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SEC Registration No.

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(Company's Full Name)

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

<b>Atty. Mariel L. Francisco</b>
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Contact Person

<b>(632) 706-7888</b>
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Contact Telephone No.

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Fiscal Year

A	C	G	R		-		1	4
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FORM TYPE

<b>2<sup>nd</sup> Monday of June</b>
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Month      Day  
Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

<b>1,015</b>
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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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<b>2014 Annual Corporate Governance Report: WIN</b>
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SECURITIES AND EXCHANGE COMMISSION  
SEC FORM - ACGR  
ANNUAL CORPORATE GOVERNANCE REPORT



1. For the Calendar Year ended December 31, 2014
2. SEC Identification Number: 11790
3. BIR Tax Identification No.: 003-946-426-000
4. **WELLEX INDUSTRIES, INC.**  
Exact name of registrant as specified in its charter
5. **Metro Manila, Philippines**  
(Province, country or other jurisdiction of incorporation or organization)
6. (SEC Use only)  
Industry Classification Code
7. **35<sup>th</sup> Flr. One Corporate Centre, Doña Julia Vargas cor. Meralco Aves., Ortigas Center, Pasig City**  
Address of principal office
8. **Telephone No. 706-7888**  
Registrant's telephone number, including area code
9. **REPUBLIC RESOURCES AND DEVELOPMENT CORPORATION**  
Former name, former address, and former fiscal year, if changed since last report.

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## 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

The Board has an optimum combination of Executive, Non-Executive and Independent Directors, and is in conformity with Securities Regulation Code and listing agreements entered into with the stock exchange in which the Company's common shares are listed, the Philippine Stock Exchange. The composition of the Board as of December 31, 2014 is as follows:

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)	Elected when (Annual/Special Meeting)	No. of years served as director
Rogelio D. Garcia	NED	-	Nomination and Compensation Committee	12/16/2005	09/09/2014	Elected at Annual Meeting	9
Kenneth T. Gatchalian	ED	-	Nomination and Compensation Committee	12/27/2002	09/09/2014	Elected at Annual Meeting	12
Elvira A. Ting	ED	-	Nomination and Compensation Committee	12/28/1999	09/09/2014	Elected at Annual Meeting	15
Richard L. Ricardo	ED	-	Nomination and Compensation Committee	10/28/2011	09/09/2014	Elected at Annual Meeting	3
Miguel B. Varela	ID	-	Elvira A. Ting Relationship: None	11/20/2008	09/09/2014 (ID for 3 years)	Elected at Annual Meeting	6
William T. Gatchalian	NED	-	Nomination and Compensation Committee	12/28/1999	09/09/2014	Elected at Annual Meeting	15
Abelardo G. Palad, Jr.	ID	-	Elvira A. Ting Relationship: None	11/20/2008	09/09/2014 (ID for 3 years)	Elected at Annual Meeting	6
Byoung Hyun Suh	ID	-	Elvira A. Ting Relationship: None	10/28/2011	09/09/2014 (ID for 2 years)	Elected at Annual Meeting	3
Lamberto B. Mercado, Jr.	NED	-	Nomination and Compensation Committee	12/16/2005	09/09/2014	Elected at Annual Meeting	9
Omar M. Guinomla	NED	-	Nomination and Compensation Committee	10/28/2011	09/09/2014	Elected at Annual Meeting	3
Antonio A. Henson	NED	-	Elvira A. Ting Relationship: None	11/12/2013	09/09/2014	Elected at Annual Meeting	1

- (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.*

**Corporate Governance Policy**

The Corporation adheres to the principles and practices of good corporate governance, as embodied in its Corporate Governance Manual and related SEC Circulars. Continuous improvement and monitoring of policies have been undertaken to ensure that the Corporation observes good governance and management practices. This is to assure the shareholders that the Corporation conducts its business with the highest level of integrity, transparency and accountability.

The Board of Directors is elected during the annual meeting and has the overall responsibility to oversee the activities of the company. The Board conducts itself with honesty and integrity to ensure a high standard of best practice on governance for the Company and to promote and protect the interest of the Company, its stockholders and other stakeholders.

The Company realizes its duty to protect the rights and benefits of shareholders and to place the importance on fair and equal treatment of shareholders. It is the Company's policy to disclose information with respect to business operation with accuracy and transparency, including any issues that could impact the Company's business and the rights in which shareholders and minority shareholders are entitled to, such as shareholders' participation in the shareholders' meeting to exercise their voting rights, the rights to receive dividend, or the rights to approve a decrease or an increase of capital, etc.

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

The vision and mission of the Company has been subject to a regular review annually and at such frequency as may be determined by the Board of Directors. The Board believes that establishing the mission and vision of the Company should be an ongoing process of review to ensure that they are still relevant for the current challenges and environment.

- (d) **Directorship in Other Companies**

- (i) **Directorship in the Company's Group**

*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 of Company</b>	<b>Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman</b>
Kenneth T. Gatchalian	Plastic City Industrial Corp.	Executive
	Weltex Industries Corp.	Executive
	Pacific Plastic Corp.	Executive
	Kennex Container Corp.	Executive
	Inland Container Corp.	Executive
	MPC Plastic Corp.	Executive
Elvira A. Ting	Plastic City Industrial Corp.	Executive
	Pacific Plastic Corp.	Executive
	Kennex Container Corp.	Executive
	Rexlon Industrial Corp.	Executive
	MPC Plastic Corp.	Executive

(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:*

<b>Director's Name</b>	<b>Name of Listed Company</b>	<b>Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman</b>
Rogelio D. Garcia	Forum Pacific, Inc. Metro Alliance Holdings & Equities Corp.	Non-Executive Independent
Kenneth T. Gatchalian	Forum Pacific, Inc. Waterfront Philippines Incorporated Acesite (Phils.) Hotels Corporation	Executive Executive Executive
Elvira A. Ting	Philippine Estates Corporation Waterfront Philippines Incorporated Forum Pacific, Inc. Acesite (Phils.) Hotel Corporation	Executive Executive Non-Executive Executive
Richard L. Ricardo	Waterfront Philippines Incorporated Acesite (Phils.) Hotel Corp. Forum Pacific, Inc.	Executive Executive Non-Executive
Omar M. Guinomla	Forum Pacific, Inc.	Non-Executive
Miguel B. Varela	Manila Bulletin Publishing Corp. Megaworld Corporation Metro Alliance Holdings & Equities Corp.	Non-Executive Non-Executive Independent
Byoung Hyun Suh	Forum Pacific, Inc.	Independent
Lamberto B. Mercado, Jr.	Forum Pacific, Inc. Waterfront Philippines Incorporated Metro Alliance Holdings & Equities Corp. Acesite (Phils.) Hotel Corporation	Non-Executive Non-Executive Non-Executive Non-Executive
Antonio A. Henson	Philippines Estates Corp.	Non-Executive Chairman

(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:*

<b>Director's Name</b>	<b>Name of the Significant Shareholder</b>	<b>Description of the relationship</b>
Kenneth T. Gatchalian	William T. Gatchalian Dee Hua T. Gatchalian Sherwin T. Gatchalian	Father Mother Brother
Elvira A. Ting	William T. Gatchalian Dee Hua T. Gatchalian Sherwin T. Gatchalian	Brother-in-law Sister Nephew
William T. Gatchalian	Dee Hua T. Gatchalian Sherwin T. Gatchalian	Wife Son Significant shareholder

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

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	No limits placed	N/A
Non-Executive Director	No limits placed	N/A
CEO	No limits placed	N/A

(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:

Title of Class	Name of Director	Number of Direct shares	Citizenship	% of Capital Stock
Common	Rogelio D. Garcia	200 (direct)	Filipino	0.000%
Common	Kenneth T. Gatchalian	100,000,100 (direct)	Filipino	3.056%
Common	Elvira A. Ting	111,850,000 (direct)	Filipino	3.418%
Common	William T. Gatchalian	835,000,100 (direct)	Filipino	25.520%
Common	Richard L. Ricardo	460,000 (direct)	Filipino	0.014%
Common	Lamberto B. Mercado, Jr.	200 (direct)	Filipino	0.000%
Common	Omar M. Guinomla	100,000 (direct)	Filipino	0.003%
Common	Abelardo G. Palad, Jr.	100 (direct)	Filipino	0.000%
Common	Miguel B. Varela	10,000 (direct)	Filipino	0.000%
Common	Byoung Hyun Suh	1,000 (direct)	Korean	0.000%
Common	Antonio A. Henson	100,100 (direct)	Filipino	0.003%
<b>TOTAL</b>		<b>1,047,524,900</b>		<b>32.014%</b>

No director who owns shares in the company indirectly.

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	Rogelio D. Garcia
CEO/President	Kenneth T. Gatchalian



(b) *Roles, Accountabilities and Deliverables*

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

	<b>Chairman</b>	<b>Chief Executive Officer</b>
<b>Role</b>	<ul style="list-style-type: none"> <li>Leads/presides the meeting of the board of directors and stockholders</li> </ul>	<ul style="list-style-type: none"> <li>Have administration and direction of the day-to-day business affairs of the corporation</li> <li>Presides at the meeting of the Board of Directors in the absence of the Chairman or Vice-Chairman of the Board of Directors</li> </ul>
<b>Accountabilities</b>	<ul style="list-style-type: none"> <li>Ensure that the meetings are held in accordance with the By-Laws</li> <li>Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary</li> <li>Maintain qualitative and timely lines of communication and information between the Board and Management</li> </ul>	<ul style="list-style-type: none"> <li>Initiate &amp; develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation</li> <li>Make reports to the Board of Directors and stockholders</li> <li>Ensure that the administrative and operational policies of the Corporation are carried out under his supervision and control</li> </ul>
<b>Deliverables</b>	<ul style="list-style-type: none"> <li>Organizes and follow all rules and regulations imposed by state law and corporation's by-laws and other agreements in order to ensure the effectiveness in all meetings</li> <li>Comply with principles of good governance</li> </ul>	<ul style="list-style-type: none"> <li>Achieve revenue growth and increase the company's market share</li> </ul>

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

If any of the offices becomes vacant for whatever cause, the Board of Directors, by majority vote may elect a successor who shall hold office for the unexpired term. Elected officers are normally come from within the organizations with qualifications known to the Board.

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 strives to promote diversity within the Board too. Positions that are not taken up by the major shareholders are filled by members who have relevant experience and can bring new ideas and opinions to the company. Profiles of director are maintained and updated annually and at such frequency as needed. Directors are directed also to inform the corporate secretary of their latest seminars and trainings attended.

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

The company ensures that at least one of its non-executive directors have relative experience in holding and mining companies (industries where the company belongs). It prefers its independent directors to be well versed in corporate matters, especially in financial or industry matters.

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

	<b>Executive</b>	<b>Non-Executive</b>	<b>Independent Director</b>
<b>Role</b>	<ul style="list-style-type: none"> <li>• To design, develop and implement strategic plans for the company in a cost-effective and time-efficient manner</li> <li>• Responsible for the day-to-day operation of the company, including managing committees and staff and developing business plans in collaboration with the board for the future of the company</li> </ul>	<ul style="list-style-type: none"> <li>• Custodian of the governance process</li> <li>• Monitor the executive activity and contribute to the development of business strategy and act in the interest of the stockholders</li> </ul>	<ul style="list-style-type: none"> <li>• Improves corporate credibility and governance standards</li> <li>• Plays vital role in risk management and active role in various committees (e.g. audit committee) to ensure good governance</li> </ul>
<b>Accountabilities</b>	<ul style="list-style-type: none"> <li>• Accountable to the Chairman of the Board and reports to the board and stockholders on a regular basis (quarterly, semiannually or annually) about the results of operation and financial condition of the company</li> </ul>	<ul style="list-style-type: none"> <li>• Provide an independent view of the company, distinct from its day-to-day operations</li> <li>• Appointed to bring to the board: independence, impartiality, wide experience, specialist knowledge and personal qualities</li> </ul>	<ul style="list-style-type: none"> <li>• To acquire proper understanding of the business of the company</li> <li>• Have fiduciary duty to act in good faith and in the interest of the company</li> <li>• Constructively challenge and independently contribute to the work of the board</li> </ul>
<b>Deliverables</b>	<ul style="list-style-type: none"> <li>• Meet corporate objectives</li> </ul>	<ul style="list-style-type: none"> <li>• Ensures performance of executive management is monitored with regard to the progress being made towards achieving agreed company strategy and objectives</li> </ul>	<ul style="list-style-type: none"> <li>• Provides credible financial conditions and result of operations reports as being part of committee conducting review of financial statements and material matters</li> </ul>

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

The Company believes that independence is evidenced by ability to constructively challenged and independently contribute to the work of the Board. An independent director shall mean a person other than an officer or employee of the Company, its parent or its subsidiaries or any other individual having a relationship with the Company as would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

It is the Company's Board's policy that each Board committee (Audit and Remuneration Committee) should have at least one independent director.

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.

Prior to issuance of SEC Memorandum Circular No. 9, Series of 2011, the Company does not have a term limit for independent directors. In compliance with the new memorandum, the Company will observe the term limits for independent directors in succeeding years in order to enhance the effectiveness of independent directors and encourage the infusion of fresh ideas in the board of directors.

As stated in the new memorandum, independent directors, after completion of the five-year service period, will recommend undergoing a “cooling off” period of two (2) years. After the cooling off period, the Company still wishes bring them back and limit their term pursuant to the new memorandum of another five (5) years.

**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
No changes in the composition of the Board of Directors during the year			

(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	Nominated & Pre-screened by Nomination Committee/Elected	Ex-officio, competence & performance
(ii) Non-Executive Directors	Nominated & Pre-screened by Nomination Committee/Elected	<ul style="list-style-type: none"> <li>• Capable of providing an independent and impartial view of the board's considerations and decisions while also identifying strongly with the company's affairs</li> <li>• Pragmatic and have the ability to compromise</li> <li>• Integrity, common sense, good judgment, tenacity and diplomacy</li> </ul>
(iii) Independent Directors	Nominated & Pre-screened by Nomination Committee/Elected	<ul style="list-style-type: none"> <li>• Have at least one (1) share of stock of the corporation</li> <li>• At least a college graduate or has sufficient management experience to substitute for such formal education or he shall be engaged or exposed to the business of the corporation for at least five (5) years</li> <li>• He shall be twenty on (21) years old up to seventy (70) years old, however, due to consideration shall be given to qualified independent directors up to the age of eighty (80)</li> <li>• He shall have been proven to possess integrity and probity</li> <li>• He shall be assiduous</li> </ul>
<b>Procedure</b>		
<b>Process Adopted</b>		
<b>Criteria</b>		
<b>b. Re-appointment</b>		
(i) Executive Directors	Election at Annual Stockholders' Meeting	One vote for one share (criteria same with Selection/Appointment)
(ii) Non-Executive Directors	Election at Annual Stockholders' Meeting	One vote for one share (criteria same with Selection/Appointment)

(iii)Independent Directors	Election at Annual Stockholders' Meeting	One vote for one share (criteria same with Selection/Appointment)
<b>c. Permanent Disqualification – No Directors Who Permanently Disqualified</b>		
(i) Executive Directors	Evaluated by the Board grounds for disqualification and vote by majority	Convicted by final judgment or order by a court or competent administrative body of any crime, offense of moral turpitude, offense punishable by imprisonment and such other offenses
(ii) Non-Executive Directors	Same process for executive directors	Same criteria for executive directors
(iii)Independent Directors	Same process for executive directors	Same criteria for executive directors • If becomes an officer, employee or consultant of the Corporation
<b>d. Temporary Disqualification – No Directors Who Temporarily Disqualified</b>		
(i) Executive Directors	Will be given sixty (60) business days from such disqualification to take appropriate action to remedy or correct the disqualification. If fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	<ul style="list-style-type: none"> <li>• Refusal to comply with the disclosure requirements of Securities Regulation Code and its implementing Rules &amp; Regulation</li> <li>• Absence of more than 50% of all regular and special meetings of the Board</li> <li>• Dismissal or termination for cause as director of any public or listed corporation</li> </ul>
(ii) Non-Executive Directors	Same process for executive directors	Same criteria for executive directors
(iii)Independent Directors	Same process for executive directors	<ul style="list-style-type: none"> <li>• If equity ownership in the Corporation exceeds 2% of the subscribed capital stock</li> <li>• Same with criteria for executive directors</li> </ul>
<b>e. Removal – No Directors Removed from Office</b>		
(i) Executive Directors	N/A	N/A
(ii) Non-Executive Directors	N/A	N/A
(iii)Independent Directors	N/A	N/A
<b>f. Re-instatement – No directors re-instated into office</b>		
(i) Executive Directors	N/A	N/A
(ii) Non-Executive Directors	N/A	N/A
(iii)Independent Directors	N/A	N/A
<b>g. Suspension – No Directors Suspended</b>		
(i) Executive Directors	N/A	N/A
(ii) Non-Executive Directors	N/A	N/A
(iii)Independent Directors	N/A	N/A

*Voting Result of the last Annual General Meeting:*

Name of Director	Votes Received
Rogelio D. Garcia	2,112,443,262 shares or 64.56%
Kenneth T. Gatchalian	2,112,443,262 shares or 64.56%
Elvira A. Ting	2,112,443,262 shares or 64.56%
William T. Gatchalian	2,112,443,262 shares or 64.56%
Lamberto B. Mercado, Jr.	2,112,443,262 shares or 64.56%
Richard L. Ricardo	2,112,443,262 shares or 64.56%
Omar M. Guinomla	2,112,443,262 shares or 64.56%
Abelardo G. Palad, Jr.	2,112,443,262 shares or 64.56%
Byoung Hyun Suh	2,112,443,262 shares or 64.56%
Miguel B. Varela	2,112,443,262 shares or 64.56%
Antonio A. Henson	2,112,443,262 shares or 64.56%

## 6) Orientation and Education Program

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

No formal orientation program for new directors but each new incoming Board Member is given detailed briefing on the company's background by the CEO and/or other officers. Other Board members may also provide inputs about the company and various issues facing the company.

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

The Company in association with other affiliated listed companies has organized an in-house Corporate Governance Seminar last December 4, 2014 provided by SEC accredited training institution, Risk, Opportunities, Assessment and Management (ROAM), Inc. at Manila Pavillion, Ermita, Manila.

Other training and external courses attended by each director are described below.

- (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
Rogelio D. Garcia	December 4, 2014	Corporate Governance Seminar	Risk, Opportunities, Assessment and Management (ROAM), Inc.
Elvira A. Ting	December 4, 2014 Feb. 5&6, 12&13, 2011	Corporate Governance Seminar Comprehensive Real Estate Seminar & Review	Risk, Opportunities, Assessment and Management (ROAM), Inc. Pasay Makati Realtors Board, Inc.
Kenneth T. Gatchalian	December 4, 2014 Feb. 5&6, 12&13, 2011	Corporate Governance Seminar Comprehensive Real Estate Seminar & Review	Risk, Opportunities, Assessment and Management (ROAM), Inc. Pasay Makati Realtors Board, Inc.
William T. Gatchalian	December 4, 2014	Corporate Governance Seminar	Risk, Opportunities, Assessment and Management (ROAM), Inc.
Omar M. Guinomla	December 4, 2014 October 21, 2014	Corporate Governance Seminar The SEC-PSE Corporate Governance Forum	Risk, Opportunities, Assessment and Management (ROAM), Inc. SEC/PSE/USAID/MBC
Richard L. Ricardo	October 21, 2014 Feb. 5&6, 12&13, 2011	The SEC-PSE Corporate Governance Forum Comprehensive Real Estate Seminar & Review	SEC/PSE/USAID/MBC Pasay Makati Realtors Board, Inc.
Lamberto B. Mercado, Jr.	December 4, 2014	Corporate Governance Seminar	Risk, Opportunities, Assessment and Management (ROAM), Inc.
Antonio A. Henson	December 4, 2014	Corporate Governance Seminar	Risk, Opportunities, Assessment and Management (ROAM), Inc.
Miguel B. Varela	March 7, 2012 May 18, 2010 August 27, 2010	Tax Seminar; Joint Seminar of Philippine Chamber of Commerce, Inc. & Management Association of the Phils. Business & Opportunities in Cambodia Seminar Seminar on Canada Labor Requirements	Bureau of Internal Revenue Department of Trade & Industry Department of Trade & Industry
Mariel L. Francisco	November 29, 2012	Annual Listing & Disclosure Rules Seminar	The Philippine Stock Exchange
Abelardo G. Palad, Jr.	March 4, 2014	Corporate Governance	ROAM, Inc.

## 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:*

<b>Business Conduct &amp; Ethics</b>	<b>Directors</b>	<b>Senior Management</b>	<b>Employees</b>
(a) Conflict of Interest	<ul style="list-style-type: none"> <li>• Must openly disclose a potential, real or perceived conflict of interest</li> <li>• Do not vote on activities in which there is a conflict of interest</li> </ul>	<ul style="list-style-type: none"> <li>• To act at all times in the Company's best interests</li> <li>• Are not allowed to be involved in the decision making process if conflict of interest is present</li> </ul>	<ul style="list-style-type: none"> <li>• To act at all times in the Company's best interests</li> <li>• Are not allowed to be involved in the decision making process if conflict of interest is present</li> </ul>
(b) Conduct of Business and Fair Dealings	<ul style="list-style-type: none"> <li>• Should follow best practices and company policy</li> <li>• Must be on arm's-length terms and free of favorable treatment</li> </ul>	Should follow best practices and company policy	Should follow best practices and company policy
(c) Receipt of gifts from third parties	<ul style="list-style-type: none"> <li>• Must be avoided or terminated unless, after disclosure to the Board, is not harmful to the Company</li> <li>• Social amenities customarily associated with legitimate business relationships are permissible (lunch, dinner or occasional gifts of modest value)</li> </ul>	<ul style="list-style-type: none"> <li>• Must be avoided or terminated</li> <li>• To act at all times in the Company's best interests</li> </ul>	<ul style="list-style-type: none"> <li>• Must be avoided or terminated</li> <li>• To act at all times in the Company's best interests</li> </ul>
(d) Compliance with Laws & Regulations	Must adhere and commit to meeting high ethical standards to comply with all applicable laws & regulations	Must adhere and commit to meeting high ethical standards to comply with all applicable laws & regulations	Must adhere and commit to meeting high ethical standards to comply with all applicable laws & regulations
(e) Respect for Trade Secrets/Use of Non-public Information	Discourage from using such information	Discourage from using such information	Discourage from using such information
(f) Use of Company Funds, Assets and Information	Regulated through Manual on Corporate Governance and related Company Policies and Procedures Manual	Regulated by Company Policies and Procedures Manual	Regulated by Company Policies and Procedures Manual and Employee Handbook
(g) Employment & Labor Laws & Policies	Meet at least the minimum criteria set by the labor authorities	Meet at least the minimum criteria set by the labor authorities	Meet at least the minimum criteria set by the labor authorities
(h) Disciplinary action	Based on Manual on Corporate Governance	Based on Company Policies and Procedures Manual	Based on Company Policies and Procedures Manual and Employee Handbook
(i) Whistle Blower	No formal company policy	Based on Company Policies and Procedures Manual	Based on Company Policies and Procedures Manual and Employee Handbook
(j) Conflict Resolution	Based on Manual on Corporate Governance	Based on Company Policies and Procedures Manual	Based on Company Policies and Procedures Manual and Employee Handbook

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

Rules and procedures of the company have been disseminated to senior management and employees. Directors are furnished copies of Manual on Corporate Governance for guidance.

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

The Company has an annual review of the directors, senior management and employees' performance. It also conducts general assembly to re-orient employees and review them on the implementing code of conduct and business ethics of the company. Any infringement of the rules & regulation are reported to appropriate level of management and suitable action is taken within the bounds of law and guidance of the policies and procedures manual of the company.

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 parents, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers, directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.*

<b>Related Party Transactions</b>	<b>Policies and Procedures</b>
(1) Parent Company	All related party transactions especially those involving material interest must be reviewed and approved by audit committee. Such transactions have to be on arm's-length basis and supported by documents for recording.
(2) Joint Ventures	All related party transactions especially those involving material interest must be reviewed and approved by audit committee. Such transactions have to be on arm's-length basis and supported by documents for recording.
(3) Subsidiaries	All related party transactions especially those involving material interest must be reviewed and approved by audit committee. Such transactions have to be on arm's-length basis and supported by documents for recording.
(4) Entities Under Common Control	All related party transactions especially those involving material interest must be reviewed and approved by audit committee. Such transactions have to be on arm's-length basis and supported by documents for recording.
(5) Substantial Stockholders	All related party transactions especially those involving material interest must be reviewed and approved by audit committee. Such transactions have to be on arm's-length basis and supported by documents for recording.
(6) Officers including spouse/children/siblings/parents	All related party transactions especially those involving material interest must be reviewed and approved by audit committee. Such transactions have to be on arm's-length basis and supported by documents for recording.
(7) Directors including spouse/children/siblings/parents	All related party transactions especially those involving material interest must be reviewed and approved by audit committee. Such transactions have to be on arm's-length basis and supported by documents for recording.
(8) Interlocking director relationship of Board of Directors	Directors involved must notify the Board of any related party transactions subject to review and evaluation of the audit committee.

(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>
Name of Directors: Elvira A. Ting Kenneth T. Gatchalian	Shareholders and directors of the company from which the company subleases an office space and entered into consultancy agreement for providing corporate planning and financial services
Name of Officers: Kenneth T. Gatchalian(President) Elvira A. Ting (Vice President)	Shareholders and directors of the company from which the company subleases an office space and entered into consultancy agreement for providing corporate planning and financial services
Name of Significant Shareholders	N/A

(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	The Company recognized the significance of a whistle blower policy. Any detection of possible conflict of interest should be notified and reported to appropriate level of management (Board of Directors) and resolved within the Board.
Group	The Company recognized the significance of a whistle blower policy. Any detection of possible conflict of interest should be notified and reported to appropriate level of management (Board of Directors) and resolved within the Board.

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family, 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:

Name of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
William T. Gatchalian Dee Hua T. Gatchalian Sherwin T. Gatchalian	Family	William T. Gatchalian and Dee Hua T. Gatchalian are husband and wife. Sherwin T. Gatchalian is their son.

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

Name of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
N.A.	N.A.	N.A.

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

No such shareholders agreements in place 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 Relationship
N.A.	N.A.	N.A.



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 conflicts or differences occurred for the last three (3) years
Corporation & Third Parties	No conflicts or differences occurred for the last three (3) years
Corporation & Regulatory Authorities	No conflicts or differences occurred for the last three (3) years

The Company has not had disputes in the last three (3) years with the stockholders, third parties or regulatory parties. Though there is no formal alternative dispute resolution in place, the Company adheres to the observation of due process in resolving conflict. In case of significant matters, the Company will opt to seek external advice (legal, independent parties, etc.)

**C. BOARD MEETINGS & ATTENDANCE**

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

Regular meetings of the Board of Directors are held as needed. The Company generally decides on these meetings a few weeks in advance of the date these take place rather than pre-scheduling before or at 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	Rogelio D. Garcia	09/09/2014	4	4	100
Member	Kenneth T. Gatchalian	09/09/2014	4	4	100
Member	Elvira A. Ting	09/09/2014	4	4	100
Member	Richard L. Ricardo	09/09/2014	4	4	100
Member	Lamberto B. Mercado, Jr.	09/09/2014	4	4	100
Member	Omar M. Guinomla	09/09/2014	4	4	100
Member	William T. Gatchalian	09/09/2014	4	4	100
Member	Antonio A. Henson	09/09/2014	4	4	100
Independent	Abelardo G. Palad, Jr.	09/09/2014	4	3	75
Independent	Miguel B. Varela	09/09/2014	4	4	100
Independent	Byoung Hyun Suh	09/09/2014	4	4	100

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.

As per Corporation's By-Laws, a majority of the number of directors constitutes a quorum for the transaction of corporate business and every decision of at least a majority of the directors present at the meeting at which there is a quorum is valid as a corporate act except for the election of officers which requires the vote of a majority of all the members of the Board.

5) Access to Information

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

Generally, all the board papers are sent a week in advance of the meeting.

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

Yes, they do (personally, and via telephone/mobile, e-mail and fax transmission)

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

The Corporate Secretary shall be the custodian of and shall maintain the corporate books and record and shall be the recorder of the Corporation's formal actions and transactions. His/Her specific duties include recording the minutes and transactions of all meetings of the directors and the stockholders; to keep record books showing the details required by law with respect to the stock certificates of the corporation, including ledgers and transfer books; to keep corporate seal and affix it to all papers and documents requiring a seal and to attest by his signature all corporate documents requiring the same; to attend to the giving and serving of all notices of the Corporation and assists the Chairman in preparing the agenda; to certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of him by law or by government rules and regulations; and to act as the inspector at the election of directors and, as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and to receive votes, ballots or consents, determine the results, and do such acts as are proper to conduct the election or vote.

Yes, the function of the Corporate Secretary includes assisting in the preparation of the agenda of the meetings. Being a lawyer, the Corporate Secretary also counsels and advises the Board on the proper steps and legal implications of taking certain corporate actions such as shares issuances and other forms of exercise of corporate powers. He/She ensures that the Board and the members of senior management have the proper advice in the discharge of their duties to the corporation and the stockholders.

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

The Company's corporate secretary is a lawyer. She is currently an associate in law firm.

- (e) *Committee Procedures*

*Disclose whether there is 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	No such committee
Audit	Management will notify the members of the committee of any material matters that need to be addressed by the committee. Outline of the agenda will be send through e-mail, fax transmission or sending hard copies to their offices.
Nomination	Any vacancies on the board seat are addressed by this committee. Management provides information with regards to qualifications and professional background of nominees to members of this committee for pre-screening and recommendation on the next meeting of the board.
Remuneration	Copies of presentation and outline of agenda are provided by management to members of this committee.
Others (specify)	No other committees

6) External Advice

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

Procedures	Details
No formal procedure but members can ask for external advice	External advice not requested in the past

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
Not applicable	No changes made	Not applicable

**D. REMUNERATION MATTERS**

1) Remuneration Process

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

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Based on section 13 of corporation's By-Laws (as amended). Remuneration should be determined by the Board of Directors considering the corporation's culture, industry standards and control environment.	Based on section 13 of corporation's By-Laws (as amended). Remuneration should be determined by the Board of Directors upon recommendation of the CEO/President.
(2) Variable remuneration	Not provided	Not provided
(3) Per diem allowance	CEO/President who is also a director shall receive a per diem allowance for his attendance at each meeting of the Board based on section 8 of corporation's By-Laws (as amended).	Based on recommendation of CEO/President in cooperation with Compensation Committee.
(4) Bonus	Based on annual profitability	Based on annual profitability
(5) Stock options and other financial instruments	Not provided	Not provided
(6) Others (specify)	Not provided	Not provided

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	As determined by the Board and recommendation of Compensation Committee	Basic pay, performance bonus depending on company profitability	Compensation package as determined by the Compensation Committee less corresponding withholding taxes.
Non-Executive Directors	As determined by the Board and recommendation of Compensation Committee	Nominal amount of per diem during attendance in meetings.	Compensation package as determined by the Compensation Committee less corresponding withholding taxes.

*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
Not presented to stockholders	Not applicable

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	100,000.00	70,000.00	-0-
(b) Variable Remuneration	-0-	-0-	-0-
(c) Per diem allowance	-0-	-0-	30,000.00
(d) Bonuses	-0-	-0-	-0-
(e) Stock options and/or other financial instruments	-0-	-0-	-0-
(f) Others (specify)	-0-	-0-	-0-
<b>Total</b>	<b>100,000.00</b>	<b>70,000.00</b>	<b>30,000.00</b>

Due to continued losses suffered by the company, other forms of compensation have been suspended.

Other Benefits	Executive Directors	Non-executive Directors (other than independent directors)	Independent Directors
(g) Fixed Remuneration	No other benefits provided	No other benefits provided	No other benefits provided
(h) Variable Remuneration	No other benefits provided	No other benefits provided	No other benefits provided
(i) Per diem allowance	No other benefits provided	No other benefits provided	No other benefits provided
(j) Bonuses	No other benefits provided	No other benefits provided	No other benefits provided
(k) Stock options and/or other financial instruments	No other benefits provided	No other benefits provided	No other benefits provided
(l) Others (specify)	No other benefits provided	No other benefits provided	No other benefits provided
<b>Total</b>	<b>Not applicable</b>	<b>Not applicable</b>	<b>Not applicable</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
N/A	N/A	N/A	N/A	N/A

(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
N/A	N/A	N/A

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
Not applicable. The Management function of the company is performed by its affiliate as covered by the management consultancy agreement entered into by both parties.	Total management fee paid during the year amounted to P480,000.00

**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 Directors (NED)	Independent Director (ID)				
Executive	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Audit	2	-0-	1	Develop a transparent financial management system	Review all financial reports against its compliance	Perform oversight financial management functions	Pre-approve all audit plans and scope of work and issuance of audit reports
Nomination	1	1	1	Attract personnel that can act as guides to the company's expansionary prospects	Pre-screen & shortlist candidates	Review and evaluate the qualifications of all persons nominated to the Board	Decide if candidates possess the right qualifications & can be elected to the Board
Remuneration	1	1	1	Compensate competent personnel adequately to retain their services	Establish procedures to develop policy on remuneration of directors and officers	Provide oversight over remuneration of senior management & other key personnel to ensure that their compensation is consistent with the corporation's culture, strategy and the business environment in which it operates	Designate amount of remuneration to attract and retain personnel
Others (specify)	N/A	N/A	N/A	N/A	N/A	N/A	N/A

2) Committee Members

(a) Executive Committee

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

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Byoung Hyun Suh (ID)	09/09/2014	1	1	100	2 years
Member (ED)	Elvira A. Ting (ED)	09/09/2014	1	1	100	2 years
Member (ED)	Kenneth T. Gatchalian (ED)	09/09/2014	1	1	100	1 year

*Disclose the profile or qualifications of the Audit Committee members.*

Mr. Suh, 56 years old, is a Korean national. He holds a Bachelors Degree in Business Administration from Korea University in Seoul, South Korea. He is the president of Pan Islands, Inc., Three Seven Foods & Products, Inc. and Golden Shin Jan Farm since 1995. He is also the president of Overseas Korean Traders Associations since 2004 and KIA Inter-Trade Asia Regional Office from 1995 to 1997. Being in executive position, dwelling in extensive decision making, Mr. Suh is capable of giving independent view about the company's internal control processes and gives unbiased audit decisions. Ms. Ting, 54 years old, holds a degree in BSBA Major in Management at Philippine School of Business Administration. She serves on the Boards of several companies, including banking institutions, hotel, investment and holding companies. Being a treasurer on other companies, gives her knowledge on financial management and pertinent accounting standards. Mr. Kenneth T. Gatchalian, 38 years old, holds a degree in Bachelor of Science in Architecture from University of Texas in San Antonio, Texas, USA. At young age, he serves on the Boards of several companies that make him well versed in decision making and analysis of business processes.

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

Prior to the commencement of the external audit, Audit Committee discuss with the external auditors 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. The committee performs oversight functions over the corporation's internal and external auditors. It ensures that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions. The committee review reports submitted by the internal and external auditors. It also evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Rogelio D. Garcia (NED)	09/09/2014	1	1	100	2 years
Member (ID)	Miguel B. Varela (ID)	09/09/2014	1	1	100	2 years
Member (ED)	Kenneth T. Gatchalian (ED)	09/09/2014	1	1	100	2 years

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	Elvira A. Ting (ED)	09/09/2014	1	1	100	2 years
Member (ID)	Abelardo G. Palad, Jr. (ID)	09/09/2014	1	1	100	2 years
Member (ED)	Lamberto B. Mercado, Jr. (NED)	09/09/2014	1	1	100	2 years

(e) Others (specify)

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

3) Changes in Committee Members

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

Name of Committee	Name	Reason
Executive	Not applicable	Not applicable
Audit	None	None
Nomination	None	None
Remuneration	None	None
Others (specify)	Not applicable	Not applicable

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	Not applicable	Not applicable
Audit	Approval of the audited financial statements	Review of the status of the filed petition for corporate rehabilitation before the regional trial court of Valenzuela City and possible progress thereof.
Nomination	Considered antecedents of people nominated for the positions	Nominate competent members only
Remuneration	Considered financial condition of the company in connection with providing remuneration to directors and officers	Capability of the company to provide escalated amount of remuneration to directors and officers based on company financial condition
Others (specify)	Not applicable	Not applicable

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 Addressed
Executive	Not applicable	Not applicable
Audit	Will conduct regular evaluation of investment & determination of impairment. Updates on some operational activities.	Impairment of investment. Firm up of internal controls and suggestion of cost cutting measures
Nomination	Will continue review & evaluation of qualifications of all nominees	Term limit of independent directors & pre-screen of qualifications of new nominees

Remuneration	Will establish check and balance procedure in providing remuneration package to directors and officers	Capability of the company to provide escalated amount of remuneration to directors and officers based on company financial condition
Others (specify)	Not applicable	Not applicable

## F. RISK MANAGEMENT SYSTEM

### 1) Disclose the following:

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

Risk management is a fundamental part of the Company's business strategy and effective corporate governance. The Company adopts a risk philosophy aimed at maximizing business opportunities and minimizing adverse outcomes, thereby enhancing shareholder value by balancing risk and reward.

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

The Company's risk management is coordinated with the Board of Directors, and focuses on actively securing the short-term cash flows by minimizing the exposure to financial markets. The Board have reviewed the effectiveness of the risk management system and satisfied itself on its adequacy.

#### (c) Period covered by the review – current year 2014

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

The Board reviews the risk management system annually simultaneous with the on-going audit of financial statements. The Board uses different approach in assessing effectiveness of various risk areas such as: gearing ratio for capital risk, carrying amount of financial assets for credit risk, ratio of cash to current liabilities for liquidity ratio, etc.

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

The Board had conducted review annually.

### 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:*

<b>Risk Exposure</b>	<b>Risk Management Policy</b>	<b>Objective</b>
Credit Risk	This risk is managed on a group basis. It arises from cash, trade and other receivables and advances to affiliates and subsidiaries. Cash – deposit its cash balance in a commercial and universal bank to minimize credit risk exposure. Trade and receivables – assess for indicators of impairment by reviewing the age of accounts Advances to affiliates and stockholders – continue review for any legally enforceable right to offset with liabilities with the expressed intention of the borrower to settle on a net basis.	To maintain a strong credit rating and be able to meet financial obligations as they fall due



Capital Risk	Monitor capital on the basis of the gearing ratio (net debt divided by total capital). Keep the gearing ratio below 50%	To safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for stockholders and maintain an optimal capital structure to reduce the cost of capital.
Liquidity Risk	Regularly monitoring cash position	Be able to meet financial obligations as they fall due

(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>
Credit Risk	This risk is managed on a group basis. It arises from cash, trade and other receivables and advances to affiliates and subsidiaries. Cash – deposit its cash balance in a commercial and universal bank to minimize credit risk exposure. Trade and receivables – assess for indicators of impairment by reviewing the age of accounts Advances to affiliates and stockholders – continue review for any legally enforceable right to offset with liabilities with the expressed intention of the borrower to settle on a net basis.	To maintain a strong credit rating and be able to meet financial obligations as they fall due
Capital Risk	Monitor capital on the basis of the gearing ratio (net debt divided by total capital). Keep the gearing ratio below 50%	To safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for stockholders and maintain an optimal capital structure to reduce the cost of capital.
Liquidity Risk	Regularly monitoring cash position	Be able to meet financial obligations as they fall due

(c) Minority Shareholders

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

<b>Risk to Minority Shareholders</b>
All shareholders have one vote per share; so minority shareholders voting power is not truncated

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>
Credit risk	May not have a good credit ratings when planning to apply for bank loan and join government projects	This risk is managed on a group basis. It arises from cash, trade and other receivables and advances to affiliates and subsidiaries.

		<p>Cash – deposit its cash balance in a commercial and universal bank to minimize credit risk exposure.</p> <p>Trade and receivables – assess for indicators of impairment by reviewing the age of accounts</p> <p>Advances to affiliates and stockholders – continue review for any legally enforceable right to offset with liabilities with the expressed intention of the borrower to settle on a net basis.</p>
Liquidity Risk	The Company will not be able to meet its financial obligations as they fall due.	<p>Regularly monitoring cash position</p> <p>Maintaining adequate reserves, banking facilities and reserve borrowing facilities</p> <p>Monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities</p>
Capital Risk	The Company will not be able to continue as a going concern and unable to maintain its strong credit rating and healthy capital ratios	<p>Monitoring capital on the basis of gearing ratio and keeping it below 50% as proportion to net debt to capital. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry.</p>

(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>
Credit risk	May not have a good credit ratings when planning to apply for bank loan and join government projects	<p>This risk is managed on a group basis. It arises from cash, trade and other receivables and advances to affiliates and subsidiaries.</p> <p>Cash – deposit its cash balance in a commercial and universal bank to minimize credit risk exposure.</p> <p>Trade and receivables – assess for indicators of impairment by reviewing the age of accounts</p> <p>Advances to affiliates and stockholders – continue review for any legally enforceable right to offset with liabilities with the expressed intention of the borrower to settle on a net basis.</p>
Liquidity Risk	The Group will not be able to meet its financial obligations as they fall due.	<p>Regularly monitoring cash position</p> <p>Maintaining adequate reserves, banking facilities and reserve borrowing facilities</p> <p>Monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities</p>
Capital Risk	The Group will not be able to continue as a going concern and unable to maintain its strong credit rating and healthy capital ratios	<p>Monitoring capital on the basis of gearing ratio and keeping it below 50% as proportion to net debt to capital. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business operations and industry.</p>

(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
Audit Committee	Oversight control Financial reporting control	Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk of the corporation including regular receipt from Management of information on risk exposures and risk management activities. Monitor and evaluate the adequacy and effectiveness of corporation's internal control system including financial reporting control and information technology security

## G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

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

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

Internal controls encompasses a set of rules, policies and procedures the Company implements to provide reasonable assurance that its financial reports are reliable, its operations are effective and efficient and its activities comply with applicable laws and regulations.

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

The Board of Director reviewed the effectiveness of internal control system at regular meetings or at such frequency as needed and satisfied itself on its effectiveness and adequacy.

(c) Period covered by the review – current year 2014

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

The Board of Director reviewed the effectiveness of internal control system at regular meetings or at such frequency as needed using criteria such as control activities, information and communication system and monitoring.

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

There was a review conducted by the Board of Directors

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.*

<b>Role</b>	<b>Scope</b>	<b>Indicate whether In-house or outsource Internal Audit Function</b>	<b>Name of Chief Internal Auditor/Auditing Firm</b>	<b>Reporting Process</b>
To provide the Board, senior management and stockholders with reasonable assurance that its key organizational and procedural controls are effective, appropriate and complied with.	Nature and complexity of business and the business culture; volume, size and complexity of transactions; degree of risks; degree of centralization and delegation of authority; extent and effectiveness of information technology; extent of regulatory compliance	In-house internal audit function	Angelika LI. Bermundo	Internal Auditor shall report to the Audit Committee. She should submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee.

(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?*

Yes. It requires 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?*

The Internal Auditor shall report to the Audit Committee. Also, the Internal Auditor should submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee.

Yes. The internal auditor has a direct and unfettered access to the board, 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.

<b>Name of Audit Staff</b>	<b>Reasons</b>
Brynnner R. Domingo	Voluntary resignation; pursuit of career

(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>	
	The audits undertaken are based on the annual internal audit plan approved by the audit committee. Variations to the plan can occur but need to be considered with and agreed by the audit committee. Focus of audit for the year 2014 was on the status of the petition filed for corporate rehabilitation plan of the Group before the regional trial court of

	Valenzuela City, management plans for the next twelve months and the assessment of risks the Company are exposed to such as credit, liquidity and capital risk. Respondents include legal and executive department, accounting and treasury department. Notice to conduct audit and list of audit requirements (documents, accounting books, survey forms, etc.) were sent to department heads two weeks before the actual conduct of the audit. Audit was completed and report was issued to Audit Committee on its meeting on September 1, 2014.
<b>Issues</b>	Compliance with applicable laws and regulations Liquidity and Capital Risk Management plans (corporate rehabilitation plan)
<b>Findings</b>	<p>The company is exposed to liquidity and capital risk. Liquidity risk refers to the risk that the Company will not be able to meet its financial obligation as they fall due. Capital risk, on the other hand, refers to risk that the Company will not be able to continue as a going concern and maintains its strong credit rating and healthy capital ratios to support its business and maximize shareholder value.</p> <p>After the company amended its articles of incorporation with SEC due to change of business address, the company is processing its transfer of Revenue District from RDO 50 (Makati) to RDO 43A (Pasig). The company has paid penalties for open cases for the previous years' unfiled tax returns. For structured reports for SEC and PSE, the company has complied efficiently.</p> <p>On November 19, 2014 the Group received the Order dated October 20, 2014 of the Court which disapproved the enhanced rehabilitation plan of petitioners and converted the rehabilitation case into one for liquidation. The Court also issued an Order of even date which declared petitioners insolvent, ordered the liquidation of the assets of the petitioners and directed the Sheriff to immediately take possession and safely keep all real and personal properties of petitioners, among others, until appointment of a liquidator.</p> <p>On December 15, 2014, petitioners filed Petition for Review with the Court of Appeals, docketed as CA-G.R. SP No.138273, assailing the aforementioned Orders of the RTC. The case is pending resolution before the Court of Appeals as of December 31, 2014.</p> <p>The management plans to explore other business opportunities for the next twelve months in order to address the going concern issues. The board of directors and stockholders are committed in principle of supporting the direction the company chose to achieve its goals.</p>
<b>Examination Trends</b>	Inspection of documents, accounting books, quarterly reports and letter correspondences were conducted. Identified audit procedures applicable on those auditable areas. Quantitative analysis and comparison of year-to-year figures were made. Material findings and significant exceptions were noted. Internal audit report normally includes audit comment and findings, risk and weaknesses and audit suggestions/recommendations to address such weaknesses.

[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 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>
Delivering reports to management timely	Implemented
Periodic audits by an internal auditor to access operations and to ensure compliance of rules and regulations	Implemented
Properly securing cash and checks within a department	Implemented
Restricting access to sensitive, private, or confidential data to authorized individuals by using password/PIN	Implemented
Procedures in safeguarding assets	Implemented

(g) Mechanism and Safeguards

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

<b>Auditors (Internal and External)</b>	<b>Financial Analysts</b>	<b>Investment Banks</b>	<b>Rating Agencies</b>
The external auditor of the Corporation shall not at the same time provide it with services of an internal auditor. The Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor	All requested information are provided; the Company does not interfere in influencing analysts conclusions. Restricted by the company from trading in the company's shares	All requested information are provided; the Company does not interfere in influencing banks' conclusions	Have not hired any rating agencies in the past

(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 information 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.

Undertaking

The Chairman, president, compliance officer and two independent directors are attesting that the Company complied with the SEC Code of Corporate Governance. They confirmed 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 compliance.

## H. ROLE OF STAKEHOLDERS

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

	<b>Policy</b>	<b>Activities</b>
Customers' welfare	Deal with queries and service requests promptly, efficiently and courteously Respond to service/product issues and complaints fully and transparently Publish clear and helpful information about the product/service offered/provide	Providing accurate data on market price of company's share
Supplier/ contractor selection practice	Treat all contractor/supplier equally and based selection on the proposal	If fully operational, source of equipment needed in the exploration process.

	provided	Selection of stock broker for the management of company's various investments in stock.
Environmentally friendly value-chain	Achieve consistently high standards of behavior towards the society and the environment	Consideration of the environment when exploration of mining sites will pursue. Compliance on obtaining permits from regulatory bodies.
Community interaction	Sensitively deal with issued related to the public interest and participate in activities that are beneficial to communities and environment.	Donate to different organizations financial assistance to support their programs
Anti-corruption programmes and procedures	Implement transparency and integrity in all transactions	Preventing factors that prevent transparency and feed corruption
Safeguarding creditors' rights	Avoid dishonest actions or any actions that may infringe upon the rights or creditors as established by law or through mutual agreements	Meet financial and other covenants set by creditors

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

The annual report of the company generally states its corporate responsibility or sustainability. It doesn't have separate detailed report.

- 3) Performance-enhancing mechanisms for employee participation.

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

The Group adopted Republic Act No. 7641 as its arrangement to provide retirement benefits to all its regular employees. In case of retirement, employees shall be entitled to receive such retirement benefits as may have been earned under existing laws. Management believes that the defined benefit obligation computed using the provisions of R.A. 7641 is not materially different with the amount computed using the projected unit credit method as required under PAS 19, Employee Benefits. The Group should also provide such other benefits as mandated by the labor laws such as SSS, Philhealth and HDMF contributions to its employees.

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

Total amount of SSS, Philhealth, HDMF and health card premiums paid for the year was P127,997.25.

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

The Company has an orientation program for all new employees conducted by the Human Resources personnel. Employees' team building activities was done for the year 2014 in Laiya, Batangas and the company spent P50,458.00 for the training expenses. The Company also sponsor registration fees for seminars employees attended for continuing professional education such as Tax Seminar conducted by the BIR and disclosures seminar by the Philippine Stock Exchange.

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

The company's compensation policy is based on the firm's profitability.

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

The company encourages employees to report any illegal behavior and practices to the supervisors as soon as they come to their notice. All justified complaints are handled with all seriousness and promptly investigated and acted upon.

## I. DISCLOSURE AND TRANSPARENCY

### 1) Ownership Structure

#### (a) Holding 5% shareholding or more

Title of Class	Name, address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	% of total o/s shares
Common	PCD Nominee Corporation, 37F Tower 1, The Enterprise Center, 6766 Ayala Ave. cor. Paseo De Roxas, Makati City (Stockholder)	PCD participants and their clients (see note 1)	Filipino	901,597,463	27.555
Common	William T. Gatchalian 35F One Corporate Center, Doña Julia Vargas Ave. cor. Meralco Ave., Ortigas Center, Pasig City (Stockholder)	same as record owner	Filipino	835,000,100	25.520
Common	Dee Hua T. Gatchalian 35F One Corporate Center, Doña Julia Vargas Ave. cor. Meralco Ave., Ortigas Center, Pasig City (Stockholder)	same as record owner	Filipino	492,962,532	15.066
Common	Sherwin T. Gatchalian 35F One Corporate Center, Doña Julia Vargas Ave. cor. Meralco Ave., Ortigas Center, Pasig City (Stockholder)	same as record owner	Filipino	317,750,100	9.711
Common	Shinji Kobayashi c/o TWGI 35th Flr., One Corporate Center, Doña Julia Vargas ave., cor, Meralco ave., Ortigas Center, Pasig City (Stockholder)	same as record owner	Filipino	210,650,000	6.438

<sup>1</sup>Schedule A. The clients of each company have the power to decide how their shares are to be voted

#### Schedule A

PCD Nominee	No. of Shares Held	%
Westlink Global Equities, Inc.	124,364,578	13.02
COL Financial Group, Inc.	100,556,221	10.53
Abacus Securities Corporation	88,802,321	9.30
Bernad Securities, Inc.	53,861,000	5.64
Evergreen Stock Brokerage & Sec., Inc.	34,306,340	3.59
Ansaldo Godinez & Co., Inc.	31,102,105	3.26
Accord Capital Equities Corporation	26,158,046	2.74
Solar Securities, Inc.	25,742,956	2.69
BPI Securities Corporation	24,760,462	2.59
First Metro Securities Brokerage Corp.	20,438,591	2.14
Others	371,504,843	44.50
<b>TOTAL</b>	<b>901,597,463</b>	<b>100.00</b>



Security Ownership of Directors and Management

Title of Class	Name of Director (Directors & Management)	Number of Direct shares	Number of Indirect Shares/Trough (name of record owner)	Citizenship	% of Capital Stock
Common	Rogelio D. Garcia	200 (direct)	-	Filipino	0.000%
Common	Kenneth T. Gatchalian	100,000,100 (direct)	-	Filipino	3.056%
Common	Elvira A. Ting	111,850,000 (direct)	-	Filipino	3.418%
Common	William T. Gatchalian	835,000,100 (direct)	-	Filipino	25.520%
Common	Richard L. Ricardo	460,000 (direct)	-	Filipino	0.014%
Common	Lamberto B. Mercado, Jr.	200 (direct)	-	Filipino	0.000%
Common	Omar M. Guinomla	100,000 (direct)	-	Filipino	0.003%
Common	Abelardo G. Palad, Jr.	100 (direct)	-	Filipino	0.000%
Common	Miguel B. Varela	10,000 (direct)	-	Filipino	0.000%
Common	Byoung Hyun Suh	1,000 (direct)	-	Korean	0.000%
Common	Antonio A. Henson	100,100 (direct)	-	Filipino	0.003%
	Mariel L. Francisco	-	-	Filipino	-
<b>All directors and Officers as a group</b>		<b>1,047,524,900</b>			<b>32.014%</b>

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; included on the manual on corporate governance & company policy that are made available to public
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) or directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	No; included on the manual on corporate governance
Number of board of directors/commissioners meeting held during the year	No but disclosed on the certificate of attendance filed to SEC & PSE
Attendance details of each director/commissioner in respect of meetings held	No but disclosed on the certificate of attendance filed to SEC & PSE
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

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

- The details that are not part of the SEC Form 17-A are included in other disclosures or company documents that are made public

3) External Auditor's fee

Name of Auditor	Audit Fee	Non-audit Fee
Diaz Murillo Dalupan and Company, Certified Public Accountants	P1,449,204	-0-

4) Medium of Communication

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

- Disclosures made to PSE & SEC. Formal request of specific report are addressed to the office of Corporate Secretary. The Company's website is currently undergoing maintenance to provide more information and updates.

5) Date of release of audited financial report: The Board of Directors reviewed, approved and authorized issuance of the audited financial statement for the year ended December 31, 2014 on \_\_\_\_\_; filed to SEC and disclosed to PSE on \_\_\_\_\_.

6) Company Website

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

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

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

7) Disclosure of RPT

The Group, in the normal course of business, has transactions with related parties. The following are the specific relationship, amount of transaction, account balances and nature of the transaction for the year 2014.

RPT	Relationship	Nature	Value
Genwire Manufacturing Corp. (GMC)	Affiliate; Common key management	Receivable for financing of working capital requirements in prior years	P 318,506
Metro Alliance Holdings & Equities Corp.	Affiliate; Common key management	Receivable for the value of land foreclosed to settle the affiliate loan with Philippine Veterans Bank	P 105,000,000
The Wellex Group, Inc.	Affiliate; Common key management	Receivable for advances in prior years to finance affiliate's working capital requirements	P 72,588,335
Wellex Petroleum, Inc.	Affiliate; Common key management	Receivable for advances in prior years to finance affiliate's working capital requirements	P 2,267,217
International Polymer Corporation	Affiliate; Common key management	Payable for operating expenses paid on behalf of the Group	(P 32,018,085)
Diamond Stainless Corp.	Affiliate; Common key management	Payable for operating expenses, capital expenditures and payment of outstanding obligations paid on behalf of the Group	(P 132,846,223)
Plastic City Corp.	Affiliate; Common key management	Payable for operating expenses, capital expenditures and payment of outstanding obligations paid on behalf of the Group	(P 86,302,636)
Philippine Estates Corp.	Affiliate; Common key management	Payable for operating expenses, capital expenditures and payment of outstanding obligations paid on behalf of the Group	(P 27,707,598)
Kenstar Industrial Corp.	Affiliate; Common key management	Payable for operating expenses, capital expenditures and payment of outstanding obligations paid on behalf of the Group	(P 23,539,858)
Rexlon Realty Corp.	Affiliate; Common key management	Payable for operating expenses, capital expenditures and payment of outstanding obligations paid on behalf of the Group	(P 23,187,370)
Pacific Rehouse Corp.	Affiliate; Common key	Payable for operating expenses, capital	(P 15,540,753)

	management	expenditures and payment of outstanding obligations paid on behalf of the Group	
Ropeman	Affiliate; Common key management	Payable for operating expenses, capital expenditures and payment of outstanding obligations paid on behalf of the Group	(P 8,101,207)
Asia Pacific Corp.	Affiliate; Common key management	Payable for operating expenses, capital expenditures and payment of outstanding obligations paid on behalf of the Group	(P 4,046,257)
Concept Moulding Corp.	Affiliate; Common key management	Payable for operating expenses, capital expenditures and payment of outstanding obligations paid on behalf of the Group	(P 1,220,105)

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

The transactions related with related parties are undertaken on an arms-length basis, documented and implementation of check and balance procedures to protect stakeholders' interest. Periodic updates and review of transactions are made to determine collectability and commitments to obligations are addressed.

## 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	Majority of capital stock must be present or represented
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#### (b) System Used to Approved Corporate Acts

Explain the system used to approve corporate acts.

System Used	Giving of notice; Presentation of proposed corporate act and opportunity for discussion/Q&A; Voting
Description	Stockholders are apprised of corporate acts requiring stockholder approval in the Notice and Agenda of Meeting and Information Statement; During the meeting itself, proposed corporate acts on which stockholder approval is sought are presented and explained to the stockholders, and questions/comments are solicited, received and entertained

#### (c) Stockholders' Right

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

<b>Stockholders' Rights under The Corporation Code</b>	<b>Stockholders' Rights <u>not</u> in The Corporation Code</b>
No difference between the two codes	No difference between the two codes

#### Dividends

<b>Declaration Date</b>	<b>Record Date</b>	<b>Payment Date</b>
The Corporation have not declared and paid dividends for the last three years due to losses suffered.		

(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.

<b>Measures Adopted</b>	<b>Communication Procedure</b>
At Annual Stockholders' meeting, a time is allotted for any questions, comments or concerns that the stockholders wanted to raise. The Company adopted question and answer portion for the clarification of issues.	Agenda of the meeting are included on the notice. The stockholders may voice out his/her queries to the Chairman of the Board and the management directly or write down his queries on a sheet of paper. Questions are reiterated for the knowledge of all present and answered by management verbally. The Chairman will ask if the stockholder satisfied himself with the answer and may welcome follow up questions. The Corporate Secretary will take down notes and include this on the minutes.

- 8) State the company policy of asking shareholders to actively participate in corporate decisions regarding:

- (a) Amendments of 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

All the above crucial decisions are discussed and must be approved by the shareholders by vote. Before the annual meeting, notice being sent to stockholders in advance includes agenda so they can prepare to discuss these issues. If the management is proposing such changes, the shareholders have a right to vote with, or against it. The Company encourages shareholders' participation and continuously invites shareholders to regularly attend Annual Shareholders' Meeting or any Special Stockholders' Meeting duly called for, to review, consider and approve corporate acts stated above.

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

- a. Date of sending out notices: **August 22, 2014**
- b. Date of the Annual/Special Stockholders' Meeting: **September 9, 2014**

<b>Resolution</b>	<b>Approving</b>	<b>Dissenting</b>	<b>Abstaining</b>
Approval of minutes of the November 12, 2013 Stockholders' Meeting	2,114,443,262 votes or 64.56%	No dissenting votes	No abstentions
Approval of Management Report and 2012 Audited Financial Statements	2,114,443,262 votes or 64.56%	No dissenting votes	No abstentions
Confirmation and ratification of all acts and accomplishments of management and Board of Directors	2,114,443,262 votes or 64.56%	No dissenting votes	No abstentions
Election of 8 regular directors and 3 independent directors	2,114,443,262 votes or 64.56%	No dissenting votes	No abstentions
Re-appointment of Diaz Murillo Dalupan and Company, CPAs as External Auditors	2,114,443,262 votes or 64.56%	No dissenting votes	No abstentions
Re-appointment of Corporate Counsels, Philippines as Legal Counsels	2,114,443,262 votes or 64.56%	No dissenting votes	No abstentions

10) Date of publishing of the result of the votes taken during the most recent AGM for all resolutions

Result of the votes is not published but available for public view at the office of the corporate secretary; will start publishing on the next stockholders' meeting.

(e) Modifications

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

Modifications	Reason for Modification
No modifications made	No modifications made

(f) Stockholders' Attendance

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

Type of Meeting	Name 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	Rogelio D. Garcia Kenneth T. Gatchalian Elvira A. Ting Byoung Hyun Suh Abelardo G. Palad, Jr. Omar M. Guinomla Richard L. Ricardo Miguel B. Varela Lamberto B. Mercado, Jr. Antonio A. Henson Atty. Mariel L. Francisco	September 9, 2014	Motion and Seconding; Solicitation of Objections	6.49%	58.07%	64.56%
Special	No special meeting held	N/A	N/A	N/A	N/A	N/A

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

On the voting procedure adopted by the company on previous election (Motion & Seconding & Solicitation of Objections), counting and validation of votes is unnecessary. Should there be a voting by ballot, the external auditors, who are expected to attend the ASMs and SSMs (as necessary), shall be authorized to validate the votes.

(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.

The corporation has only one class of registered security, Class A – Common Share. Yes, common shares carry one vote for one 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	Conformably with By-Laws, stockholders who cannot attend ASM/SSMs but wish to send a representative are required to execute written proxies which must be in the hand of the corporate secretary before the time set for the meeting.
Notary	Proxies are not required to be notarized
Submission of Proxy	All proxies must be in the hands of the secretary before

	the time set for the meeting.
Several Proxies	No company policy
Validity of Proxy	Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the secretary. A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person.
Proxies executed abroad	No company policy
Invalidated Proxy	No company policy
Validation of Proxy	The decision of the secretary on the validity of proxies shall be final and binding until set aside by a court of competent jurisdiction.
Violation of Proxy	No company policy

(h) Sending of Notices

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

Policies	Procedure
Notices for regular or special meetings of stockholders shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called. In case of special meetings, only matters stated in the notice can be the subject or motions or deliberations at such meeting, but may be waived, expressly or impliedly by any stockholder, in person, or by proxy, before or after the meeting.	Notices for regular or special meetings of stockholders may be sent by the Secretary by personal delivery or by mailing the notice at least two (2) weeks prior to the date of the meeting of each stockholder of record at his last known post office address or by publishing the notice in a newspaper of national circulation.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	1,015
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	August 22, 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	August 22, 2014
State whether CD format or hard copies were distributed	All copies distributed are in CD format
If yes, indicate whether requesting stockholders were provided hard copies	Request for hard copies are addressed to the office of the corporate secretary. Hard copies are also available during the meeting

(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.	Not disclosed since no dividend is to be declared
The amount payable for final dividends	N/A
Documents required for proxy vote.	N/A

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
Recognize right of minority stockholders to influence Board composition by cumulative voting.	Notice of Meeting/Information Statement expressly sets out procedure for cumulative voting.
Allow nominations to the Board of Directors to come from minority stockholders	All nominations for members of the Board of Directors are accepted for screening and selection
Equal treatment of shareholders holding the same class of shares	One vote for one share is implemented

(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 communication 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.

Manual on corporate governance shall be available for inspection by any stockholders of the Corporation at reasonable hours on business days. All directors, executives, division and department heads are tasked to ensure the thorough dissemination of this manual to all employees and related third parties, and likewise enjoin compliance in the process. Communication process is reviewed annually and at such frequency as needed.

Reports and disclosures of major company announcements are reviewed by the executive management. Such disclosures shall be prepared and submitted to the regulatory bodies (SEC & PSE) through the Compliance Officer with the assistance of the Corporate Secretary.

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) Objective	Aims to develop and maintain quality communication between the company and its various stakeholders
(2) Principles	Enable investors to make appropriate investment decisions
(3) Modes of Communications	Disclose information to PSE/SEC; communication lines are open to company stakeholders
(4) Investor Relations Officer	Elvira A. Ting; tel#706-7888

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

All major decisions or significant corporate acts to be taken have to be approved by the majority of the Board of Directors and the stockholders on special meeting, as necessary. Not every merger or acquisition had an independent third party providing a fairness opinion. In the event of the occurrence of such transactions, the management will compose a committee to evaluate all aspects in terms of financial (competent accountant for the transaction price), legal (lawyer & paralegal for documentation), etc. to ensure that the transactions to be entered are at the company's best interest.

## L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
<p>If the company's financial condition became stable, it wishes to donate financially to its chosen charities. As of now, the company will strive to become profitable again for the benefit of its management, employees, and stockholders and be of help to community.</p> <p>Hence, the company's staff and officers gave a helping hand in cooperation with the City Government of Valenzuela in the repacking of relief goods for the victims of typhoon Yolanda last 2012.</p> <p>In coordination with other affiliated public companies, a lineup of social activities is in place and to be carried in 2015. Chosen beneficiaries are the resident of Bahay-Kalinga and Bahay Pag-asa in Valenzuela City.</p>	

## 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
Board of Directors	Periodic self-appraisal	Board discussion and participation
Board Committees	Periodic self-appraisal	Meetings target by the committees
Individual Directors	Periodic self-appraisal	Attendance on board meetings; board discussion and participation
CEO/President	Periodic review of management & the CEO & President	Attainment of company objectives

## N. INTERNAL BREACHES AND SANCTIONS

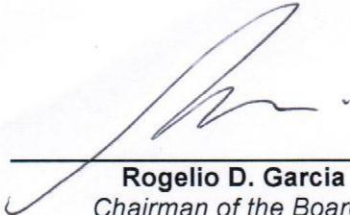
Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees.

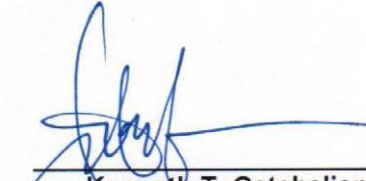
Violations	Sanctions
First offense	Reprimand
Second offense	Suspension
Third offense	Removal from office; termination

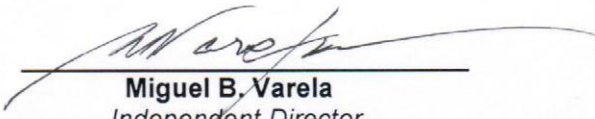


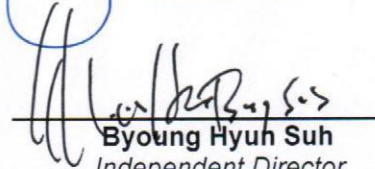
**SIGNATURES**

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 Pasig on MAR 31 2015.

  
**Rogelio D. Garcia**  
 Chairman of the Board

  
**Kenneth T. Gatchalian**  
 President/CEO

  
**Miguel B. Varela**  
 Independent Director


  
**Byoung Hyun Suh**  
 Independent Director

  
**Lamberto B. Mercado, Jr.**  
 Compliance Officer

MAR 31 2015

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2015, affiants exhibiting to me their Tax Identification Numbers, as follows:

Name	TIN	Issuer
1. Rogelio D. Garcia	108-672-299-000	Bureau of Internal Revenue
2. Kenneth T. Gatchalian	167-406-526-000	Bureau of Internal Revenue
3. Miguel B. Varela	108-673-290-000	Bureau of Internal Revenue
4. Byoung Hyun Suh	122-963-522-000	Bureau of Internal Revenue
5. Lamberto B. Mercado, Jr.	136-012-428-000	Bureau of Internal Revenue

  
**NOTARY PUBLIC FOR** \_\_\_\_\_ City/Province  
 Notarial Commission No. \_\_\_\_\_  
 Commission expires on December 31  
 Roll of Attorney Number \_\_\_\_\_  
 PTR No. \_\_\_\_\_  
 IBP No. \_\_\_\_\_  
 Office Address: \_\_\_\_\_  
 # 350 ANTONIO VILLEGAS ST  
 ERMITA MANILA TEL 525-05-88  
 EMAIL ADD: [arw.richardanolin@yahoo.com](mailto:arw.richardanolin@yahoo.com)  
 TIN # 116-095-269-000

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