


**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM – ACGR**

**ANNUAL CORPORATE GOVERNANCE REPORT**

1. Report is Filed for the Year 2014
2. Exact Name of Registrant as Specified in its Charter MABUHAY HOLDINGS CORPORATION
3. 35/F Rufino Pacific Tower 6784 Ayala Avenue, Makati City 1228  
Address of Principal Office Postal Code
4. SEC Identification Number ..... 5.  (SEC Use Only)  
Industry Classification Code
6. BIR Tax Identification Number .....
7. (632) 7502000  
Issuer's Telephone number, including area code
8. Not Applicable  
Former name or former address, if changed from the last report

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## A. BOARD MATTERS

### 1) Board of Directors

Number of Directors per Articles of Incorporation	7
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Actual number of Directors for the year	7
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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
Roberto V. San Jose	NED		Araceli C. Molina	2003	July 2014	ASM*	12
Esteban G. Peña Sy	ED		Araceli C. Molina	2006	July 2014	ASM*	9
Kong Muk Yin	NED		Araceli C. Molina	2009	July 2014	ASM*	6
Ana Maria A. Katigbak	NED		Araceli C. Molina		July 2014	ASM*	
Wong Peng Chong	NED		Araceli C. Molina	2009	July 2014	ASM*	6
Rodrigo B. Supeña	ID		Araceli C. Molina (not related to ID)	2009	July 2014 (2 yrs.)	ASM*	6
Steven G. Virata	ID		Araceli C. Molina (not related to ID)	2006	July 2014 (2 yrs.)	ASM*	9

\*Annual Stockholders Meeting held on July 29, 2014

- (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.

#### ***Treatment of all shareholders***

Each share entitles the holder to one vote that may be exercised in person or by proxy at shareholder meetings, including the Annual Stockholders' Meeting. The shareholders have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. Voting procedures on matters presented for approval to the stockholders in the Annual Stockholders' Meeting are set out in the Definitive Information Statement, which is sent out to all stockholders of record at least 15 days before the date of meeting. It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights. 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.

#### ***Respect for the rights of minority shareholders and of other stakeholders***

The Board of Directors ensures that all rights of stockholders as mandated and set forth in the Corporation Code of the Philippines, Articles of Incorporation and By Laws of the Company shall be respected. Among these rights of stockholders as provided for in the Corporation Code are: 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; and appraisal right.

Although all stockholders should be treated equally or without discrimination, minority stockholders may request in writing the holding of meetings and the items for discussion in the agenda that relate directly to a legitimate purpose and the business of the Corporation, subject to the requirement under the By-laws that such requesting stockholder is the holder of record of not less than one-fourth of the outstanding voting capital stock of the Corporation.

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

### **Disclosure Duties**

The essence of corporate governance is transparency. The Board believes that the more transparent the internal workings of the corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the corporation or misappropriate its assets. It is therefore essential that all material information about the corporation which could adversely affect its viability or the interest of the stockholders should be publicly and timely disclosed. Such information include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, minimum public ownership, direct/ indirect remuneration of members of the Board and Management and other corporate disclosures required for reporting by the regulators.

All required information are fully disclosed through the submissions and filings made to the SEC and the PSE.

### **Board Responsibilities**

It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.

The Board recognizes that a good corporate governance system is integral to the mandate bestowed upon them by the Company's stockholders. They are fully conscious of their fiduciary duties, accountabilities and responsibilities to all stakeholders, and they subscribe to the belief that the pursuit of corporate goals must be bound by high ethical standards. Its duties and responsibilities as defined in the Company's amended By-laws include: (1) acting on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and its stockholders; (2) staying up-to date on developments in finance and corporate governance; (3) acting with confidentiality and discretion in the use of information proprietary to the Company; (4) avoiding any conflict of interest; (5) conducting fair business transactions with the Corporation (6) disclosing any relationship that can compromise a Director's independence; (7) fostering a non-discriminatory work and business environment; (8) exercising due prudence in the use of Company's resources; (9) keeping Board authority within powers of the institution; (10) respecting the rights of all stakeholders; (11) submitting to a vote of shareholders all matters requiring their approval under the Corporation Code; (12) adhering to all laws and regulations defining the Board's obligations

(c) How often does the Board review and approve the vision and mission? The Board reviews and approves the Company's vision and mission when it deems necessary to do so.

(d) Directorship in Other Companies

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

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

<b>Director's Name</b>	<b>Corporate Name of the Group Company</b>	<b>Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.</b>
Esteban G. Peña Sy	IRC Properties, Inc.	Chairman, ED
	M&M Holdings Corporation	Chairman, ED
	Mindanao Appreciation Corp.	Chairman, ED
	T&M Holdings Corporation	Chairman, ED
	Tagaytay Properties and Holdings Corporation	Chairman, ED
	The Angeles Corporation	Chairman, ED
	The Taal Company, Inc.	Chairman, ED
Roberto V. San Jose	IRC Properties, Inc.	NED
	M&M Holdings Corporation	NED
	Mindanao Appreciation Corp.	NED

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

	T&M Holdings Corporation Tagaytay Properties and Holdings Corporation The Angeles Corporation The Taal Company, Inc.	NED NED NED NED NED
Kong Muk Yin	IRC Properties, Inc.	NED
Wong Peng Chong	IRC Properties, Inc.	NED
Rodrigo B. Supeña	IRC Properties, Inc.	ID
Steven G. Virata	IRC Properties, Inc.	NED

(ii) Directorship in Other Listed Companies

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

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Roberto V. San Jose	IRC Properties, Inc.	NED
Esteban G. Peña Sy	IRC Properties, Inc.	ED
Kong Muk Yin	IRC Properties, Inc. COL Capital Limited* APAC Resources Limited* China Vision Media Group Limited*	NED ED ED NED
Wong Peng Chong	IRC Properties, Inc. COL Capital Limited*	NED ED
Rodrigo B. Supeña	IRC Properties, Inc.	ID
Steven G. Virata	IRC Properties, Inc.	NED

\* the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "SEHK")

(iii) Relationship within the Company and its Group

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
Esteban G. Peña Sy	Prokey Investment Ltd.	President and Owner
Wong Peng Chong	Year Champion Investments Ltd.*	ED of COL Capital Ltd*
Kong Muk Yin	Year Champion Investments Ltd.*	ED of COL Capital Ltd*

\*Year Champion Investments Ltd is a directly wholly owned subsidiary of Bestford International Limited, a direct wholly owned subsidiary of COL Capital Limited, a listed company in Hong Kong.

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? No. If yes, briefly describe other guidelines:

	Guidelines	Maximum Number of Directorships in other companies
Executive Director		

<b>Non-Executive Director</b>		
<b>CEO</b>		

(e) 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
Roberto V. San Jose	600		-nil-
Esteban G. Peña Sy	50	351,289,763 (Prokey) 2,010,000 (PCD)	29.44%
Kong Muk Yin	50		-nil-
Ana Maria A. Katigbak	50		-nil-
Wong Peng Chong	50		-nil-
Rodrigo B. Supeña	50		-nil-
Steven G. Virata	100		-nil-

2) Chairman and CEO

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

Yes  No

Identify the Chair and CEO:

Chairman of the Board	Roberto V. San Jose
CEO/President	Esteban G. Peña Sy

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	<p>He effectively manages the affairs of the Board. He exercises such powers which are given him by the company's By-Laws and such other duties customarily incident to the said office and those which may be prescribed by the Board of directors from time to time.</p> <p>Generally he ensures that the Board is effective in its tasks of setting and implementing the company's direction and strategy.</p>	<p>Generally the President shall be the Chief Executive Officer of the Corporation and shall be responsible for the effective management of the Company. He supervises and manages the internal organization and business affairs of the Corporation and ensures that the administrative and operational policies of the Corporation are carried out under his supervision and control.</p>
Accountabilities	<p>Presiding at all meetings of the Stockholders and of the Board of Directors.</p> <p>Maintaining qualitative and timely lines of communication and information between the Board and Management.</p> <p>Holding board meetings in accordance with the by-laws or as he may deem necessary.</p>	<p>Upon authority granted by the Board of Directors the President;</p> <ul style="list-style-type: none"> <li>• signs deeds, bonds, contracts, or other instruments;</li> <li>• authorizes the purchase or acquisition of personal properties, furniture, fixtures, or other office equipments</li> <li>• approves all expenses or disbursements authorized in the budget of the Corporation</li> <li>• represents the Corporation in any negotiation which may be necessary to make in the usual course of business</li> <li>• represents the Corporation in any judicial or administrative proceedings</li> </ul>

		<ul style="list-style-type: none"> <li>• appoints and discharges employees occupying the positions authorized by the Board of Director</li> <li>• performs all other duties customarily incident to his office and as may be prescribed by the Board from time to time.</li> </ul>
Deliverables	<p>Meeting agenda prepared by the Corporate Secretary considers suggestions of the President, Management and the directors. Recommendations regarding the business of the Corporation is submitted for consideration of the Board of Directors. He casts the deciding vote in case of a tie in the Stockholders or in the Board of Directors' meeting</p>	<p>Submits and recommends for Board approval:</p> <ul style="list-style-type: none"> <li>• short and long range plans for the Corporation;</li> <li>• Balance Sheet, Profit and Loss Statement, Budget of administration expenses and</li> <li>• Annual Report on the operation and condition of the Corporation</li> </ul> <p>Executes all resolutions of the stockholders and the Board of directors.</p>

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

The Board of Directors through its Nomination and Remuneration Committees and upon endorsement by the Executive Management reviews and evaluates the qualifications of all persons nominated to the Board as well as those nominated to other positions which includes the CEO/President and the top key management positions to ensure that only qualified, competent, honest and highly motivated officials are appointed. The Company when necessary may also engage the services of professional recruitment or reputable job placement agencies or organizations to source candidates for management and executive level jobs.

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? Yes. Please explain.

Directors sitting in the Board shall have the necessary skills, competence and experience, in terms of management capabilities. They should possess practical understanding of the business of the Company.

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

As mentioned in our Definitive Information Statement and Annual Report, we have non-executive directors who possess the competence and experience in the field of finance, real estate and related disciplines where the Company belongs to.

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

	Executive	Non-Executive	Independent Director
Role	Generally the President shall be the Chief Executive Officer of the Corporation and shall be responsible for the effective management of the Company. He shall supervise and manage the internal organization and business affairs of the Corporation and ensure that the administrative and operational policies of the Corporation are carried out under his supervision and control.	A director's office is one of trust and confidence. Directors 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. In addition, an independent director identifies the most critical issues for the board to deal with and assist the board in achieving consensus on important issues.	
Accountabilities	Upon authority granted by the Board of Directors the President; <ul style="list-style-type: none"> <li>• signs deeds, bonds, contracts, or other instruments;</li> <li>• authorizes the purchase or acquisition of personal properties, furniture, fixtures, or other office equipments</li> <li>• approves all expenses or</li> </ul>	He shall observe the following norms of conduct: <ul style="list-style-type: none"> <li>• Conduct fair business transactions with the corporation and ensure that personal interest does not prejudice Board decisions;</li> <li>• Devotes time and attention necessary to properly discharge his duties and responsibilities;</li> <li>• Acts judiciously;</li> <li>• Exercises independent</li> </ul>	



	<p>disbursements authorized in the budget of the Corporation</p> <ul style="list-style-type: none"> <li>• represents the Corporation in any negotiation which may be necessary to make in the usual course of business</li> <li>• represents the Corporation in any judicial or administrative proceedings</li> <li>• appoints and discharge employees occupying the positions authorized by the Board of Director</li> <li>• performs all other duties customarily incident to his office and as may be prescribed by the Board from time to time.</li> </ul>	<p>judgment;</p> <ul style="list-style-type: none"> <li>• Have working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation, By-laws, the requirements of the SEC, and where applicable the requirements of other regulatory agencies such as the IC;</li> <li>• Observes confidentiality;</li> <li>• Ensures the continuing soundness, effectiveness and adequacy of the Company's internal control system.</li> </ul> <p>Directors shall have the duty of preparing and actively participating in board meetings. Independent directors should always attend board meetings.</p>	
<p>Deliverables</p>	<p>Submits and recommends for Board approval:</p> <ul style="list-style-type: none"> <li>• short and long range plans for the Corporation;</li> <li>• Balance Sheet, Profit and Loss Statement, Budget of administration expenses and</li> <li>• Annual Report on the operation and condition of the Corporation</li> </ul> <p>Executes all resolutions of the stockholders and the Board of directors.</p>	<p>The Board establishes the general policies and guidelines which will enable Management to render an effective management of the Company and as part of which undertakes to:</p> <ul style="list-style-type: none"> <li>• Formulate company's vision and mission;</li> <li>• Approve and confirm management's corporate strategies, major plans of actions, risk policy, annual budget and business plan;</li> <li>• Adopts a succession plan</li> <li>• Review annually the Company's compliance with its Code of Corporate Governance;</li> <li>• Approve corporate policies on major areas of operations, including Underwriting, Investments, Reinsurance Claims management and risk management</li> <li>• Ensures the adequacy and effectiveness of the Company's internal control and management information systems</li> <li>• Approves annual budget and general expenses upon recommendation of the President</li> <li>• Submits annually at regular General Meeting of Stockholders the Balance Sheet, Profit and Loss Statement and Annual Report on the condition of the Corporation;</li> </ul>	

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

**Independent Director** refers to a person other than an officer or employee of the Corporation, its parent or subsidiaries, or any other individual having any relationship with the Corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. This means that apart from directors' fees and shareholdings, he should be independent of Management and free from any business or other relationships which could materially interfere with the exercise of his independent judgment. He must also possess all the qualifications and none of the disqualifications of an independent director provided under IC

Circular Letter No. 31-2005, SRC Rule 38, the SEC Revised Code of Corporate Governance, and other relevant IC and SEC issuances and regulations.

Pursuant to the applicable rules and regulations of the SEC, independent directors are nominated and elected in the Annual Stockholders' Meeting and each director issues a certification confirming his independence within 30 days from his election. Messrs. Rodrigo B. Supeña and Steven G. Virata are currently the Company's Independent Directors.

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

The Company follows the SEC's guidelines on setting the term limit for an Independent Director. The Company will formalize its policy which will be consistent with the related SEC Memorandum Circular 9, Series of 2011 on the Term Limits for Independent Directors, which took effect on January 2, 2012.

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: None

Name	Position	Date of Cessation	Reason
No changes during the period			

(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 (we have only one Executive Director who is also the President / CEO)	<p>The Board thru its Nomination Committee pre-screens the qualifications of all nominees to the Board of Directors, taking into consideration the relevant issuances of the Securities and Exchange Commission.</p> <p>At the organizational meeting of the Board of Directors, the Board elects the officers of the Company and designates the members of the corporate governance committees.</p>	<p>Qualifications of Regular Directors: Directors sitting on the Board must own at least twenty (20) shares of the outstanding capital stock of the Corporation which share shall stand in his name in the books of the Corporation</p> <p>Directors sitting in the Board shall possess the necessary skills, competence and experience, in terms of management capabilities. He must possess all the qualifications and none of the disqualifications of regular directors under the MHC Revised Manual of Corporate Governance.</p> <p>The Board of directors may provide for additional qualifications of a director, such as but not limited to the following: (a) educational attainment, (b) practical understanding of the business, (c) membership in good standing in relevant industry, business, or professional organizations and (d) previous business experience.</p>

(ii) Non-Executive Directors	(Process adopted is similar as stated above)	(Same criteria provided above)
(iii) Independent Directors	(Process adopted is similar as stated above)	<p>Additional Qualifications of Independent Directors- apart from the qualifications set forth above:</p> <p>(a) A candidate for independent director must be independent of the Corporation's 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 of the Corporation.</p> <p>(b) He should satisfy the definition, possess the qualifications and none of the disqualifications as provided by the Insurance Code and the SRC Rule 38 on the requirements on nomination and election of Independent Directors.</p> <p>(c) If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.</p>
<b>b. Re-appointment</b>		
(i) Executive Directors	Same process as appointment/selection	
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>c. Permanent Disqualification</b>		
(i) Executive Directors	<p>Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board of Directors.</p> <p>It shall pre-screen the qualifications of all nominees to the Board of Directors, taking into consideration the relevant issuances of the Securities and Exchange Commission.</p>	<p>Permanent Disqualifications</p> <p>Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <p>Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final</p>

		<p>judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission, or under any rule or regulation issued by the Commission, or has otherwise been restrained to engage in any activity involving securities; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;</p> <p>Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;</p> <p>Any person earlier elected as independent director who becomes an officer, employee or consultant of the Corporation;</p>
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		<p>Any person judicially declared as insolvent;</p> <p>Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of facts, violations or misconduct similar to any of the acts, violations or misconduct enumerated above;</p> <p>Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.</p>
(ii) Non-Executive Directors		(Same criteria for permanent disqualifications, as stated above for Executive Directors)
(iii) Independent Directors		<p>(Same criteria for permanent disqualifications, as stated above for Executive Directors)</p> <p>The disqualifications of an independent director shall be as provided for under SEC Revised Code of Corporate Governance, the Securities Regulation Code and its Amended Implementing Rules and Regulations, and such other relevant issuances of the SEC. He shall likewise be disqualified during his tenure under the following instances or causes:</p> <ol style="list-style-type: none"> <li>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 Section II (5) of the Code of Corporate Governance</li> <li>2. His beneficial security ownership exceeds two (2) percent of the outstanding capital stock of the company where he is such director;</li> <li>3. Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency;</li> <li>4. Such other disqualifications which the covered company's Manual of Corporate Governance provides.</li> </ol>

		5. A securities broker-dealer is likewise disqualified from sitting as an independent director of listed companies and registered issuers of securities.
<b>d. Temporary Disqualification</b>		
(i) Executive Directors	Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board of Directors. It shall pre-screen the qualifications of all nominees to the Board of Directors, taking into consideration the relevant issuances of the Securities and Exchange Commission.	Any of the following shall be a ground for the temporary disqualifications of a director: 1. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its implementing Rules and Regulations, and the disqualification shall be in effect as long as the refusal persists. 2. Absence in more than fifty (50) percent of all regular and special meetings of the board during his incumbency or any twelve months during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. 3. Dismissal or termination for cause as director of any corporation covered by this Code. 4. Beneficial equity ownership of an independent director in the corporation or its subsidiary exceeds two (2) percent of its subscribed capital stock. 5. If any of the judgment or orders cited in the grounds for permanent disqualifications has not yet become final. 6. A temporarily disqualified director shall, within 60 business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.
(ii) Non-Executive Directors	(Same process stated above for Executive Directors is adopted.)	(Same criteria for temporary disqualifications, as stated above for Executive Directors is adopted.)
(iii) Independent Directors	(Same process stated above for Executive Directors is adopted.)	(Same criteria for temporary disqualifications, as stated above for Executive Directors is adopted.)
<b>e. Removal</b>		
(i) Executive Directors	Vacancy in the Board. Any vacancy in the Board of Directors, other than those	He possesses any of the criteria enumerated for permanent disqualifications, as stated above

	caused by removal by the stockholders or expiration of term, shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, said vacancies must be filled by the stockholders in a regular or special meeting called for that purpose. A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office.	
(ii) Non-Executive Directors	(same process as stated above is adopted)	He possesses any of the criteria enumerated for permanent disqualifications, as stated above
(iii) Independent Directors	Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board of Directors. The termination and cessation of an Independent director shall be governed by the provisions of SEC Memorandum Circular 2, otherwise known as the Code of Corporate Governance, the Securities Regulation Code and its Amended Implementing Rules and Regulations, and such other relevant issuances of the Securities and Exchange Commission.	He possesses any of the criteria enumerated for permanent disqualifications, as stated above
<b>f. Re-instatement</b>		
(i) Executive Directors	(Same process as stated above in the selection/appointment and re-election of both regular and independent directors is adopted.)	(Same criteria is used as stated above in the selection/appointment and re-election of both regular and independent directors is adopted.)
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>g. Suspension</b>		
(i) Executive Directors	(Same process as stated above in the removal of both regular and independent directors is adopted.)	(Same criteria is used as stated above in the removal of both regular and independent directors is adopted.)
(ii) Non-Executive Directors		
(iii) Independent Directors		

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

Name of Director	Votes Received
Roberto V. San Jose	The number of nominees for directors is 7 and this equals the number of board seats available so that each of the 7 nominees for directors received equal number of votes of 114,175,558 each.
Esteban G. Peña Sy	
Kong Muk Yin	
Ana Maria A. Katigbak	
Wong Peng Chong	

Rodrigo B. Supeña	
Steven G. Virata	

## 6) Orientation and Education Program

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

The Company does not have a formal orientation program however, new directors are provided with reference reading materials to assist them in understanding better the business and operations of the Company. Among the reading materials provided are: (1) Audited Financial Statements, (2) SEC Form 20-IS- Information Statement/ Annual Report, (3) Revised Manual of Corporate Governance, (4) Amended Articles of Incorporation, (5) Amended By-laws, (6) MHC Company Policy Manual that includes the Company's Code of Ethics and Code of Conduct, (7) Definitive Information Statement, (8) Board Committee Charters, (9) Minutes of Annual Stockholders' Meeting, (10) Other relevant write-ups, references or real estate industry reports.

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Wong Peng Chong	6/21/2012	Amendment of Listing Rules* – Guidelines on Disclosure of Inside Information	Fred Kan & Co.**
Kong Muk Yin	6/12/2012	Amendment of Listing Rules* – Guidelines on Disclosure of Inside Information	Fred Kan & Co.**

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

\* the Rules Governing the Listing of Securities on the SEHK

\*\* a law firm in Hong Kong

## B. CODE OF BUSINESS CONDUCT & ETHICS

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p>MHC expects its employees to refrain from any activity which will in anyway interfere with or run in conflict with their work or jeopardize the Company's interest. Everyone is expected to conduct himself properly so that his good faith and integrity shall not be open to question. The following are areas where conflict of interest may occur:</p> <p><b><u>Confidentiality</u></b> No employee shall, without authority, give or release to anyone any data or information of confidential nature concerning the Company, such as those relating to decisions, plans or competitive bids, or to use such information to his/her personal advantage and not to the best interest of the Company.</p> <p><b><u>Other employment / Outside interests</u></b> Employment with the Company is regarded as a full-time occupation during working hours. No employee may engage in other gainful employment with another employer or engage in any other interest which will adversely affect the employee's performance during working hours. It is considered to be in conflict with the Company's interest for an employee to serve: -as an officer or director of any other company without the consent of the Board of Directors or Executive Committee of MHC; or</p>		

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



	<p>-in any management capacity for, or as a consultant to any individual, firm or other company doing or seeking to do business with the Company.</p> <p><b><u>Own/family's interest in another company</u></b> It is considered in conflict with Company's interest, for an employee or any member of his/her immediate family to have an interest in another company which has, or is seeking to have business dealings with the Company, esp. when there is an opportunity for preferential treatment to be given or received. Exception: where such an interest comprises securities in widely held quoted corporation or in private companies where the interest is not material. Where such a conflict exists, the employee is strictly prohibited from getting involved or participating in the transaction.</p> <p><b><u>Gifts/perquisites</u></b> An employee should not accept commissions, loans or advances (other than from financial institutions), materials, services repairs at no cost of at unreasonably low prices, excessive or extravagant entertainment, gifts in cash or in kind and gift certificates from any firm(s) or individual(s) doing or seeking to do business with the Company, in exchange for any favor, promise or reward. During occasions, employees may receive gifts and favors, but in no case should the value thereof exceed nominal proportions.</p> <p><b><u>Standing for elections</u></b> In order that the Company can avoid involvement or identification with any political party, an employee who wishes to run for elections must resign from the Company upon the employee's submission of his application for the position desired.</p>
(b) Conduct of Business and Fair Dealings	<p>In competition and fair dealings, the company's Directors, Senior Management and Employees, shall:</p> <ul style="list-style-type: none"> <li>➤ not take unfair advantage of anyone through manipulation, collusion, concealment, abuse of privileged information, or misrepresentation of material fact;</li> <li>➤ not make false statements against competitors, their products and/or services; and</li> <li>➤ exercise reasonable and prudent professional judgment when dealing with clients.</li> <li>➤ deal fairly with the Company's customers, service providers, suppliers, competitors and employees</li> </ul>
(c) Receipt of gifts from third parties	<p>An employee should not accept commissions, loans or advances (other than from financial institutions), materials, services repairs at no cost of at unreasonably low prices, excessive or extravagant entertainment, gifts in cash or in kind and gift certificates from any firm(s) or individual(s) doing or seeking to do business with the Company, in exchange for any favor, promise or reward. During occasions, employees may receive gifts and favors, but in no case should the value thereof exceed nominal proportions.</p>
(d) Compliance with Laws & Regulations	<p>Directors, officers and employees shall uphold right conduct and shall personally adhere to the norms and restrictions imposed by applicable laws, rules and regulations. They shall not accept demands brought on by prevailing business conditions or perceived pressures as excuses to violate any law, rule or regulation.</p>
(e) Respect for Trade Secrets/Use of Non-public Information	<p>Directors, Officers and employees shall maintain and safeguard the confidentiality of information entrusted by the Company, customers, business partners or such other parties with whom the Company relates, except when disclosure is authorized or legally mandated. They should not trade the company's securities using price sensitive information that is not normally available publicly, and obtained by reason of position, contact within, or other relationship with the Company.</p>
(f) Use of Company Funds, Assets and Information	<p>Directors, Officers and Employees shall use company property and resources including company time, supplies and software, efficiently, responsibly and only for legitimate business purposes only. They shall safeguard company assets from loss, damage, misuse or theft and shall respect intellectual property rights.</p>
(g) Employment & Labor Laws & Policies	<p>Employment in the Company signifies willingness and commitment to perform according to standards set by management and to abide by all the policies and procedures as well as rules and regulations of the Company.</p> <p>The Company has an Employees' Manual of Policies and Procedures which provides for employee rights, obligations and sets policies on employee-related matters to ensure uniformity and consistency in the interpretation and implementation of Human Resources Policies and Programs, which are consistent with and in accordance with relevant provisions of the Labor Code.</p>
(h) Disciplinary action	<p>In accordance with the Company's Code of Discipline and depending on the nature of the misconduct, the Company may mete out the following disciplinary actions to erring employees, officers and directors: (a) Verbal warning, (b) Written warning, (c) Suspension, and (d) Termination</p>
(i) Whistle Blower	<p>No written policy on this.</p>
(j) Conflict Resolution	<p>Done in accordance with the Company's Code of Discipline: If an employee is aggrieved by disciplinary action taken by his superior, he/she may appeal within three (3) days of its occurrence in the following manner:</p> <p>(a) An employee alleging that he/she has a grievance must immediately lodge it in writing to his superior within three (3) days.</p>

	<p>(b) If the matter is not resolved within three (3) working days after such grievance is lodged, the matter will be referred to the Personnel Manager for mediation within a further period of three (3) days.</p> <p>(c) If the matter is still not resolved, the Executive Committee will form a Disciplinary Board comprising a member of the EXCO, the Personnel Manager and one (1) other manager. Investigation will be made and witnesses may be called to give evidence. The decision of the Disciplinary Board is final. Although no occurrence of conflict resolution had been experienced for Directors, a similar process will be followed.</p>
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- 2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees? Yes
- 3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.  
The Personnel Manager implements and monitors compliance with the Company’s Code of Ethics. So far, no Director had been sanctioned for violation of the Company’s Policies on Code of Ethics and Discipline.

4) Related Party Transactions

(a) Policies and Procedures

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

Related Party Transactions	Policies and Procedures
(1) Parent Company	Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with MHC, or between, and/or among its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form. Transactions entered into by the Company with related parties are at arm’s length and have terms similar to the transactions entered into with third parties.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	Beneficial ownership transactions disclosed with SEC and PSE. Other transactions are at arm’s length.
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(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.

<b>Details of Conflict of Interest (Actual or Probable)</b>
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Name of Director/s	
Name of Officer/s	
Name of Significant Shareholders	

(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	Policies requiring disclosures on direct and indirect beneficial ownership in accordance with the SEC and PSE rules.
Group	

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
Prokey Investments Ltd.	Interlocking Director	Interlocking Director
Year Champion Investments Ltd.	Interlocking Directors	Interlocking Directors

(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:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
Prokey Investments Ltd.	Shareholder owning more than 5%	Interlocking Director
Year Champion Investments Ltd.	Shareholder owning more than 5%	Interlocking Directors

(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	No conflict for the last 3 years
Corporation & Third Parties	
Corporation & Regulatory Authorities	

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

### C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year? Board meetings are scheduled as the need arises.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Roberto V. San Jose	July 29, 2014	6	6	100%
Member	Esteban G. Peña Sy	July 29, 2014	6	6	100%
Member	Ana Maria A. Katigbak	July 29, 2014	6	6	100%
Member	Wong Peng Chong	July 29, 2014	6	5	83%
Member	Kong Muk Yin	July 29, 2014	6	3	50%
Independent	Steven G. Virata	July 29, 2014	6	4	67%
Independent	Rodrigo B. Supeña	July 29, 2014	6	6	100%

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

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain. The quorum requirement meets that set by the Corporation Code, which is, majority of the board members.

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? Distributed at least two to three days before the board meeting.

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

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

Yes, the Corporate Secretary prepares the board agenda for review and approval of the Chairman and the President. His other responsibilities are:

- o Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Corporation; such responsibility may be delegated to the legal department of the Corporation.
- o Be loyal to the mission, vision and objectives of the Corporation;
- o Work fairly and objectively with the Board, Management and stockholders;
- o Have appropriate administrative and interpersonal skills;
- o If he is not at the same time the Corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- o Have a working knowledge of the operations of the Corporation;
- o Inform the members of the Board, in accordance with the by-laws of the agenda of their meetings

<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.

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;

- o Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;
- o Ensure that all Board procedures, rules and regulations are strictly followed by the members; and
- o If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Code.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative. Yes, the Company's Corporate Secretary is both a lawyer and a Certified Public Accountant.

(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	They are given the agenda and the necessary documents and information via email.
Audit	
Nomination	
Remuneration	
Others (specify)	

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details: None.

Procedures	Details

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	Discussed by the Remuneration Committee and approved by the Board.	
(2) Variable remuneration		
(3) Per diem allowance		
(4) Bonus		
(5) Stock Options and other financial instruments		
(6) Others (specify)		

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	Discussed by the Remuneration Committee and approved by the Board.	Fixed monthly salary, health insurance, company provided vehicle and driver and cellular phone	
Non-Executive Directors		Per diem and reimbursement of business expenses	

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? No. Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval

3) Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration			
(b) Variable Remuneration			

(c) Per diem Allowance			
(d) Bonuses			
(e) Stock Options and/or other financial instruments			
(f) Others (Specify)			
<b>Total</b>	Php 3,112,000	Php 438,000	Php 270,000

<b>Other Benefits</b>	<b>Executive Directors</b>	<b>Non-Executive Director (other than independent directors)</b>	<b>Independent Directors</b>
1) Advances			
2) Credit granted			
3) Pension Plan/s Contributions			
(d) Pension Plans, Obligations incurred			
(e) Life Insurance Premium			
(f) Hospitalization Plan			
(g) Car Plan			
(h) Others (Specify)	Company provided car, cellular phone and driver		
<b>Total</b>			

4) Stock Rights, Options and Warrants: Not Applicable. The Company does not have stock rights, options, 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:

<b>Director's Name</b>	<b>Number of Direct Option/Rights/Warrants</b>	<b>Number of Indirect Option/Rights/Warrants</b>	<b>Number of Equivalent Shares</b>	<b>Total % from Capital Stock</b>
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
Araceli C. Molina	370,083

**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							
Audit							
Nomination							
Remuneration							
Others (specify)							

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						
Member (ED)						
Member (NED)						



Member (ID)						
Member						

(b) Audit Committee

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

Disclose the profile or qualifications of the Audit Committee members.

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

(c) Nomination Committee

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

(d) Remuneration Committee

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

(e) Others (Specify)

Provide the same information on all other committees 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
Chairman						
Member (ED)						
Member (NED)						
Member (ID)						
Member						

3) Changes in Committee Members

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

Name of Committee	Name	Reason
Executive		
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		
Nomination		
Remuneration		
Others (specify)		

5) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
Executive		
Audit		
Nomination		
Remuneration		
Others (specify)		

**F. RISK MANAGEMENT SYSTEM**

1) Disclose the following:

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

2) Risk Policy

- (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

(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:

Risk Exposure	Risk Management Policy	Objective

(c) Minority Shareholders

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

Risk to Minority Shareholders

3) Control System Set Up

(a) Company

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

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

(b) Group

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

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

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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

**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;
- (c) Period covered by the review;
- (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.

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.”

<b>Policies &amp; Procedures</b>	<b>Implementation</b>

(g) Mechanisms 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):

<b>Auditors (Internal and External)</b>	<b>Financial Analysts</b>	<b>Investment Banks</b>	<b>Rating Agencies</b>

(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.

<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.

## 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		
Community interaction		
Anti-corruption programmes and procedures?		
Safeguarding creditors' rights		

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

3) Performance-enhancing mechanisms for employee participation.

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

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

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

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

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.

## I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock

<b>TOTAL</b>			
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2) Does the Annual Report disclose the following:

Key risks	
Corporate objectives	
Financial performance indicators	
Non-financial performance indicators	
Dividend policy	
Details of whistle-blowing policy	
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	
Training and/or continuing education programme attended by each director/commissioner	
Number of board of directors/commissioners meetings held during the year	
Attendance details of each director/commissioner in respect of meetings held	
Details of remuneration of the CEO and each member of the board of directors/commissioners	

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

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee

4) Medium of Communication

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

5) Date of release of audited financial report:

6) Company Website

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.

7) **Disclosure of RPT**

RPT	Relationship	Nature	Value

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?

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.

Quorum Required

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used
Description

(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

Dividends

Declaration Date	Record Date	Payment Date

(d) Stockholders' Participation

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

Measures Adopted	Communication Procedure




2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
  - a. Amendments to the company's constitution
  - b. Authorization of additional shares
  - c. Transfer of all or substantially all assets, which in effect results in the sale of the company
3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?
  - a. Date of sending out notices:
  - b. Date of the Annual/Special Stockholders' Meeting:
4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.
5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining

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

\_\_\_\_\_

(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

(f) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual						
Special						

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

(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	
Notary	
Submission of Proxy	
Several Proxies	
Validity of Proxy	
Proxies executed abroad	
Invalidated Proxy	
Validation of Proxy	
Violation of Proxy	

(h) Sending of Notices

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

Policies	Procedure

(i) Definitive Information Statements and Management Report

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

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

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

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

2) Treatment of Minority Stockholders

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

Policies	Implementation

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

**K. INVESTORS RELATIONS PROGRAM**

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

<b>Initiative</b>	<b>Beneficiary</b>

**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.

	<b>Process</b>	<b>Criteria</b>
<b>Board of Directors</b>		
<b>Board Committees</b>		
<b>Individual Directors</b>		
<b>CEO/President</b>		

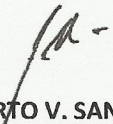
**N. INTERNAL BREACHES AND SANCTIONS**

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

<b>Violations</b>	<b>Sanctions</b>

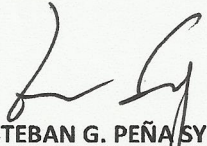
Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on April 15, 2015.

SIGNATURES



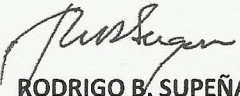
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**ROBERTO V. SAN JOSE**  
Chairman of the Board



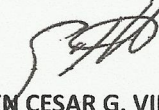
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**ESTEBAN G. PEÑA SY**  
Chief Executive Officer



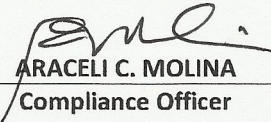
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**RODRIGO B. SUPENA**  
Independent Director



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**STEVEN CESAR G. VIRATA**  
Independent Director



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**ARACELI C. MOLINA**  
Compliance Officer