

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

**(A) Use of Form ACGR**

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

**(B) Preparation of Report**

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

**(C) Signature and Filing of the Report**

- A. Three (3) complete sets of the report shall be filed with the Main Office of the Commission.
- B. At least one complete copy of the report filed with the Commission shall be **manually** signed.
- C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.
- D. This report is required to be filed annually together with the company's annual report.

**(D) Filing an Amendment**

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM – ACGR**

**ANNUAL CORPORATE GOVERNANCE REPORT**

1. Report is Filed for the Year 2016
2. Exact Name of Registrant as Specified in its Charter Vulcan Industrial & Mining Corporation
3. Quad Alpha Centrum, 125 Pioneer St. Mandaluyong City 1550  
Address of Principal Office Postal Code
4. SEC Identification Number: 7443
5.  (SEC Use Only)  
Industry Classification Code
6. BIR Tax Identification Number: 000-000-062-736
7. (632) 634-8569  
Issuer's Telephone number, including area code
8. n/a  
Former name or former address, if changed from the last report

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**A. BOARD MATTERS**

1) Board of Directors

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

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) <sup>1</sup>	Elected when (Annual /Special Meeting )	No. of years served as director
Alfredo C. Ramos	ED	NBS, INC.	Alfredo C. Ramos	1992	Oct. 04, 2016	Annual	26 years
Christopher M. Gotanco	ED	Alfredo C. Ramos	Adrian S. Ramos	October 22, 2012	Oct. 04, 2016	Annual	5 years
Francisco A. Navarro	NED	PHILODRILL	Alfredo C. Ramos	1989	Oct. 04, 2016	Annual	28 years
Presentacion S. Ramos	NED	NBS, INC.	Alfredo C. Ramos	1993	Oct. 04, 2016	Annual	25 years
Adrian S. Ramos	ED	NBS, INC.	Alfredo C. Ramos	April 20, 2006	Oct. 04, 2016	Annual	12 years
Adrian S. Arias	NED	-	Adrian S. Ramos	October 22, 2012	Oct. 04, 2016	Annual	5 years
Roberto V. San Jose	NED	-	Adrian S. Ramos	October 22, 2012	Oct. 04, 2016	Annual	5 years
Ana Ma. Margarita A. Katigbak	NED	-	Adrian S. Ramos	October 22, 2012	Oct. 04, 2016	Annual	5 years
Iris Marie U. Carpio-Duque	ED	-	Adrian S. Ramos	October 22, 2012	Oct. 04, 2016	Annual	5 years
Carmelito R. Zapanta	ID	N.A.	Alfredo C. Ramos, no relationship with ID	November 2009	Oct. 04, 2016 (5 years)	Annual	9 years
Renato C. Valencia	ID	N.A.	Alfredo C. Ramos, no relationship with ID	2008	Oct. 04, 2016 (6 years)	Annual	10 years

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

*The Company has only one class of shares entitled to one vote each and each shareholder is treated equally with respect to the exercise of his rights in relation to other shareholders.*

*The rights of minority stockholders and stakeholders are accorded respect through their: (i) right to vote on all matters that require their consent or approval; (ii) right to inspect corporate books and records; (iii) right to information; (iv) right to dividends; and (v) appraisal right.*

*The Company's stockholders are also furnished with periodic reports regarding the personal and professional profile of its directors and officers, as well as access to all information relating to matters for which management is accountable for on the operations of the Company.*

*It is the duty of the Board to promote shareholders' rights, remove impediments to the exercise of stockholders' rights, and provide an adequate avenue for them to seek timely redress for breach of their rights. The Board encourages the exercise of stockholders' voting rights and the solution of collective action problems through appropriate mechanisms. The Board takes the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. The Board also gives minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Company.*

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

*As the company is in a transition phase, its vision and mission is still being drafted and subject to review and approval of the Board.*

(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.
Alfredo C. Ramos	National Book Store, Inc.	ED (Chairman)
Adrian S. Ramos	National Book Store, Inc. Alakor Securities Corporation	ED NED
Presentacion S. Ramos	National Book Store, Inc. Alakor Securities Corporation	ED ED (Chairman)

(ii) Directorship in Other Listed Companies

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

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Alfredo C. Ramos	Atlas Consolidated Mining & Dev't. Corp. Shang Properties, Inc. The Philodrill Corporation United Paragon Mining Corporation Anglo Philippine Holdings Corporation North Triangle Depot Commercial Corp.	ED (Chairman) ED (Vice-Chairman) ED (Chairman) ED (Chairman) ED (Chairman) NED
Christopher M. Gotanco	Boulevard Holdings Inc. United Paragon Mining Corporation Anglo Philippine Holdings Corporation North Triangle Depot Commercial Corp.	ED NED ED (Vice-Chairman) NED
Adrian S. Ramos	Atlas Consolidated Mining & Dev't Corp. United Paragon Mining Corporation Anglo Philippine Holdings Corporation The Philodrill Corporation	ED ED NED ED
Presentacion S. Ramos	The Philodrill Corporation Anglo Philippine Holdings Corporation	NED NED
Roberto V. San Jose	Mabuhay Holdings Corporation ISM Communications Corp. Anglo Philippine Holdings Corporation	ED (Chairman) NED ED
Ana Ma. Margarita A. Katigbak	Mabuhay Holdings Corporation	ED
Francisco A. Navarro	The Philodrill Corporation	ED
Renato C. Valencia	EEL Corporation i-People, Inc.	ID ID

Note: VIMC ceased to be a shareholder of United Paragon Mining Corporation in Q3 2012; Alakor Corporation ceased to be a significant shareholder of VIMC in Q4 of 2012; and Anglo Philippine Holdings Corp. ceased to be a shareholder of VIMC in Q4 2012.

(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:

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
Alfredo C. Ramos	National Book Store Inc. Alakor Corporation * Alakor Securities Corporation	ED (Chairman and President) ED (Chairman and President) NED
Presentacion S. Ramos	Alakor Securities Corp. Alakor Corporation * National Book Store Inc.	ED (Chairman) ED (Vice President/Treasurer) ED (Vice President)
Adrian S. Ramos	Alakor Securities Corp. Alakor Corporation * National Book Store Inc.	ED (Corporate Secretary) ED (Vice President) ED (Vice-President & Treasurer)
Iris Marie U. Carpio-Duque	Alakor Securities Corp. Alakor Corporation *	Asst. Corporate Secretary Asst. Corporate Secretary

\*Alakor ceased to be a significant shareholder of VIMC in Q4 of 2012.

- (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:

No limit has been formally set by the Board although, as a matter of practice, directors do observe the limit of five board seats in other publicly listed companies.

The Board may consider the adoption of guidelines on the number of board seats that its directors can hold in other companies (publicly listed, ordinary and companies with secondary license). The CEO and other executive directors may be covered by a lower indicative limit for membership in other boards. In all cases, the optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.

	Guidelines	Maximum Number of Directorships in other companies
<b>Executive Director</b>	Please refer to discussions above	None
<b>Non-Executive Director</b>	Please refer to discussions above	None
<b>CEO</b>	Please refer to discussions above	None

- (e) Shareholding in the Company (as of December 31, 2016)

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Alfredo C. Ramos	5,450	9,003,176	0.62%
Presentacion S. Ramos	34,029	859,956 (PCD FAO: Alakor Sec. Corp.)	0.06%
Adrian S. Ramos	500	20,000 (PCD FAO: Alakor Sec. Corp.)	0.00%
Christopher M. Gotanco	0	834,000 (PCD FAO: Alakor Sec. Corp.)	0.06%
Francisco A. Navarro	201,000	0	0.01%
Roberto V. San Jose	1	0	0.00%
Ana Ma. Margarita A. Katigbak	1	0	0.00%
Iris Marie U. Carpio-Duque	1	4,000 (PCD FAO: Alakor Sec. Corp.)	0.00%
Adrian S. Arias	1	64,000 (PCD FAO: Alakor Sec. Corp.)	0.00%
Renato C. Valencia	0	100 (PCD FAO: various brokers)	0.00%
Carmelito R. Zapanta	0	20,000 (PCD FAO: various brokers)	0.00%

2) Chairman and CEO

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

Yes		No	X

A collegial body wherein the Chairman/CEO has only one vote makes determinations/resolutions of the Board. In addition, the Board has constituted a Nomination, Audit and Compensation Committees headed by independent directors, and a Management Committee composed of top management, which help identify and suggest strategic plans and proposals to the Board of Directors.

Identify the Chair and CEO:

Chairman of the Board	Alfredo C. Ramos
CEO/President	Alfredo C. Ramos

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	<ul style="list-style-type: none"> <li>• Ensure that the meetings of the Board are held in accordance with the By-Laws, or as the Chairman may deem necessary;</li> <li>• Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the Directors; and</li> <li>• Maintain qualitative and timely lines of communication and information between the Board and Management.</li> </ul>	<ul style="list-style-type: none"> <li>• Shall have general supervision and control of the business management and administrative affairs of the Company.</li> <li>• To sign or countersign all certificate of stocks of the Company.</li> <li>• Direct the implementation of the policies establishes by the Board, accordingly.</li> <li>• Direct and supervise the management of all the operations of the Company, and from time to time give such orders, directives and instructions to all personnel and employees.</li> <li>• Carry out all lawful orders and directions of the Board of Directors.</li> <li>• Execute and sign all contracts entered into on behalf of the Company</li> <li>• Appoint, suspend and/or discharge, subject to confirmation of the Board of Directors, subordinate officers, employees and personnel of the Company.</li> <li>• Generally to exercise such authority and powers as may develop upon, or are naturally and customarily inherent to the management of the business and affairs of the company or are incident to his office.</li> </ul>



Accountabilities	<ul style="list-style-type: none"> <li>As head of the Board, the Chairman is accountable to the same by ensuring that all Board meetings are properly held and all relevant information are timely distributed to its members to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.</li> </ul>	<ul style="list-style-type: none"> <li>The CEO shall be accountable to the stockholders and to the Board inasmuch as he is given general supervision and control over corporate operations. As such, he shall oversee and implement the administrative and operational policies of the Company and make reports to the Board and the stockholders.</li> </ul>
Deliverables	The Chairman shall submit a complete report of the operations of the Company for the preceding year and state of its affairs (Annual Report to the Stockholders).	The CEO shall prepare and submit a Management Report in the Company's financial statements, presenting the status and update on the Company's operations.

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

*Officers and employees undergo professional development programs. Succession plan for Senior Management is determined by the Board as need arises.*

- 4) Other Executive, Non-Executive and Independent Directors

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

*Yes. The membership of the Board is a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process and, at the same time, ensure that they have a broad spectrum of business experiences and background for an efficient performance of their duties.*

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

*Yes. All members of the Board are required to have at least a practical understanding of the business of the Company, in addition to the other qualifications for membership in the Board provided for in the Corporation Code, the Securities Regulation Code and other relevant laws.*

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

	Executive	Non-Executive	Independent Director
Role	<ul style="list-style-type: none"> <li>various committees, officers manage and supervise the day-to-day operations of the Company, including management of its employees.</li> <li>Formulate strategic business plans in collaboration with the Board.</li> <li>Implement the business plans and directions offered, suggested and approved by the Board on how to improve the Company.</li> </ul>	<ul style="list-style-type: none"> <li>Assist the executive directors in directing the business affairs of the Company and in controlling its property by rendering reasonable judgment and creative criticism that would enable the Board to formulate sound corporate plans geared towards the Company's overall performance.</li> <li>Assist in ensuring that the Board works towards the best interests of the Company.</li> </ul>	<ul style="list-style-type: none"> <li>Coordinate and assist with the executive and non-executive directors of the Company in implementing strategic policies and supervision of the business operations of the Company by maintaining objectivity and impartiality in addressing corporate issues and concerns.</li> <li>Allow for the possibility of introducing new and innovative ideas for the Company.</li> <li>Assist the Board in achieving a consensus on important issues.</li> </ul>

Accountabilities	Executive directors are accountable to the stockholders of the Company as they are tasked to implement corporate business plans, decisions and policies, and are involved in the day-to-day activities of the Company.	Non-executive directors are accountable to the Board by overseeing its activities and ensuring that sound business decisions are made and that the Board is performing its role in accordance with the Company's business plans and strategies.	Independent directors are accountable to the Board by making sure that the formulation of effective business plans involves independent judgment and diversity of views and perspectives.
Deliverables	In the performance of their primary functions, executive directors submit reports to the Board on a regular basis - quarterly, semiannually, or annually, including sound proposals and recommendations for consideration of the Board.	Non-executive directors are expected to render an effective scrutiny of the performance of management and the Board in meeting the agreed goals and objectives.	Independent directors are expected to render a thorough consideration of the issues, an informed debate and deliberation of ideas during the Board meetings.

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

*"Independence" vis-à-vis Independent Directors is defined by the Company as one who:*

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

*The Company strictly adheres to the above definition of "independence" for the selection, nomination, and appointment of its Independent Directors.*

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

*Yes. The Company strictly adheres to SEC Memorandum Circular No. 09-2011, which took effect on 02 January 2012, which provides that Independent Directors can serve for a period of five (5) consecutive years, and thereafter must undergo a cooling off period of two (2) years before he may be eligible for re-election as an Independent Director. An Independent Director who has been re-elected after the cooling-off period can serve for another four (4) additional years (maximum of nine (9) years as Independent Director). However, with the issuance of SEC Memorandum Circular No. 04-2017 extending the term limit of Independent Directors to nine (9) cumulative years reckoned from 2012, the Company shall strictly comply therewith in the ensuing year.*

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

(a) Resignation/Death/Removal

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

Name	Position	Date of Cessation	Reason
NA	NA	NA	NA

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

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

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors	<p>A. Regular process:</p> <ol style="list-style-type: none"> <li>All nominees to the Board are submitted by the stockholders to the Nomination Committee for validation.</li> <li>The Nomination Committee prepares a list of nominees to the incumbent board for notation.</li> <li>The Board then submits to the stockholders a final list of nominees at the Annual Stockholders' Meeting during which all the directors are elected by the stockholders.</li> </ol> <p>B. In case of vacancy, where the remaining members of the Board still constitute a quorum, the Board elects a replacement director to serve the unexpired portion of the term of the predecessor only.</p>	<p>The following constitute additional qualifications for membership in the Board in addition to those provided in the Corporation Code, Securities Regulation Code and other relevant laws:</p> <ol style="list-style-type: none"> <li>Holder of at least one (1) share of stock of the Company;</li> <li>College education or equivalent academic degree;</li> <li>Practical understanding of the business of the Company;</li> <li>He shall be at least twenty one (21) years old;</li> <li>Membership in good standing in relevant industry, business or professional organizations;</li> <li>Previous business experience;</li> <li>He shall have proven to possess integrity and probity; and,</li> <li>He shall be assiduous.</li> </ol>
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	<p>The Company shall have two (2) independent directors or at least 20% of its board size, at any time, whichever is lesser with the following qualifications and disqualifications:</p> <ol style="list-style-type: none"> <li>Apart from his fees and shareholdings, he is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent</li> </ol>

		<p>judgment in carrying out his responsibilities as a director of the Company;</p> <p>(ii) He shall own in his name at least one (1) share of stock of the Company;</p> <p>(iii) He shall be at least twenty one (21) years old;</p> <p>(iv) He shall be at least a college graduate or he shall have been engaged or exposed to the business of the Company for at least five (5) years;</p> <p>(v) He shall possess integrity and probity;</p> <p>(vi) He shall be assiduous;</p> <p>(vii) He is not a director or officer of the Company or of its related companies or any of its substantial shareholders (other than as an independent director of any foregoing);</p> <p>(viii) He does not own more than two percent (2%) of the shares of the Company / its related companies / its substantial shareholders;</p> <p>(ix) He is not related to any director, officer or substantial shareholder of the Company, any of its substantial shareholders;</p> <p>(x) He is not related to any director, officer or substantial shareholder of the Company or any of its related companies or its substantial shareholders;</p> <p>(xi) He is not acting as a nominee or representative of a director or substantial shareholder of the Company / its related companies/ its substantial shareholders;</p> <p>(xii) He is not employed in any executive capacity by the Company/its related companies/its substantial shareholders within the last two (2) years;</p> <p>(xiii) He is not retained as professional adviser by the Company/its related companies/its substantial shareholders within the last two (2) years;</p> <p>(xiv) He has not engaged and does not engage in any transaction with the Company/its related companies/its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial;</p> <p>(xv) He has not been convicted by final judgment by a competent judicial or administrative body of (a) a crime involving the purchase or sale of securities, (b) crime arising out of the person's conduct as an underwriter, broker, dealer, investment company, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading</p>
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		<p>advisor, floor broker; and (c) crime arising out of his relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <p>(xvi) He has not been enjoined by the SEC or any court or other administrative body of competent jurisdiction from (a) acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or a floor broker; (b) acting as a director or officer of a bank, quasi-bank, trust company, investment house, investment company or an affiliated person of any of them; (c) engaging in or continuing any conduct or practice in connection with any such activity or willfully violating laws governing securities and banking activities;</p> <p>(xvii) He has not been finally convicted judicially or administratively of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false oath, perjury or other fraudulent acts or transgressions;</p> <p>(xviii) He has not been found by the SEC or a court or other administrative body to have willfully violated, aided, abetted, counseled, induced or procured the violation of any provision of the SRC, Corporation code, or any other law administered by the SEC or BSP, or any rule, regulation or order of the SEC or BSP, or who has filed a materially false or misleading application, report or registration statement required by the SEC, or any rule, regulation or order of the SEC;</p> <p>(xix) He has not been judicially declared to be insolvent;</p> <p>(xx) He has not been finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct;</p> <p>(xxi) He is not an affiliated person who is ineligible to serve or act in the capacities listed in paragraphs xv to xix to serve or act in the capacities listed in those paragraphs;</p> <p>(xxii) He has not been convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the SRC, committed within five (5) years prior to the date of his election or appointment.</p>
<b>b. Re-appointment</b>		
(i) Executive Directors	Same as A(5)(b)(a)(i) above	Same as A(5)(b)(a)(i) above
(ii) Non-Executive Directors	Same as A(5)(b)(a)(ii) above	Same as A(5)(b)(a)(ii) above
(iii) Independent Directors	Same as A(5)(b)(a)(iii) above	Same as A(5)(b)(a)(iii) above
<b>c. Permanent Disqualification</b>		
(i) Executive Directors	<p>Upon confirmation of a ground for permanent disqualification, the Board convenes and, if still constituting a quorum, elects a replacement director to serve the unexpired portion of the term of the disqualified director.</p> <p>In the event that the remaining</p>	<p>Grounds for permanent disqualification of a director:</p> <p>(i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that:</p> <p>(a) involves the purchase or sale of</p>

	<p>members of the Board no longer constitute a quorum, the permanent disqualification of directors shall follow the Corporation Code such that any director may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock either at a regular Stockholders' Meeting or at a special meeting called for the purpose.</p>	<p>securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or, (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <p>(ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as a director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above; or, (d) willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person: (a) is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code, or any other law administered by the SEC or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the SEC or BSP; (b) has otherwise been restrained to engage in any activity involving securities and banking; or, (c) is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization.</p> <p>(iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>(iv) Any person who has been adjudged by final judgment or order of the SEC, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code, or any other law administered by the</p>
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		<p>SEC or BSP, or any of their rules, regulations or orders;</p> <p>(v) Any person judicially declared as insolvent;</p> <p>(vi) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violation or misconduct enumerated in sub-paragraphs (i) to (iv) above; and,</p> <p>(vii) 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 as director.</p>
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	<p>In addition to the criteria for Permanent Disqualifications for Executive and Non-Executive Directors:</p> <ul style="list-style-type: none"> <li>Any person earlier elected as independent director who becomes an officer, employee or consultant of the Company.</li> </ul>
<b>d. Temporary Disqualification</b>		
(i) Executive Directors	<p>I Upon confirmation of a ground for temporary disqualification, the Board shall, if still constituting a quorum, declare vacant the seat of the director concerned for a period not exceeding sixty (60) days, during which time the director concerned shall take appropriate actions to remedy, correct or resolve the disqualification.</p> <p>Upon confirmation that the ground for temporary disqualification has been removed, the Board shall reinstate the director concerned to his former seat upon a majority vote.</p> <p>Upon the lapse of sixty (60) days and confirmation that the ground for temporary disqualification remains, the Board shall declare the disqualification permanent and the procedure for permanent disqualification of directors shall follow.</p> <p>In the event that the remaining members of the Board no longer constitute a quorum, the temporary disqualification of directors shall follow the same procedures for permanent disqualification of directors where the remaining members of the Board no longer constitute a quorum.</p>	<p>Grounds for Temporary Disqualification of a Director:</p> <p>(i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its implementing rules and regulations. The disqualification shall be in effect as long as the refusal persists.</p> <p>(ii) Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, unless the absence is due to illness, death in the immediate family, or serious accident. The disqualification shall apply for purposes of the succeeding election.</p> <p>(iii) Dismissal or termination for cause as director of any corporation covered by the Code. The disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or terminations.</p> <p>(iv) Being under preventive suspension by the Company.</p> <p>(v) If any of the judgment or orders cited in the grounds for permanent disqualification has not yet become final.</p>
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	In addition to the Temporary Disqualifications for Executive and Non-Executive Directors:

		<ul style="list-style-type: none"> <li>If the beneficial equity ownership of an independent director in the Company or its subsidiaries and affiliates exceeds two percent (2%) of subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.</li> </ul>
<b>e. Removal</b>		
(i) Executive Directors	<p>If still constituting a quorum, the Board follows the procedures for permanent or temporary disqualification depending on the ground for disqualification.</p> <p>In the event that the remaining members of the Board no longer constitute a quorum, the removal of directors shall follow the Corporation Code such that any director may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock either at a regular Stockholders' Meeting or at a special meeting called for the purpose.</p>	Same as the grounds for temporary and permanent disqualification
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above
<b>f. Re-instatement</b>		
(i) Executive Directors	If the director is able to remedy the disqualification, he will be reinstated upon majority vote of the Board, if still constituting a quorum.	If the director is able to remedy the disqualification, he will be reinstated, subject to approval by the Board.
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above
<b>g. Suspension</b>		
(i) Executive Directors	Same as A(5)(b)(d)(i) above	Same as A(5)(b)(d)(i) above
(ii) Non-Executive Directors	Same as A(5)(b)(d)(ii) above	Same as A(5)(b)(d)(ii) above
(iii) Independent Directors	Same as A(5)(b)(d)(iii) above	Same as A(5)(b)(d)(iii) above

Voting Result of the last Annual General Meeting held on October 04, 2016

Name of Director	Votes Received
Alfredo C. Ramos	1,001,806,945
Christopher M. Gotanco	1,001,806,945
Francisco A. Navarro	1,001,806,945
Presentacion S. Ramos	1,001,806,945
Adrian S. Ramos	1,001,806,945
Roberto V. San Jose	1,001,806,945
Ana Ma. Margarita A. Katigbak	1,001,806,945
Iris Marie U. Carpio-Duque	1,001,806,945
Adrian S. Arias	1,001,806,945
Renato C. Valencia	1,001,806,945
Carmelito R. Zapanta	1,001,806,945



6) Orientation and Education Program

- i. Disclose details of the company’s orientation program for new directors, if any.

*Depending on qualifications and experience, a director, before assuming his position as such, is required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute.*

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

Name of Director and Senior Management	In-house Training and External Courses Attended
Alfredo C. Ramos	Corporate Governance Institute of Corporate Directors (ICD) July 04, 2016 Risk Opportunities, Assessment and Management (ROAM), Inc. April 21, 2015 / February 18, 2014
Christopher M. Gotanco	Corporate Governance Institute of Corporate Directors (ICD) July 04, 2016 Risk Opportunities, Assessment and Management (ROAM), Inc. April 21, 2015/ February 18, 2014
Roberto V. San Jose	Corporate Governance Risk Opportunities, Assessment and Management (ROAM), Inc. April 21, 2015 / February 18, 2014
Francisco A. Navarro	Corporate Governance Institute of Corporate Directors (ICD) July 04, 2016 Risk Opportunities, Assessment and Management (ROAM), Inc. April 21, 2015 / February 18, 2014  Platts and Thomson Reuters Oil & Biofuels Forum Platts Morgaw Hill Financial & Thomson Reuters June 14, 2016  Post-Hague Ruling on the West Philippine Sea Dispute Implications for Philippines and China Relations Association of International Petroleum Negotiators (AIPN) Asia Chapter and Philippine Petroleum Association (PPA) August 25, 2016 Exploration for Deep Marine Gas Hydrates Fugro October 19, 2016  DOE Energy Investment Forum Department of Energy December 6, 2016  Southeast Asia Petroleum Exploration Society (SEAPEX) Conference – December 03, 2015 / December 9, 2016  GEOCON - December 13-14, 2016/ December 8-12, 2015 / December 9-12, 2014 Offshore Technology Conference (OTC) – March 25-28, 2014 Kuala Lumpur Malaysia 2014 Palawan Oil and Gas Conference –October 1-2, 2014 Association of Filipinos for the Advancement of Geoscience, Inc. AFAG, Inc) Southeast Asia Petroleum Exploration Society (SEAPEX) Annual Meeting – October 9-11, 2014, Singapore OSEA 2014, International Oil and Gas Industry Exhibitors &

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

	Conference, December 2-4, 2014
Presentacion S. Ramos	Corporate Governance Institute of Corporate Directors (ICD) July 04, 2016 Risk Opportunities, Assessment and Management (ROAM), Inc. April 21, 2015 / February 18, 2014
Adrian S. Ramos	Corporate Governance Institute of Corporate Directors (ICD) July 04, 2016 Risk Opportunities, Assessment and Management (ROAM), Inc. April 21, 2015 / February 18, 2014
Carmelito R. Zapanta	Corporate Governance Institute of Corporate Directors (ICD) July 04, 2016 Risk Opportunities, Assessment and Management (ROAM), Inc. April 21, 2015 / 27 June 2014
Renato C. Valencia	Corporate Governance Institute of Corporate Directors (ICD) July 04, 2016 The Institute of Corporate Directors - April 22, 2015 / Feb. 05, 2014 First Metro Investment Corp. "Risk Management Brief" - Jan. 29, 2014 Financial Security Effect on National Security by Gov. Nesting Espenilla - Oct. 28, 2014 Posner Leadership Challenge – AIM/MAP – November 20, 2014
Adrian S. Arias	Corporate Governance Institute of Corporate Directors (ICD) July 04, 2016 Risk Opportunities, Assessment and Management (ROAM), Inc. April 21, 2015 / February 18, 2014  Industrial Estate and Business Parks – February 26-27, 2014, Kuala Lumpur Malaysia
Iris Marie U. Carpio-Duque	Corporate Governance Institute of Corporate Directors (ICD) July 04, 2016 Risk Opportunities, Assessment and Management (ROAM), Inc. April 21, 2015 / February 18, 2014  Estate Planning Seminar – March 27, 2014, DMKompass Phils. The 4 <sup>th</sup> Philippine Tax Summit - July 31, 2014, Indu Inferentia Tax Compliance 101 (Tax Base) and Comprehensive Seminar on PEZA-Registered Entities -- November 12, 2014, SGV & Co.

*All the directors have previously attended seminars on Corporate Governance and risk management. A director may also undertake additional development program upon written request to the Company.*

- iii. 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
Alfredo C. Ramos	July 04, 2016	Corporate Governance	Institute of Corporate Directors
Christopher M. Gotanco	July 04, 2016	Corporate Governance	Institute of Corporate Directors
Roberto V. San Jose	July 04, 2016	Corporate Governance	Institute of Corporate Directors
Alfredo C. Ramos	July 04, 2016	Corporate Governance	Institute of Corporate Directors
Francisco A. Navarro	July 04, 2016	Corporate Governance	Institute of Corporate Directors

Presentacion S. Ramos	July 04, 2016	Corporate Governance	Institute of Corporate Directors
Adrian S. Ramos	July 04, 2016	Corporate Governance	Institute of Corporate Directors
Carmelito R. Zapanta	July 04, 2016	Corporate Governance	Institute of Corporate Directors
Renato C. Valencia	July 04, 2016	Corporate Governance	Institute of Corporate Directors
Adrian S. Arias	July 04, 2016	Corporate Governance	Institute of Corporate Directors
Iris Marie U. Carpio-Duque	July 04, 2016	Corporate Governance	Institute of Corporate Directors
Deborah S. Acosta-Cajustin	July 04, 2016	Corporate Governance	Institute of Corporate Directors

## B. CODE OF BUSINESS CONDUCT & ETHICS

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	A director should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.	<p>The Company must avoid conflicts between the interests of the organization and personal financial interest. Any potential conflict of interest should be disclosed, considered and handled appropriately.</p> <ol style="list-style-type: none"> <li>1. Employees should refrain or withdraw from participation in any transaction or relationship which is determined to constitute a material conflict of interest.</li> <li>2. Employees should put the interest of the Company ahead of his own direct or indirect financial interest.</li> </ol>	Same as Senior Management
(b) Conduct of Business and Fair Dealings	A director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests.	All Company employees must follow a written set of guidelines embodied in the Company's Procedures Manual regarding the procedures for procurement of supplies and Company equipments.	Same as Senior Management
(c) Receipt of gifts from third parties	The Company requires that all its directors, officers and employees shall not make, offer, or authorize any payment, gift, promise or other advantage, whether	Same as Directors	Same as Senior Management

	directly or through any other person or entity, to or for the use or benefit of any public official or any political party or political party official or candidate for office, where such payment, gift, promise or advantage would violate applicable laws of the Philippines.		
(d) Compliance with Laws & Regulations	Directors, officers and employees are expected to behave according to proper and accepted norms in our society while in Company premises. Directors, officers and employees shall also follow the established rules and regulations of the Company that are meant to ensure good interpersonal relationships among other directors, officers and employees.	Same as Directors	Same as Senior Management
(e) Respect for Trade Secrets/Use of Non-public Information	All information/data, technical or otherwise, proprietary to the Company, obtained by the director, senior management, or employee while under its employ, are proprietary and confidential in nature and shall not be used, divulged, printed or reproduced without the Company's prior written consent. During the regular course of employment, such information/data and/or such material containing the same may be used only in relation to official company business and operations.	Same as Directors	Same as Senior Management
(f) Use of Company Funds, Assets and Information	The Company considers the following (among others) as offenses which shall subject the personnel concerned to the appropriate penalties and sanctions: <ul style="list-style-type: none"> <li>Unauthorized use of Company time, equipment and materials for personal business or works;</li> </ul>	Same as Directors	Same as Senior Management

	<ul style="list-style-type: none"> <li>Unauthorized disclosure, release, sale, etc. of Company documents, information, or trade secrets or similar acts of espionage or sabotage of the Company's business activities, including violation of the confidentiality of salaries, wages and similar information;</li> <li>Malversation of Company's funds, defalcation or misappropriation or delayed remittance of collections, unusual delay in the liquidation of advances, padding or misrepresentation of expenses.</li> </ul>		
(g) Employment & Labor Laws & Policies	The Company shall strictly observe and comply with established rules, laws and policies regarding employment and labor and shall ensure that its internal policies and procedures remain consistent with these.	Same as Directors	Same as Senior Management
(h) Disciplinary action	Any behavior or conduct of any Company personnel which is inimical to the interest of the Company shall be considered an offense against the Company and shall subject the personnel concerned to certain penalties and sanctions.	Same as Directors	Same as Senior Management
(i) Whistle Blower	None	None	None
(j) Conflict Resolution	All Company employees must strictly adhere with the written set of guidelines embodied in the Company's Procedures Manual regarding conflict resolution.	Same as Directors	Same as Senior Management

- 2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?  
*As the Company is still in transition, a draft Code of Conduct for the Board, CEO and staff is still undergoing changes and discussions among the parties concerned. In the meantime, however, the Company has existing policies and procedures that can identify and resolve potential conflicts of interest.*

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

*The Company undertakes a self-evaluation process every year to implement and monitor compliance with the code of ethics and conduct.*

- 4) Related Party Transactions

- (a) Policies and Procedures

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

Related Party Transactions	Policies and Procedures
(1) Parent Company	N.A.
(2) Joint Ventures	N.A.
(3) Subsidiaries	All related party transactions are based on prevailing market/commercial rates at the time of the transaction.  Where it is required under the Corporation Code to submit corporate matters to stockholders for approval and such matters are Related Party Transactions, the related parties involved should inhibit themselves from voting on the matter.  All related party transactions are fully disclosed and subjected to regular audit by the external and internal auditors.
(4) Entities Under Common Control	Same as No. 3 above
(5) Substantial Stockholders	Same as No. 3 above
(6) Officers including spouse/children/siblings/parents	Same as No. 3 above
(7) Directors including spouse/children/siblings/parents	Same as No. 6 above
(8) Interlocking director relationship of Board of Directors	Same as No. 6 above

- (b) Conflict of Interest

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

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

	Details of Conflict of Interest (Actual or Probable)
Alfredo C. Ramos (ED and Chairman) Presentacion S. Ramos (NED) Adrian S. Ramos (ED) National Book Store, Inc. (significant shareholder)	They are directors and/or officers of National Book Store, Inc., a related party and significant shareholder that subscribed to an increase in the authorized capital stock of the company via debt-to-equity conversion and cash subscription, that was recently approved by the SEC in October 2014.

(ii) Mechanism

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

<b>Directors/Officers/Significant Shareholders</b>	
Company	Directors and officers are required to fully disclose their interests and that of the other corporations they serve on prior to determination of any matter under consideration.
Group	Same as above

5) Family, Commercial and Contractual Relations

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
National Book Store Inc.	Related Party	National Book Store Inc. is a related party by common ownership.
Alakor Corporation	Related Party	Alakor Corporation is a related party by common ownership but ceased to be a significant shareholder in Q4 of 2012.

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description
National Book Store Inc.	1. Corporate: National Book Store Inc. owns 5% or more of the Company's stock.	In the ordinary course of business, the Company had transactions with related party/ies consisting principally of advances to related party/ies in order to address immediate working capital requirements. The identities of these parties, including the amounts and details of the transactions are disclosed in Note 16 to the Company's Audited Consolidated Financial Statements.
Alakor Corporation	2. Contractual: Advances to related party	
Alakor Corporation	1. Corporate: Alakor Corporation owns 5% or more of the Company's stock until Q4 of 2012.	All transactions with related party/ies are based on prevailing market / commercial rates at the time of the transaction.
Alakor Corporation	2. Contractual: Advances to related party	

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

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

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

6) Alternative Dispute Resolution

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

Alternative Dispute Resolution System	
<b>Corporation &amp; Stockholders</b>	<ol style="list-style-type: none"> <li>1. A stockholder has the right to present any grievances/inquiries regarding (i) ownership and (ii) rights of stockholders to the Company's Corporate Secretary and stocks department.</li> <li>2. The Stocks Department, in coordination, with the Company's transfer agent, investigates and recommends relevant measures.</li> <li>3. Depending on the issue involved, the Corporate Secretary may (i) approve, (ii) submit to Management Committee for resolution, or (iii) submit to the Board for resolution.</li> <li>4.</li> </ol>
<b>Corporation &amp; Third Parties</b>	The Company endeavors to act in good faith to settle amicably any dispute arising out of or in connection with conflicts or differences with third parties. Disputes that are not amicably settled are first referred to arbitration proceedings.
<b>Corporation &amp; Regulatory Authorities</b>	Disputes, if any, arising between the regulatory authorities (such as the SEC, Department of Energy) and the Company which cannot be settled amicably may be referred to arbitration with the consent of the agency involved; otherwise, the same shall be referred to quasi-judicial or judicial litigation, as may be appropriate.

**C. BOARD MEETINGS & ATTENDANCE**

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

*The Corporate Secretary sets a tentative schedule of the Board of Directors' meetings for the current year and puts the Board on notice thereof. At least two (2) weeks prior to a scheduled meeting, the Corporate Secretary re-confirms the schedule with the directors. Changes, if any, for any reason, are agreed by consensus among directors and the new schedule is circulated to the Board for notation.*



2) Attendance of Directors

Board	Name	Date of Election*	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Alfredo C. Ramos	10/04/2016	9	9	100%
Member	Christopher M. Gotanco	10/04/2016	9	9	100%
Member	Presentacion S. Ramos	10/04/2016	9	9	100%
Member	Francisco A. Navarro	10/04/2016	9	9	100%
Member	Adrian S. Ramos	10/04/2016	9	9	100%
Independent	Carmelito R. Zapanta	10/04/2016	9	9	100%
Independent	Renato C. Valencia	10/04/2016	9	9	100%
Member	Adrian S. Arias	10/04/2016	9	9	100%
Member	Roberto V. San Jose	10/04/2016	9	9	100%
Member	Ana Ma. Margarita A. Katigbak	10/04/2016	9	9	100%
Member	Iris Marie U. Carpio-Duque	10/04/2016	9	9	100%

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

*So far as is known to the Company, non-executive directors do not hold meetings amongst themselves exclusively.*

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

*No. A majority of the directors of the Company, at a meeting duly assembled, shall be necessary to constitute a quorum for the transaction of business, and the act of a majority of a quorum so present shall be valid as a corporate act, except as otherwise provided by law.*

5) Access to Information

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

*Board papers for board of directors' meetings are provided on the day of the meeting and prior to the conduct thereof. Copies of voluminous documents and/or materials for discussion are sent to the directors via email at least a day before the meeting.*

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

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

*The Corporate Secretary's duties and responsibilities are as follows:*

- (i) Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Company;*
- (ii) Informs the members of the Board, in accordance with the By-Laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;*
- (iii) Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents prevent him from doing so;*

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

- (iv) *Ensure that all Board procedures, rules and regulations are strictly followed by the members;*
  - (v) *If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in the Code.*
  - (vi) *Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Company;*
  - (vii) *As to meetings, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting;*
  - (viii) *Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations; and,*
  - (ix) *Submit to the SEC, at the end of every fiscal year, an annual certification as to the attendance of the directors during Board meetings.*
- (d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative. – Yes.

(e) Committee Procedures

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

Yes  No

Committee	Details of the procedures
Executive	N.A.
Audit	All directors may request for any Company information at any time from the relevant officers concerned.
Nomination	Same as above
Compensation and Remuneration	Same as above
Others (Management Committee)	Same as above

6) External Advice

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

Procedures	Details
The Company and its directors may seek external advisory services as the need for it arises. The engagement of any such external advisory services is based on submission of quotation, evaluation, recommendation, and approval by the Board.	The Company did not engage any advisory services during the period.

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
The Company shall satisfy its working capital requirements from revenues generated from operations. The Company's internal source of liquidity comes, primarily, from revenues generated from operations and dividends received from investee companies. The Company's external source of liquidity comes, primarily, from loans/financing obtained from	None	N.A.

financial institutions and, alternatively, may also come from the collection of its accounts receivables and issuance of additional capital stock.		
The Company has no material commitments for capital expenditures, but is expected to contribute its equity share in the capital expenditures of its investee companies. However, the bulk of the funding for such expenditures will be sourced from project financing	None	N.A.

#### 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	General compensation brackets are set by the Board.	Same as CEO
(2) Variable remuneration	None	None
(3) Per diem allowance	<p>A fixed per diem rate is granted to all traveling officers and employees to take care of their hotel accommodations (hotel room, laundry service charges, taxes), meals and taxes therein, transportation cost within the area of local business.</p> <p>The per diem entitlement shall commence on the date the officer/employee departs from Head Office and ends on the date the officer/employee returns to Head Office using the fastest and most direct route available.</p>	Same as CEO
(4) Bonus	<p>The Company provides its employees all the financial benefits provided by law, such as the 13<sup>th</sup> month pay.</p> <p>The Company also provides bonuses to its CEO as determined and approved by the Board.</p>	<p>The Company provides its employees all the financial benefits provided by law, such as the 13<sup>th</sup> month pay.</p> <p>The Company also provides bonuses to its top three* (3) highest paid management officers upon resolution by the CEO and with approval by the Board.</p>
(5) Stock Options and other financial instruments	None	None
(6) Others (specify)	None	None

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

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

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	The levels of remuneration of the Company should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.	None	The directors are entitled to receive compensation as may be authorized by the vote of the stockholders representing at least a majority of the outstanding capital stock at a regular or special stockholders meeting, but in no case shall the total yearly compensation of directors exceed ten (10) percent of the net income before income tax of the Company during the preceding year.
Non-Executive Directors	The levels of remuneration of the Company should be sufficient to be able to attract and retain the services of qualified and competent directors and officers.	None	Same as above

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

Remuneration Scheme	Date of Stockholders' Approval
No	N.A.

3) Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	0.00	n/a	n/a
(b) Variable Remuneration	n/a	n/a	n/a
(c) Per diem Allowance	-	-	-
(d) Bonuses	-	-	-
(e) Stock Options and/or other financial instruments	n/a	n/a	n/a
(f) Others (Specify) Transportation allowance	20,000	25,000	10,000.00
<b>Total</b>	<b>20,000</b>	<b>25,000</b>	<b>10,000.00</b>

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
	1) Advances	0	0
2) Credit granted	n/a	n/a	n/a
3) Pension Plan/s Contributions	0	0	0
(d) Pension Plans, Obligations incurred	0	0	0
(e) Life Insurance Premium	0	0	0
(f) Hospitalization Plan	0	0	0
(g) Car Plan	0	0	0
(h) Others (Specify)	0	0	0
<b>Total</b>	0	0	0

#### 4) Stock Rights, Options and Warrants

##### (a) Board of Directors

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

There are no stock rights, options or warrants over the Company's shares granted to the Board of Directors.

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

##### (b) Amendments of Incentive Programs

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

Incentive Program	Amendments	Date of Stockholders' Approval
None	N.A.	N.A.

#### 5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the

total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Alfredo C. Ramos – Chairman & President Christopher M. Gotanco – Vice Chairman Adrian S. Ramos – Treasurer Iris Marie U. Carpio-Duque – Corp. Secretary Deborah S. Acosta-Cajustin – Asst. Corp. Sec.	P0.00*

\*There were no compensation for officers in 2015 due to no operations.

## 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	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Audit	1	1	2	Yes	<p>(i) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;</p> <p>(ii) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities.</p> <p>(iii) Perform oversight functions over the Company's internal and external auditors to ensure that they act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;</p> <p>(iv) Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it.</p>	<p>The Audit Committee shall carry out responsibilities for the following:</p> <ol style="list-style-type: none"> <li>1. Financial statements</li> <li>2. Internal control/risk management</li> <li>3. Internal audit</li> <li>4. External audit</li> <li>5. Compliance with laws and regulations</li> <li>6. Reporting responsibilities to the Board of Directors, shareholders, SEC and PSE, internal and external auditors</li> </ol>	<ul style="list-style-type: none"> <li>• Recommend to the Board the appointment and compensation of any registered public accounting firm employed by the Company (i.e., external auditors), and to oversee its work;</li> <li>• Resolve any disagreements between management and the auditor regarding financial reporting;</li> <li>• Pre-approve all audit and non-audit services;</li> <li>• Retain independent counsel, accountants, or others to advise the committee</li> </ul>

					<p>(v) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;</p> <p>(vi) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;</p> <p>(vii) Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;</p> <p>(viii) Perform direct interface functions with the internal and external auditor;</p> <p>(ix) Elevate to international standards the accounting and auditing processes, practices and methodologies, and develop the following in relation to this reform:  (a) a definitive timetable within which the accounting system of the Company will be 100% International Accounting Standard (IAS) compliant; and,  (b) an accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task.</p> <p>(x) Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the Company through a step-by-step procedures and policies handbook that will be used by the entire organization.</p> <p>(xi) Review the reports submitted by the internal and external auditors;</p> <p>(xii) Review the quarterly, half year and annual financial statements before their submission to the Board, with particular focus on the following matters;</p> <p>- Any change/s in accounting policies and practices</p>	<p>or assist in the conduct of an investigation</p> <ul style="list-style-type: none"> <li>• Seek any information it requires from employees (all of whom are directed to cooperate with the committee's requests) or external parties.</li> <li>• Meet with the Company's officers, external auditors, or outside counsel as necessary.</li> </ul>
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					<ul style="list-style-type: none"> <li>- Major judgmental areas</li> <li>- Significant adjustments resulting from the audit</li> <li>- Going concern assumptions</li> <li>- Compliance with accounting standards</li> <li>- Compliance with tax, legal and regulatory requirements.</li> </ul> <p>(xiii) Coordinate, monitor and facilitate compliance with laws, rules and regulations;</p> <p>(xiv) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence.</p> <p>(xv) Establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the internal auditor, he shall be free from interference by outside parties.</p>		
Nomination	2	0	1	None	<ul style="list-style-type: none"> <li>• Review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval;</li> <li>• Assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.</li> </ul>	<ul style="list-style-type: none"> <li>• Accepts nominations for membership in the Board;</li> <li>• Screens the nominees submitted to it;</li> <li>• Submits the list of nominees to the Board for validation.</li> </ul>	<ul style="list-style-type: none"> <li>• Accepts or rejects nominations based on qualification set in the Company's Corporate Governance Manual.</li> </ul>
Compensation and Remuneration	1	1	1	None	<ul style="list-style-type: none"> <li>• Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel;</li> <li>• Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and</li> </ul>	<ul style="list-style-type: none"> <li>• Review the salary brackets and packages for the Company's directors, officers and employees.</li> </ul>	<ul style="list-style-type: none"> <li>• Submit the salary brackets and packages to the Board for resolution.</li> </ul>



					<p>officers who are needed to run the Company successfully;</p> <ul style="list-style-type: none"> <li>• Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers;</li> <li>• Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers;</li> <li>• Disallow and director to decide his/her own remuneration;</li> <li>• Provide in the Company's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of executive officers for the previous fiscal year and the ensuing year;</li> <li>• Develop/review the existing Company's Human Resources Development or Personnel Handbook.</li> </ul>		
Management / Transition	6	0	0	None	<ul style="list-style-type: none"> <li>• Composed of the Technical Review Committee and the Corporate Transition Committee</li> <li>• Evaluate and assess all assets of the Corporation and its subsidiaries</li> <li>• Assist in the execution and implementation of the Corporation's new business direction</li> </ul>	<ul style="list-style-type: none"> <li>• Report to the Board its findings on the value of the Corporation's assets</li> <li>• Recommend ways on how to meet the corporation's obligations.</li> </ul>	<ul style="list-style-type: none"> <li>• Seek any information it requires from employees (all of whom are directed to cooperate with the committee's requests) or external parties.</li> <li>• Meet with the Company's officers, external auditors, or outside counsel as necessary.</li> </ul>

2) Committee Members

(a) Executive Committee

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

The Company has no Executive Committee.

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Carmelito Zapanta	December 07, 2015	2	2	100	July 2012-present
Member (ED)	Francisco Navarro	December 07, 2015	2	2	100	May 2013 – present
Member (ID)	Renato Valencia	December 07, 2015	2	2	100	May 2013 – present
Member (ED)	Adrian Ramos	December 07, 2015	2	2	100	July 2012-present

Disclose the profile or qualifications of the Audit Committee members.

*The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chairman of the Audit Committee should be an independent director. Each member shall have adequate understanding and knowledge of the Company's financial management systems and environment.*

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

*The Audit Committee is tasked with the duty to:*

- *Review and confirm the independence of the external auditor by obtaining statements from the auditor on relationships between the auditors and the Company, including non-audit services, and discussing the relationships with the auditor;*
- *Review and consider rotation of partners of the external auditor;*
- *Review the external auditor's proposed audit scope, related audit fees and approach, including coordination of auditor efforts with internal audit;*
- *Review the external auditor's observations on internal controls, audit adjustments and compliance with auditing standards;*
- *On an annual basis, review the report from the external auditor describing any material issues raised by the most recent quality control of the audit firm and any steps taken to deal with any such issues;*
- *Review the performance of external auditor and recommend to the Board the appointment, re-appointment or removal of the auditors.*

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	Christopher Gotanco	December 07, 2015	1	1	100	July 2012-present
Member (ED)	Adrian Ramos	December 07, 2015	1	1	100	May 2013 - present
Member (ID)	Renato Valencia	December 07, 2015	1	1	100	May 2013 – present

(d) Compensation and Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Renato Valencia	December 07, 2015	1	1	100	July 2012-present
Member (ED)	Christopher Gotanco	December 07, 2015	1	1	100	July 2012-Oct 2012
Member (NED)	Presentacion Ramos	December 07, 2015	1	1	100	July 2012-Dec 2012

(e) Management/Transition Committee

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

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Christopher Gotanco	October 22, 2012	5	5	100	Oct 2012-present
Member (NED)	Francisco Navarro	October 22, 2012	5	5	100	Oct 2012-present
Member (ED)	Roberto V. San Jose	October 22, 2012	5	5	100	Oct 2012-present
Member (ED)	Ana Ma. Margarita A. Katigbak	October 22, 2012	5	5	80	Oct 2012-present
Member (ED)	Iris Marie U. Carpio-Duque	October 22, 2012	5	5	100	Oct 2012-present
Member (ED)	Adrian S. Ramos	October 22, 2012	5	5	100	Oct 2012-present
Member	Anton S. Ramos	October 22, 2012	5	5	100	Oct 2012-present
Member	Gilbert V. Rabago	October 22, 2012	5	5	100	Oct 2012-present

3) Changes in Committee Members

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

Name of Committee	Name	Reason
Executive	None	N.A.
Audit	None	N.A.
Nomination	None	N.A.
Remuneration	None	N.A.
Others	-	-

There were no changes in committee membership that occurred during the year.

#### 4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Executive	N.A.	N.A.
Audit	<p>The Audit Committee assisted the Board of Directors in overseeing:</p> <p>(i) The integrity of the Company's financial statements and its systems of internal accounting and financial controls;</p> <p>(ii) The independence, qualifications and performance of the Company's independent auditor;</p> <p>(iii) The performance of the Company's internal auditors; and</p> <p>(iv) The Company's compliance with legal and regulatory requirements.</p> <p>It also began discussions on the amendment of the Audit Committee Charter to conform to the new guidelines set forth by the SEC.</p>	<p>The Audit Committee determined ways to timely complete the audited financial statements by requesting the Company's associates to submit their audited financial report on schedule.</p>
Nomination	Screened and accepted the nomination to the Board of the nominees for the ensuing year 2015-2016.	
Remuneration	None	None
Others (specify) Management/Transition	Initiated due diligence investigation of the Company and its subsidiaries	New business direction of the Corporation

#### 5) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
Executive	N.A.	N.A.
Audit	To continue the performance of the Committee functions as stipulated in the Corporate Governance Manual.	No issue has arisen yet since the end of the reporting period (2015)
Nomination	To continue the performance of the Committee functions as stipulated in the	No issue has arisen yet since the end of the reporting period (2015)

	Corporate Governance Manual.	
Remuneration	To continue the performance of the Committee functions as stipulated in the Corporate Governance Manual.	No issue has arisen yet since the end of the reporting period (2015)
Management/Transition	To continue the performance of the Committee functions as stipulated in the Corporate Governance Manual.	No issue has arisen yet since the end of the reporting period (2015)

## F. RISK MANAGEMENT SYSTEM

### 1) Disclose the following:

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

*The Board has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Company shall fund its operational and capital-intensive projects from internally generated funds.*

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

*The Board regularly meets to discuss and update themselves regarding the ongoing plans and programs of the Company and how these may affect the Company's liquidity and other relevant risks.*

*Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Group's activities.*

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

*The review conducted by the Board regarding the effectiveness of the Company's risk management system covers projects and activities during the month previous to the Board meeting. The Board also conducts annual reviews during its general Board meetings.*

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

*The Management meets at least twice a month to plan and update themselves on Company programs which will be presented for further discussions and deliberations during the monthly Board meetings. The required disclosures regarding operating risks and how the Company, through its Board, manages these risks are fully disclosed in the Notes to Financial Statements included in the Company's Annual Reports and Quarterly Reports. The Company may also engage the risk management services of the external auditor, if needed.*

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

### 2) Risk Policy

#### (a) Company

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

*The main risk arising from the Company's financial instruments are credit risk, liquidity risk, equity price risk and interest rate risk.*

Risk Exposure	Risk Management Policy	Objective
Credit Risk	The Company manages and control credit risk by doing business mostly only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit procedures. In addition, receivable balances are monitored on an ongoing basis.	To keep exposure to bad debts to a minimum level.

Liquidity Risk	Management is responsible for liquidity, funding as well as settlement management. The Company avails of credit facilities from various suppliers and to mainly source its funds through the use of bank loans and advances from related parties.	To maintain a balance between continuity of funding and flexibility
Equity Price Risk	The Company closely monitors possible changes in the fair value of AFS financial assets that could be brought by changes in the equity indices.	To minimize exposure to equity securities price risk due to changes in equity indices.
Interest Rate Risk	The Company's exposure to market risk for changes in interest rates is eliminated because the Company's loan payable obligations bear with fixed interest rates and are due and demandable.	To minimize risks arising from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

(b) Group

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

*The Group's risk management policy is essentially the same as those implemented by the Company.*

Risk Exposure	Risk Management Policy	Objective

(c) Minority Shareholders

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

Risk to Minority Shareholders
Exercising control over the stockholders' voting power bears the risk of creating an imbalance between the controlling and the minority shareholders, for which reason, the holders of the Company's shares are all equally entitled to one vote per share with the objective of protecting minority interests. At the same time, the identity of the controlling shareholders and the degree of ownership concentration are also fully disclosed in the Company's annual report.

3) Control System Set Up

(a) Company

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit Risk	The Company, through its external and internal auditors, regularly monitors and measures the risk exposure of the Company.	The Group ensures that its financial assets are considered high grade by transacting only with top banks in the Philippines and maintaining good relationships with related parties, key employees and debtors who are highly reputable and with good credit standing.
Liquidity Risk	Same as above	The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility in operations. Treasury

		<p>controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal policies.</p> <p>Should the Company's cash position be insufficient to meet current requirements, the Company may consider:</p> <ol style="list-style-type: none"> <li>1. Collecting a portion of Accounts Receivables as of December 31, 2016;</li> <li>2. Selling a portion of its existing investments and/or assets; and/ or</li> <li>3. Generating cash from loans and advances.</li> </ol>
Interest Rate Risk	Same as above	The Company's exposure to market risk for changes in interest rates is eliminated because the Company's loan payable obligations bear with fixed interest rates and are due and demandable.
Equity Price Risk	Same as above	The Company regularly monitors price fluctuations to determine the appropriate time to dispose or acquire equity securities.

(b) Group

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

*The Group's control systems, risk assessment processes and risk management procedures are essentially the same as those implemented by the Company.*

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

(c) Committee

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

Committee/Unit	Control Mechanism	Details of its Functions
Audit Committee together with the Chief Operating Officer who exercises the functions of Risk Management Officer	<p>The Company may establish an internal audit system that can reasonably assure the Board, Management and stockholders that the key organizational and operational controls are faithfully complied with.</p> <p>The Board may appoint an</p>	<p>The Audit Committee is tasked with the duty:</p> <p>(i) To consider the effectiveness of the organization's internal control system, including fraud prevention and detection, information technology, security and control;</p>

	<p>internal auditor to perform the audit function (guided by the International Standards on Professional Practice of Internal Auditing) and require him to report to the level in the organization that allows the internal audit activity to fulfill its mandate.</p>	<p>(ii) To understand the scope of internal and external auditors' assessment of internal control and review the status of all internal and external audit recommendations and their implementation;</p> <p>(iii) To organize an internal audit department and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;</p> <p>(iv) To review the annual internal audit plan to ensure conformity with the objectives of the Company.</p>
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## G. INTERNAL AUDIT AND CONTROL

### 1) Internal Control System

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

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

*Internal control system is the Company's set of procedures and mechanisms for monitoring and evaluating the Company's ability to effectively prevent and detect fraud, including the establishment of sufficient levels of information technology security and financial reporting control.*

*The control environment of the Company consists of: (a) the Board, which ensures that the Company is properly and effectively managed and supervised; (b) a Management, that actively manages and operates the Company in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Company's governance, operations, and information's systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the 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, with the assistance of the Audit Committee, regularly meets to discuss and oversee whether the Company is able to comply with the required financial reporting and audit processes, including compliance with applicable laws, rules and regulations.*

- (c) Period covered by the review;

*The review conducted by the Board regarding the effectiveness of the Company's internal control system covers projects and activities during the month previous to the Board meeting.*

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

*The Board utilizes its regular Board meetings to review and assess the effectiveness of the Company's internal control system. The Board also conducts annual reviews during its December Board meetings.*

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

### 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.

*As the Corporation is in a transition phase, the functions of the internal auditor are being performed by the audit committee working closely with the external auditors.*

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

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

*Yes. The Audit Committee performs oversight functions over the Company's Internal and External Auditors, which includes approval of the appointment and/or removal of the Internal and External Auditors.*

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

*As the Corporation is in a transition phase, the functions of the internal auditor are being performed by the audit committee working closely with the external auditors.*

(d) Resignation, Re-assignment and Reasons

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

*There were no resignations or re-assignments of internal audit staff during the year.*

Name of Audit Staff	Reason
N.A.	N.A.

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

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

<b>Progress Against Plans</b>	The Company comprehensively reviews and implements the established audit plan based on a scheduled timeline.
<b>Issues<sup>6</sup></b>	No significant issues have arisen involving different interpretations because the Company implements and adheres to a fixed set of accounting policies and internal control mechanisms.
<b>Findings<sup>7</sup></b>	There are no significant findings.
<b>Examination Trends</b>	The Company continues to conduct examination of possible issues on a regular basis but no pervasive issues and findings have been determined.

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

<sup>7</sup> "Findings" are those with concrete basis under the company's policies and rules.

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

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

(f) Audit Control Policies and Procedures

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

*As the company is in a transition phase, it is still working on establishing a manual of procedures and controls for efficient implementation.*

Policies & Procedures	Implementation

(g) Mechanisms and Safeguards

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<p>The Audit Committee has an existing policy prohibiting the Company from engaging the independent accountant to provide services that may adversely impact their independence, including those expressly prohibited by SEC regulations.</p> <p>The stockholders, during the Annual Stockholders’ Meetings, approve the appointment of the Company’s external auditors for the ensuing year.</p>	<p>The Company merely furnishes the financial analysts with the actual financial data on hand including updates on its production operations.</p>	<p>Same as with the Financial Analysts</p>	<p>The Company fully and timely discloses to the relevant rating agencies all the required reports (i.e., to the SEC, PSE, and DOE).</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 confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

*The Company’s Compliance Officer and Chairman of the Board annually issues a Certification regarding the Company’s compliance with SEC Memorandum Circular No. 2 of 2002 on the Code of Corporate Governance and the Company’s Manual on Corporate Governance. This includes a statement that all the members of the Board of*

*Directors, officers and employees have complied with all the leading practices and principles on good corporate governance as embodied in the Company's Manual.*

## H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	Not applicable as the Company has had no commercial operations.	N.A.
Supplier/contractor selection practice	Contracts are awarded through a system of bidding conducted by management.	No new contracts were awarded during the year.
Environmentally friendly value-chain	The Company adheres to environmentally sound practices as mandated by mining laws.  Compliance with environmental laws have not, and are not anticipated to, adversely affect the businesses and financial conditions of the Company. Costs of compliance with environmental laws are either charged as ordinary operating expenses or credited as part of project investment by the Company and its subsidiary.	The Company yearly complies with environmental requirements under mining laws as requisites to maintaining its mining and/or exploration permits, such as tree-planting and reforestation of 15 hectares in Montalban, and mine rehabilitation.
Community interaction	The Company has a program for corporate social responsibility that enables it to build and maintain ties with the community	The Company sponsored barangay scholars, conducted medical mission, and sponsored renovation of San Rafael Catholic Church
Anti-corruption programmes and procedures	The Company requires that all its directors, officers, and employees will not make, offer, or authorize any payment, gift, promise, or other advantage, whether directly or through any other person or entity, to or for the use or benefit of any public official or any political party or political party official or candidate for office, where such payment, gift, promise or advantage would violate applicable laws of the Philippines.	
Safeguarding creditors' rights	All dealings with creditors are presented to and approved by the Board of Directors.	Loan agreements are signed and promissory notes are issued to creditors in compliance with bank requirements.

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

*At the moment, the company does not have a separate corporate responsibility (CR) report/section or sustainability report/section as it is in a transition phase but intends to cover this subject in its ongoing review and reorganization of the company.*

3) Performance-enhancing mechanisms for employee participation.

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

*The Company shall provide and maintain a safe and healthful work environment that complies with the generally accepted business practices and regulatory requirements. Towards this end, management shall strive to eliminate any foreseeable hazards that may result to personal injuries / illnesses, damage to property and security losses by making loss prevention a direct responsibility of all employees. At the same time, all of the employees are mandated to perform their jobs in accordance with the established procedures of the Company.*

*The Company shall likewise ensure that the health of its employees is adequately protected and that they are provided with financial assistance when they get sick or injured.*

*Furthermore, the Company strictly adheres to the requirements of the labor laws on employees' safety, health and welfare, including according its employees all the requisite benefits.*

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

*Aside from those benefits mandated by law, employees are given access to HMO and monthly medical allowances that are cumulative and convertible to cash. The Company also established a loan mechanism by which employees are able to obtain loans from RCBC through salary deductions.*

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

*The Company undertakes to finance the attendance of its officers and regular employees to in-house or public seminars / trainings. Employees are encouraged to undergo further training and development and they may either avail of training programs initiated by the Company (for programs related to the Company's core business) or by the employees themselves (for all other programs).*

*As the Company is in a transition phase, all training and development programmes for its employees have been put on hold considering also the limited staff and resources. However, seminars required by the relevant government agencies such as the Mines and Geosciences Bureau of the DENR as well as by the Securities and Exchange Commission and Philippine Stock Exchange are complied with on an as-needed basis.*

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

*The company has none at the moment but endeavors to consider establishing one in the future.*

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.

*Complainant accomplishes a complaint form detailing therein a narration of the circumstances upon which the complaint is based and submits it to his immediate supervisor who shall then issue to the respondent a notice to explain. If the Committee determines that respondent's written explanation is sufficient justification, it shall issue the appropriate notice to all parties concerned. Otherwise, the committee shall set the date, time and place for hearing the parties and their witnesses. After the conference, the committee shall convene to assess whether or not the respondent's explanations are justified and shall then issue a written notice to respondent regarding the decision made based on the degree of infraction committed and always in accordance with company rules and regulations promulgated pursuant to existing labor laws of the Philippines.*

*The identity of the complainant shall be kept by the Company and its management in confidence and there will be no disclosure without the complainant's consent. The Company shall write down all the information given by the complainant so that he can agree that the Company understood his concerns correctly. All legitimate concerns will be respected and investigated. Complainant will receive feedback on the progress of investigations."*

## I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

*To the extent known to the company, there is no individual person holding 5% or more of any class of the Company's securities as of December 31, 2016.*

Shareholder	Number of Shares	Percent	Beneficial Owner
National Book Store, Inc.	850,000,000	58.621%	National Book Store, Inc. directly owns said shares.
PCD Nominee	545,764,146	37.629	National Book Store, Inc. indirectly owns 137,248,170 shares or 9.47% through BDO Securities Corp.

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

2) Does the Annual Report disclose the following:

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

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

*Items above which are not included in the Annual Report are included in the corporate disclosures. Details on board meetings held were disclosed separately via the company's certificate of board attendance. The Company has no existing whistle-blowing policy.*

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
<b>Sycip Gores Velayo (SGV)</b>	<b>P369,000</b>	<b>None</b>

4) Medium of Communication

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

- Corporate website
- PSE/SEC disclosures
- Notices to stockholders
- Newspaper publications

5) Date of release of audited financial report: *April 27, 2017*

6) Company Website

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

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes

Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

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

*Although the company maintains a website, there have been delays in updating the foregoing information due to technical difficulties with the web server which the company is looking into.*

#### 7) Disclosure of RPT

RPT	Relationship	Nature	Value
The Company, in its normal course of business, has transactions with related parties which principally consist of cash advances. The information is contained on Note 11 to the Company's 2016 Audited Consolidated Financial Statements.	The information is contained on Note 11 to the Company's 2016 Audited Consolidated Financial Statements.	Due from related Party Due to a related Party	<b>₱29,740,652</b> <b>₱1,601,741</b>

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?

*All transactions with related parties are based on prevailing market/commercial rates at the time of the transaction.*

#### J. RIGHTS OF STOCKHOLDERS

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

###### (a) Quorum

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

<b>Quorum Required</b>	Holders of the majority of the issued and outstanding shares as of Record Date, represented in person or by proxy, shall constitute a quorum for the Annual / Special Stockholders' Meeting of the Company.
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###### (b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Cumulative Voting	
Description	For election of directors:  Stockholders entitled to vote at the Annual / Special Stockholders' meeting shall have the right to vote in person or by proxy the number of shares	

	<p>registered in his name in the stock transfer book of the Company for as many persons as there are directors to be elected. Each stockholder with voting privilege shall have the right to accumulate said shares. The instrument appointing the proxy shall be exhibited to the Secretary and the inspectors of election and shall be lodged with the Secretary at the time of the meeting if he shall so request.</p> <p>All other matters:</p> <p>Voting during the Annual / Special Stockholders' Meetings is usually done viva voce or by the raising of hands, unless voting by ballot is specifically requested. The Company has ballots and ballot boxes ready for use every Annual / Special Stockholders' Meeting.</p> <ol style="list-style-type: none"> <li>1. A majority vote is necessary to approve regular matters.</li> <li>2. The vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Company is needed for approval of special matters required by law.</li> </ol>	
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(c) Stockholders' Rights

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

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
Right to vote on all matters that require the consent or approval of stockholders	The stockholders entitled to vote may appoint two (2) persons to act as inspectors of election at all meetings of the stockholders.
Right to dissent or right of appraisal and to demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code.	-
Right to receive notice of the time and place of holding of any annual or special meeting of stockholders	-

Dividends

The company had not declared any dividends in the fiscal years 2016 and 2015, and no dividends have been declared to date.

Declaration Date	Record Date	Payment Date
N.A.	N.A.	N.A.

(d) Stockholders' Participation

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

Measures Adopted	Communication Procedure
An open forum is part of the Annual / Special Stockholders' Meeting's agenda and is conducted during the Meeting to allow stockholders to ask questions and raise issues and for the Company or its resource persons to answer them.	Ample time is provided during every stockholders' meeting, allowing them to directly address their questions and comments to the Board.
Stockholders may also submit any proposal for consideration at any stockholders' meeting.	Same as above

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

*The Company complies with all the requirements of the Corporation Code entitling stockholders of the Company to vote and participate on extraordinary matters requiring corporate decisions such as (i) amendments of the Company's Articles of Incorporation and By-Laws, (ii) increase or decrease of capital stock, (iii) and sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the assets of the Company. Such extraordinary matters are included in the Agenda for the Annual / Special Stockholders' Meetings and first discussed by the Chairman of the Board or his resource person before asking if any of the stockholders have further questions or objections thereto. The vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Company is needed for approval of extraordinary matters required by law.*

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

*No. The Company's by-laws provide for a minimum of ten (10) days, however the company consistently endeavors to provide notices to stockholders at least fifteen (15) days before the meeting. The Notice includes the date, time, place and agenda for the meeting together with all the necessary materials on corporate matters that will be discussed during the AGM.*

- a. Date of sending out notices: *August 26, 2016*
- b. Date of the Annual/Special Stockholders' Meeting: *October 04, 2016*

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

*Several stockholders presented inquiries regarding the Company's involvement in various ongoing development projects and future prospects.*

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

Resolution	Approving	Dissenting	Abstaining
Approval of Annual Report and Audited	1,001,806,945	-	-



Financial Statements			
Approval of Acts/Resolutions of the Board of Directors and Management from December 06, 2014 to December 07, 2015	1,001,806,945		
Election of Directors	1,001,806,945		
Appointment of External Auditor	1,001,806,945	-	-

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

*Results of the votes taken during the Company's AGM are immediately disclosed to the stockholders on the day of the meeting itself as the stockholders are asked whether they have objections to the proposed resolutions.*

(e) Modifications

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

Modifications	Reason for Modification
N.A.	N.A.

(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	ALFREDO C. RAMOS	10/04/2016	Show by hand	0.0225%	69.0676%	69.0901%
	PRESENTACION S. RAMOS	10/04/2016	Show by hand			
	CHRISTOPHER M. GOTANCO	10/04/2016	Show by hand			
	FRANCISCO A. NAVARRO	10/04/2016	Show by hand			
	ADRIAN S. RAMOS	10/04/2016	Show by hand			
	ROBERTO V. SAN JOSE	10/04/2016	Show by hand			
	ADRIAN S. ARIAS	10/04/2016	Show by hand			
	IRIS MARIE U. CARPIO-DUQUE	10/04/2016	Show by hand			
	CARMELITO R. ZAPANTA	10/04/2016	Show by hand			
	RENATO C. VALENCIA	10/04/2016	Show by hand			
Special	(none)					

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

*Pursuant to the corporate By-Laws, the stockholders entitled to vote may appoint two (2) persons (who need not be stockholders) to act as inspectors of election at all meetings of the stockholders until the close of the next Annual Stockholders' Meeting.*

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

*The Company has only one class of shares, common shares, and each carrying one vote.*

(g) Proxy Voting Policies

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

	<b>Company's Policies</b>
Execution and acceptance of proxies	Stockholders who cannot attend the Annual Meeting but would like to be represented thereat may submit the Proxy form (duly signed and accomplished) enclosed with the Notice of the Meeting sent out by the Company.
Notary	Corporate stockholders should provide a notarized Secretary's Certificate attesting to the appointment of its proxy for the Meeting and the authority of the person signing the proxy.
Submission of Proxy	The Proxy form must be properly, signed, dated and returned by the stockholder on or before the business day preceding the scheduled validation of the proxies (20 July 2012 for the 2012 Annual Stockholders' Meeting).
Several Proxies	Stockholders of record who hold shares of the Company for a Beneficial Owner may (i) submit several Proxy Forms separately signed and accomplished by the Beneficial Owners of the shares, or (ii) submit a single duly signed and accomplished Proxy Form, indicating therein the total number of shares of the Beneficial Owners who have executed their individual Proxies in favor of the Stockholder of record.
Validity of Proxy	Proxies shall be valid only for use in voting at the Annual Stockholders' Meeting to be held on the date, time, and place stated in the Notice of the Meeting and at any postponements or adjournments thereof.
Proxies executed abroad	Proxies executed abroad shall be subject to the same requirements and rights as properly validated proxies executed locally.
Invalidated Proxy	Proxies which are not properly signed and dated, or which are received late, or which do not have an accompanying Secretary's Certificate (for corporate shareholders) shall not be voted at the Meeting.
Validation of Proxy	Validation of proxies is scheduled at least five (5) days on a business day prior to the scheduled Annual Stockholders' Meeting at the Company's principal office.  Validated proxies will be voted at the Meeting in accordance with the authority and / or instructions of the stockholder expressed therein.
Violation of Proxy	A stockholder giving a proxy has the power to revoke it at any time before the right granted under and by virtue of such proxy is exercised, either: (a) by submitting a sworn statement revoking such proxy on or before the deadline for submission of the Proxy form; or (b) by appearing at the Meeting in person and expressing his intention to vote in person.

(h) Sending of Notices

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

<b>Policies</b>	<b>Procedure</b>
In accordance with the Company's By-Laws, Notices containing the date, time, place and agenda of the Meeting are sent at least ten (10) days prior to the date of the Meeting.	Notices of Meeting are given either by mail or by personal delivery to each stockholder as of Record Date at the address of such stockholder appearing in the corporate registry. Although the By-Laws

	does not require publication of Notices of Meetings, they are, by practice, published in a newspaper of general circulation at least one (1) week before the scheduled Meeting.
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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>	Information Statement was sent to more or less 1,000 stockholders composed of brokers, corporations, banks, with active addresses regardless of number of shares held.
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	August 26, 2016
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	October 04, 2016
<b>State whether CD format or hard copies were distributed</b>	CD copies were distributed.
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	The Company undertakes to provide, without charge, upon the written request of a stockholder, a hard copy of the Company's Information Statement.

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

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	No, but the profiles of the directors are discussed in detail in the Definitive Information Statement which are distributed to the stockholders together with the Notice of the Annual Stockholders' Meeting.
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	No, but the dividend policy that the amount of cash dividends the Company will declare would be determined by its profitability and the amount of retained earnings, while giving due consideration to the funding requirements of the various projects in which the Company is involved is explained to the stockholders during the Annual Stockholders' Meeting as well as in the Company's Annual Report, should dividends be declared.
The amount payable for final dividends.	The Company has not declared any dividends in the last three years. But should it declare dividends, the amount is presented at the stockholders' meeting.

Documents required for proxy vote.	Yes
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Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

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

Policies	Implementation
The Board shall respect the rights of the stockholders, namely:  1. Right to vote on all matters that require their consent or approval	<ul style="list-style-type: none"> <li>• Stockholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.</li> <li>• Cumulative voting shall be used in the election of directors.</li> <li>• A director shall not be removed without cause if it will deny minority stockholders representation in the Board.</li> </ul>
2. Pre-emptive right to all stock issuances of the Company, unless otherwise denied in the Company's Articles of Incorporation	<ul style="list-style-type: none"> <li>• The stockholders have previously voted for the denial of pre-emptive subscription rights in the Company's Articles of Incorporation.</li> <li>• The Articles of Incorporation shall lay down the specific rights and powers of stockholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.</li> </ul>
3. Right to inspect corporate books and records	<ul style="list-style-type: none"> <li>• All stockholders shall be allowed, upon prior written notice and during regular business hours, to inspect corporate books and records including the minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.</li> </ul>

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

*Yes. The Company has a director nomination and election process that is implemented every Annual Stockholders' Meeting which ensures that all stockholders are given the opportunity to nominate and elect directors individually based on the number of shares voted.*

**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 Board shall commit at all times to fully disclose material information dealings and shall cause the filing of all required information for the interest of the stakeholders. All regular reports and notices of the Company are immediately disclosed with the PSE/SEC and posted in the Company's website and Annual Report. Stakeholders can raise valid issues during Annual Meetings.*

*The Company also conducts regular staff meetings to enable employees to voice their issues and concerns to Management. The Company's CEO/ Executive Vice President/ chief financial officer/ and/or Compliance Officer reviews and approves major Company announcements.*

*The Company undertakes regular maintenance of its corporate website and sees to it that all regular disclosures of matters of material importance are immediately uploaded.*

- 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.

	<b>Details</b>
(1) Objectives	The Company shall establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Company.
(2) Principles	The Company shall continue to create wealth for its stockholders by having its management take an active role in its operations.
(3) Modes of Communications	The Company regularly updates its stockholders of operational developments through its corporate website and disclosures with the PSE and SEC, including the Annual Report.
(4) Investors Relations Officer	The Company’s Director, Atty. Adrian S. Arias was appointed to exercise oversight responsibility over the Company’s investor relations program. Tel. No. (632) 631.5139 (632) 635.6120 Fax No. (632) 631.3113

- 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 complies with all the requirements of the Corporation Code requiring the approval by a majority vote of the Board of Directors and the ratification at a meeting by the stockholders representing at least two-thirds (2/3) of the outstanding capital stock relative to the acquisition of corporate control in the capital markets and extraordinary transactions such as mergers, sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the assets of the Company.*

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

*As the Audit Committee is responsible for internal control/risk management of the Company, it is tasked with the evaluation of the fairness of the transaction prices. Note, however, that the bases of all transaction prices are the prevailing market/commercial rates at the time of the transaction.*

**L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

<b>Initiative</b>	<b>Beneficiary</b>
Proposal to donate the Company’s real properties situated in Roxas, Palawan to the concerned LGU through Habitat for Humanity.	Informal Settlers

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

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

	<b>Process</b>	<b>Criteria</b>
<b>Board of Directors</b>	<p>The Company uses the evaluation system established by the SEC in its Memorandum Circular No. 5 series of 2003 (Self-Rating System on Corporate Governance).</p> <p>The Company undertakes a self-evaluation process every semester and any deviation from the Company's corporate Governance Manual is reported to the Management and the Board together with the proposed measures to achieve compliance.</p>	<p>The Company uses the criteria set out in the SEC's Corporate Governance Self-Rating Form (CG-SRF) to measure or determine the level of compliance of the Board of Directors and top-level management with the Company's Corporate Governance Manual.</p>
<b>Board Committees</b>	Same as above	Same as above
<b>Individual Directors</b>	Same as above	Same as above
<b>CEO/President</b>	Same as above	Same as above

**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

*To strictly observe and implement the provisions on Corporate governance, the Company's manual provides for the following penalties to be imposed, after notice and hearing on the infractor:*

<b>Violations</b>	<b>Sanctions</b>
First Violation	Reprimand
Second Violation	Suspension from office, the duration of which shall depend on the gravity of the violation.
Third Violation	Removal from office with forfeiture of emoluments

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of \_\_\_\_\_ on \_\_\_\_\_, 2017.

SIGNATURES



Alfredo C. Ramos

Chairman of the Board and Chief Executive Officer



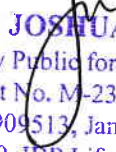
Iris Marie U. Carpio-Duque

Compliance Officer/Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 30 day of 2017, affiant(s) exhibiting to me their competent proofs of identity, as follows:

NAME	ID No.	DATE OF EXPIRY/PLACE OF ISSUE
Alfredo C. Ramos	Passport No. EC8370209	July 20, 2021/DFA NCR East
Iris Marie U. Carpio-Duque	Passport No. EB7104606	Jan. 08, 2018/DFA NCR Central

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Series of 2017.



**ATTY. JOSHUA P. LAPUZ**  
Notary Public for Makati City  
Appointment No. M-231 until 12/31/2017  
PTR No. 5909513, Jan. 3, 2017, Makati  
Roll No. 45790, IBP Lifetime Roll No. 04897  
MCLE No. V-0019692/ 4 - 15 - 2016  
G/F Fedman Suites, 199 Salcedo Street  
Legaspi Village, Makati City