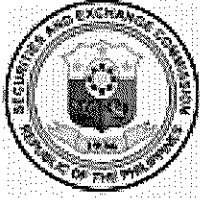




101112016000546

**SECURITIES AND EXCHANGE COMMISSION**

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**Industry Classification**

**Company Type** Stock Corporation

**Document Information**

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# COVER SHEET

for  
Consolidated Changes in the Annual Corporate Governance Report (ACGR)  
For the Year 2015

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S.E.C. Registration Number

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(Company's Full Name)

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

LUIS R. YMSON JR./ ANGEL M. ESGUERRA, III
---

Contact Person

(02) 982-3000
---------------

Company Telephone Number

1	2	3	1
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Month Day  
Fiscal Year

17-C
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FORM TYPE

ANY DAY IN MAY
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Month Day  
Annual Meeting

RS
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Secondary License Type, If Applicable

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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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**Alsons Consolidated Resources, Inc.**

(Listed in the Philippine Stock Exchange Trading Symbol "ACR")

2nd Floor, Alsons Building  
2286 Chino Roces Ext., (formerly P. Tamo Ext.), Makati City  
1231 Metro Manila Philippines  
Tel. Nos.: (632) 982-3000 Fax Nos.: (632) 982-3077  
Website: www.acr.com.ph

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08 January 2016

**Philippine Stock Exchange**

Attn.: Ms. Janet A. Encarnacion  
Head – Disclosure Department  
Ayala Triangle, Ayala Avenue  
Makati City, Metro Manila

**Securities & Exchange Commission**

Attn.: Director Justina F. Callangan  
Corporate Governance and Finance Department  
S.E.C. Building, EDSA  
Greenhills, Mandaluyong City

Subject : **Annual Corporate Governance Report (ACGR)**  
**Consolidated Changes for the Calendar Year 2015**

Gentlemen:

We hereby respectfully submit the Consolidated Changes in the Annual Corporate Governance Report ("ACGR") of Alsons Consolidated Resources, Inc. for 2015.

Very truly yours,

  
**ATTY. ANGEL M. ESGUERRA, III**  
Assistant Corporate Secretary

  
**LUIS R. YMSON, JR.**  
Compliance Officer and Chief Financial Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year Consolidated Changes in the ACGR for 2015
2. Exact Name of Registrant as Specified in its Charter ALSONS CONSOLIDATED RESOURCES, INC.
3. Alsons Building, 2286 Chino Roces Avenue, Makati City, Philippines 1231  
Address of Principal Office Postal Code
4. SEC Identification Number 59366 5. (SEC Use Only)  
Industry Classification Code
6. BIR Tax Identification Number 001-748-412
7. (632) 982-3000  
Issuer's Telephone, Including area code
8. N/A  
Former name of former address, if changed from the last report

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## A. BOARD MATTERS

### 1. Board of Directors

Number of Directors per Articles of Incorporation	11
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Actual number of Directors for the year	11
---	----

#### (a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) <sup>1</sup>	Elected when (Annual/ Special Meeting)	No. of years served as director
1. Tomas I. Alcantara	ED	N.A.	Nomination Committee	AUG 2001	22 MAY 2015	ASM	14
2. Editha I. Alcantara	ED	N.A.	Nomination Committee	MAR 1995	22 MAY 2015	ASM	20
3. Tirso G. Santillan, Jr.	ED	N.A.	Nomination Committee	JUNE 1996	22 MAY 2015	ASM	19
4. Alejandro I. Alcantara	NED	N.A.	Nomination Committee	JULY 2003	22 MAY 2015	ASM	12
5. Ramon T. Diokno	NED	N.A.	Nomination Committee	MAR 2009	22 MAY 2015	ASM	6
6. Carlos G. Dominguez	NED	N.A.	Nomination Committee	MAR 1995	22 MAY 2015	ASM	20
7. Conrado C. Alcantara	NED	N.A.	Nomination Committee	NOV 2010	22 MAY 2015	ASM	5
8. Honorio A. Poblador III	NED	N.A.	Nomination Committee	MAR 1995	22 MAY 2015	ASM	20
9. Jose Ben R. Laraya	ID	N.A.	Nomination Committee	MAR 1995	22 MAY 2015	ASM	20
10. Jacinto C. Gavino, Jr.	ID	N.A.	Nomination Committee	MAY 2005	22 MAY 2015	ASM	10
11. Thomas G. Aquino	ID	N.A.	Nomination Committee	MAY 2011	22 MAY 2015	ASM	4

**(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, disclose duties, and board responsibilities.**

The latest revised Corporate Governance Manual was approved by the Board of Directors last 31 July 2014. The manual was also submitted to the PSE/SEC and posted in the Company's website. The revised Manual incorporates provisions from SEC Memorandum Circular No. 9, Series of 2014 amending SEC's Revised Manual on Corporate Governance to include references to stakeholders.

<sup>1</sup> Reckoned from the election as of the Annual Stockholders' Meeting (ASM) held on 22 May 2015.

)

The Board of Directors, management, employees and shareholders believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to institutionalize the principles of good corporate governance in the entire organization.

The Board of Directors respects the rights of the stockholders, particularly, the right to vote on all matters that require their consent or approval, right to inspect corporate books and records, the right to information, the right to dividends and appraisal right. All stockholders are encouraged to personally attend the meetings. Although all stockholders are treated equally and without discrimination, minority stockholders may request in writing the holding of meetings and the particular items that they want to be taken up in the agenda relating to a legitimate purpose and business of the Company subject to the requirements of the By-Laws.

To ensure a high standard of best practice for the Company, the Board should conduct itself with honesty and integrity in the performance of its duties characterized by transparency, accountability and fairness. Included in its duties and functions are:

- 1.) Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly-motivated management officers. Adopt an effective succession planning program for management.
- 2.) Establish and maintain an investor relations program that will keep the shareholders and other stakeholders informed of important developments in the Company.
- 3.) Identify the sectors in the community in which the Company operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.
- 4.) Adopt a system of check and balance within the board of directors. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision making and reporting processes at all times.

As a commitment to the standards of full **Disclosure and Transparency** as contained in the Revised Manual of Corporate Governance of the Company, the Board shall therefore commit at all times to full disclose of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submission to the Commission for the interest of its stockholders and other stakeholders.

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

The board formulates the Company's vision, mission, strategic objectives, policies and procedures and reviews, updates and approves as changes occur.

**(d) Directorship in Other Companies**

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

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Tomas I. Alcantara	Southern Philippines Power Corporation Western Mindanao Power Corporation Alto Power Holdings, Inc. Alsing Power Holdings, Inc. Conal Holdings Corporations Sarangani Energy Corporation San Ramon Power, Inc. Alsos Energy Development Corporation Kamanga Agro-Industrial Ecozone Development Corp. Aces Technical Services Corporation Alsos Land Corporation	ED-Chairman ED-Chairman ED-Chairman ED-Chairman ED-Chairman ED-Chairman ED-Chairman ED-Chairman ED-Chairman ED-Chairman ED-Chairman

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



	ACR Mining Corporation Market Developers, Inc. (MADE) Eagle Ridge Golf & Country Club, Inc. Alsons Renewable Energy Corporation	ED-Chairman ED-Chairman ED-Chairman ED-Chairman
Editha I. Alcantara	Southern Philippines Power Corporation Western Mindanao Power Corporation Alto Power Holdings, Inc. Alsing Power Holdings, Inc. Conal Holdings Corporations Sarangani Energy Corporation San Ramon Power, Inc. Alsons Energy Development Corporation Kamanga Agro-Industrial Ecozone Development Corp. Aces Technical Services Corporation Alsons Land Corporation ACR Mining Corporation Market Developers, Inc. (MADE) Eagle Ridge Golf & Country Club, Inc.	ED ED ED ED ED ED ED ED ED ED ED ED ED ED
Tirso G. Santillan, Jr.	Sarangani Energy Corporation San Ramon Power, Inc. Mapalad Power Corporation Alsons Energy Development Corporation Kamanga Agro-Industrial Ecozone Development Corp. Siguil Hydro Power Corporation Kalaong Hydro Power Corporation Aces Technical Services Corporation A/S Power Development Inc. ACR Mining Corporation Market Developers, Inc. (MADE) Alsons Renewable Energy Corporation	ED ED ED-Chairman ED ED ED-Chairman ED-Chairman ED ED ED ED ED
Alejandro I. Alcantara	Alsons Land Corporation Market Developers, Inc. (MADE)	NED NED
Conrado C. Alcantara	Alsons Land Corporation Market Developers, Inc. (MADE)	NED NED

(ii) **Directorship in Other Listed Companies**

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Tomas I. Alcantara	Holcim Philippines, Inc. Philweb Corporation Philippine Bank of Communications	NED ID ID
Carlos G. Dominguez	Phil. Tobacco Flue-Curing and Redrying Corp. United Paragon Mining Corporation	ED NED
Thomas G. Aquino	NOW Corporation A Brown Company	ED NED

(iii) **Relationship within the Company and its Group**

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
Tomas I. Alcantara	Alsons Corporation (ALCORP), Alsons Power Holdings Corporation (APHC), and Alsons Development and Investment Corporation (ALDEVINCO)	Chairman, Director and President of Significant Shareholders.
Editha I. Alcantra	ALCORP, APHC and ALDEVINCO	Director and Treasurer of Significant Shareholders.
Alejandro I. Alcantara	ALCORP, APHC and ALDEVINCO	Director of Significant Shareholders

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

*The Company has not imposed any limit on the number of board seats of its directors in other companies but it may consider the adoption of such guidelines taking into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.*

#### (e) Shareholding in the Company

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
1. Tomas I. Alcantara	1	-	0.00%
2. Editha I. Alcantara	100,000	-	0.00%
3. Tirso G. Santillan, Jr.	1	-	0.00%
4. Alejandro I. Alcantara	1	-	0.00%
5. Ramon T. Diokno	1	-	0.00%
6. Carlos G. Dominguez	100	-	0.00%
7. Conrado C. Alcantara	1	-	0.00%
8. Honorio A. Poblador III	100	-	0.00%
9. Jose Ben R. Laraya	100	-	0.00%
10. Jacinto C. Gavino, Jr.	1	-	0.00%
11. Thomas G. Aquino	100	-	0.00%
Total 11			

## 2) Chairman & 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 Chairman and CEO:

Chairman of the Board	Mr. Tomas I. Alcantara
CEO/President	Mr. Tomas I. Alcantara

*The CEO of the Company who also assumes the role of the Chairman of the Board holds only one vote. Generally, the Board is the governing body of the Company, and all corporate acts are approved by the Board of Directors. The Board has constituted Nomination, Compensation, Executive and Audit Committees to ensure that there are adequate checks and balances in the Corporate Governance structure of the Company and an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board.*

## (b) Roles, Accountabilities and Deliverables

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

Definition	Chairman	Chief Executive Officer
<b>Role</b>	<p>The Chairman of the Board shall preside over all meetings, whether regular or special of the Board of Directors and shall likewise preside over all meetings of stockholders. He shall have such other powers and duties as may be assigned to him by the Board of Directors.</p> <p>Further, the Chairman of the Board also:</p> <p>(a) Ensures that the meetings of the board are held in accordance with the By-Laws; (b) Supervises the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of management, the directors and other stockholders; (c) Maintains qualitative and timely lines of communication and information between the Board and management.</p>	<p>The President shall be the Chief Executive Officer of the Company and shall have general management and supervision of the business affairs and property of the Company. He shall have the power to enter into contracts and arrangements for and in behalf of the Company and to employ, appoint and remove officers and employees of the Company. He shall see to it that all orders and resolutions of the Board of Directors are carried into effect. The President shall submit to the stockholders at each annual meeting, a complete report of the operations of the Company for the preceeding year, and the state of its affairs, and he shall from time to time report to the Board of Directors all matters within his knowledge which the interests of the Company may require to be brought to its notice. He shall do and perform such other duties as from time to time may be assigned to him by the Board of Directors..</p>
<b>Accountabilities</b>		
<b>Deliverables</b>		

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

*The Board of Directors through its Nomination Committee, review and evaluate the qualifications of all persons nominated to the Board and other appointments, which includes CEO/President and the top key management positions that require Board approval and to assess the effectiveness of the Board's processes and procedures in the election or replacement of such.*

*(Revised Manual of Corporate Governance, page 12, item ii-a, Nomination Committee)*

*Part of the duties of the Board is to appoint competent, professional, honest and highly motivated management officers and to do this, management has adopted an effective Succession Planning Program.*

*The program includes the promotion and hiring decisions when filling key positions that become vacant and the specific development activities for each candidate, identified as "ready or nearly ready now" to assume the position in case of vacancy. While not completely closing the doors to external candidates, priority is given to internal applicants. Each incumbent in an identified succession position is responsible for nominating candidates to be included in the succession pool and in identifying the specific development plan to prepare the successor.*

*Specific to the CEO/President, the major qualities identified are integrity, maturity, energy, business acumen, leadership acumen, organizational skills, intellectual capacity, gloval mindset, superior judgment, insatiable appetite for accomplishment and results and powerful motivation to grow and convert learning into practice.*

### 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.**

*It is the policy of the Company that the membership of the Board shall be a combination of executive and non-executive directors, including independent directors, in order that no director or small group of directors can dominate the decision-making process.*

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

*It is the policy of the Company that chosen non-executive directors possess the qualifications and stature that will enable them to effectively participate in the deliberations of the Board.*

**Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:** (Revised Manual on Corporate Governance, pages 3-4 and pages 8-9)

	<b>Executive/Non-Executive/Independent Director</b>
<b>Role</b>	<i>The Board of Directors is the governing body elected by the stockholders to exercise the corporate powers of the Company, conduct its business and control its properties</i>
<b>Accountabilities</b>	<p><i>A Director should observe the following norms of conduct:</i></p> <ul style="list-style-type: none"> <li><i>a) Conduct fair business transaction with the Company and ensure that personal interest does not conflict with the interests of the Company.</i></li> <li><i>b) Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.</i></li> <li><i>d) Act judiciously and carefully evaluate the issues, make inquiries and request clarification.</i></li> <li><i>d) Exercise independent judgment</i></li> <li><i>e) Have a working knowledge of the statutory and regulatory requirements that affect the Company, including its Articles of Incorporations and By-Laws, the rules and regulations of the Commission, and, where applicable, the requirements of relevant regulatory agencies as well as developments in the industry.</i></li> <li><i>f) Observe confidentiality</i></li> </ul>
<b>Deliverables</b>	<i>Direct the Company towards sustained progress</i>

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

*The Company defines independence as a state or quality possessed by the respective individuals, which refers to the avoidance of being unduly influenced by a vested interest and to being free from any constraints that would prevent a correct course of action being taken.*

*The Board of Directors of the Company has three (3) independent directors. It is a given requirement that all directors exercise independent judgment. A director should view each problem or situation objectively.*

*The Audit Committee is constituted to perform oversight function over the Company's internal and external auditors to ensure that they are given unrestricted access to all records and other requirements; and free from interference by outside parties to enable them to perform their respective audit function.*

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

*The Company will formalize its policy that will be consistent with the related SEC Memorandum Circular 9, Series of 2011 on the Term Limits for Independent Directors, which took effect on January 2, 2012. Accordingly, the terms of any independent director as of January 2, 2012 would expire on or about December 31, 2016.*

## **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 Director that happened during the period:**

<b>Name</b>	<b>Position</b>	<b>Date of Cessation</b>	<b>Reason</b>
<i>There were no changes in the composition of the Board of Director that happened during the period.</i>			

**(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>	<p>The Directors are selected and elected to serve the Company according to the procedures set forth in the By-Laws, with particular care in regard to a director's ability to perform duties and responsibilities as specified in the Revised Manual on Corporate Governance.</p> <p>In case of vacancies and other authorized instances, the Board may select or appoint its own members recommended by the Nomination Committee. It may appoint members of senior management as a Director. The invitation to join the Board is extended by the Board itself.</p>	<p>The Board follows a screening process and evaluates it Director based on background, skills and characteristics, ability to act in good faith in the interest of the Company and its stakeholders, capacity to provide business continuity, possession of a keen understanding of the business and any other qualification as specified in the Revised Manual on Corporate Governance.</p>
<b>b. Re-appointment</b>	<p>The process followed in re-appointment follows the same procedures as if a new appointment is made.</p>	<p>The same criteria observed as if a new appointment is made.</p>
<b>c. Permanent Disqualification and/or Removal</b>		<p>The criteria for the permanent disqualification of a Director are appropriately described in Section E of the Revised Manual on Corporate Governance, which involves final or permanent judgment or order by a competent judicial or administrative body, order of the Commission or any court or administrative body of competent jurisdiction and/or conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.</p> <p>Any person earlier elected as Independent Director who becomes an officer, employee or consultant of the Company.</p> <p>Any person judicially declared as insolvent.</p>
<b>d. Temporary Disqualification and/or Reinstatement and/or Suspension</b>	<p>A temporary disqualified director shall, within sixty (60) business days from such disqualification, take appropriate action to remedy or correct the qualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p> <p>The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.</p> <p>The disqualification shall be lifted if the limit is later complied with.</p>	<p>A Director will be temporarily disqualified under the following:</p> <p>Refusal to comply with the disclosure requirements of the Commission and its implement Rules and Regulations.</p> <p>Absence in more than 50% of all regular and special meetings of the board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident.</p> <p>Dismissal or termination for cause as a director of any company covered by the Manual</p> <p>If the beneficial equity ownership of an Independent Director in the Company or its subsidiaries and affiliates exceeds two (2) percent of its subscribed capital stock.</p> <p>If any of the judgements or orders cited in the grounds for permanent disqualification has not yet become final.</p>

## Voting Result of the last Annual General Meeting (held last 22 May 2015)

The number of nominees for directors is 11 and this equals the number of board seats available so that each of the 11 nominee for directors received equal number of votes of 5,039,239,701 each (Tomas I. Alcantara, Editha I. Alcantara, Carlos G. Dominguez, Honorio A. Poblador III, Tirso G. Santillan, Jr., Ramon T. Diokno, Conrado C. Alcantara, Alejandro I. Alcantara, Jose Ben R. Laraya, Thomas I. Aquino and Jacinto C. Gavino, Jr.)

### 6) Orientation and Education Program

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

The Company does not have a formal orientation program, however new directors are provided with reference reading materials to assist them in understanding better the business and operations of the Company. Among the reading materials provided are: Audited Financial Statements; SEC Form 20-IS-Information Statement/Annual Report; Revised Manual on Corporate Governance; Articles of Incorporation and By-Laws and other relevant write-ups, references and reports.

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Tomas I. Alcantara (Chairman President)	07 November 2014 <u>06 November 2015</u>	Corporate Governance Seminar	Risks, Opportunities, Assessment & Management (ROAM), Inc.
Editha I Alcantara (Director-Treasurer)	07 November 2014 <u>06 November 2015</u>	Corporate Governance Seminar	Risks, Opportunities, Assessment & Management (ROAM), Inc.
Carlos G. Dominguez (Director)	09 June 2014 <u>1 September 2015</u>	Corporate Governance Seminar	Center for Training and Development, Inc.
Tirso G. Santillan, Jr. (Director-EVP)	07 November 2014 <u>06 November 2015</u>	Corporate Governance Seminar	Risks, Opportunities, Assessment & Management (ROAM), Inc.
Honorio A. Poblador III (Director)	18 February 2014 <u>06 November 2015</u>	Corporate Governance Seminar	Risks, Opportunities, Assessment & Management (ROAM), Inc.
Ramon T. Diokno (Director)	07 November 2014 <u>06 November 2015</u>	Corporate Governance Seminar	Risks, Opportunities, Assessment & Management (ROAM), Inc.
Jose Ben R. Laraya (Independent Director)	07 November 2014 <u>06 November 2015</u>	Corporate Governance Seminar	Risks, Opportunities, Assessment & Management (ROAM), Inc.
Thomas G. Aquino (Independent Director)	07 November 2014 <u>06 November 2015</u>	Corporate Governance Seminar	Risks, Opportunities, Assessment & Management (ROAM), Inc.
Luis R. Ymson, Jr. (Chief Financial Officer & Compliance Officer)	07 November 2014 <u>06 November 2015</u>	Corporate Governance Seminar	Risks, Opportunities, Assessment & Management (ROAM), Inc.
Roberto V. San Jose (Corporate Secretary)	07 November 2014 <u>21 April 2015</u>	Corporate Governance Seminar	Risks, Opportunities, Assessment & Management (ROAM), Inc.
Angel M. Esguerra, III (Asst. Corporate Secretary)	07 November 2014 <u>06 November 2015</u>	Corporate Governance Seminar	Risks, Opportunities, Assessment & Management (ROAM), Inc.
Esperidion D. Develos, Jr. (Chief Audit Executive)	07 November 2014 <u>06 November 2015</u>	Corporate Governance Seminar	Risks, Opportunities, Assessment & Management (ROAM), Inc.
Sylvia M. Duque (Member, Nomination Committee)	07 November 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment & Management (ROAM), Inc.

**(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
Tomas I. Alcantara	30&31 May 2013	Basic Course on Corporate Governance for Banks	Bankers' Institute of the Philippines, 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:**

*The Company's Code of Conduct and Policies which was approved by the Board and posted on the Company's website, touches on the topics identified below:*

Business Conduct & Ethics	Directors	Senior Management	Employees
<b>(a) Conflict of Interest</b>	<p>This policy requires directors, officers, employees and consultants who find themselves in a potential or actual conflict of interest situation to promptly disclose the matter and, as applicable, seek an appropriate decision from the authorized person. Unless otherwise authorized by the Company, the person concerned should inhibit him/herself from any action, transaction, discussion, evaluation, or decision involving such conflict of interest. The policy also prohibits the Company from granting personal loan to directors or officers unless allowed by applicable laws and regulations.</p> <p>A Conflict of Interest is a set of circumstances that creates a risk that professional judgment or actions regarding a primary interest will be unduly influenced by a secondary interest. Primary interest refers to the principal goals of the Company, such as the protection of its interests, the advancement of its financial and business performance and, the quality of service it provides to its clients. Secondary interest includes not only financial gain of an employee or group of employees, but also such motives as the desire for professional advancement and the wish to do favors for family and friends as such terms are defined in the Related Party Transactions Policy.</p> <p><b>GUIDELINES</b></p> <p>1) Employees are expected, at all times, to act in the best interests of the Company and to exercise sound judgment, unclouded by personal interest or divided loyalties, therefore while employed by the Company or any of its affiliates:</p> <p>(a) An employee is expected to devote his/her time, attention and skill to the affairs of the Company and its affiliates during the usual business hours and will use his/her best endeavors to further its interests in every way.</p> <p>(b) An employee is expected to at all times to diligently, faithfully and to the best of his/her ability, perform the duties and responsibilities for which he/she has been employed as well as abide any additional instructions as may reasonably be requested of him/her.</p> <p>(c) An employee is required to use all proper means within his/her area of control and responsibility to maintain and improve the business, and to protect and further the reputation and interest of the Company and its affiliates.</p> <p>(d) An employee is not permitted to work for, or have any interest in any other company or business, or undertake any activity which might interfere with his/her duties, or negatively affect his/her performance, or create a conflict with the company's interest.</p> <p>2) Whenever a director, officer, employee or consultant of the company find themselves in a possible or actual conflict of interest situation, they shall be required to disclose such fact to their supervisor or direct superior in order for the latter to determine the extent to which the possible or actual conflict of interest may adversely affect the Company's interests. This disclosure shall also include a request for approval from the company to engage in the subject action or activity.</p> <p>This supervisor or direct superior, on his/her own, or with the help of other qualified officers of the Company, shall assess the circumstances as well as all factors involving such possible or actual conflict and fairly decide on whether to allow the same or not.</p>		

<b>(b) Conduct of Business and Fair Dealings</b>	<p>Directors and Officers should not use his position to profit or gain some benefit or advantage for himself and/or his related interests.</p> <p>In espousing professionalism among all employees, the Company strictly prohibits behavior that violates common decency as referred to in the Code of Conduct (ACR Employees Handbook, Section 1, 2-e page 4)</p>
<b>(c) Receipts of gifts from third parties</b>	<p>Directors, Senior Management and Employees must avoid situations where personal interests of the Company. Examples include involvement in competing businesses, accepting or giving preferential treatment, favors or gifts to customers and/or suppliers. (ACR Employee Handbook Section 1, 2-d , page 4)</p>
<b>(d) Compliance with Laws &amp; Regulations</b>	<p>A director should have a working knowledge of the statutory and regulatory requirements that affect the Company. Officers and employees shall adhere to the norms and restrictions imposed by applicable laws, rules and regulations.</p>
<b>(e) Respect for Trade Secrets/Use of Non-public Information</b>	<p>A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.</p>
<b>(f) Use of Company Funds, Assets and Information</b>	<p>Directors, Officers and Employees shall use company property and resources including company time, supplies and softwares, efficiently, responsibly and only for legitimate business purposes only.</p>
<b>(g) Employment &amp; Labor Laws &amp; Policies</b>	<p>The Company has an Employees' Handbook of Policies which provides for employee rights and obligations to ensure uniformity and consistency in the interpretation and implementation of Human Resources Policies, which are consistent with and in accordance with relevant provisions of the Labor Code.</p>
<b>(h) Disciplinary action</b>	<p>Employees disciplinary measures are imposed in progressively increasing weight whenever violations are committed against the prescribed policies, rules and regulations. A running period of one calendar year will be the basis for computing and imposing applicable penalties/recurring violations. The Management has the prerogative to impose appropriate disciplinary action depending on mitigating or aggravating circumstances. (ACR Employees Handbook, Section III, page 12)</p>
<b>(i) Whistle Blower</b>	<p>This specific policy pertains to "whistle-blowing" which refers to the disclosure by covered employees who have personal knowledge of fraud, misappropriations, discrimination, sexual harassment and other wrongful conduct by employees at the Company.</p> <p><b>GUIDELINES</b></p> <p>1) Mechanism. The Company shall designate a dedicated e-mail address for employees to freely communicate any wrongful conduct committed by employees while working at the Company. The reporting employee may report the wrongful conduct anonymously. This reporting mechanism is in addition to the existing system of reporting to a supervisor, a manager at the higher level, or in the Office of the Chairman, or others as specified in the individual policies.</p> <p>2) Confidentiality. Allegations of wrongful conduct will be taken seriously, and the Human Resources Department will direct the conduct of the investigation of such allegations. Reports will be kept confidential to the greatest extent possible, consistent with the need to conduct an investigation. The identity of the individual making the allegation will be kept confidential so long as it does not hinder or frustrate any investigation. However, the investigation process may reveal the resource of the information and the individual making the disclosure may need to provide a statement as part of the evidence required.</p> <p>3) Wrongful Conduct to be Reported. Reporting must be made in good faith. This policy is not intended to be a mechanism to communicate grievances against other employees of the Company or, unless such grievance is a wrongful conduct under existing policy.</p> <p>Violations of existing policies and any other unlawful or questionable actions may be reported through the dedicated whistle-blowing e-mail address on the matters such as, but not limited to:</p> <ul style="list-style-type: none"> <li>(i) Loss and fraudulent act or suspected fraudulent act,</li> <li>(ii) Criminal activity,</li> <li>(iii) Discrimination and Sexual Harassment</li> </ul>



	<p>(iv) Violation of the code of conduct and accountability</p> <p>(v) Acceptance of gifts or other inducements</p> <p>(vi) Conflict of Interest</p> <p>(vii) treatment of a costumer/client</p> <p>(viii) Dangerous act affecting health and safety</p> <p>(ix) Act causing damage to the environment</p> <p>(x) Breach of standing financial instructions</p> <p>(xi) Showing undue favor to a vendor or client or to a job applicant, or</p> <p>(xii) Information on any of the above that has been, is being, or is likely to be concealed.</p> <p>This list is not exclusive and is merely a guide.</p> <p>It should be emphasized that this policy is intended to assist employees who reasonably believe that they have personally witnessed any of the foregoing violations. It is not designated to question financial or business decision taken by management, and it should not be used to reconsider the decision on any matter that had already been rendered under the formal disciplinary and grievance procedures. Once the whistle-blowing procedures are in place, it is reasonable to expect employees to use them rather than air their complaints outside the Company.</p> <p>4) No Harassment of a Whistle-blower. No employee, who in good faith, reports a violation, will suffer harassment or retaliation or bullying. The Company will not tolerate any harassment or victimization in whatever form or manner of a whistle-blower and will treat this as a serious disciplinary offense, which will be dealt with under the Company's existing disciplinary rules and regulations.</p> <p>5) Untrue Allegations. If an employee makes an allegation in good faith, which allegation was proven to be false by subsequent investigation, no action will be taken against such employee. In making a disclosure, the employee should exercise due care to ensure veracity of the information. If, however, an employee makes malicious allegations or retaliations, disciplinary action may betaken against that individual.</p> <p>6) Sanction. The Human Resources Department will be primarily responsible for imposing the sanction to employees who have been proven guilty for not following this policy. The appropriate sanction shall be based on the Company's Code of Conduct.</p> <p>7) Amendment and/or Termination. At any time, and at its sole discretion, the Company may amend, modify or suspend or completely withdraw this policy, in a whole or in part.</p> <p>8) Approvals. All approvals for any amendment to this policy are vested with the President upon the recommendation by the Human Resources, Internal Audit and Legal Departments.</p>
<b>(j) Conflict Resolution</b>	Conflicts affecting directors, senior management and employees are amicably settled by internal discussions and meetings.

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

*A draft code of ethics and conduct has been drafted and revised, and is awaiting for distribution to all directors, managers and employees upon approval by the executive directors and senior management.*

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

*Upon approval of the code of ethics and conduct, copies will be distributed to all directors, managers and employees, and it is expected that Human Resources department will conduct in-house briefings, seminars and general assemblies to discuss the code, its salient provisions, and how the employees will implement the same. The monthly general assembly of the employees of the Group will most likely be used to disseminate the code and inculcate compliance with the same at all levels.*

**4) Related Party Transactions**

**(a) Policies and Procedures**

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

Related Party Transactions	Policies and Procedures
<b>(1) Parent Company</b>	<i>Related party transactions are conducted at arm's length with consideration paid or received by the Company and on terms at least similar to any such terms available to non related party. The Board thru its Audit Committee defines the threshold for approval and/or disclosure, if needed.</i>
<b>(2) Joint Ventures</b>	<i>Related party transactions are conducted at arm's length with consideration paid or received by the Company and on terms at least similar to any such terms available to non related party. The Board thru its Audit Committee defines the threshold for approval and/or disclosure, if needed.</i>
<b>(3) Subsidiaries</b>	<i>Related party transactions are conducted at arm's length with consideration paid or received by the Company and on terms at least similar to any such terms available to non related party. The Board thru its Audit Committee defines the threshold for approval and/or disclosure, if needed.</i>
<b>(4) Entities Under Common Control</b>	<i>Related party transactions are conducted at arm's length with consideration paid or received by the Company and on terms at least similar to any such terms available to non related party. The Board thru its Audit Committee defines the threshold for approval and/or disclosure, if needed.</i>
<b>(5) Substantial Stockholders</b>	<i>Substantial stockholders shall disclose to the board, through the Corporate Secretary, details of all their directorships and any shareholdings owned by them or members of their family. It is the responsibility of the stockholder to promptly notify the board of any proposed related party transaction. Conflicted stockholders shall not participate in discussions on transactions in which they are a conflicted party and shall abstain from voting on such issues.</i>
<b>(6) Officers including spouse/children/siblings/parents</b>	<i>Officers shall disclose to the board, through the Corporate Secretary, details of all their directorships and any shareholdings owned by them or members of their family. It is the responsibility of the officer to promptly notify the board of any proposed related party transaction. Conflicted officers shall not participate in discussions on transactions in which they are a conflicted party and shall abstain from voting on such issues.</i>
<b>(7) Directors including spouse/children/siblings/parents</b>	<i>Directors shall disclose to the board, through the Corporate Secretary, details of all their directorships and any shareholdings owned by them or members of their family. It is the responsibility of the officer to promptly notify the board of any proposed related party transaction. Conflicted officers shall not participate in discussions on transactions in which they are a conflicted party and shall abstain from voting on such issues.</i>
<b>(8) Interlocking director relationship of Board of Director</b>	<i>As provided under the Corporation Code, management obtains the Board's approval before entering into any related party transaction ("RPT"). Thus, the RPT is specifically included in the notice and agenda of the Board meeting, and the Directors are fully informed of each proposed RPT. Moreover, the Directors of the Company who are also directors of the related party with whom the RPT is to be entered (the "inter-locked" Directors) are expressly excluded from the calculation of the quorum of the meeting during which the proposed RPT is considered. In the vote for the RPT, the inter-locked Directors are excluded from the voting.</i>

**(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.**

*No related party transaction with subject directors/ officers and 5% shareholders, other than the per diem received for attending meetings of the Board and its committees.*

(ii) Mechanisms

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's accounting and audit departments continuously reviews its transactions and any sign of a conflict of interest is examined and investigated.
Group	The Company's accounting and audit departments continuously reviews its transactions and any sign of a conflict of interest is examined and investigated.

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:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
Alsons Corporation (AC)	Affiliated with other significant shareholders	AC, ALDEVINCO & APHC are affiliates of each other
Alsons Development & Investment Corporation (ALDEVINCO)	Affiliated with other significant shareholders	AC, ALDEVINCO & APHC are affiliates of each other
Alsons Power Holdings Corporation (APHC)	Affiliated with other significant shareholders	AC, ALDEVINCO & APHC are affiliates of each other

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

Names of Related Significant Shareholder	Type of Relationship	Brief Description
Alsons Corporation (AC)	Affiliated with other significant shareholders	AC, ALDEVINCO & APHC are affiliates of each other
Alsons Development & Investment Corporation (ALDEVINCO)	Affiliated with other significant shareholders	AC, ALDEVINCO & APHC are affiliates of each other
Alsons Power Holdings Corporation (APHC)	Affiliated with other significant shareholders	AC, ALDEVINCO & APHC are affiliates of each other

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

Name of Shareholder	% of Capital Stock affected (Parties)	Brief Description of the Transactions
None	None	None

6) Alternative Dispute Resolution

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

	Alternative Dispute Resolution System
Corporation & Stockholders	Between the Company and its stockholders, any "dispute" is addressed by conciliation meetings and efforts, on the Company's part, to assist the stockholders in their issue with the Company. To the extent allowed by law, rules and regulations, the Company extends advice and assistance to the stockholder, particularly those who have missing share certificates or those inheriting the same from relatives who had passed away.

<b>Corporation &amp; Third Parties</b>	Between the Company and its third parties, the Company ensures that its contracts have alternative dispute resolution provisions, such as arbitration, that will allow the Company to avoid costly and time-wasting litigation. If the counter-party allows it, the venue of arbitration is in the Philippines.
<b>Corporation &amp; Regulatory Authorities</b>	Between the Company and regulatory authorities, the Company simply seeks clarifications on the requirement(s) imposed by such agencies and attempts to comply with same. Such measures include conferences with the appropriate officials of the Commission.

## C. BOARD MEETINGS & ATTENDANCE

### 1) Are Board of Director's meetings scheduled before or at the beginning of the year?

*Yes, board of directors' meetings are scheduled at the beginning of the year, in accordance with the requirements of the Articles of Incorporation and By-Laws.*

### 2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings held during the year	No. of Meetings Attended	%
Chairman	1. Tomas I. Alcantara	22 May 2015	7	7	100%
Member	2. Editha I. Alcantara	22 May 2015	7	4	57%
Member	3. Tirso G. Santillan, Jr.	22 May 2015	7	7	100%
Member	4. Alejandro I. Alcantara	22 May 2015	7	5	71%
Member	5. Ramon T. Diokno	22 May 2015	7	7	100%
Member	6. Carlos G. Dominguez	22 May 2015	7	7	100%
Member	7. Conrado C. Alcantara	22 May 2015	7	7	100%
Member	8. Honorio A. Poblador III	22 May 2015	7	4	57%
Independent	9. Jose Ben R. Laraya	22 May 2015	7	7	100%
Independent	10. Jacinto C. Gavino, Jr.	22 May 2015	7	6	85%
Independent	11. Thomas G. Aquino	22 May 2015	7	7	100%

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

*Management is unaware if the non-executive directors have a separate meeting or meetings during the year without the presence of any executive.*

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

*No, the minimum quorum requirement for Board decisions is set at a majority as specified in the Corporation Code and the Company's articles of incorporation and/or by-laws.*

### 5) Access to Information

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

*Notice of the meeting, agenda, reference materials and other related reports are required to be sent to the members of the Board of Directors at least three (3) days prior to the date of the meeting.*

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

*Yes, each Director has independent access to management and the Corporate Secretary.*

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

*The Company secretary is responsible for the safekeeping and preservation of the integrity of the*

minutes of the meetings of the Board and its committees, as well as the other official records of the Company. He informs the members of the Board, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval. He ensures that all board procedures, rules and regulations are strictly followed by the members.

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

Yes, the Company Secretary has the appropriate administrative and interpersonal skills; and is aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities.

(e) **Committee Procedures**

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

Yes / No

Committee	Details of the procedures
Executive	Notice of the meeting and related Agenda are sent at least three days before the scheduled meeting date, with presentation materials (if any), to be sent as soon as possible thereafter.
Audit	
Nomination	
Compensation	

6) **External Advice**

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

Procedures	Details
Engagement of consultants	At Board or Committee meetings, Directors may suggest the engagement of consultants, whether o financial, accounting or legal matters, who can render advise on issues arising from the operations of the Compan and/or its subsidiaries.
Direct Advice from Advisors and/or Counsel	The Directors can directly contact the external advisors of the Company and ask them to address the issues raised by such Directors and arising from the operations of the Company and/or its subsidiaries. Conferences among the Directors and advisors may be arranged.

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

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

Existing Policies	Changes	Reason
None	None	None

**D. REMUNERATION MATTERS**

1) **Remuneration Process**

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

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	The Board's Compensation Committee establishes a formal and transparent procedure for developing a policy on remuneration of CEO to ensure that their compensation is consistent with the Corporation's culture, strategy and the business environment in which it operates	The Board, with the Compensation Committee, establishes a formal and transparent procedure for developing a policy on remuneration of senior managers to ensure that their compensation is consistent with the Corporation's culture, strategy and the business environment in which it operates.
(2) Variable remuneration		
(3) Per diem allowance		
(4) Bonus		
(5) Stock Options and other financial instruments		
(6) Others (specify)		

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

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

	Remuneration	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Per diem	At each meeting of the Board of Committee, the Company pays the ED a per diem for attendance of the meeting	The Board reviews the remuneration of executive directors to ensure that their compensation is consistent with the Corporation's culture, strategy and the business environment in which it operates.
Non-Executive Directors	Per diem	At each meeting of the Board of Committee, the Company pays the NED a per diem for attendance of the meeting	The Board reviews the remuneration of non-executive directors to ensure that their compensation is consistent with the Corporation's culture, strategy and the business environment in which it operates.

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.

Yes, the details are set forth below.

Remuneration Scheme	Date of Stockholders' Approval
Per diems in 2012 were duly reported to the stockholders at the annual meeting in the information statement and annexes thereto	24 May 2013
Per diems in 2013 were duly reported to the stockholders at the annual meeting in the information statement and annexes thereto	23 May 2014
Per diems in 2014 were duly reported to the stockholders at the annual meeting in the information statement and annexes thereto	<b><u>22 May 2015</u></b>

### 3) Aggregate Remuneration

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

Remuneration	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	None		
(b) Variable Remuneration			
(c) Per diem Allowance	The aggregate amount paid by the Company to its Directors and Executive Officers as a group was <u>₱3,210,000.00</u>		
(d) Bonuses	None		
(e) Stock Options and/or other financial instruments			
(f) Others (specify)			
<b>Total</b>	<b><u>₱ 3,210,000.00</u></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 Options/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
Not Applicable				

#### (b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentives 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
Not Applicable		

### 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
<i>Luis R. Ymson, Jr., Chief Financial Officer</i>	<u>₱ 90,000.00</u>
<i>Esperidion D. Develos, Jr., Chief Audit Executive</i>	<u>₱ 90,000.00</u>
<i>Roberto V. San Jose, Corporate Secretary</i>	<u>₱210,000.00</u>
<i>Angel M. Esguerra, III, Asst. Corporate Secretary</i>	Not included in the Company's per diem

## E. BOARD COMMITTEES

### 1) Number of Members, Functions and Responsibilities

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-Executive Director (NED)	Independent Director (ID)				
Executive	3	0	2	The Company By-Laws, Article 1, Section 8	<p>The Executive Committee exercise all the powers of the Board except: (1) The approval of any action for which stockholders' approval is required; (2) The filling of vacancies in the board; (3) The amendment or repeal of the By-Laws or the adoption of new by-laws; (4) The amendment or repeal of any resolutions of the Board of Directors which by its terms is not so amendable or repealable; and (5) Distribution of cash dividends to the shareholders.</p> <p>The act of the majority of the members of the Executive Committee shall be the act of the Executive Committee. Minutes of all the proceedings of the executive Committee shall be kept, and shall be submitte to the Board of Directors for its information.</p>	The Executive Committee has the same responsibilities as the Board except for the responsibility for (1) The approval of any action for which stockholders' approval is required; (2) The filling of vacancies in the board; (3) The amendment or repeal of the By-Laws or the adoption of new by laws; (4) The amendment or repeal of any resolutions of the Board of Directors which by its terms is not so amendable or repealable and (5) Distribution of cash dividends to the shareholders.	The Executive Committee has the same power as the Board except for the power to (1) approve any action for which stockholders' approval is required; (2) Filling of vacancies in the board; (3) Amending or repealing of the By-Laws or the adoption of new by laws; (4) Amending or repealing of any resolutions of the Board of Directors which by its terms is not so amendable or repealable and (5) Distribution of cash dividends to the shareholders.
Audit	2	1	2	Audit Committee Charter	Assists the Board of Directors in fulfilling its responsibility for oversight of corporate governance processes, particularly those which affect the integrity of consolidated financial statements and any formal announcements relating to the financial performance	<p>Oversight responsibility in matters relating to:</p> <ol style="list-style-type: none"> <li>1. The Company's consolidated financial statements and the financial reporting process</li> <li>2. Systems of internal accounting, financial controls, information technology security and managing business risks</li> <li>3. The functions of internal and external auditors and their performance</li> <li>4. Adoption of the highest standards of accounting and business ethics</li> <li>5. Compliance with legal and regulatory matters</li> </ol>	Authority to conduct or authorize investigations into any matter within its scope of responsibility, with full access to all records, books of accounts, facilities and personnel. It has the authority to obtain advice and assistance from outside legal, accounting and other advisors, and to meet with and seek information it requires from employees, officers and directors
Nomination	1	2	1	Revised Manual on Corporate Governance	Review and evaluate the qualifications of all prsons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;	Ensure that all persons nominated to the Board and other appointments that require Board approval are qualified, and that the Board's processes and procedures in the election or replacement of directors are effective.	Screening of all persons nominated to the Board and other appointments; such other implied power to ensure that the Board's processes and procedures in the election or replacement of directors are effective.



Compensation	2	1	1	Revised Manual on Corporate Governance	Establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Corporation's culture, strategy and the business environment in which it operates.	Establishment of a formal and transparent procedure for developing a policy on remuneration of directors and officers so that their compensation is consistent with the Corporation's culture, strategy and the business environment in which it operates.	Recommend to the Board a policy on the remuneration of directors and officers.
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## 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 (from 2012)
Chairman	Tomas I. Alcantara	22 May 2015	5	5	100%	3 years
Member (ED)	Editha I. Alcantara	22 May 2015	5	4	80%	3 years
Member (ED)	Tirso G. Santillan, Jr.	22 May 2015	5	5	100%	3 years
Member (ID)	Jose Ben R. Laraya	22 May 2015	5	4	80%	3 years
Member (ID)	Thomas G. Aquino	22 May 2015	5	5	100%	3 years

### (b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee (from 2012)
Chairman (ID)	Jose Ben R. Laraya	22 May 2015	6	5	83%	3 years
Member (ED)	Editha I. Alcantara	22 May 2015	6	5	83%	3 years
Member (ED)	Tirso G. Santillan, Jr.	22 May 2015	6	6	100%	3 years
Member (ID)	Jacinto C. Gavino, Jr.	22 May 2015	6	5	83%	3 years
Member (NED)	Ramon T. Diokno	22 May 2015	6	6	100%	3 years

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

Each member has a working knowledge of the statutory and regulatory requirements and responsibilities, the business environment, operations and the risks relating thereto, and key accounting and financial reporting concepts and practices relevant to the various companies included in the Company.

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

The Audit Committee provides assistance to the board of directors in fulfilling the oversight responsibility to the shareholders relating to the functions of external auditors and their performance.

In consultation with the CEO, CFO and CAE, the Audit Committee recommends the appointment, compensation, and replacement of the external auditor. It reviews and approves the audit plan, and receives audit reports; including disagreements with management on critical accounting policies and practices. The Audit Committee assesses and ensures the independence of the external auditor, and recommends rotation, if applicable.

### (c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee (from 2012)
Chairman	Tomas I. Alcantara	22 May 2015	1	1	100%	3 years
Member (NED)	Sylvia M. Duque	22 May 2015	1	1	100%	3 years
Member (NED)	Carlos G. Dominguez	22 May 2015	1	1	100%	3 years
Member (ID)	Jose Ben R. Laraya	22 May 2015	1	1	100%	3 years

#### (d) Compensation Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee (from 2012)
Chairman	Tomas I. Alcantara	22 May 2015	-	-	-	3 years
Member (ED)	Tirso G. Santillan, Jr.	22 May 2015	-	-	-	3 years
Member (NED)	Honorio A. Poblador III	22 May 2015	-	-	-	3 years
Member (ID)	Jose Ben R. Laraya	22 May 2015	-	-	-	3 years

#### 3) Changes in Committee Members

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

Name of Committee	Name	Reason
Executive	No change during the year.	
Audit		
Nomination		
Compensation		

#### 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
<b>Executive</b>	<i>This Committee reviewed all matters and actions for approval of the Board prior to presentation to the Board. Thus, all actions of the Board were recommended by this Committee after study and evaluation.</i>	<i>In reviewing all matters and actions for approval by the Board prior to presentation to the Board, this Committee addressed all contentious issues that the Board raised, as well as those issues arising from the study and evaluation of the proposed transactions. Such issues included (i) the transfer of shares of subsidiaries from a subsidiary to the Company; (ii) agreements with other shareholders of a foreign company for joint voting of said shares; (iii) loans with banks and affiliates for the funding of projects; audited annual and quarterly financial statement; conversion of advances into equity in a land-holding subsidiary; (iv) development expenses budget; (v) cash dividends; (vi) acceptance of a partner in a power project.</i>
<b>Audit</b>	<p>a. Assessed and challenged, where necessary, the correctness of the quarterly, midyear and annual consolidated financial statements and all related disclosures and reports certified by the CFO before submission to the board and released to the SEC and the public. In consultation with the CFO and CAE assured the relevance and consistency of the accounting policies applied; no material errors or misstatements and fraud occurred.</p> <p>b. In consultation with the External and Internal Auditors, assessed the effectiveness and adequacy of the internal control systems. Understood the audit plan and obtained results of audit activities, including significant findings, corresponding recommendations and Management responses and plans of action.</p> <p>c. Obtained assurance that the External and Internal Auditors had free and full access to the Company records and were free from interference in the conduct of the audits. Recommended the appointment of the External Auditor</p> <p>d. Obtained and understood updates on ongoing projects of subsidiaries and visited and did</p>	<p>All questions raised to clarify items in the financial statements were adequately answered, particularly the assumptions used in the valuation and impairment assessment, which were all disclosed in the financial statements under Significant Judgments and Estimates.</p> <p>Aside from those specifically identified and disclosed under the Notes to Financial Statements, there were no issues raised that materially affected the accuracy of financial statements.</p> <p>None</p> <p>None</p>

	ocular inspection of the existing facilities e. Revised the Audit Committee Charter to comply with the new guidelines and completed the assessment of the performance of the Committee	There were no material issues raised and the Committee agreed to continuously improve its performance
<b>Nomination</b>	This Committee reviewed and evaluated the qualifications of the persons nominated to the Board	The issue of the qualifications of the persons nominated to the Board were addressed by this Committee.
<b>Compensation</b>	Members of this Committee were consulted on the proposed increase of the per diems for the directors and executive officers, which increase was implemented.	The issue of whether or not to increase the per diems of the directors and executive officers was addressed by this Committee.

## 5) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
<b>Executive</b>	This Committee will continue to review and evaluate the transactions to be brought to the Board.	This Committee will address all the issues arising from transactions to be brought to the Board.
<b>Audit</b>	This Committee will continue to assess and challenge, where necessary, the correctness of the quarterly, midyear and annual consolidated financial statements and all related disclosures and reports certified by the CFO before submission to the Board and release to the SEC and the public. In consultations with the CFO and CAE, this Committee will continue to: (a) assure the relevance and consistency of the accounting policies applied; (b) ensure that no material errors or misstatements and fraud occur; (c) in consultation with the External and Internal Auditors, assess the effectiveness and adequacy of the internal control systems, review the audit plan and obtain results of audit activities, including significant findings, correspondence, corresponding recommendations and Management responses and plans of action; (d) obtain assurance that the External and Internal Auditors had free and full access to the Company records and were free from interference in the conduct of the audits; (e) Recommended the appointment of the External Auditor; (f) obtain and understand updates on ongoing projects of subsidiaries and visit and do ocular inspection of the existing facilities; (g) revise the Audit Committee Charter to comply with the new guidelines and complete the assessment of the performance of the Committee.	This Audit Committee will address all the issues arising from transactions to be brought to the Executive Committee and/or Board.
<b>Nomination</b>	This Committee will continue to review and evaluate the qualifications of all persons nominated to the Board, as well as other appointments that require Board approval. Moreover, it will continue to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;	This Committee will address the issues arising from nominations to the Board, including the issue of qualifications of various nominees. The Committee will also determine whether it needs a separate Charter similar to that of the Audit Committee.
<b>Compensation</b>	Members of the Compensation Committee continue to develop a policy on remunerations of directors and officers to ensure that their compensation is consistent with the Corporation's culture, strategy and the business environment in which it operates.	This Committee will most likely address the issues arising from such a policy, including the extent of application, and the criteria for officers to be beneficiaries of such policies in the context of the business environments where the Company or its subsidiaries operate.

## F. RISK MANAGEMENT SYSTEM

**1) Disclose the following:**

**(a) Overall risk management philosophy of the company**

*The Company believes that the oversight and accountability for the risk assessment process is critical to ensure that the necessary commitment and resources are secured, that it occurs at the right level in the organization and the risks are evaluated through a rigorous and ongoing process, the results of which are timely acted upon.*

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

*The board of directors through the Audit Committee reviewed the effectiveness and adequacy of the risk management system.*

**(c) Period covered by the review**

*Year 2014*

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

*The review of the Company's risk management system is continuous and reports on its adequacy and effectiveness obtained as regularly as needed.*

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

*Annual review is conducted.*

**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>
<i>Credit Risk</i>	<i>The Company trades only with recognized and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.</i>	<i>Ensure that the counterparty will meet its obligation</i>
<i>Liquidity Risk</i>	<i>The Company maintains sufficient funds or will not have difficulty in raising funds to meet or settle its obligations at a reasonable price</i>	<i>Ensure that the Company maintains sufficient funds to finance its operations</i>
<i>Interest Rate Risk</i>	<i>The Company manages its interest cost using a mix of fixed and variable debt rates and monitors possible changes in interest rates using sensitivity analysis</i>	<i>Ensure that changes in market interest rates will not materially affect the fair value or future cash flows of financial instruments</i>
<i>Equity Price Risk</i>	<i>The Company intends to hold on to investments indefinitely in response to liquidity requirements or changes in market conditions</i>	<i>Ensure that decreases as a result of changes in the value of individual stocks will not materially affect the fair value of quoted AFS investments</i>
<i>Foreign Currency Risk</i>	<i>The Company manages its exposure to foreign currency risk by maintaining sensitivity analysis of possible decline in values and limits its transactions denominated in currencies other than its functional currency</i>	<i>Ensures that losses due to changes in foreign currency is limited</i>
<i>Capital Management</i>	<i>The Company manages its capital structure and makes adjustments to it, in light of changes in</i>	<i>Ensures that the Company maintains a strong credit rating and healthy capital</i>

	economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment, return capital or issue new shares to stockholders. The Company monitors capital on the basis of the debt-to-equity ratio.	ratios in order to support its businesses and maximize shareholder's value
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**(b) Group**

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

<b>Risk Exposure</b>	<b>Risk Management Policy</b>	<b>Objective</b>
<i>Credit Risk</i>	<p>The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.</p> <p>In the Group's real estate business, the transfer of the property is executed only upon full payment of the purchase price. There is a provision in the Sales Contract which allows forfeiture of the instalment/deposits made by the customer in favor of the Group in case of default.</p> <p>In the power generation business, it is the policy of the Group to comply with all the provisions in the Energy Conversion Agreements (ECA)</p> <p>With respect to financial assets of the Group, maximum exposure arising from default of the counterparty is equal to the carrying value of the instruments.</p>	<p>Ensure that the counterparty will meet its obligation under a financial instrument or a customer contract and avoid financial loss.</p> <p>Minimize Group's exposure to bad debts.</p> <p>Minimize the credit risk exposure or any margin loss from possible default in the payment of instalment.</p>
<i>Liquidity Risk</i>	The Group maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements.	Maintain sufficient cash and cash equivalents to meet maturing obligations and pay dividend declarations.
<i>Interest Rate Risk</i>	The Group's policy is to manage its interest cost using a mix of fixed and variable debt rates and monitors possible changes in interest rates using sensitivity analysis	Ensure that changes in market interest rates will not materially affect the fair value or future cash flows of financial instruments
<i>Equity Price Risk</i>	The Group intends to hold on to investments indefinitely in response to liquidity requirements or changes in market conditions	Ensure that decreases as a result of changes in the value of individual stocks will not materially affect the fair value of quoted AFS investments
<i>Foreign Currency Risk</i>	The Group manages its exposure to foreign currency risk by maintaining sensitivity analysis of possible decline in values and limits its transactions denominated in currencies other than its functional currency	Ensures that losses due to changes in foreign currency is limited
<i>Capital Management</i>	The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment, return capital or issue new shares to stockholders. The Company monitors capital on the basis of the debt-to-equity ratio.	Ensures that the Group maintains a strong credit rating and healthy capital ratios in order to support its businesses and maximize shareholder's value

**(c) Minority Shareholders**

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

<b>Risk to Minority Shareholder</b>
The principal risk to the minority shareholders of the exercise by the controlling shareholders' voting power is lack of control.

### 3) Control System Set Up

#### (a) Company

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Financial Risks	Financial Statement risk assessment	Evaluate risks related to the material misstatement of the Company financial statements through input from the Accountants, Internal Audit and Operations. The evaluation considers the characteristics of the financial reporting elements; particularly, materiality and susceptibility of the underlying accounts, transactions, or related support to a likelihood that a control may fail to operate as intended and its impact to financial reports.
Market Risks	Market risk assessment	Evaluate market movements that could affect the Company's performance, particularly interest rates and currency.
Credit Risks	Credit risk assessment	Evaluate the potential that a borrower will fail to meet its obligations in accordance with agreed terms.

#### (b) Group

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Financial Risks	Financial Statement risk assessment	Evaluate risks related to the material misstatement of the Company financial statements through input from the Accountants, Internal Audit and Operations. The evaluation considers the characteristics of the financial reporting elements; particularly, materiality and susceptibility of the underlying accounts, transactions, or related support to a likelihood that a control may fail to operate as intended and its impact to financial reports.
Market Risks	Market risk assessment	Evaluate market movements that could affect the Company's performance, particularly interest rates and currency.
Credit Risks	Credit risk assessment	Evaluate the potential that a borrower will fail to meet its obligations in accordance with agreed terms.

#### (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 Mechanisms	Details of its Functions
Audit Committee		The Committee encourages continuous improvement of and fosters adherence to the policies, procedures and best practices set up by the Company as well as the subsidiaries under it, at all levels. It provides for open communications among and between management, the external auditors, internal auditors and the board of directors.

## 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

*The Company's Manual on Corporate Governance defines internal control system as the framework under which internal controls are developed and implemented to manage and control business risks to which the Company is exposed. The manual further identifies the objectives of the internal control system which is to ensure the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, rules, regulations and contracts.*

#### (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 Directors confirm the adequacy and effectiveness of the internal control system of the Company.*

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

*Year 2014*

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

*The review of internal controls is continuous and the Board of Directors, thru its Audit Committee renders an annual report of its adequacy and effectiveness.*

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

*Not applicable, quarterly review is conducted.*

### 2) Internal Audit

#### (a) Role, Scope and Internal Audit Function

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

Role	Scope	Indicate whether In-House or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting Process
To provide independent assurance to the Board and Management as to the status of the Company's risk management, control and governance processes.	The Internal Audit Team is involved in the examination and evaluation of the adequacy and effectiveness of the Company's governance, risk management, and internal control processes as well as the quality of performance in carrying out assigned responsibilities to achieve the Company's stated goals and objectives. It's responsibilities thereby include, though not limited to, the following: Evaluation	In-House	Mr. Esperidion D. Develos, Jr.	The Internal Audit Group reports functionally to the Board of Directors through the Audit Committee. Its activities are guided and performed in accordance with the revised "Standards for the Professional Practice of Internal Auditing" and "Code of Ethics" developed by the Institute of Internal Auditors and/or any other auditing standards as may be adopted by the Internal Audit

	of the reliability and integrity of information and the means used to identify, measure, classify, and report such information; Evaluation of the means of safeguarding assets; and, Assessment of the effectiveness and efficiency with which resources are employed.			
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- (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?

*The appointment or removal of the Chief Internal Auditor is vested in 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 the directors and the audit committee and to all records, properties and personnel?

*The results of the financial, operations and compliance review conducted by Internal Audit are reported directly to the Audit Committee. In the performance of its audit function, it has full access to all records, facilities, properties and personnel of the line companies and is authorized to review and appraise policies, plans, procedures, and processes. The internal audit activity is free from interference in determining its scope, performing its work and communicating its results. A separate meeting between the Audit Committee and the Chief Audit Executive may be conducted to discuss any matter that may be necessary to be discussed privately.*

- (d) Resignation, Re-assignment and Reasons

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

*The Internal Auditors' assignments are rotated periodically to avoid familiarity and ensure independence. For the year 2014, the following Internal Auditors tendered their resignation.*

Name of Audit Staff	Reason
<u>Chonabeth I. Nazario</u> (AVP & Head of Group Internal Audit)	Career advancement
<u>Cherryl Ivy C. Losala</u> (Group Internal Auditor)	Personal

- (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>	<i>The progress of Annual Internal Audit Plan versus the Actual engagements completed or on-going is being monitored annually and is reported to the Audit Committee</i>
<b>Issues</b>	<i>Issues are discussed with the Auditees in informal and formal meetings for clarification and/or agreement to subsequently comply or discuss required changes or updates to existing policies or procedures, if necessary.</i>
<b>Findings</b>	<i>Findings are discussed with the Auditees in informal and formal exit meetings and their responses considered and included as Auditees' Comments in final Audit Reports</i>
<b>Examination Trends</b>	<i>As a holding Company, the examinations are being conducted on the subsidiaries</i>



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

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

*The Internal Audit Plan is presented to the Audit Committee for approval on a yearly basis. The assignments are prioritized to cover transactions mostly at risk in case of non-compliance or deviation. The timing, scope and limitations of the actual audit activity is based on volume, size and complexity of transactions, the degree of delegation of authority, extent and effectiveness of information technology and extent of regulatory compliance.*

*Under the Internal Audit Annual Plan, for financial audits, which are designed to validate the existence, accuracy and completeness of account balances, account balances as of a particular date are reviewed. For operations audit, which involve the walkthrough of procedures and compliance review, samples for testing are selected from a period of one year.*

*All audit findings are discussed with the line management operating heads to validate that the Internal Auditor's understanding of the processes and procedures is accurate and to obtain agreement on the facts and key statements in the report. The Auditees' comments, responses on recommendations, concurrence or non-concurrence with the findings, corrective actions and timetable for such actions are incorporated in the audit report.*

*Internal audit will report on the results of the review on the next nearest Audit Committee meeting.*

#### (f) Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
Cash	Implemented
Receivables	Implemented
Inventories	Implemented
Fixed Assets	Implemented
Investments	Implemented
Payables	Implemented
Requisition, Procurement and Storage Process	Implemented
Release of Materials and Inventory Process	Implemented
Expenditure and Disbursement Process	Implemented
Recruitment/Labor Contracting/Salary and Benefit Management Process	Implemented
Contract Review	Implemented
Billing and Collection Process	Implemented
Project Management Process	Implemented
Outside and Contracted Service Review	Implemented
Compliance Review over Regulatory Reports	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>
<p>a. The Group reports directly to the Audit Committee, not to Management</p> <p>b. The Group does not assume operating responsibilities and is not required nor expected to develop or install procedures, prepare records or engage in any activity which will be subject of review</p> <p>c. Internal Auditors are free from interference in determining the scope of examination, in performing audit work and in communicating results of audit</p> <p>d. Internal Auditors have free and full access to all records, properties and personnel</p>	<p>The Financial Analysts engaged by the Company for various purposes are so engaged precisely because of their independence so that their findings are credible to those who will be using their findings. They have the quality to avoid being unduly influenced by a vested interest and being free from any constraints that would prevent a correct course of action being taken.</p>	<p>The Investment Banks who transact, or propose to transact, with the Company, are not affiliated with the Company and possess the quality to avoid being unduly influenced by a vested interest and being free from any constraints that would prevent a correct course of action being taken.</p>	<p>The Rating Agencies that rate the Company are not affiliated with the Company and possess the quality to avoid being unduly influenced by a vested interest and being free from any constraints that would prevent a correct course.</p>

- (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 of their respective duties as mandated by the Code and that internal mechanism are in place to ensure that compliance.

*The Chairman and President (who is the CEO) and the Compliance Officer attest to the company's full compliance with the SEC Code of Corporate Governance.*

## H. ROLE OF STAKEHOLDERS

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

	<b>Policy</b>	<b>Activities</b>
Customers' welfare	The Company's commitments to its stakeholders include a commitment to its customers of product excellence and quality service	The Company adheres to its commitments to its customers by adopting and maintaining practices that will produce an excellent product and/or render services of excellent quality
Supplier/contractor selection practice	The Company's selection practice for its suppliers and contractors takes into account not only the lowest price but the right price and quality for the services or goods being supplied.	The Company reviews its requirements from suppliers and contractors and considers prices and quality of products and goods supplied or services to be rendered.
Environmentally friendly value-chain	To the extent possible, the environment is considered in deciding who will provide the products and services in the company's value chain.	The Company assiduously reviews its requirements from suppliers and contractors and considers the environmental impact of the products or goods supplied or services to be rendered.
Community interaction	The Company's commitments to its stakeholders include a commitment to its host communities of shared efforts in sustainable development. Thus, the Company continued outreach to host communities in coordination with the Conrado and Ladislawa Alcantara Foundation Inc. (CLAFI), a non-stock, non-profit entity overseeing the Corporate Social Responsibility (CSR) functions of the Company and the Alcantara Group.	Donation of workbooks; provision of tutoring and mentoring programs, and English review sessions; scholarships for short-term technical-vocational courses, high school and college students; donations of study chairs, computer equipment, and entire school buildings.

Anti-corruption programmes and procedures?	Corruption is deterred by the dissemination of ethical expectations and the enforcement of rules and regulations.	The Company disseminates its materials to establish ethical standards of conduct, and reinforces the same by regular lectures during its monthly general meeting of all Group employees.
Safeguarding creditors' rights	The Company respects the rights of its creditors by complying with all of its affirmative covenants, negative undertakings and all other obligations in its various creditors' agreements.	The Company regularly reviews its loan and security agreements to ensure that all of the rights of the creditors are observed, and all of its obligations are complied with.

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

3) Performance-enhancing mechanisms for employee participation.

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

*The company, as part of the Group, provides its employees with Management-initiated Benefits in addition to providing the benefits mandated by statutes. Management-initiated Benefits include additional vacation leave, sick leave, transportation allowance, rice, uniform, medical & hospitalization benefits, accident and life insurance.*

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

*The data for the Company employees relating to health, safety and welfare are to be extracted from the data for the Group employees, which extraction is currently on-going.*

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

*The data for the Company's training and development program for its employees are to be extracted from the data for the Group employees, which extraction is currently on-going.*

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

*This Company is considering the codification of this policy.*

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.

*Currently, complaints by employees concerning illegal and unethical behavior, including corruption, if any, are coured through the appropriate department, including but not limited to, the Human Resources Department, Internal Audit or Legal. Depending on the nature of the complaint, and the evidence of the complainant, the Company will call the attention of the employee concerned, ask him/her to submit an explanation and, depending on the employee's explanation, impose the appropriate sanction, which may include, but are not limited to, application of the Labor Code, section 282, its implementing rules and regulations, and relevant jurisprudence. Complaining employees are protected from retaliation by anonymity and confidentiality.*

*To further enhance the reception, investigation and handling of these complaints, as well as ensuring that complaining employees are protected from retaliation, the Company implemented its Whistleblowing Policy effective October 1, 2014. There is now a dedicated e-mail address where employees can report anonymously, if desired.*

## I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more (as of May 22, 2015)

Shareholder	Number of Shares	Percent	Beneficial Owner
Alsons Corporation	2,592,524,072	41.21%	Alcantara Family represented by its President, Mr. Tomas I. Alcantara
Alsons Power Holdings Corporation	1,249,999,600	19.87%	
Alsons Development & Investment Corporation	1,188,524,026	18.89%	
PCD Nominee Corporation (Fil)	1,143,416,577	18.17%	There are no holders of more than 5% of common shares individually. The clients of the various PCD participants have the power to decide how the shares are to be voted

Name of Senior Management	Number of Direct Shares	Number of Indirect shares/ Through (name of record owner)	% of Capital Stock
Tomas I. Alcantara	1	-	-
Editha I. Alcantara	100,000	-	-
Alejandro I. Alcantara	1	-	-
Jacinto C. Gavino	1	-	-
Ramon T. Diokno	1	-	-
Carlos G. Dominguez	1	-	-
Jose Ben R. Iaraya	100	-	-
Conrado C. Alcantara	1	-	-
Honorio A. Poblador III	100	-	-
Thomas G. Aquino	100	-	-
Tirso G. Santillan, Jr.	10,406	-	-
<b>Total</b>	<b>110,712</b>	<b>-</b>	<b>-</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	Yes
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

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

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
SyCip, Gorres, Velayo & Co.	P811,519.52	-

4) Medium of Communication

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

The Company formally disseminates information to its stockholders via the Exchange and the Commission using facsimile transmission, emails, and uploading into the portals of these institutions. The Company also maintains a website that may be accessed by all stockholders and the public.

## 5) Date of release of audited financial report

April 15, 2014 with disclosure to the Philippine Stock Exchange and Securities Exchange Commission under SEC Form 17-A.

## 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 briefing 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)	No. The Company's amended Articles of Incorporation and/or By-Laws are available to the public through the Commission. However, any stockholder may request the Company for a copy of the same. These amended Articles of Incorporation and/or By-Laws may also be uploaded into the Company's website as soon as the same shall be re-formatted for easier review by stockholders who will be accessing the site.

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

The Company's amended articles of incorporation and/or by-laws (the Corporation Code does not use the terms "memorandum and articles of association") are available to the public through the Commission. However, any stockholder may request the Company for a copy of the same. These amended articles of incorporation and/or by-laws may also be uploaded into the Company's website as soon as the same are re-formatted for easier review by stockholders accessing the site.

## 7) Disclosure of RPT

RPT	Condition	Nature	Value
Major Stockholders	Party Secured	Advances	<u>2,626,965,900</u>
Subsidiaries of major stockholders	Unsecured	Advances	<u>49,654,432</u>
Affiliates	Unsecured	Advances	<u>268,070,204</u>

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?

As provided under the Corporation Code, management obtains the Board's approval before entering into any related party transaction ("RPT"). Thus, the RPT is specifically included in the notice and agenda for the Board meeting, and the Directors are fully informed of each proposed RPT. Moreover, the Directors of the Company who are also directors of the related party with whom the RPT is to be entered (the "inter-locked" Directors) are expressly excluded from the calculation of the quorum of the meeting during which the proposed RPT is considered. In the vote for the RPT, the inter-locked Directors are excluded from the voting.

## 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.

*A quorum for any meeting of the stockholders shall consist of a **majority** of the subscribed stock of the corporation, and a majority of such quorum shall decide any question at the meeting, save and except in those matters where the Corporation Law requires the affirmative vote of a greater proportion.*

*(Amended By-Laws, Article 3, Section 4, page 10)*

(b) Systems Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Advice and Ratification
Description	<i>Prior to the annual or any special stockholders meetings, a list and summary of corporate acts by the Board and management is prepared and distributed to the stockholders. At the annual or any special stockholders meeting, the Board directs the attention of the stockholders to this list and summary for their review and questions. If there are questions, the Board and management addresses the questions. If there are no further questions, the Chairman specifically asks the stockholders to ratify these acts of management.</i>

(c) Stockholders' Rights

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

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
<i>The stockholders have the right, as provided by the Corporation Code and Articles of Incorporation, to, among others, (i) vote on all matters that require the stockholders' consent or approval; (ii) inspect corporate books and records; (iii) information; (iv) dividends; and (v) appraisal of the stockholders' shares.</i>	<i>Under the Company's By-laws, Articles III, section 2, a stockholder holding of record not less than ¼ of the outstanding capital stock of the Company may request in writing for a stockholders' meeting and the Board or the President must call for a special stockholders' meeting</i>

Dividends

Declaration Date	Record Date	Payment Date
<i>May 22, 2015 May 23, 2014 March 21, 2013 May 4, 2012</i>	<i>June 5, 2015 June 30, 2014 May 23, 2013 May 18, 2012</i>	<i>June 16, 2015 July 24, 2014 June 14, 2013 June 14, 2012</i>

(d) Stockholders' Participation

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

Measures Adopted	Communication Procedure
<i>Notice and Full Disclosure</i>	<i>The Board timely advises the stockholders of the annual stockholders with adequate information meaningfully participate in the meeting. The notice and other materials for the stockholders have reminders of the rights of the stockholders.</i>

Advise and Ratification	Prior to the annual or any special stockholders meetings, a list and summary of corporate acts by the Board and management is prepared and distributed to the stockholders. At the annual or any special stockholders meeting, the Board directs the attention of the stockholders to this list and summary for their review and questions. If there are questions, the Board and management addresses the questions. If there are no further questions, the Chairman specifically asks the stockholders to ratify these acts of management
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**2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:**

**a. Amendments to the company's constitution**

The articles of incorporation, as amended, is the constitution of the Company. Pursuant to the Corporation Code, section 16, the amendment of the articles required the vote or written assent of the stockholders representing at least 2/3 of the outstanding capital stock. Therefore, in amending its articles, the Company calls for a stockholders' meeting and asks its shareholders to actively participate in the corporate decision of amending the articles of incorporation or constitution of the Company.

**b. Authorization of additional shares**

The articles of incorporation, as amended, sets for the number and other details of the shares of the capital stock of the Company. Pursuant to the Corporation Code, section 38, the increase in the capital stock requires the vote of the stockholders representing at least 2/3 of the outstanding capital stock. Therefore, in authorizing additional shares in its capital stock, the Company calls for a stockholders' meeting and asks its shareholders to actively participate in the corporate decision of authorizing shares in the capital stock of the Company.

**c. Transfer of all or substantially all assets, which in effect results in the sale of the company**

Pursuant to the Corporation Code, section 40, the sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the Company's assets requires the vote of the stockholders representing at least 2/3 of the outstanding capital stock. Therefore, in authorizing such a transfer, the Company calls for a stockholders' meeting and asks its shareholders to actively participate in the corporate decision of transferring all or substantially all of the Company's assets.

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

Yes, giving out notice of Annual Stockholders' Meeting is 23 days as counted from April 20, 2015 to May 22, 2015.

**a. Date of sending out notices:** On April 20, 2015, sending out of Notices and Definitive Information Statement in compact disc to all record stockholders was done thru personal delivery using courier service or registered mail.

**b. Date of the Annual/Special Stockholders' Meeting:** May 22, 2015

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

During the Annual Stockholders' Meeting, a stockholder referred to the previously disclosed fund-raising effort by the Company that did not proceed and asked whether the discontinued fund-raising effort was the cause of the delay of the power project of one of the Company's subsidiaries, Sarangani Energy Company, Inc.

The Company's management replied that it still intended to raise funds for its future projects and that the previously disclosed fund-raising effort was affected, among other factors, with the state of the international capital markets. Sarangani Energy's power project was not delayed by the adjustment in the Company's fund-raising effort because it had its own funding from project debt.

Another stockholder asked whether the Company has a share buy-back program, to which the Company's management replied that it could study such a program.

Another stockholder referred to a news article claiming that the price of the power to be sold by one of the Company's subsidiaries, San Ramon Power, Inc., was more expensive than an alleged competitor and asked if this was true. The Company's management replied that price of power depended on the construction price for the plant and refuted the claims by alleged competitors without previous experience in constructing and maintaining power plants.

A stockholder asked whether a Japanese company he could not name was still interested in investing in the Company, to which the Chair advised the stockholders of the name of the Japanese company and its continued interest in investing in the Company.

Another stockholder asked whether the shares of one of the Company's subsidiaries, Alsing Power Holdings, Inc., would be listed in the Exchange. The Company's management replied that the Company's power subsidiaries were not listed.

A stockholder asked why the prices of the power to be sold by the Company's subsidiaries were different from each other. The Company's management replied that the Company's subsidiaries had different types of power plants consuming different types of fuel for different uses. After explaining the types of plants, fuel and uses, the Company's management advised that prices of different types of plants will necessarily be different.

Another stockholders referred to the Company's long-term debt and asked whether the same was still manageable, to which the Company's management replied in the affirmative.

A stockholder asked whether the Company had renewable energy projects, to which the Company's management replied that it was studying a hydro-power project in Mindanao.

#### 5. Result of Annual/Special Stockholders' Meeting's Resolutions May 22, 2015 Annual Stockholders' Meeting

Resolution	Approving	Dissenting	Abstaining
<u>Approval of the Minutes of Annual Stockholders' Meeting held on May 23, 2014.</u>	<u>Stockholders representing a total of 5,039,239,701 shares of stocks or 80.1% of the Corporation's outstanding shares entitled to vote</u>	None	None
<u>Approval of the Annual Report and Audited Financial Statements for the year ended December 31, 2014</u>		None	None
<u>Ratification of the actions &amp; proceedings of the Board of Directors, different Committees and Management during the year 2014.</u>		None	None
<u>Election of Directors (including Independent Directors)</u>		None	None
<u>Appointment of the External Auditors – Sycip Gorres Velayo &amp; Co.</u>		None	None

**6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:** The results of the annual stockholders' meeting was immediately disclosed to PSE's on line reporting system (PSE Edge Submission System) within the same date of the meeting.

#### (e) Modification

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 modification made in the Annual/Special Stockholders' Meeting regulations during the most recent year.	



**(f) Stockholders' Attendance**

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual Stockholders' Meeting	<b>Directors:</b> 1. Tomas I. Alcantara 2. Editha I. Alcantara 3. Alejandro I. Alcantara 4. Tirso G. Santillan, Jr. 5. Ramon T. Diokno 6. Jose Ben R. Laraya 7. Carlos G. Dominguez 8. Honorio A. Poblador, III 9. Jacinto C. Gavino, Jr. 10. Conrado C. Alcantara 11. Thomas G. Aquino <b>Officers:</b> 1. Luis R. Ymson, Jr. 2. Roberto V. San Jose 3. Angel M. Esguerra, III 4. Esperidion D. Develos, Jr.	<u>22 May 2015</u>	By poll  one share one vote	<u>0.01%</u>	<u>0.80%</u>	<u>80.1%</u>
Special	No Special Stockholders' Meeting held during the year.					

- (ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the AASM/SSMs? The Company asks personnel from its stock & transfer agent to act as inspectors to count and/or validate the proxies before the stockholders meeting, and the votes taken, if any, at such meetings.**

Yes. Sycip Gorres Velayo & Co. was the appointed Board canvasser, an independent party to count and validate the votes during the Annual Stockholders' Meeting held on May 22, 2015.

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

Yes. The Company's common shares entitles the holder to one vote that may be exercised in person or by proxy at shareholders' meeting, including the Annual Stockholders' Meeting.

**(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	Pursuant to the Company's By-Laws, Article III, section 7, every stockholder entitled to vote at any meeting of the stockholders may, so vote by proxy, provided that the proxy shall have been appointed in writing by the stockholder himself, or by his duly authorized attorney in favor of a registered stockholder. No proxy in favor of a third person who is no a bona fide registered stockholder of the Company and no proxy bearing a signature which is not legally acknowledged shall be recognized at any meeting unless such signature is known and recognized by the Secretary of the Meeting. The instrument authorizing a proxy to act shall be lodged with the Secretary at least five (5) days before the date of the meeting. No proxy shall be recognized for shares in the names of stockbrokers who are members of the stock exchanges, unless accompanied by the written consent or authorization of their clients authorizing the grant of such proxy or by a certification by the stockbroker that the shares are beneficially owned by him.
Notary	If the signature on the proxy is known and recognized by the Secretary, the legal acknowledgment of such a signature is not necessary.

Submission of Proxy	<i>The instrument authorizing a proxy to act shall be lodged with the Secretary at least five (5) days before the date of the meeting.</i>
Several Proxies	<i>Pursuant to the Commission's Memorandum Circular N° 5, series of 1996, section B.10, "Where the same stockholder gives two or more proxies, the latest one given is to be deemed to revoke all former proxies."</i>
Validity of Proxy	<i>Pursuant to the Commission's Memorandum Circular N° 5, series of 1996, the Company's By-laws shall be controlling in determining the proper procedure to be followed in the execution and acceptance of proxies, or the validity of the proxy, provided that the Company will comply with the minimum required formalities prescribed under Section 58 of the Corporation Code and the applicable provisions of the SRC and its implementing rules and regulations.</i>
Proxies executed abroad	<i>Pursuant to the Commission's Memorandum Circular N° 5, series of 1996, section B.16, "Proxies executed abroad shall be duly authenticated by the Philippine Embassy or Consular Office."</i>
Invalidated Proxy	<i>An invalidated proxy shall not be used for the purposes for which it was issued.</i>
Validation of Proxy	<i>Pursuant to the Commission's Memorandum Circular N° 5, series of 1996, the Company's By-laws shall be controlling in determining the proper procedure to be followed in the execution and acceptance, and validation, of proxies, provided that the Company will comply with the minimum required formalities prescribed under Section 58 of the Corporation Code and the applicable provisions of the SRC and its implementing rules and regulations.</i>
Violation of Proxy	<i>The Company will comply with the Commission's Memorandum Circular N° 5, series of 1996, the Company's By-laws, Section 58 of the Corporation Code and the applicable provisions of the SRC and its implementing rules and regulations shall be controlling in determining the proper procedure to be followed in the execution and acceptance, and validation, of proxies, provided that the Company will comply with the minimum required formalities prescribed under Section 58 of the Corporation Code and the applicable provisions of the SRC and its implementing rules and regulations.</i>

#### (h) Sending of Notices

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

Policies	Procedure
<p><i>At the first Board meeting in the calendar year, management recommends to the Board the schedule of activities leading up to, and including, the annual stockholders meeting, which, under the By-laws, Article III, section 1, is held during May of each year.</i></p> <p><i>Notices to stockholders shall comply with the by-laws of the Company, the Corporation Code and the Securities Regulation Code and its implementing rules and regulations.</i></p>	<p><i>Notices of the time and place of holding any annual meeting, or any special meeting, of the stockholders, shall be given either by posting the same enclosed in a postage prepaid envelope, addressed to each stockholder of record entitled to vote at the address left by such stockholder with the secretary of the Company, or at his last known post-office address, or by delivering the same to him in person or by messengerial service, at least seven (7) days before the date set for such meeting. Every stockholder shall furnish the Secretary with the address at which notices of meetings and all other corporation notices may be served upon or mailed to him, and if any stockholder shall fail to furnish such address, notices may be served upon him by mail directed to him at his last known post-office address. The notice of every special meeting shall state briefly</i></p>

	the objects of the meeting, and no other business shall be transacted at such meeting except by consent of all the stockholders of the Company entitled to vote. No notice of any meeting need be published in any newspaper. Failure to give or any defect or irregularity in giving the notice of the annual meeting shall not affect or invalidate the actions or proceedings at such meeting. The stockholders of the Company entitled to vote, may, by unanimous consent in writing, waive notice of the time, place and purpose of any meeting of stockholders and any action taken at a meeting held pursuant to such waiver shall be valid and binding.
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**(i) Definitive Information statements and Management Report**

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and other Materials</b>	<u>481</u>
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and other Materials held by market participants/certain beneficial owners</b>	<u>April 20, 2015</u>
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and other Materials held by Stockholders</b>	<u>April 20, 2015</u>
<b>State whether CD format or hard copies were distributed</b>	Yes
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	Yes

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

<b>Each resolution to be taken up details with only one item.</b>	Yes
<b>Profiles of directors (at least age, qualification, date of first appointment, experience, and directorship in other listed companies) nominated for election/re-election.</b>	Yes
<b>The auditors to be appointed or re-appointed.</b>	Yes
<b>An explanation of the dividend policy, if any dividend is to be declared.</b>	Yes
<b>The amount payable for final dividends.</b>	<u>₱0.016 per share</u>
<b>Documents required for proxy vote</b>	Yes

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

All the foregoing information are disclosed.

**2) Treatment of Minority Stockholders**

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

<b>Policies</b>	<b>Implementation</b>
The Board respects the rights of the stockholders as provided by the Corporation	The Board timely advises the stockholders of the annual stockholders meeting and provides each

<i>Code and Articles of Incorporation such as rights to (i) vote on all matters that require the stockholders' consent or approval; (ii) inspect corporate books and records; (iii) information; (iv) dividends; and (v) appraisal of the stockholders' shares.</i>	<i>stockholder with adequate information meaningfully participate in the meeting. The notice and other materials for the stockholders have reminders of the rights of the stockholders.</i>
<i>As allowed by the Corporation Code, the pre-emptive right of the stockholders has been denied</i>	<i>The Board timely and duly advises the stockholders when it plans to sell shares of the Corporation to stockholders.</i>
<i>Transparency and fairness in the conduct of the annual stockholders meetings; encouragement of the stockholders to attend in person; timely notice of right and information on attendance by proxy; no undue restriction on voting by proxy.</i>	<i>The notice and other materials for the stockholders are internally drafted, revised and reviewed, and then sent to the Commission for comment before distribution to the stockholders. External counsel is consulted on the schedule and content of materials for the annual stockholders' meeting.</i>

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

#### **K. INVESTORS RELATIONS PROGRAM**

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

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

*Thus, it is essential that all material information about the Corporation that could adversely affect its viability or the interests of the stockholders be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board Management. All such information should be disclosed through the appropriate Exchange mechanisms and submissions to the Commission.*

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

*The members of the senior management all participate in managing the relationships with investors by contributing to the disclosures to the Exchange and/or the press. The Chairman of the Board of Directors, the President, the Executive Vice President, the Chief Finance Officer, and/or the Manager for Communications and Stakeholder Relations all confer with the Compliance Officers in composing, revising and finalizing the form and content of the information disclosed through the appropriate Exchange mechanisms and submissions to the Commission*

	<b>Details</b>
<b>(1) Objectives</b>	<i>Transparency for all internal workings of the Corporation to prevent mismanagement or misappropriation of assets.</i>
<b>(2) Principles</b>	<i>All material information about the Corporation that could adversely affect its viability or the interests of the stockholders are publicly and timely disclosed.</i>
<b>(3) Modes of Communications</b>	<i>Upon the occurrence of a material event, management prepares disclosure statements to the PSE and press</i>
<b>(4) Investors Relations Officer</b>	<i>The members of the senior management all participate in managing the relationships with investors by contributing to the disclosures to the PSE and press.</i>

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

*The Company conducts a rigorous financial, operational, accounting and legal review – with due diligence – of any company control of which it may acquire either through the capital markets or other systems. This due diligence review would begin by amassing any and all publicly available information about such company, then negotiating and executing a confidentiality or non-disclosure agreement with the owners of the company or the company itself. Under the latter, confidential, non-public and proprietary information is obtained to determine the consideration, terms and conditions for the acquisition. Thereafter, an extensive negotiation takes place on the definitive agreement(s) by which control is obtained.*

*An identical and no less rigorous exercise is conducted in a merger.*

*In a sale or disposition of substantial assets, the exercise is the same but the flow of confidential, non-public and proprietary information is reversed, with such information being provided by the Corporation to the acquiring company or companies. The Company also negotiates and then executes a confidentiality or non-disclosure agreement with the potential buyer or buyers in preparation for the negotiations over the consideration, terms and conditions for the disposition. Thereafter, an extensive negotiation takes place on the definitive agreement(s) by which the assets are sold.*

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

*In the event of an acquisition, merger and/or sale that requires an evaluation of the fairness of the transaction price, the parties usually agree on an internationally-recognized accounting firm to be the evaluator of the fairness of the transaction price, and the consideration, terms and conditions for such an engagement, as well as the sharing of the firm's consideration.*

**L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

Initiative	Beneficiary
<i>The Company continues to reach out to its host communities in coordination with the Conrado and Ladislawa Alcantara Foundation, Inc. (CLAFI), a non-stock, non-profit entity overseeing the Corporate Social Responsibility (CSR) functions of the Company and the Alcantara Group.</i>	<i>The communities in Sarangani Province and Zamboanga City in Mindanao where CLAFI establishes an outreach presence benefit from the CSR efforts of the Company, CLAFI, and the Group.</i>
<i>Direct support through the donation of workbooks; provision of tutoring and mentoring programs, and English review sessions; scholarships for short-term technical-vocational courses, high school and college students; donations of study chairs, computer equipment, and entire school buildings</i>	<i>Students taking up short-term technical-vocational courses; high school and college students; school districts in need, in cooperation with their respective local government units.</i>
<i>Reviewing a medical-related CSR project such as an "Adopt a Barangay" program for a public health initiative</i>	<i>Communities in Sarangani Province and/or Zamboanga City</i>
<i>Realignment of environment-related CSR projects in ACR's areas of operation; water-related programs in Sarangani, including mangrove reforestation, carbon sequestration, artificial reef installation, watershed protection, and fish restocking in Sarangani Bay.</i>	<i>Communities along Sarangani Bay in Sarangani Province</i>

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

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

	Process	Criteria
<b>Board of Directors</b>	<i>The Board was advised and updated on the self assessment of the annual performance of the Audit Committee as implemented under the Commission's Memorandum Circular N° 4 of 2012. A similar assessment of the Board's annual performance could therefore follow the same pattern as that of the Audit Committee, adjusted to consider the wider powers and responsibilities of the Board.</i>	<i>Any self assessment of the annual performance of the Board will likely take into account the wider powers and responsibilities of the Board, the frequency of its meetings, and reiteration or duplication of the assessments of its committees such as the Audit, Executive, Nomination and Compensation Committees.</i>
<b>Board of Committees</b>	<i>The self assessment of the annual performance of the Audit Committee as implemented under the Commission's Memorandum Circular N° 4 of 2012. A self assessment or self rating of the annual performance of the Executive, Nomination and Compensation Committees could therefore follow the same pattern as that of the Audit Committee, adjusted to consider the wider powers and responsibilities of the Board.</i>	<i>Any self assessment or self rating of the annual performance of the Executive, Nomination and Compensation Committees will likely take into account the divergent powers and responsibilities of these Committees, the frequency of meetings, and the membership of each committee, which may find it necessary to create a charter to be approved by the Board. These charters will be necessary to formulate the criteria against which the committee members can assess or rate themselves.</i>
<b>Individual Directors</b>	<i>The draft procedure and schedule for the self assessment or rating of the annual performance of each Director need to be formalized, disseminated and approved by the Board.</i>	<i>As set forth in the Company's Revised Manual of Corporate Governance, each Director would assess/rate his/her performance of the following individual duties: (i) fair business transaction with the Company; (ii) Time and attention to duties to the Company; (iii) acting judiciously; (iv) exercising independent judgement; (v) having a working knowledge of the statutory and regulatory requirements affecting the Company; and (vi) observing confidentiality.</i>
<b>CEO/ President</b>	<i>The draft procedure and schedule for the self assessment or rating of the annual performance of the CEO/President need to be formalized, disseminated and approved by the CEO/President.</i>	<i>As set forth in the Company's Revised Manual of Corporate Governance, the CEO/President would assess/rate his performance of the following individual duties, including, but not limited to, observing the proper checks and balances necessitated by the unification of the positions with a view to getting the benefits of individual vies and perspectives, ensuring that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary; supervising the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of management and the directors; and maintaining qualitative and timely lines of communication and information between the Board and Management.</i>

## 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
<i>Director's breach of the corporate governance manual</i>	<i>Depending on the severity of the breach, and the materiality of the effects or consequences of the breach, the Board of Directors may call the attention of the breaching Director, ask for an explanation and impose the appropriate sanction. The most severe sanction would involve the application of the Corporation Code, section 28.</i>
<i>Officer's breach of the corporate governance manual</i>	<i>Depending on the severity of the breach, and the materiality of the effects or consequences of the breach, the Board of Directors will call the attention of the breaching Officer, ask him/her to submit an explanation for the breach, and, depending on the Officer's explanation, impose the appropriate sanction, which may include, but shall not be limited to, application of the Labor Code, section 282, its implementing rules and regulations, and relevant jurisprudence.</i>
<i>Employee's breach of the corporate governance manual</i>	<i>Depending on the severity of the breach, and the materiality of the effects or consequences of the breach, the Company will call the attention of the breaching Employee, ask him/her to submit an explanation for the breach, and, depending on the Employee's explanation, impose the appropriate sanction, which may include, but shall not be limited to, application of the Labor Code, section 282, its implementing rules and regulations, and relevant jurisprudence.</i>

This Consolidated Changes in ACGR for 2015 is hereby compiled and published in the Company website, in compliance with the Securities and Exchange Commission (SEC) Memorandum Nos. 1 and 12, Series of 2014, requiring all publicly listed companies to consolidate all the ACGR updates and changes for the year and label the consolidated changes as "Consolidated Changes in ACGR for (year)".

In lieu of the notarized signature page, the Consolidated Changes in the ACGR shall be accompanied by a Secretary's Certificate regarding said updates and changes in the ACGR.



REPUBLIC OF THE PHILIPPINES )  
CITY OF MAKATI ) S.S.

### SECRETARY'S CERTIFICATE

I, **ANGEL M. ESGUERRA, III**, of legal age, Filipino, and with office address at 3<sup>rd</sup> Floor Alsons Bldg., 2286 Chino Roces Avenue, Makati City, Philippines, after having been duly sworn to in accordance with law, hereby depose and say that:


1. I am the Assistant Corporate Secretary of **ALSONS CONSOLIDATED RESOURCES, INC.** (the "Company"), a corporation duly organized and existing under Philippine laws, with office address at Alsons Bldg., 2286 Chino Roces Avenue, Makati City, Philippine;
2. As Assistant Corporate Secretary, I have control and custody of all corporate records, including minutes of stockholdres and directors' meetings.
3. I certify that at the Regular Meeting of the Board of Directors' Executive Committee held on 11 December 2015, at which quorum was present and acting throughout, the said Committee reviewed and approved the Company's Annual Corporate Governance Report ("ACGR") with Consolidated Changes for 2015 ("ACGR for 2015"), which contains the changes and updates to the information set forth in the initial ACGR for 2014 filed on 15 April 2015 with the Securities and Exchange Commission (SEC) along with SEC Form 17-A. The Board of Directors' Executive Committee also authorized the posting of the ACGR for 2015 in the Company's website, in order to comply with the requirements of SEC Memorandum Circular No. 12, Series of 2014."
4. This Certificate is submitted in lieu of the notarized signature page of the Consolidated Changes in the ACGR for 2015 of the Corporation and pursuant to SEC Memorandum Circulars No. 1 and 12, Series of 2014.

DEC 29 2015 IN WITNESS WHEREOF, I have hereunto affixed my signature on this \_\_\_\_\_ at Makati City, Philippines

  
**ANGEL M. ESGUERRA, III**  
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this DEC 29 2015 at Makati City, affiant exhibiting to me his Tax Identification No. 121-413-569.

Doc. No. 162 ;  
Page No. 34 ;  
Book No. LX ;  
Series of 2015 .

  
**IRENEO U. GACAB, JR.**  
Commission No. M-14  
Notary Public for Makati City  
Until December 31, 2015  
Roll No. 22596  
IBP No. 0981733; 01052015; Manila 1 Chapter  
PTR No. 4752033; 01062015; Makati City  
Unit 304 Guadalupe Commercial Complex  
Guadalupe Nuevo, Makati City