

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year: 2014
2. Exact Name of Registrant as Specified in its Charter: LEISURE & RESORTS WORLD CORPORATION
3. 26/F West Tower, PSE Center, Exchange Road, Ortigas Center, Pasig City 1605
Address of Principal Office Postal Code
4. SEC Identification Number: 13174
5. (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number: 321-000-108-278
7. (632) 637-0370
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	11
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Actual number of Directors for the year	11
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(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
Reynaldo P. Bantug	ED		Nominations* Committee	April 19, 2002	25 July 2014	Annual Meeting	12
Jose Conrado B. Benitez	NED		Nominations Committee	December 8, 1999	25 July 2014	Annual Meeting	15
Edgardo S. Lopez	NED		Nominations Committee	August 18, 2006	25 July 2014	Annual Meeting	8
Anthony L. Almeda	ID		Geoffrey L. Uymatiao – No relation	June 30, 2004	25 July 2014 (3 years as ID)	Annual Meeting	10
Willy N. Ocier	NED		Nominations Committee	July 31, 2009	25 July 2014	Annual Meeting	5
Wilson L. Sy	NED		Nominations Committee	July 29, 2011	25 July 2014	Annual Meeting	3
Eusebio H. Tanco	NED		Nominations Committee	July 29, 2011	25 July 2014	Annual Meeting	3
Bienvenido M. Santiago	NED		Nominations Committee	November 28, 2003	25 July 2014	Annual Meeting	11
Clarita T. Zarraga	ID		Anthony L. Almeda – No relation	July 30, 2010	25 July 2014 (3 years as ID)	Annual Meeting	4
Ignatius F. Yenke	NED		Nominations Committee	April 19, 2012	25 July 2014	Annual Meeting	2
Jose Francisco B. Benitez**	ED		Nominations Committee	July 27, 2012	25 July 2014	Annual Meeting	2

*Indicate name of member of Nominations Committee, or other person, who nominated the director.

**Resigned as Director effective on 20 February 2015; Raul G. Gerodias was elected during the regular meeting of the Board of Directors on 20 February 2015 to serve the unexpired term of Jose Francisco B. Benitez.

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

The Board aims to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.

The Board respects the rights of shareholders, including but not limited to, the rights enumerated in the Corporation Code, *i.e.* voting on all matters requiring shareholders' approval, inspection and information, pre-emptive and appraisal rights and the right to receive dividends, provided such rights are timely and properly exercised in accordance applicable laws. Further, all shareholders are notified of the holding of any meetings and the corresponding agenda where their consent, attendance and approval shall be required. In the conduct of any shareholders' meeting, the Board is reports on the matters included in the agenda and, when practicable, always discloses the relevant financial and operational reports to properly update the shareholders' on the current status of the corporation.

¹ Reckoned from the election immediately following January 2, 2012.

Although all shareholders are generally treated equally, the Board 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 corporation. Further, management notes and addresses all concerns brought up by any concerned shareholder during any special or annual shareholders' meeting.

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

The Board reviews and approves the vision and mission annually.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

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.
Reynaldo P. Bantug	AB Leisure Exponent, Inc., and its subsidiaries First Cagayan Leisure and Resort Corp. LR Land Developers, Inc. AB Leisure Global, Inc. Hotel Enterprises of the Philippines, Inc. Betty Bantug Foundation, Inc. Bingo Bonanza Management and Consultancy, Corp. Brightlight Leisure Production, Inc. Cagayan Cybertech Corporation Cyberpoint Holdings and Management Corp. Royal Highlands Leisure and Resort Corp. Prime Investment Korea, Inc.	ED/Chairman/President
Bienvenido M. Santiago	AB Leisure Exponent, Inc., and its subsidiaries AB Leisure Global, Inc. LR Land Developers, Inc. Hotel Enterprises of the Philippines, Inc. Bingo Bonanza Management and Consultancy Corp. First Cagayan Leisure and Resort Corp. Prime Investment Korea, Inc.	ED
Jose Francisco B. Benitez*	AB Leisure Global, Inc. AB Leisure Exponent, Inc. Hotel Enterprises of the Philippines, Inc. First Cagayan Leisure and Resort Corp. Midas Hotel and Casino – Manila Corporation Topnotch Bingo Trend, Inc. SG Amusement and Recreation Corp. Prime Investment Korea, Inc. Bingo Bonanza Management and Consultancy Corp. Cyber Point Holding and Management Corporation LR Land Developers, Inc. Betty Bantug Foundation, Inc. Techzone Philippines, Inc.	ED

*Resigned effective 20 February 2015.

(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.
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² The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

Willy N. Ocier	Pacific Online Systems Corporation Belle Corporation APC Group, Inc. Premium Leisure Corporation (formerly Sinophil Corp.) Vantage Equities, Inc.	Chairman/President Vice Chairman Chairman Chairman
Eusebio H. Tanco	Asian Terminals, Inc. Philippine Racing Club STI Education Systems Holdings, Inc. Philippine Stock Exchange, Inc.	President/Vice Chairman Chairman
Wilson L. Sy	Pacific Online Systems Corporation Vantage Equities, Inc. Yehey! Corp.	
Ignatius F. Yenko	TKC Steel Corporation Premiere Horizon Alliance Corporation	
Clarita T. Zarraga	Abacus Consolidated Resources, Inc.	

(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:

Mr. Jose Conrado B. Benitez is a brother-in-law of Reynaldo P. Bantug, the Company's President and Chairman. Mr. Jose Francisco B. Benitez, is the son of Mr. Jose Conrado Benitez and nephew of Mr. Reynaldo P. Bantug.

Mr. Reynaldo P. Bantug, is also the uncle of Alfredo Abelardo B. Benitez, the registered owner of approximately 11.24% of the Company's outstanding capital stock as of 31 December 2014 and 93.9% of Zoraymee Holdings, Inc., another stockholder of the Company. Directors Jose Conrado B. Benitez and Jose Francisco B. Benitez are the father and brother respectively of Alfredo Abelardo B. Benitez. Dominique L. Benitez, another registered owner of the Company's shares, is the daughter of Mr. Edgardo S. Lopez and the daughter-in-law and sister-in-law of Jose Conrado B. Benitez and Jose Francisco B. Benitez, respectively.

Except for the said relationships, there are no other known family relationships.

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

The Company has not set any limits of this nature. However the Board does take into consideration, among others, the number of directorships and outside roles every prospective Director holds prior to every nomination and election of a Director.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	N/A	N/A
Non-Executive Director	N/A	N/A
CEO	N/A	N/A

(e) Shareholdings in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company: (As of 31 December 2014)

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

Reynaldo P. Bantug	2	120,000	0.01
Jose Conrado B. Benitez	2	0	0
Edgardo S. Lopez	2	0	0
Willy N. Ocier	2,125,000	0	0.18
Jose Francisco B. Benitez	1,200	159,400	0.01
Eusebio H. Tanco	10,432,480	22,672,729	2.76
Ignatius F. Yenka	1,200	0	0
Anthony L. Almeda	2	0	0
Bienvenido M. Santiago	2	0	0
Clarita T. Zarraga	1	6,600	0
Wilson L. Sy	2,286,000	0	0
TOTAL	14,846,691	22,955,729	2.96

2) Chairman and CEO

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

Yes No

Identify the Chair and CEO:

Chairman of the Board	Reynaldo P. Bantug
CEO/President	Reynaldo P. Bantug

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	<p>To ensure that the meetings of the Board are held in accordance with the bylaws or as the Chair may deem necessary;</p> <p>To supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the Management and the Directors</p> <p>To maintain qualitative and timely lines of communication and information between the Board and Management</p>	<p>To carry out the resolutions of the Board of Directors</p> <p>To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors</p> <p>To have the general supervision and administration of the affairs of the Company</p> <p>To represent the Company at all functions and proceedings</p> <p>To execute on behalf of the Company all contracts, agreements and other instruments affecting the interests of the Company which require the approval of the Board of Directors, except as otherwise directed by the Board of Directors</p> <p>To sign certificates of stock</p> <p>To make reports to the Directors and stockholders</p>

		To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors
Accountabilities	<p>The Chairman acts in an advisory capacity to the President and CEO and to other officers in all matters concerning the interests and management of the Corporation and, in consultation with the CEO, plays a role in the Company's external relationships.</p> <p>Assist in ensuring compliance with Company's guidelines on corporate governance.</p>	<p>To exercise general supervision over all the other officers and employees of the Company; appoint and at his discretion remove or suspend all employees and agents of the Company, prescribe their duties, fix their salaries and wages, and require in certain cases guaranties or bonds to secure the faithful discharge by such employees or agents of their official duties.</p> <p>The CEO's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long and short term plans.</p>
Deliverables	<p>Chairs annual and special meetings of the shareholders. Plans and organizes all of the activities of the Board of Directors including: (i) issues and approves the notice of regular/special meetings of the Board and stockholder, as well as the agenda, in coordination with the Corporate Secretary and the Board; (ii) the preparation of for, and the conduct of, Board meetings; (iii) the quality, quantity and timeliness of the information that goes to Board members; (iv) the evaluation of the Board's effectiveness and implementation of improvements; (v) the ongoing formal and informal communication with and among Directors.</p>	<p>To make operational, financial and other reports during meetings of the Board and/or stockholders. To report to the Board any other matter within his knowledge that should be brought to their attention in the best interests of the Company</p> <p>To report or deliver such other reports, powers and perform such other duties as the Board of Directors may from time to time fix or delegate.</p>

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

If the office of the President becomes vacant by death, resignation or otherwise, the Board of Directors, by a majority vote, may choose a successor who shall hold office for the unexpired term. In case of temporary absence of any officer of the Company or for any other person that the Board of Directors may deem sufficient, the Board of Directors may delegate the powers and duties of such officer to another qualified person. In choosing a suitable replacement for any of its top officers occupying key management positions, the Board shall consider the replacement's age, educational background, work/business experience, knowledge and understanding about the Company's core business.

- 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 Nomination Committee pre-screens all candidates nominated to become a member of the Board. Nominees must have a practical understanding of the business of the Company, must be a member of the relevant industry in good standing, or a member in good standing of business or professional organizations. Each nominee is thus required to submit a summary of his or her *curriculum vitae* which contains his/her educational background, qualifications and previous business experience.

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

While the Board does not have a strict policy on this, the Board nevertheless would welcome the opportunity to elect persons who, apart from having the basic qualifications and none of the disqualifications for directors, have experience or practical knowledge about the Company's core business, *i.e.* gaming.

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

	Executive	Non-Executive	Independent Director
Role	To design, develop and implement strategic plans for their organization in a cost-effective and time-efficient manner.	To provide a creative contribution to the Board by providing objective criticism and outsider's point-of-view when considering any proposals to be implemented by the Board.	To guard against and be a deterrent to fraud and mismanagement, inefficient use of resources, inequality and unaccountability of decisions; and as a forerunner for striking the right balance between individual, economic and social interests.
Accountabilities	Responsible for the day-to-day operation of the Company, including managing committees and staff and developing business plans in collaboration with the Board for the future of the Company. In essence, the Board grants the Executive Director the authority to actually run the organization. If needed, can be required to directly report to the Board regarding the progress and implementation of any projects or programs which have been adopted and turned over to the concerned Director for implementation.	Takes responsibility for monitoring the performance of executive management, especially with regard to the progress made towards achieving the determined Company strategy and objectives. Review financial statements of subsidiaries with special attention to investments made by the Company. Oversight of the Company's financial reporting process and disclosure of its financial information. Reviews with management, the annual financial statements before approval by the Board with particular reference	Oversight of the Company's financial reporting process and disclosure of its financial information. Reviews with management, the annual financial statements before approval by the Board with particular reference to Directors' Responsibility Statement, changes in accounting policy, major accounting estimates, audit findings adjustments, compliance with listing and other legal requirements, disclosure of related party transactions and qualification in the draft audit report. Review financial statements of subsidiaries with special

		<p>to Directors' Responsibility Statement, changes in accounting policy, major accounting estimates, audit findings adjustments, compliance with listing and other legal requirements, disclosure of related party transactions and qualification in the draft audit report.</p>	<p>attention to investments made by the Company.</p> <p>Regular review of the Company's policies on governance, management, related party transactions and other related or significant policies or programs to ensure that all transactions are undertaken properly, legally and on an arms-length basis.</p>
<p>Deliverables</p>	<p>The Executive Director is a leadership role for an organization and often fulfills motivational roles in addition to office-based work. Executive Directors motivate and mentor members, volunteers, and staff, and may chair meetings. The Executive Director leads the organization and develops its organizational culture.</p>	<p>Non-executive Directors are expected to focus on Board matters and not stray into 'executive direction,' thus providing an independent and unbiased view of the Company that is removed from day-to-day running. Non-executive Directors, then, are appointed to bring to the Board:</p> <ul style="list-style-type: none"> • independence; • impartiality; • wide experience; • special knowledge; • other personal qualities. 	<p>Independent Directors shall:</p> <ol style="list-style-type: none"> a. prepare thoroughly for the meeting b. be objective in forming sound decisions relating to the Company and its business c. be open minded, free and frank in expressing their opinions and at the same be willing to engage in meaningful debates d. be committed to decisions made as a Board e. continuously seek information both from within and if required outside professional knowledge to keep abreast with the latest developments in the areas of the Company's operations f. be informed on laws and regulations influencing their functions as Directors g. Utilize the expertise they possess to the good advantage of the Company h. Be abreast and knowledgeable about the most recent developments and

			requirements and regulations concerning corporate governance
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Provide the company's definition of "independence" and describe the company's compliance to the definition.

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

- (i) Is not a Director or officer or substantial stockholder of the Company or of its related companies or any of its substantial stockholders (other than as an independent director of any of the foregoing);
- (ii) Does not own more than 2% of the shares in the Company and/or its related companies or its substantial stockholders;
- (iii) Is not related to any Director, officer or substantial stockholder of the Company, any of its related companies or any of its substantial stockholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- (iv) Is not acting as a nominee or representative of any director or substantial stockholder of the Company, and/or any of its related companies and/or any of its substantial stockholders;
- (v) Has not been employed in any executive capacity by the Company, any of its related companies and/or by any of its substantial stockholders within the last 2 years;
- (vi) Is not retained, either personally or through his firm or any similar entity as professional adviser by the Company, any of its related companies or any of its substantial stockholders within the last 2 years; or
- (vii) Has not engaged and does not engage in any transaction with the Company and/or with any of its related companies and/or with any of its substantial stockholders, whether by himself or with other persons or through a firm of which he is a partner and/or a company of which he is a director or substantial stockholder, other than transactions which are conducted at arm's length and are immaterial.

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

Yes. The company has a term limit of Five (5) consecutive years for Independent Directors in accordance with SEC Memorandum Circular 9-2011. The Company has yet to provide for rules for returning Independent Directors.

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 from 01 January 2012 to the present:

Name	Position	Date of Cessation	Reason
Renato G. Nunez	Director	16 February 2012	Assignment to one of the Company's subsidiaries.
Jose Francisco B. Benitez	Director	20 February 2015	Resignation

(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
a. Selection/Appointment		
(i) Executive Directors; (ii) Non-Executive Directors	The election of the members of the Board is held during the Annual Stockholders' Meeting. In accordance with the Corporation's Manual for Corporate Governance (the "Manual"), the Nomination Committee shall pre-screen all candidates nominated to become a member of the Board in accordance with the qualifications and disqualifications set forth in the Manual.	In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code ("SRC") and other relevant laws, the Board may provide for additional qualifications which include, among others, the following: (i) College education or equivalent academic degree; (ii) Practical understanding of the business of the corporation; (iii) Membership in good standing in relevant industry, business or professional organizations; and (iv) Previous business experience.
(iii) Independent Directors	Only the nominees for Independent Directors whose names appear in this Information Statement shall be eligible for election as Independent Director. No further nomination shall be entertained or allowed on the floor during the actual Annual Meeting. The Chairman of the Annual Meeting shall inform all stockholders in attendance of the mandatory requirement of electing two Independent Directors. He shall ensure that two Independent Directors are elected during the Annual Meeting. Specific slots for Independent Directors shall not be filled by unqualified nominees. In case of failure of election for Independent Directors, the Chairman of the Annual Meeting shall call a separate election during the same meeting to fill up the	(i) Is not a director or officer or substantial stockholder of the Company or of its related companies or any of its substantial stockholders (other than as an independent director of any of the foregoing); (ii) Does not own more than 2% of the shares in the Company and/or its related companies or its substantial stockholders; (iii) Is not related to any director, officer or substantial stockholder of the Company, any of its related companies or any of its substantial stockholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister; (iv) Is not acting as a nominee or representative of any director or substantial

	vacancy.	<p>stockholder of the Company, and/or any of its related companies and/or any of its substantial stockholders;</p> <p>(v) Has not been employed in any executive capacity by the Company, any of its related companies and/or by any of its substantial stockholders within the last 2 years;</p> <p>(vi) Is not retained, either personally or through his firm or any similar entity as professional adviser by the Company, any of its related companies or any of its substantial stockholders within the last 2 years; or</p> <p>(vii) Has not engaged and does not engage in any transaction with the Company and/or with any of its related companies and/or with any of its substantial stockholders, whether by himself or with other persons or through a firm of which he is a partner and/or a company of which he is a director or substantial stockholder, other than transactions which are conducted at arm's length and are immaterial.</p> <p>Further, the additional qualifications are:</p> <p>(i) He shall have at least 1 share of stock of the Company;</p> <p>(ii) 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 5 years;</p> <p>(iii) He shall possess integrity/probity; and</p> <p>(iv) He shall be assiduous.</p>
b. Re-appointment		
(i) Executive Directors; and (ii) Non-Executive Directors	Members of the Board shall serve for a term of one year and until their successors shall have been duly elected and qualified.	Same as Above

(iii) Independent Directors	Without prejudice to the term limits provided under SEC MC 9-2011, Independent Directors shall serve for a term of one year and until their successors shall have been duly elected and qualified.	Same as Above
c. Permanent Disqualification		
(i) Executive Directors; (ii) Non-Executive Directors; and (iii) Independent Directors	Always subject to the rules of the Company's Manual and exercised to ensure that the concerned person is notified of the charges, given the right to defend himself/herself and is notified of the decision of the Board.	<p>(i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the SRC; (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 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 willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is</p>

	<p>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, SRC 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, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;</p> <p>(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, <i>estafa</i>, 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, SRC or any other law administered by the SEC or BSP, or any of its rule, regulation or order;</p> <p>(v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;</p> <p>(vi) Any person judicially declared as insolvent;</p> <p>(vii) Any person found</p>
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		<p>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, violations or misconduct enumerated in subparagraphs (i) to (v) above;</p> <p>(viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.</p>
d. Temporary Disqualification		
<p>(i) Executive Directors;</p> <p>(ii) Non-Executive Directors; and</p> <p>(iii) Independent Directors</p>	<p>A temporarily disqualified director shall, within Sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p> <p>Always subject to the rules of the Company's Manual and exercised to ensure that the concerned person is notified of the charges, given the right to defend himself/herself and is notified of the decision of the Board.</p>	<p>The Board may provide for the temporary disqualification of a director for any of the following reasons:</p> <p>(i) Refusal to comply with the disclosure requirements of the SRC 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/her incumbency, or any Twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. 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 Corporation Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;</p> <p>(iv) If the beneficial equity ownership of an Independent Director in the</p>

		<p>Company or its subsidiaries and affiliates exceeds Two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;</p> <p>(v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.</p> <p>Additionally for Independent Directors,:</p> <p>(i) Term limit prescribed under SEC Memorandum Circular No. 9 (December 5, 2011) has been exceeded;</p> <p>(ii) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds Two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.</p>
e. Removal		
<p>(i) Executive Directors; and</p> <p>(ii) Non-Executive Directors</p>	<p>Always subject to the rules of the Company's Manual and exercised to ensure that the concerned person is notified of the charges, given the right to defend himself/herself and is notified of the decision of the Board.</p>	<p>Any person who has been finally convicted by a competent judicial or administrative body of the following: (a) any crime involving the purchase or sale of securities, e.g., proprietary or non-proprietary membership certificate, commodity futures contract, or interest in a common trust fund, pre-need plan, pension plan or life plan; (b) any 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 advisor, floor broker; and (c) any crime arising out of his relationship with a bank, quasi-bank, trust company, investment house or as an</p>

		<p>affiliated person of any of them;</p> <p>(ii) Any person who, by reason of any misconduct, after hearing or trial, is permanently or temporarily enjoined by order, judgment or decree of 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. Such disqualification shall also apply when such person is currently subject to an effective order of the SEC or any court or other administrative body refusing, revoking or suspending any registration, license or permit issued under the Corporation Code, SRC, or any other law administered by the SEC or BSP, or under any rule or regulation promulgated by the SEC or BSP, or otherwise restrained from engaging in any activity involving securities and banking. Such person is also disqualified when he is currently subject to an effective order of a self-regulatory organization suspending or expelling him from membership or participation or from associating with a member or participant of the organization;</p> <p>(iii) Any person finally</p>
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		<p>convicted judicially or administratively of an offense involving moral turpitude, fraud, embezzlement, theft, <i>estafa</i>, counterfeiting, misappropriation, forgery, bribery, false oath, perjury or other fraudulent act or transgressions;</p> <p>(iv) Any person finally found by the SEC or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the SRC, the 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>(v) Any person judicially declared to be insolvent;</p> <p>(vi) Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts; violations or misconduct similar to any of the acts, violations or misconduct listed in paragraphs (i) to (v) hereof;</p> <p>(vii) Any affiliated person who is ineligible, by reason of paragraphs (i) to (v) hereof to serve or act in the capacities listed in those paragraphs;</p> <p>(viii) Conviction by final judgment of an offense punishable by imprisonment for a period exceeding Six (6) years, or a violation of the Corporation Code, committed within Five (5) years prior to the date of his election or appointment.</p>
(iii) Independent Directors	Always subject to the rules of the Company's Manual and exercised to ensure that the concerned person is notified of the charges, given the right to	<p>Same as above, and additionally:</p> <p>(i) He becomes an officer or employee of the</p>

	defend himself/herself and is notified of the decision of the Board.	Company where he is such member of the board of directors/trustees, or becomes any of the persons enumerated in item (i) to (viii) above; (ii) His beneficial security ownership exceeds Ten percent (10%) of the outstanding capital stock of the Company where he is such director; (iii) Fails, without any justifiable cause, to attend at least Fifty percent (50%) of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family; and (iv) Such other disqualifications which the Company's Manual provides.
f. Re-instatement		
(i) Executive Directors	Subject to the results of the proceedings of the Nomination Committee and the Company's Manual.	Subject to the results of the proceedings of the Nomination Committee and the Company's Manual and provided that the cause for removal or suspension have already ceased.
(ii) Non-Executive Directors	Subject to the results of the proceedings of the Nomination Committee and the Company's Manual.	Subject to the results of the proceedings of the Nomination Committee and the Company's Manual Subject to the results of the proceedings of the Nomination Committee and the Company's Manual and provided that the cause for removal or suspension have already ceased.
(iii) Independent Directors	Subject to the results of the proceedings of the Nomination Committee and the Company's Manual.	Subject to the results of the proceedings of the Nomination Committee and the Company's Manual Subject to the results of the proceedings of the Nomination Committee and the Company's Manual and provided that the cause for removal or suspension have already ceased.
g. Suspension		
(i) Executive Directors	Always subject to the rules of the Company's Manual and	Subject to the discretion of the Board while applying the

	exercised to ensure that the concerned person is notified of the charges, given the right to defend himself/herself and is notified of the decision of the Board.	applicable provisions of the Company's Manual, Corporation Code, SRC and other applicable provisions.
(ii) Non-Executive Directors	Always subject to the rules of the Company's Manual and exercised to ensure that the concerned person is notified of the charges, given the right to defend himself/herself and is notified of the decision of the Board.	Subject to the discretion of the Board while applying the applicable provisions of the Company's Manual, Corporation Code, SRC and other applicable provisions.
(iii) Independent Directors	Always subject to the rules of the Company's Manual and exercised to ensure that the concerned person is notified of the charges, given the right to defend himself/herself and is notified of the decision of the Board.	Subject to the discretion of the Board while applying the applicable provisions of the Company's Manual, Corporation Code, SRC and other applicable provisions.

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Reynaldo P. Bantug	2,375,878,448 shares, both common and preferred, or approximately 83.37% of the outstanding capital stock
Jose Conrado B. Benitez	2,375,878,448 shares, both common and preferred, or approximately 83.37% of the outstanding capital stock
Edgardo S. Lopez	2,375,878,448 shares, both common and preferred, or approximately 83.37% of the outstanding capital stock
Ignatius F. Yenko	2,375,878,448 shares, both common and preferred, or approximately 83.37% of the outstanding capital stock
Willy N. Ocier	2,375,878,448 shares, both common and preferred, or approximately 83.37% of the outstanding capital stock
Bienvenido M. Santiago	2,375,878,448 shares, both common and preferred, or approximately 83.37% of the outstanding capital stock
Wilson L. Sy	2,375,878,448 shares, both common and preferred, or approximately 83.37% of the outstanding capital stock
Eusebio H. Tanco	2,375,878,448 shares, both common and preferred, or approximately 83.37% of the outstanding capital stock
Jose Francisco B. Benitez	2,375,878,448 shares, both common and preferred, or approximately 83.37% of the outstanding capital stock
Clarita T. Zarraga	2,375,878,448 shares, both common and preferred, or approximately 83.37% of the outstanding capital stock
Anthony L. Almeda	2,375,878,448 shares, both common and

	preferred, or approximately 83.37% of the outstanding capital stock
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6) Orientation and Education Program

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

While the Company has a formal Board in place, it is still in the process of establishing a suitable and formal director development program.

However, immediately after the election of a new Director is elected and prior to the first regular or special meeting of the Board, management provides the newly elected Director with a background on the corporate profile, list of subsidiaries and businesses, financial statements and audit reports to familiarize himself/herself about the Company, its business, its corporate structure and performance and any other documents or information which may be requested by the newly elected Director.

- (b) State any in-house training and external courses attended by Directors and Senior Management³ for the past three (3) years: None.

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
N/A	N/A	N/A	N/A

B. CODE OF BUSINESS CONDUCT & ETHICS

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

The Company maintains policies and procedures that apply to all directors, officers, senior management and employees.

Business Conduct & Ethics	Directors, Senior Management and Employees
(a) Conflict of Interest	The basic principle to be observed is that a Director or any officer or employee should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a Director, he should fully and immediately disclose it and should not participate in the decision-making process. A Director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest shall be considered material if the Director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company.
(b) Conduct of Business and Fair Dealings	All Directors, Officers, Senior Management and Employees of the Company should, at all times, exhibit appropriate conduct. It is the Company's policy that all transactions will be accurately reflected in its books and records. Falsification of books and records and the creation or

³ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Company.

	<p>maintenance of any of the record book of accounts are strictly prohibited.</p> <p>Employees are expected to be honest and informative with the Company's internal and external auditors.</p> <p>The Company expects all employees at all levels to adhere to its policies and internal controls, as well as to make full, accurate, timely and understandable disclosures in reports and documents that the Company files with the SEC, PSE, BIR and other government offices.</p>
(c) Receipt of gifts from third parties	<p>Directors, Officers, senior management, and employees should not accept gifts, meals or entertainment or any favor from customers or suppliers, if doing so, would compromise their ability to make objective business decisions in the best interest of the Company.</p>
(d) Compliance with Laws & Regulations	<p>The policy of the Company is to strictly comply with all governmental laws, rules and regulations applicable to the business.</p>
(e) Respect for Trade Secrets/Use of Non-public Information	<p>No Director, officer, senior management or employee should use or disclose at any time during or subsequent to employment, without proper authority or mandate, confidential information obtained from any source in the course of the Company's business.</p> <p>They are obligated to protect the Company's non-public information at all times, including outside of the workplace and working hours and even after employment ends.</p> <p>All employees are responsible for reporting material information known to them to higher management so that information will be available to senior executives responsible for making disclosure decisions.</p>
(f) Use of Company Funds, Assets and Information	<p>The Company's assets are tangible and intangible ones, including confidential information. All Company directors, officers, senior management or employees are expected to protect its assets and use them efficiently to advance the interest of the Company.</p> <p>The Company's assets shall not be used for any personal benefit of anyone other than the Company.</p> <p>Theft of Company assets may result in termination and criminal prosecution.</p> <p>The use of Company assets or equipment to support personal interests requires prior approval of the Board.</p>
(g) Employment & Labor Laws & Policies	<p>Company Officers may serve as Directors of affiliated companies and such service may be part of their normal work assignments.</p> <p>It is the policy of the Company to restrict the holding by directors and officers in non-affiliated, for profit organizations if such acceptance would seriously affect the concerned Directors' ability to attend meetings and perform his functions in the Company, and prohibits the acceptance of any directorship that would involve a conflict of interest with, or interfere with, the discharge of their duties to the Company.</p> <p>Officers may hold directorships in non-affiliated, non-profit organization, unless such directorship would involve a conflict of interest with, or interfere with, the discharge of the officer's or employee's duties to the Company, or obligate the Company to provide support to the non-affiliated, non-profit organization.</p> <p>All directorships in public companies held by directors of the Company are subject to review and approval by the Board of Directors of the Company.</p> <p>Directorships in non-affiliated, for profit organizations are subject to review and</p>

	<p>approval by management of the Company and/or the Nomination Committee, as may be applicable, as directed by the Chairman.</p> <p>Employment related decisions should be based on qualifications, performance, skills and experience.</p>
(h) Disciplinary action	<p>The Company strictly enforces sanctions and penalties provided under the Company's charter or internal rules as long as the concerned employee, officer or even director of the Company has been given the opportunity to be heard and the charges are nevertheless proven by substantial evidence. In addition, the Company may impose preventive sanctions like suspensions and re-assignments to assist any investigation of charges being conducted.</p>
(i) Whistle Blower	<p>Employees are expected to report promptly to management any suspected violations of law, the Company's policies, internal controls, so that management can take appropriate corrective action.</p> <p>Suspected violations of laws of the Company's policies involving a director, officer or senior management, as well as any concern regarding questionable accounting or auditing matters, should be referred directly to the Audit Committee.</p> <p>The Audit Committee will initially review all issues involving the director, officer or senior management, and will then refer all such issues to the Board of the Company.</p> <p>Failure to comply with law and the Company's policies and internal controls may result in disciplinary action, such as suspension without pay, reduction of merit increases or termination of employment.</p>
(j) Conflict Resolution	<p>The Company encourages employees to voice concerns and make appropriate suggestions regarding the business practices of the Company.</p> <p>In case of conflict, an employee will discuss matters with his immediate supervisor. If the employee is dissatisfied with the review done by his immediate supervisor, the employee is encouraged to request further review by higher management, with the presence of the supervisor, to resolve the issue.</p>

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

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

The responsibility for administering the code of conduct/ethics rests with the Board of Directors, with oversight by the Chairman and President, and the Audit Committee.

All new Directors, Officers, Senior Management and employees are acquainted with the Company's policies and required to read the same.

A copy of the Company's policies are also made available at the offices of the President and Chairman, or any other member of the Company's senior management. All persons who request for copies shall be provided one free of charge.

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	<p>A related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among entities which are under common control with the reporting enterprise and its key management personnel, directors, or its stockholders.</p> <p>While related party transactions are not <i>per se</i> prohibited or avoided, should any officer be interested or involved in any transaction of the Company, the Company shall endeavor to be informed of all relevant facts, shall ensure that the approval of the transaction is for the best interests of the Company and not merely for the purpose of benefitting the concerned officer or director. Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in an economically comparable market.</p>
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

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

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

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

(ii) Mechanism

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

Firstly, for all persons being considered to be nominated as a Director, the Company's Nomination Committee pre-screens possible candidates to avoid any actual or possible conflict of interest from arising. Further, the Company's Compliance Officer and legal counsels constantly check for possible conflicts whenever the Company enters into transactions. During meetings of the Company's Board, those Directors with a conflict of interest abstain from voting for or against any proposed corporate action to ensure that only those Directors who can objectively act and vote, while still constituting a quorum, are the ones who approve or disapprove any proposed corporate act.

Directors/Officers/Significant Shareholders	
Company	
Group	

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,⁴ 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: N/A

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship

(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: N/A

Names of Related Significant Shareholders	Type of Relationship	Brief Description

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

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

6) Alternative Dispute Resolution

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

	Alternative Dispute Resolution System
Corporation & Stockholders	
Corporation & Third Parties	
Corporation & Regulatory Authorities	

The Company does not have a strict and formal alternative dispute resolution system in place for the amicable settlement of differences and conflicts. However, the Company does prefer, encourage and recognize the benefit of amicably settling disputes both within the Company and those involving third persons to avoid the mutual inconvenience and expense of litigation.

C. BOARD MEETINGS & ATTENDANCE

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

While the Board tentatively sets the regular meetings of the Board at 4pm every 3rd Thursday of the month, the holding of a regular meeting is still subject to the availability of the Directors and the ability to come up with a quorum. Should there be no quorum available on the set date, the Chairman will inquire as to the nearest available date when a quorum would be present to attend the meeting. For special meetings of the Board, the

⁴ Family relationship up to the fourth civil degree either by consanguinity or affinity.

meetings are called at any time by the President or by the unanimous consent of all the members of the Board who are present in the Philippines or with the presence and participation of the members present in the Philippines.

2) Attendance of Directors from 01 January to 31 December 2014:

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Reynaldo P. Bantug	25 July 2014	8	8	100%
Member	Jose Conrado B. Benitez	25 July 2014	8	6	75%
Member	Edgardo S. Lopez	25 July 2014	8	6	75%
Member	Bienvenido M. Santiago	25 July 2014	8	8	100%
Member	Jose Francisco B. Benitez	25 July 2014	8	5	62.5%
Member	Willy N. Ocier	25 July 2014	8	6	75%
Member	Ignatius F. Yenke	25 July 2014	8	7	87.5%
Member	Eusebio H. Tanco	25 July 2014	8	7	87.5%
Member	Wilson L. Sy	25 July 2014	8	8	100%
Independent	Clarita T. Zarraga	25 July 2014	8	8	100%
Independent	Anthony L. Almeda	25 July 2014	8	5	62.5%

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? No

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

No. A quorum at any meeting of the directors shall consist of a majority of the entire membership of the Board. A majority of such quorum shall decide any questions that may come before the meeting.

5) Access to Information

(a) How many days in advance are board papers⁵ for board of directors meetings provided to the board?

Board papers are provided to the board at least Two (2) day before the date of such 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?

Once the chairman provides the date of the next meeting of Board, the Corporate Secretary and the Chairman discuss the items to be included in the agenda for the meeting. Once the agenda has been finally confirmed by the Chairman, the Corporate Secretary sends out notices of the meeting at least Five (5) calendar days, if practicable, by electronic mail message, SMS and facsimile transmission to all Directors. Any changes in the schedule or agenda of the meeting are disseminated to all Directors in the same manner.

Moreover, the Corporate Secretary has the following duties:

- (i) To draft and keep the minutes of all meetings of the Board of Directors and of the stockholders;
- (ii) To keep the stock and transfer book and the corporate seal, which he shall stamp on all documents requiring such seal of the Company;
- (iii) To fill and countersign all the certificates of stock issued, asking corresponding annotations on the

⁵ 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.

margins of stubs of such certificates upon issuance;

(iv) To give, or cause to be given, all notices required by law or by-laws of the Company as well as notices of all meeting of the Board of Directors and of the stockholders.

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

Yes. The incumbent Corporate Secretary is a lawyer and has previous experience in acting as secretary for other companies.

(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	
Audit	
Nomination	
Remuneration	
Others (specify)	

While there is no fixed procedure, Directors are provided copies of the summaries of matters to be taken up during the meeting and other materials at least Two (2) days prior to every meeting. Further, any requests for clarification or further information can be directed to the Chairman or Corporate Secretary.

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 refers its Directors to external counsel, financial/tax and other advisors whenever they have questions regarding the Company's transactions and to prepare them for board and committee meetings. Further, external counsel and any other advisers are sometimes requested to be present during Board meetings so that Directors can directly inquire and be advised about Company policies, projects, proposals or any other pending issues.	

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:

There were no significant changes 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.

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 (Aggregate)
(1) Fixed remuneration	Qualities, educational background, experience and other qualities are taken into consideration by the Compensation Committee when making a recommendation to the Board for approval	Php22,358,696.00
(2) Variable remuneration		
(3) Per diem allowance	As may be recommended by the Compensation Committee and as may be approved by the Board	
(4) Bonus	Dependent on the financial performance of the Corporation and as may be approved by the Board of Directors	
(5) Stock Options and other financial instruments		
(6) Others (specify)		

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

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

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Qualities, educational background, experience and other qualities are taken into consideration by the Compensation Committee when making a recommendation to the Board for approval	Includes Fixed Remuneration, Per-Diems for meetings of the Board and committees, Bonuses (when applicable)	As may be recommended by the Compensation Committee and as may be approved by the Board
Non-Executive Directors	N/A	Per-Diems for meetings of the Board and committees, Bonuses (when applicable)	As may be recommended by the Compensation Committee and as may be approved by the Board

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The Board of Directors, upon recommendation of the Compensation Committee and taking into consideration the performance evaluations and other factors, shall fix the compensation of the officers and agents of the Company.

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
	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	As determined by the Board	N/A	N/A
(b) Variable Remuneration	N/A	N/A	N/A
(c) Per diem Allowance	Php10,000/Board Meeting; Php5,000 and Php3,000/ Committee as Chair and Member	Php10,000/Board Meeting; Php5,000 and Php3,000/ Committee as Chair and Member	Php10,000/Board Meeting; Php5,000 and Php3,000/ Committee as Chair and Member
(d) Bonuses	Php1,000,000.00	Php3,500,000.00	Php1,000,000.00
(e) Stock Options and/or other financial instruments	N/A	N/A	N/A
(f) Others (Specify)	N/A	N/A	N/A
Total			

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

4) Stock Rights, Options and Warrants

(a) Board of Directors

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

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

(b) Amendments of Incentive Programs

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

Incentive Program	Amendments	Date of Stockholders' Approval
N/A	N/A	N/A

5) Remuneration of Management

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

Name of Officer/Position	Total Remuneration
Rizalito S. Oades – Senior Vice President and Chief Finance Officer	Php21,437,281.00
Carmelita d.L. Chan – Treasurer*	
Maria Christina Bautista – Vice President	
Renato G. Nunez – Vice President	
Ma. Antonia L. Cabili - Group Treasurer	

*Carmelita d.L. Chan resigned as Treasurer effective 20 February 2015; Ruben Q. Ong was elected as Treasurer during the regular meeting of the Board on 20 February 2015 to serve the unexpired term of Carmelita d.L. Chan.

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	2				Reviews transactions involving Company	Reviews and recommends and approves	

			1		funds and assets; Check on compliance of all departments with the Company's internal rules and procedures and recommends changes to constantly improve system of checks and balances; Coordinates with the Company's external auditors; Reviews and approve the financial statements as presented by the Company's external auditors	Company policies and other measures involving use of Company funds/assets; Coordinates with the Company's external auditors; Checks on the correctness of the Company's financial statements as presented by its external auditors	
Nomination		2	1		Reviews, evaluates and, if deserving, nominates persons to be elected as Directors /Officers	Ensure that the names of persons who are submitted to the stockholders and/or Board for election as Director/Officer are competent, deserving, qualified and possess none of the disqualifications under the law	
Remuneration	1	1	1		Constantly reviews the compensation package and other benefits of employees, Directors and Officers; if needed, can recommend upward increases in the compensation package and other benefits of particular persons/groups	Ensures that the compensation and benefits package offered by the Company is competitive, attractive and sustainable	
Others							
Risk Oversight	2	1			To continuously	To be aware	

			1		identify internal and external risk factors which may affect the Company and to formulate and recommend such policies and actions which will remove or, at least minimize the Company's risks and exposure	of internal and external events, factors and conditions which may adversely affect the Company's operations, reputation or standing	

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					
Member (ED)	N/A					
Member (NED)	N/A					
Member (ID)	N/A					
Member	N/A					

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Clarita T. Zarraga	14 August 2014	3	3	100%	5
Member (ED)	Reynaldo P. Bantug	14 August 2014	3	3	100%	4
Member (ED)	Bienvenido M. Santiago	14 August 2014	3	3	100%	3

Disclose the profile or qualifications of the Audit Committee members.

Clarita T. Zarraga

Date of Birth: 04 June 1940

Educational Attainment: Post Graduate Studies Strategic Business Economics Program – University of the Asia and the Pacific (1999); BS Commerce – Far Eastern University (1960).

Directorships:

Abacus Consolidated Resources and Holdings, Inc.
 Lucky Circle Corporation
 Philippine Regional Investment Development Corporation
 Blue Stock Development Farms, Inc.
 Pride Star Development Bank

Batangan Plaza, Inc.
Montemayor Aggregates and Mining Corporation
Alpha Asia Hotels and Resorts, Inc.
Saturnina Estate & Dev't Complex Corp.
Defending Family Values Foundation, Inc.
Batangas Social Dev't Foundation, Inc.
ARMCI Solutions & Consultancy, Inc.
Expolanka Freight, Inc.
(All-Director)

Digi Software Phils, Inc.
(Independent Director)

Reynaldo P. Bantug

Date of Birth: 10 December 1949
Educational Attainment: Post Graduate Studies in Finance and Investments – California State University (1980); BS Agri-Business *Cum Laude* – University of the Philippines Los Banos, Laguna.

Directorships:

AB Leisure Exponent, Inc. and its subsidiaries
First Cagayan Leisure and Resort Corp.
LR Land Developers, Inc.
AB Leisure Global, Inc.
BAPA Realty Development Corp.
BAPA Holdings & Management
Green Future Innovations, Inc.
Hotel Enterprises of the Philippines, Inc.
Betty Bantug Foundation, Inc.
Bingo Bonanza Management and Consultancy, Corp.
Brightlight Leisure Production, Inc.
Cagayan Cybertech Corporation
Cyberpoint Holdings and Management Corp.
Royal Highlands Leisure and Resort Corp.
Prime Investment Korea, Inc.
(All-Director)

Bienvenido M. Santiago

Date of Birth: 15 December 1945
Educational Attainment: Bachelor of Laws – Ateneo de Manila Law School (1972); Bachelor of Arts – University of the Philippines (1967).

Directorships:

AB Leisure Exponent, Inc. and its subsidiaries
AB Leisure Global, Inc.
First Cagayan Leisure and Resort Corp.
Prime Investment Korea, Inc.
Hotel Enterprises of the Philippines, Inc.
The Print Gallery, Inc.
Image Dimension, Inc.
Corporate Image Dimensions, Inc.
Market Light Realty & Construction, Inc.
St. James Holding Corporation
LR Land Developers, Inc.
One Boutique Amusement & Recreation Corp.
Worldwide Links Leisure & Gaming Corp.

North Luzon Gaming & Amusement Corp.
 One Bingo Pavilion, Inc.
 516 Games and Technology Corporation
 Big Time Gaming Corporation
 SG Amusement and Recreation Corporation
 Zoraymee Holdings, Inc.
(All-Director)

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

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

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Willy N. Ocier	14 August 2014	2	2	100%	6
Member (NED)	Wilson L. Sy	14 August 2014	2	2	100%	4
Member (ID)	Anthony L. Almeda	14 August 2014	2	2	100%	4

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	Reynaldo P. Bantug	14 August 2014	2	2	100%	4
Member (ID)	Clarita T. Zarraga	14 August 2014	2	2	100%	4
Member (NED)	Eusebio H. Tanco	14 August 2014	2	2	100%	4

(e) Others (Specify)

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

Risk Oversight Committee:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Anthony L. Almeda	14 August 2014	1	1	100%	2

Member (NED)	Wilson L. Sy	14 August 2014	1	1	100%	2
Member (ED)	Reynaldo P. Bantug	14 August 2014	1	1	100%	2
Member (NED)	Ignatius F. Yenko	14 August 2014	1	1	100%	2
Member (ED)	Jose Francisco B. Benitez	14 August 2014	1	1	100%	2

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:
None.

Name of Committee	Name	Reason
Executive	N/A	N/A
Audit	N/A	N/A
Nomination	N/A	N/A
Remuneration	N/A	N/A
Others (specify)	N/A	N/A

*Note that Jose Francisco B. Benitez ceased to be a member of the Risk Oversight Committee on 20 February 2015 and was replaced by Raul G. Gerodias who would serve the unexpired term of Jose Francisco B. Benitez.

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	Reviewed and approved the financial statements before the same were submitted to the Board of Directors; Discussed results of the audit conducted by the Company's Internal Audit Group	
Nomination	Screened and reviewed the qualification of candidates for members of the Board of Directors	
Remuneration	Reviewed the Company's remuneration for its officers and employees	
Risk Oversight Committee	Currently drafting Manual and internal rules to determine scope of functions, work and deliverables vis a vis the Audit Committee	

5) Committee Program

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

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

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

Risk management is everyone’s concern; it is the responsibility of all employees, all levels of management and all branches and subsidiaries of the Company to ensure that the identification, understanding, measurement and control of the different risks inherent in all aspects of the Company’s operations are implemented so that adequate return on the capital that is at risk is achieved.

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

Currently, the Company is in the process of drafting the Risk Management Manual and its internal rules. Once the Manual and rules have been finalized, these will be presented to the Board for approval, dissemination and implementation.

(c) Period covered by the review; N/A

(d) How often the risk management system is reviewed and the directors’ criteria for assessing its effectiveness; N/A

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

The Company is still in the process of drafting and finalizing its Risk Management Manual and internal rules.

2) Risk Policy

(a) Company

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

Risk Exposure	Risk Management Policy	Objective
Liquidity Risk	To manage liquidity risk, the Company maintains sufficient liquid assets to meet its maturing obligations and to meet current operating requirements.	Manage liquidity risk
Credit Risk	To reduce its credit risk, the Company concentrates its main cash activities with a bank that has good financial ratings. Also the utilization of credit limits with the bank is regularly monitored. The Company always monitors its cash balance and other financial ratios to ensure that it has sufficient cash/assets to meet its loan payments and that it does not violate any minimum debt and other ratios provided in any of its loan/security agreements.	Reduce credit risk
Market Risk	To reduce market risk, the Company ensures promptness,	Reduce market risk

	accuracy, transparency and diligence in making announcements, decisions or investments to reduce any adverse effect on the Company's image, reputation or name which may bring down the prices of its publicly-traded shares, or the customers of its operating subsidiaries.	
Operational Risk	To manage operational risk, the Company adopts strict procedures and controls for reporting, monitoring and decision-making; there are also procedures in place which standardize and reduce deficiencies in booking, accounting and legal documentation; there are also systems in place to check with volume and work load of all employees. The internal audit department also audits, checks and reviews transactions of the difference departments; these reports are presented to the Audit Committee and, eventually, to the Board for proper disposition.	Reduce operational risk

(b) Group

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

Risk Exposure	Risk Management Policy	Objective

As of the moment, the Risk Oversight Committee is currently drafting internal rules to determine scope of functions, work and deliverables *vis a vis* the Audit Committee, including identifying, prioritizing and addressing the risks which the Company is or may be exposed to.

(c) Minority Shareholders

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

Risk to Minority Shareholders
The principal risk of the exercise of controlling shareholders' voting power to minority shareholders is that the minority shareholders will not be able to vote against matters voted upon by controlling shareholders. Despite this, the Company ensures that all matters to be decided upon by the shareholders are properly identified and thoroughly discussed during a stockholders' meeting and any objections on such matters by any shareholder are heard and properly noted.

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)
Legal risks	Assessment and monitoring are conducted initially by the Company's officers. These are then discussed with external counsels and other advisors, and with Management and the Board if necessary.	Company officers regularly consult with external counsel and other advisors to manage and control perceived legal risks. Management and the directors also have direct access to external counsel, so they can prepare and get appropriate advice before corporate actions are taken.
Credit and liquidity risks	Assessment and monitoring are conducted initially by the Company's officers. These are then discussed with Management and the Board if necessary.	To reduce credit risks, the Company concentrates its main cash activities with a bank that has good financial ratings. Also the utilization of credit limits with the bank is regularly monitored. To manage liquidity risk, the Company maintains sufficient liquid assets to meet its maturing obligations and to meet current operating requirements.
Operational risk	Assessment and monitoring are conducted initially by the designated personnel of the Company's Human Resources Department in conjunction with the various branch heads of the operating subsidiaries. These are then discussed with Management and, if unresolved, with the Board if necessary.	The Company implements a quarterly performance appraisal of all its employees. There is also an unannounced internal operational audit conducted onsite annually to determine compliance with internal Company rules and regulations. To safeguard against defalcation of funds, delegated signing authorities are established to ensure checks and balances in the approval and payment of transactions.
Market risk	The Board and Company officers constantly assess and monitor any potential market risks. Potential actions and remedial measures are then discussed and, if necessary, presented to the Board for approval and implementation.	The Board determines possible actions that may be undertaken to address and minimize any potential market risks. The Company ensures that any significant or disclosable events are immediately and timely disclosed to the investing public, together with the necessary details that surrounding the event or transaction.

(b) Group

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

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

(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

Control policies and procedures are set by the Board of Directors following consultations with Management and external advisors. After which, the Board determines if it will be referred to the proper committee, *i.e.* the Audit Committee, Risk Oversight Committee, or if it will consult external counsel, financial advisers or any other persons whose expertise may be required to address the particular issue.

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;

As embodied in its Internal Audit Manual, this involves systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes being implemented in the Company. To achieve its objectives management ensures that there is appropriate segregation of duties and responsibilities to effectively promote a system of checks and balance; that there are written policies and procedures for each department covering critical business processes and transactions; and that there are efficient information systems and procedures that will ensure timely and accurate financial and operational information.

The Audit Committee carries out the following duties in relation to the Company's Internal Control:

- Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;
- Understanding the scope of external auditor's review of internal controls over financial reporting and review of report on significant findings and recommendations, together with Management's responses;
- Adopt a suitable internal control framework (such as COSO-Internal Control Integrated Framework and Control Objectives for information and related technology);
- Monitor, oversee, and evaluate the duties and responsibilities of management, the internal auditor and the external auditor as those duties and responsibilities relate to the organization's processes for controlling its operations;
- Determine all major issues reported by internal auditor, external auditor and other outside advisors have been satisfactorily resolved;
- Reporting to the Board of Directors all important matters pertaining to the organization's control processes.

The directors have reviewed the effectiveness of the internal control system and consider them effective and adequate for purposes of the Company. The Board reviews the effectiveness of the internal control system at least on a yearly basis.

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

The Company's Audit Committee has been established to perform this function. Audit reports on concerned

departments/branches are submitted by the Internal Audit group to present to the Board, through the Audit Committee, the assessment on the adequacy and effectiveness of the internal control system being implemented within the Company.

(c) Period covered by the review;

On scheduled and periodic basis through audit reports submitted to the Audit Committee.

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

On scheduled and periodic basis through audit reports submitted to the Audit Committee.

(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.

The Audit Committee has the following functions in relation to the Internal Audit of the Company:

- Perform oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- The Audit Committee shall ensure that, in performance of the work of the internal auditor, he shall be free from interference by outside parties;
- Review and approve 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
- Review, together with Management, of the charter, activities and the organizational structure of the internal audit function;
- Review of significant findings and Management's response including timetable for implementation to correct weaknesses; and any difficulties encountered by the auditors in the course of their audit (such as restrictions on the scope or access to information);
- Provide support to the internal audit function and provide high level follow up of audit recommendations when such action is needed;
- Review of the effectiveness of internal audit function, including compliance with the Standards for the Professional Practice of Internal Auditing;
- Confirm the appointment, replacement, or dismissal of the head of internal audit function;
- At least once a year, review the performance of the head of internal audit function and concur with annual compensation and salary adjustment;
- On a regular basis, meet separately with the head of the internal audit function to discuss any matter that the committee or internal audit believes should be discussed privately.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Provide independent, objective assurance and consulting	To determine whether the organization's network of risk management, control and governance processes	Internal Audit Function	Denis Gary Ma. B. Ditching*	Reporting to the Board through the Audit Committee.

services designed to add value and improve the organization's operations.	as designed and represented by management is adequate and functioning in a manner to ensure that: Risks are appropriately identified and managed; interaction with various governance groups occur as needed; significant financial, managerial, and operating information is accurate, reliable and timely; and other audit related issues.			
Effectiveness of internal control system (Key financial controls)	Cash and Expenses	Internal Audit Function	Denis Gary Ma. B. Ditching*	Reporting to the Board through the Audit Committee.
Financial Accounting Computerize/Data base system	Assessment of design and implementation process and procedures	Internal Audit Function	Denis Gary Ma. B. Ditching*	Reporting to the Board through the Audit Committee.
Officers, directors, Senior Management and Employees Policy Review	Review of updated policy documentation Review of roles and responsibilities	Internal Audit Function	Denis Gary Ma. B. Ditching*	Reporting to the Board through the Audit Committee.
Review of all legal, lease contracts and bank covenants	Bank Covenants and all Legal Contacts	Internal Audit Function	Denis Gary Ma. B. Ditching*	Reporting to the Board through the Audit Committee.

*Effective 01 February 2015, Elaine Eustaquio has replaced Denis Gary Ma. B. Ditching as the Company's Internal Audit Head.

- (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 hiring or appointment of an internal auditor or auditors shall be determined by the Board of Directors upon the recommendation of the Audit Committee.

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

Internal audit is usually performed on-site at the concerned department or branch of the Company and the audit report is prepared and submitted to the Audit Committee for review and appropriate action. Internal audit has been given the authority to have direct and unfettered access to the Board and Audit Committee and to all records, properties and personnel. In addition, the Internal Auditor has been designated as the Chairman of the Fraud Committee established within the company.

The Audit Committee, at least once a year, reviews the performance of the head of internal audit function and concurs with annual compensation and salary adjustments. On a regular basis, the Audit Committee shall meet separately with the head of the internal audit function to discuss any matter that the committee or internal audit believes should be discussed privately.

(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. N/A

Name of Audit Staff	Reason
Denis Gary Ma. Ditching – 23 December 2014	Sickness

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

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

Progress Against Plans	For 2014, all audit plans as per schedule have been fully complied with.
Issues⁶	All issues are clarified during audit wrap up/exit which Internal Audit team conducts after every assignment.
Findings⁷	All findings are summarized in a list with action plans and target date of compliance/correction
Examination Trends	Over the past three (3) years we have observed less and less branches/departments rated below satisfactory in terms of compliance per our rating system.

[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; **Yes. Done annually**
- 2) Conduct of examination based on the plan; **Yes, on-site audit performed per schedule**
- 3) Evaluation of the progress in the implementation of the plan; **Yes. Monitored by the Head of Internal Audit**
- 4) Documentation of issues and findings as a result of the examination; **Yes, audit reports submitted for each department/branch audited.**
- 5) Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results; **Yes, discussed with auditees during audit wrap ups/exit**
- 6) Conduct of the foregoing procedures on a regular basis. **Yes. Done per schedule**

(f) Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
The Audit Committee shall ensure that, in performance of the work of the internal auditor, he shall be free from interference by outside parties	Implemented
The Audit Committee shall review and approve the annual internal audit plan to ensure its conformity with the objectives of the Company.	Implemented

⁶ “Issues” are compliance matters that arise from adopting different interpretations.

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

The plan shall include the audit scope, resources and budget necessary to implement it	
Cash Management (Treasury)	Implemented
Card Management (Operations)	Implemented
Financial Reports & Operational guidelines (Operations)	Implemented

(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 put in place safeguards to ensure that the independence of the audit is not compromised. Such safeguards include:</p> <ul style="list-style-type: none"> a) Seeking confirmation that the auditor in their professional judgment is independent of the Company b) Obtaining from the external auditor an account of all relationships between the auditors and the Company c) Monitoring the number of former employees of the external auditor currently employed in senior positions in the Company and assessing whether those appointments impair the auditor's judgment or independence d) Considering the various relationships between the Company and the external auditor impair the auditor's judgment or independence e) The Head and staff of Internal Audit are not authorized to: Perform any operating duties for the company; Initiate or approve accounting transactions external to the internal audit department; direct the activities of any employee not employed by the internal audit except to the extent such employees have appropriately assigned to auditing teams or to otherwise assist the internal auditors f) Prohibiting the performance of services where the auditor: <ul style="list-style-type: none"> -may be required to audit their own work 	<p>Controls established for Auditors are applied as necessary under the circumstances.</p>	<p>Controls established for Auditors are applied as necessary under the circumstances.</p>	<p>Controls established for Auditors are applied as necessary under the circumstances.</p>

<p>-participate in activities that would normally be undertaken by management</p> <p>-are remunerated through a "success fee" structure , where success is dependent on the audit and</p> <p>-act in an advocacy role for the Company</p>			
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(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

Reynaldo P. Bantug - President and Chairman

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	The Company is dedicated to providing its customers with a pleasant and enjoyable experience within any of its subsidiaries' outlets	Constant product development and physical /site/facility and service improvements are being considered and implemented
Supplier/contractor selection practice	Based on the lowest qualified bid, if applicable. Otherwise, based on the availability and lowest price after canvassing all available local and foreign suppliers/contractors.	Sealed canvass/bidding
Environmentally friendly value-chain	Create environmental awareness and concern	On 21 April 2013, the Company partnered with the Haribon Foundation for Earth Day 2013 - "Save Manila Bay". The Company sponsored the artwork materials to be used by the kids for the various activities.
Community interaction	The Company aims to assist certain groups or promote certain causes by participating, donating or sponsoring corporate social responsibility activities.	See related discussions below
Anti-corruption programmes and procedures?	The Company has adopted an Anti-Fraud Policy Manual	Conducts regular audits through its Internal Audit team.
Safeguarding creditors' rights	The Company ensures that it timely and promptly settles all its obligations to creditors and suppliers.	The Company's Accounting Department ensures the timely release of checks and payments to all suppliers and creditors. Further, the Company has designated several signatories with separate signing authorities to avoid the situation when there are no available signatories to issue checks.

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

No. The Company has a separate Corporate Affairs Department which handles the corporate social responsibility activities 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 promotes the need for all its employees to maintain a healthy and balanced lifestyle by encouraging their participation in Company-sponsored activities like fun-runs, family-days, etc.

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

The Company has recently selected a number of employees to be trained in emergency care and first-aid by the Red Cross of the Philippines.

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

The Company is embarking on several programs for the benefit of its employees, including but not limited to, Personality Enhancement Programs, Leadership and Management Training Programs for its junior managers and officers.

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

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

The Company has a Personnel Grievance Committee which handles complaints and conducts investigations on employee related concerns. Once a complaint is lodged and received against an employee, both the complainant and the accused are given their opportunities to substantiate their complaints and to refute/answer the allegations. After all the evidence has been submitted, the Personnel Grievance Committee makes a recommendation to the Company's Human Resources Department as to the appropriate action to the complaint.

All employees with grievances are encouraged to file complaints or send their opinions to the Personnel Grievance Committee for appropriate action.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure (as of 31 December 2014)

(a) Holding 5% shareholding or more

Title of Class	Name and address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Class
Common	PCD Nominee Corp. (Filipino) 37/F Tower I, The Enterprise Center 6766 Ayala Avenue corner Paseo de Roxas, Makati City Stockholder		Filipino	* 728,789,115	60.74%
Common	Alfredo Abelardo Benitez 26/F West Tower, PSE Center, Ortigas Center, Pasig City Stockholder	Record Holder same as Beneficial Owner	Filipino	* 134,841,249	11.24%

Common	Grandshares Inc. 2809 Raffles Corporate Center, Emerald Avenue, Ortigas Center, Pasig City Stockholder	Record Holder same as Beneficial Owner	Filipino	* 120,000,000	10.00%
Common	Zoraymee Holdings, Inc. 21/F Wynsum Corporate Plaza, Emerald Avenue, Ortigas Center, Pasig City Stockholder	Record Holder same as Beneficial Owner	Filipino	* 111,267,658	9.27%

*Alfredo Abelardo B. Benitez, one of the major stockholders of the company, owns 93.90% of the outstanding capital stock of Zoraymee Holdings, Inc.

Title of Class	Name and address of Beneficial Owner	Amount and nature of beneficial ownership	Citizenship	Percent of Class
Common	Willy N. Ocier 32 Wilson Street, Greenhills San Juan City	2,125,000 (direct)	Filipino	0.18%
Common	Wilson L. Sy 2703 Philippine Stock Exchange Center Exchange Road, Ortigas, Pasig City	2,286,600 (direct)	Filipino	0.19%
Common	Eusebio H. Tanco 543 Fordham Street, Wack-Wack Village Mandaluyong City	10,432,480 (direct) 22,672,729 (indirect)	Filipino	2.76%
Common	Jose Francisco B. Benitez Unit 24 Cameron Tower of Essensa, East Forbes Condo, Fort Bonifacio Global City, Taguig	1,200 (direct) 159,400 (indirect)	Filipino	0.01%
Common	Reynaldo P. Bantug 12 Harding Street, Greenhills West Subdivision San Juan City	120,000 (indirect)	Filipino	0.01%
Common	Clarita T. Zarraga 26 Santan Street, Tahanan Village Parañaque City	1 (direct) 6,600 (indirect)	Filipino	nil
Common	Ignatius F. Yenke No. 7 Bahamas Street, Loyola Grand Villas Quezon City	1,200 (direct)	Filipino	nil

2) Does the Annual Report disclose the following:

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

	Attendance
Attendance details of each director/commissioner in respect of meetings held	Reported in the Certification of Attendance
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.

The Company is in the process of formulating and instituting new policies, systems and procedures relevant to whistle-blowing policies and to the training and/or continuing education program for its directors.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
RG Manabat & Co., CPAs	Php6,219,284.00	N/A

4) Medium of Communication

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

Written Memo's and correspondence, electronic mail messages, SMS, facsimile transmissions, disclosures and press releases/statements/conferences.

5) Date of release of audited financial report: 08 May 2014

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. N/A

7) Disclosure of RPT

RPT	Relationship	Nature	Value

As properly disclosed in its audited financial statements for the period ended 31 December 2013, the Company's related party transactions for 2013 involve payables to RPTs in the amount of Php511,984,130.00* and receivables due from RPTs in the total amount of Php753,011,867.00.*

*Based on 2013 audited financial statements of the Company (Parent).

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

The Company engages independent third party advisors to help ensure RPTs are entered into at arm's length. Its independent directors always participate in decisions involving RPTs. On the other hand, in the case of transactions with entities with interlocking directors, the concerned directors abstain themselves from the deliberations and votes.

J. RIGHTS OF STOCKHOLDERS

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

(a) Quorum.

Majority of the outstanding capital stock, except if there are matters to be taken up which require a greater percentage, *i.e.* 2/3 for amendments of articles of incorporation/by-laws, declaration of stock dividends, etc.

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

Quorum Required	Majority of outstanding capital stock
------------------------	---------------------------------------

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Manual Counting
Description	<p>All issued and outstanding shares are common shares, with each share entitled to one vote. In respect of the Annual Meeting, all of the issued and outstanding shares have voting rights.</p> <p>All matters submitted for approval by the stockholders require the approval of the majority of the stockholders representing at least a majority of the issued and outstanding capital stock entitled to vote and constituting a quorum.</p> <p>Subject to the stockholders' right to cumulative voting in the election of the Directors and the guidelines on the election of Independent Directors set forth above, candidates receiving the highest number of votes shall be declared elected as members of the Board.</p> <p>Manual counting of votes shall be conducted by the Corporate Secretary. The election shall be done by ballots unless the stockholders adopt some other means of voting at the meeting. The Corporate Secretary shall be authorized to count the votes cast.</p>

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code. None.

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code

Dividends

Declaration Date	Record Date	Payment Date
26 June 2014 – Php0.04 per common share	All common stockholders as of 29 September 2014	23 October 2014
26 June 2014 – Php0.04 per common share	All common stockholders as of 27 February 2015	25 March 2015
26 June 2014 – 4.25% for preferred shares	All preferred stockholders as of 10 July 2014	05 August 2014
26 November 2014 – 4.25% for preferred shares	All preferred stockholders as of 11 December 2014	06 January 2015

(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
Notice of meetings to stockholders	Notices of meetings are sent to the stockholders via ordinary mail
Proxy Instrument	Stockholders who may not be able to attend meetings in person but wish to participate through a proxy are advised to send a Proxy Instrument to the Corporate Secretary via ordinary mail or personal delivery prior to the meeting
Nomination of Directors	Stockholders who wish to nominate candidates for directors, including independent directors may submit their nominations to the Nomination Committee via ordinary mail or personal delivery

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 stockholders are given notices of the holding of the meeting of the stockholders where matters requiring the approval of the stockholders will be discussed and approved.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? Yes.
 - a. Date of sending out notices: For the annual stockholders' meeting held on 25 July 2014 – 04 July 2014
 - b. Date of the Annual/Special Stockholders' Meeting: Last Friday of July of every year. 25 July 2014.

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting. None.

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

Resolution	Approving	Dissenting	Abstaining
Annual Stockholders' Meeting on 25 July 2014 1. Approval of Minutes of Meeting of the previous stockholders meeting on 26 July	Unanimous - 2,375,878,448 shares, or 83.37%		

2013 2. Approval of 2013 annual report 3. Approval of 2013 audited financial statements 4. Ratification of acts of board of directors and management since 26 July 2013 5. Approval of the Amendment of the Company's articles of incorporation – to reflect the specific principal office address in compliance with the requirement of the SEC 6. Nomination and election of directors 7. Appointment of external auditor			
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6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

The results of the 2014 Annual Stockholders' Meeting was publicly reported through the filing by the Company with the Securities and Exchange Commission and the Philippine Stock Exchange of its SEC 17-C Report on 25 July 2014.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification: None.

Modifications	Reason for Modification

(f) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	9	25 July 2014	Poll	0.08%	83.29%	83.37%

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

Yes. The stock and transfer agent is appointed to inspect/count/validate votes.

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

(g) Proxy Voting Policies

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

Company's Policies	
Execution and acceptance of proxies	Stockholders who cannot attend the meeting in person may

Notary	designate their authorized representative by submitting a Proxy instrument in accordance with Sec. 58 of the Corporation Code. Validation of the proxies shall be held on at least seven (7) days prior to the date of the Annual Meeting at the office of the Corporation's transfer agent, Stock and Transfer Service, Inc., with address at Unit 34D Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.
Submission of Proxy	
Several Proxies	
Validity of Proxy	
Proxies executed abroad	
Invalidated Proxy	
Validation of Proxy	
Violation of Proxy	

(h) Sending of Notices

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

Policies	Procedure
Written Notice	<p>Notice of meetings written or printed for every regular or special meeting of the stockholders shall be prepared and mailed to the registered port office address, whether within or outside the Philippines, of each stockholder not less than fourteen (14) days prior to the date set for such meeting, such notice stating the object or objects of the meeting.</p> <p>The Information Statement must be sent to stockholders at least twenty-one (21) business days prior to the date of the Annual Meeting.</p>

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	For the annual stockholders' meeting held on 25 July 2014 – 1,857 (Common); 3 (Preferred)
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	For the annual stockholders' meeting held on 25 July 2014 - 04 July 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	For the annual stockholders' meeting held on 25 July 2014 – 04 July 2014
State whether CD format or hard copies were distributed	Hard copies
If yes, indicate whether requesting stockholders were provided hard copies	N/A

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

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

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 Company has no special set of rules on the treatment of minority shareholders. However, it adheres to the rights of minority shareholders provided under existing laws and regulations.	This is implemented in the conduct of the Company's stockholders' meetings and in its transactions.

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

All stockholders who wish to nominate candidates for directors, including independent directors may submit their nominations to the Nomination Committee via ordinary mail or personal delivery.

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.

Stockholders or Investors may access the PSE and SEC website for our annual financial reports and certain disclosures made by our officers and directors, structured reports, and charter/constitutive documents, etc.

Moreover, the Company's Investor Relations Officer, together with the Corporate Secretary, who is also the Compliance Officer organizes the gathering and dissemination of Company disclosures, information and news.

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.

Alfredo B. Reyes
Investor Relations Officer
Telephone: 637-5291
Email: freddy.reyes@gmail.com

Raul G. Gerodias
Corporate Secretary and Compliance Officer
Telephone: 633-9757
Email: raulgerodias@gselawfirm.com

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 does not have any special rules and procedures in this regard. However, it will comply with applicable laws and regulations, *i.e* the Bulk Sales Law, etc., whenever it enters into any of the above transactions.

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

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
LRWC, in cooperation with the Gawad Kalinga Communities Foundation, Inc. (GK), sponsored the construction of One (1) house at the Gawad Kalinga Sta. Rita Compound, Pas Pinas City. The beneficiary was chosen after a thorough selection process and orientation conducted by GK of families residing within the Sta. Rita Compound.	Residents of the Sta. Rita Compound
LRWC, in cooperation with the Betty Bantug Benitez Foundation, Inc., conducted a medical/dental mission on 14 December 2014 at Bgy. Gawahon, Negros Occidental. A Christmas party for the children of the same barangay was also held.	Residents of Bgy. Gawahon, Negros Occidental
LRWC, in cooperation with the Betty Bantug Benitez Foundation, Inc., conducted a medical/dental mission on 12 September 2014 at Bgy. Katalingban, Talisay, Negros Occidental.	Residents of Bgy. Katilingban, Talisay, Negros Occidental
LRWC, in cooperation with the Betty Bantug Benitez Foundation, Inc. and Victorias Kaayong Lawas Foundation, conducted a surgical mission for children with cleft/lip palate defects at the Immaculate Concepcion Health Center, Victorias, Negros Occidental from 12 to 15 March 2014.	Children of Victorias, Negros Occidental

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

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

	Process	Criteria
Board of Directors		
Board Committees		
Individual Directors		
CEO/President		

Aside from those related provisions already discussed above and those relating to the proceedings of the Nomination Committee, the Company does not presently have a fixed system in place to assess the annual performance of its directors, board committees and officers.

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.

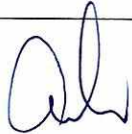
The Compliance Officer, management together with the Audit Committee, is responsible for determining, after notice and hearing, any violation or breach of the corporate governance manual, and for recommending to the Board of Directors the appropriate penalty or sanction, which can range from reprimand to removal from office.

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

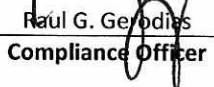
14 APR 2015

SIGNATURES


 Reynaldo P. Bantug
 Chairman of the Board/Chief Executive Officer


 Anthony L. Almeda
 Independent Director


 Clarita T. Zarraga
 Independent Director



 Raul G. Gerodias
 Compliance Officer

14 APR 2015

SUBSCRIBED AND SWORN to before me this ___th day of April 2015, affiant(s) exhibiting to me competent evidences of their identities, as follows:

NAME	NO.	VALID UNTIL	PLACE OF ISSUE
Reynaldo P. Bantug	Passport No. EB9822761 CTC No. 27505791	Dec 15, 2018 Dec 31, 2015	DFA NCR EAST Victorias City
Clarita T. Zarraga	Passport No. EB3431386 Driver License # N11-70-035232	Aug 18, 2016 Jun 04, 2015	DFA Manila Quezon City
Anthony L. Almeda	Passport No. EC0159485 Driver License # D14-84-017252	Jan 28, 2019 Apr 13, 2015	DFA NCR EAST Quezon City
Raul G. Gerodias	Passport No. EB9496112 Driver License # D04-83-005300	Nov 03, 2018 June 25, 2017	DFA Manila Quezon City

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 Book No. 11
 Series of 2015.


JORDAN G. ZAFRA
 Notary Public for Pasig
 Commission until December 2015
 2404 Discovery Center, 25 ADB Ave., Ortigas Center, Pasig City
 APPT No. 241 (2014-2015)/Roll No. 83431
 PTR. No 454493; 01/31/2015; Pasig City
 IBP No. 978929; 01/05/2015; Manila IV