corporation such as but not limited to its auditors, legal counsels, investment bankers, financial advisers; and</li> <li>• A person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.</li> </ul>
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- (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.

Compliance with the principles of good governance is one of the objectives of the Board of Directors. To assist the Board in achieving this purpose, the Board has designated a Compliance Officer, who reports to the Chairman, who shall be responsible for monitoring the actual compliance of the Company with the provisions and requirements of good governance, identifying and monitoring control compliance risks, determining violations, and recommending penalties for such infringements for further review and approval of the Board, among others.

**H. ROLE OF STAKEHOLDERS**

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

	Policy	Activities
Customers' welfare		
Supplier/contractor selection practice		
Environmentally friendly value-chain	The Company complies with government mandated policies on the environment.	Required environment management systems and energy management are rigidly complied with by the company.
Community interaction	The Company focus on uplifting the socio-economic condition of the country through education.	The Company, together with its Consortium partners, supports organizations that promote education of Filipinos through grants,

		endowments, scholarships, and educational facilities.
Anti-corruption programmes and procedures?	The Company has policies that cover Business Conduct, Conflict of Interest Policy, Offenses Subject to Disciplinary Action Policy, among others.	
Safeguarding creditors' rights	The Company abides with its financial and legal commitments to creditors.	

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

No. The Company's Corporate Responsibility Report is part of the Annual Report.

3) Performance-enhancing mechanisms for employee participation.

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

The Company abides by safety, health, and welfare standards and policies set by the Department of Labor and Employment. Likewise, the Company has Security and Safety Manuals that are implemented and regularly reviewed to ensure the security, safety, health, and welfare of the employees in the work place.

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

The Company, thru its affiliate, JG Summit Holdings, Inc., has partnered with fitness gyms to offer special membership rates to employees. This is in addition to the free use of gym facilities in the different installations.

Year on year, the Company has facilitated vaccinations such as against flu and cervical cancer that are offered not only to employees but to their dependents as well. The Company has worked with healthcare providers in identifying top diseases based on utilization report and has invited resource speakers to talk about preventive measures.

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

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

The Company has polices on annual merit increase and salary adjustments that are tied-up to the employees' performance assessments.

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.

Employees can submit complaints to the Conflict of Interest Committee or any officer of the company who would relay said complaints to the Committee. These complaints are handled confidentiality by the Committee wherein the identities of the employees that submitted the complaint are not divulged.

## I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

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

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corporation	80,730,757,469	40.37%	
Consolidated Robina Capital Corp.	37,051,952,896	18.53%	
R. Coyiuto Securities, Inc.	21,632,283,088	10.82%	
Prudential Guarantee & Assurance, Inc.	13,341,635,799	6.67%	

As of December 31, 2014

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
John L. Gokongwei, Jr.	107,001		0.0001%
James L. Go	1		0.0000%
Robert Coyiuto, Jr.	565,664,986		0.2828%
Ethelwoldo Fernandez	604,787		0.0003%
Apollo P. Madrid	1,812,766		0.0009%

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	Yes
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	No
Number of board of directors/commissioners meetings held during the year	No
Attendance details of each director/commissioner in respect of meetings held	No
Details of remuneration of the CEO and each member of the board of directors/commissioners	No

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

The number of Board meetings and attendance details are reported annually to the Commission in a separate disclosure. Details of remuneration are indicated in the Definitive information Sheet that is likewise disclosed annually or as needed.

3) External Auditor's fee

Name of Auditor	Audit Fee	Non-Audit Fee
SyCip, Gorres, Velayo & Co.	P396,032	None

4) Medium of Communication

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

The following modes of communication is being used by the company to disseminate information:

- Electronic and regular mail
- Telecommunication facilities
- Hard copy of documents

6) Date of release of audited financial report:

[The Audited Financial Report was submitted to the SEC on April 30, 2014.](#)

7) Company Website

The Company's website is still in process.

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

Business operations	
Financial statements/reports (current and prior years)	
Materials provided in briefings to analysts and media	
Shareholding structure	
Group corporate structure	
Downloadable annual report	
Notice of AGM and/or EGM	
Company's constitution (company's by-laws, memorandum and articles of association)	

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

8) **Disclosure of RPT**

RPT	Relationship	Nature	Value
<a href="#">Please refer to Note 19 of the Notes to the Audited Consolidated Financial Statements as of December 31, 2013.</a>			

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?

Transactions between related parties are based on terms similar to those offered to non-related parties.

**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>	A majority of the subscribed capital, present in person or represented by proxy, shall be sufficient at a stockholders' meeting to constitute a quorum for the election of directors and for the transaction of any business whatsoever, except in those cases in which the Corporation Code requires the affirmative vote of a greater proportion.
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

<b>System Used</b>	Included in the agenda of the stockholders' meeting
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<b>Description</b>	Every stockholder shall be entitled to vote for each share of stock held by him, which shall be by viva voce or show of hands
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(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
Stockholders' Rights concerning Annual/Special Stockholders Meeting are in accordance with provisions stated in the Corporation Code.	There are no stockholders' rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Dividends

Declaration Date	Record Date	Payment Date
Not applicable		

(d) Stockholders' Participation

11. 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
Stockholders are given the opportunity to ask questions during the stockholders' meeting	<p>1. Stockholders are provided with the disclosures, announcements and reports filed with SEC, PSE through public records.</p> <p>2. Stockholders are informed at least 15 business days before the scheduled date of Annual Meeting. The notice of the meeting includes the date, time, venue and agenda of the meeting, the record date of stockholders entitled to vote, and the date and place of proxy validation.</p>

12. 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

(From Article VII of Corporate Governance Manual)

The Corporation recognizes that the strongest proof of good corporate governance is what is publicly seen and experienced by its stockholders. Therefore, the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the Corporation and all its stockholders.

a. Stockholders' Rights

The Board shall be committed to respect the following rights of the stockholders in accordance with the Corporation Code and the Corporation's Articles of Incorporation and By-Laws:

- Right to Vote on All Matters that Require Their Consent or Approval
- Right to Inspect Corporate Books and Records
- Right to Information
- Right to Dividends
- Appraisal Right

b. Promotion of Shareholders' Rights

13. 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?

- a. Date of sending out notices: [June 3, 2014](#)
- b. Date of the Annual/Special Stockholders' Meeting: [June 25, 2014](#)

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

Yes.

15. Result of Annual/Special Stockholders' Meeting's Resolutions ([June 25, 2014](#))

Resolution	Approving	Dissenting	Abstaining
Election of the Board of Directors	More than a majority vote	Not applicable	Not applicable
Election of External Auditors	More than a majority vote	Not applicable	Not applicable

Name of Director
John L. Gokongwei, Jr.
James L. Go
Lance Y. Gokongwei
Robert G. Coyiuto, Jr.
<a href="#">Benedicto T. Coyiuto</a>
James G. Coyiuto
Perry L. Pe
Gabriel C. Singson
<a href="#">Josephine V. Barcelon</a>
Ricardo A. Balbido, Jr.
Antonio L. Go

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

The results of the resolutions approved by the stockholders at the annual meeting of the stockholders of the company held on June 25, 2014 were disclosed to the Philippine Stock Exchange on June 26, 2014 and to the Securities and Exchange Commission on June 26, 2014.

(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
None	

(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
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Annual	1. John L. Gokongwei, Jr. 2. James L. Go 3. Lance Y. Gokongwei 4. Robert G. Coyiuto, Jr. 5. Perry L. Pe 6. Antonio L. Go 7. Ricardo A. Balbido, Jr. 8. Gabriel Singson 9. James G. Coyiuto 10. <a href="#">Benedicto T. Coyiuto</a> 11. <a href="#">Josephine V. Barcelon</a> 12. Ethelwoldo E. Fernandez 13. Apollo P. Madrid	June 25, 2014	By Viva voce or show of hands	0.47%	<a href="#">53.82%</a>	<a href="#">53.82%</a>
Special						

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

Yes, the stock transfer agent of the Company.

(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, common shares carry one vote per share.

(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	The stockholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy, duly given in writing and duly presented to and received by the Secretary for inspection and recording not later than five (5) working days before the time set for the meeting, except such period shall be reduced to one (1) working day for meetings that are adjourned due to lack of the necessary quorum. No proxy bearing a signature which is not legally acknowledged by the Secretary shall be honored at the meetings.
Notary	Not required
Submission of Proxy	See above
Several Proxies	Not applicable
Validity of Proxy	The proxies shall be valid and effective for five (5) years, unless the proxy provides for a shorter period, and shall be suspended for any meeting wherein the stockholder appears in person.
Proxies executed abroad	Not applicable
Invalidated Proxy	
Validation of Proxy	Validation of proxies shall be held at the date, time and place as may be stated in the Notice of stockholders' meeting which in no case shall be five calendar days prior to the date of stockholders meeting.
Violation of Proxy	Any violation of this rule on proxy shall be subject to the administrative sanctions provided for under Section 144 of the Corporation Code and Section 54 of the Securities Regulation Code,

	and shall render the proceedings null and void.
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(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 complies with the SRC Rule 20 (Disclosures to stockholders prior to meeting) which provides that the information statement, including the notice of meeting, shall be distributed to stockholders at least 15 business days before the date of the stockholders' meeting.	By courier and mail

(i) Definitive Information Statements and Management Report

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	8,000
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	June 3, 2014
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	June 3, 2014
<b>State whether CD format or hard copies were distributed</b>	CD Format
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	There was no request received for 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.	N/A
The amount payable for final dividends.	N/A
Documents required for proxy vote.	The Company does not solicit proxy votes

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

2) Treatment of Minority Stockholders

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

Policies	Implementation
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<p>The Company recognizes that the strongest proof of good corporate governance is what is publicly seen and experienced by its stockholders. Therefore, the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the Company and all its stockholders.</p> <p>The Board shall be committed to respect the following rights of the stockholders in accordance with the Corporation Code and the Company's Articles of Incorporation and By-Laws:</p> <ul style="list-style-type: none"> <li>• Right to Vote on All Matters that Require Their Consent or Approval</li> <li>• Right to Inspect Corporate Books and Records</li> <li>• Right to Information</li> <li>• Right to Dividends</li> <li>• Appraisal Right</li> </ul> <p>The Board shall be transparent and fair in the conduct of the annual and special stockholders meetings of the Company. The stockholders shall be encouraged to personally attend such meetings. If they cannot attend, they shall 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.</p> <p>It shall be 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 violation of their 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>Implemented</p>
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(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes.

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

	Details
(1) Objectives	
(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?

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

#### L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
The Company, together with its Consortium partners, supports education of Filipino students in the area where the Consortium operates (Palawan) by building school facilities and providing school equipments/supplies.	Public School Students

#### 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 Board may create an internal self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for in the Corporate Governance Manual. The creation and implementation of such self-rating system, including its salient features, may be disclosed in the Company's Annual Report.	
<b>Board Committees</b>	Audit Committee conducts annual performance evaluation in compliance with SEC Memorandum Circular No.4, Series of 2012.	Guidelines for the assessment of the performance of audit committees of companies listed on the exchange under SEC Memorandum Circular No. 4, Series of 2012.
<b>Individual Directors</b>		
<b>CEO/President</b>		

#### 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

Violations	Sanctions
First Violation	The subject person shall be reprimanded.
Second Violation	Suspension from office shall be imposed to the subject person. The duration of the suspension shall depend on the gravity of the violation.
Third Violation	The maximum penalty of removal from office shall be imposed.

The above answers are based on the company records and information given by relevant officers of the Company, not necessarily on personal knowledge of the affiants.