



First Abacus Financial Holdings Corp.

16 August 2013

PHILIPPINE STOCK EXCHANGE, INC.

3/F Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Metro Manila

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Re: Annual Corporate Governance Report
(SEC Form-ACGR)

Gentlemen:

We transmit herewith a copy of the Corporation's Annual Corporate Governance Report (SEC Form-ACGR), which was filed with the Securities and Exchange Commission on 8 August 2013.

Thank you for your kind attention.

Very truly yours,



MELANIO C. DELA CRUZ
Compliance Officer

Encl: a/s

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ABKTVCN\EMC\janet 292-204



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**SECURITIES AND EXCHANGE COMMISSION**

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S.E.C. Registration Number

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(Company's Full Name)

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

EMMA THERESA M. CABOCHAN

Contact Person

632-0905

Company Telephone Number

Month Day
Fiscal Year

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Month	Day
Annual Meeting	

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FORM TYPE

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be Accomplished by SEC Personnel concerned

[illegible]

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

(A) Use of Form ACGR

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

(B) Preparation of Report

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

(C) Signature and Filing of the Report

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

(D) Filing an Amendment

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year **2012**
2. Exact Name of Registrant as Specified in its Charter **FIRST ABACUS FINANCIAL HOLDINGS CORPORATION**
3. **Unit E-2902D PSE Center, Exchange Road, Pasig City**
Address of Principal Office **1605**
Postal Code
4. SEC Identification Number **ASO94-001420**
5. (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number **043-003-507-219**
7. **(632) 634-5104/10**
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: 7

Actual number of Directors for the year: 7

(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)	Elected when (Annual/Special Meeting #)	No. of years served as director
Paulino S. Soo	ED	N/A		1994	27 Sept 2012	A	18
Jack T. Huang	ED	N/A		1995	27 Sept 2012	A	17
Vicente Co Chien, Jr.	NED	N/A		1995	27 Sept 2012	A	17
Jimmy S. Soo	NED	N/A		1995	27 Sept 2012	A	17
A. Bayani K. Tan	NED	N/A		1995	27 Sept 2012	A	18
Ma, Therese G. Santos	ID	N/A	Jimmy S. Soo (no relation)	2006	27 Sept 2012	A	6
Jimmy Chua Alabanza	ID	N/A	Paulino S. Soo (no relation)	2008	27 Sept 2012	A	4

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

The Company believes that good corporate governance is a necessary component of what constitutes sound strategic business management. The Company commits to undertake every effort to create awareness within the organization of good corporate governance principles as embodied in its Manual for Corporate Governance.

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

The Company periodically reviews the vision and mission of the organization. The review, while not formally done, is incorporated during the Company's annual strategic planning for the coming year's plans and programs.

- (d) Directorship in Other Companies

- (i) Directorship in the Company's Group¹

¹ The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

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
Paulino S. Soo	Abacus Securities Corporation	ED (Chairman)
	Abacus Capital & Investment Corporation	ED (Chairman)
Jack T. Huang	Abacus Securities Corporation	
	Abacus Capital & Investment Corporation	
Vicente Co Chien, Jr.	Abacus Securities Corporation	
	Abacus Capital & Investment Corporation	
	Vista Holdings Corporation	
Jimmy S. Soo	Abacus Capital & Investment Corporation	

(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
A. Bayani K. Tan	I-Remit, Inc.	NED
	First Abacus Financial Holdings, Corp.	NED
	Sinophil Corporation	NED
	TKC Steel Corporation	NED
	Belle Corporation	NED
	Pacific Online Systems Corporation	NED
	Vantage Equities, Inc.	NED
Jimmy S. Soo	Muslc Semiconductors Corporation	
	Prime Gaming Philippines, 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:

Paulino S. Soo, Chairman of the Board, is the brother of Jimmy S. Soo, Director. No member of the Board of Directors is related to significant shareholders of the Company.

Director's Name	Name of the Significant Shareholder	Description of the relationship
None		

(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:

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	Please see explanation below.	
Non-Executive Director		
CEO		

The Company has not set any limits on the number of board seats that an individual director or CEO may hold simultaneously. As the executive profile of the Company will show, most directors of the Company have very few concurrent directorships and officerships.

(e) Shareholding in the Company

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Paulino S. Soo	133,000,000	0	11.15%
Jack T. Huang	500,000	0	0.04%
Jimmy S. Soo	10,010,000	0	0.84%
Vicente Co Chien	6,130,000	0	0.51%
A. Boyani K. Tan	100,000	0	0.01%
Ma. Therese G. Santos	10,000	0	0.00%
Jimmy Chua Alabanza	10,000	0	0.00%
TOTAL	149,760,000	0	12.55%

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/CEO	Paulino S. Soo
President	Jack T. Huang

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	<ul style="list-style-type: none"> Preside at the meetings of the directors and shareholders Exercise such powers and perform such duties as the Board of Directors assign to him. Together with the rest of the Board of Directors, provide strategic direction to the Company. 	<ul style="list-style-type: none"> Supervise and control all the business and affairs of the Company. In the absence of the Chairman and the Vice Chairman of the Board, preside at all meetings of the Board of Directors and stockholders. Perform all duties incident to

		<i>the office of CEO, those provided in existing laws and regulations and the By-Laws, and such other duties as may be prescribed by the Board from time to time.</i>
Accountabilities	<ul style="list-style-type: none"> • <i>Attest to the accuracy of the minutes of stockholders' meetings prepared by the Corporate Secretary.</i> • <i>Together with other officers designated by the Board, sign all checks, drafts, or other orders with respect to any funds of the Company maintained in any bank, certificates of stock of the Company, any deed, mortgage, bond, contract, or other instrument which the Board of Directors has authorized to be executed.</i> • <i>Designate a Compliance Officer primarily responsible for monitoring and ensuring adherence to the provisions of the Manual on Corporate Governance.</i> 	<ul style="list-style-type: none"> • <i>Together with other officers designated by the Board, sign all checks, drafts, or other orders with respect to any funds of the Company maintained in any bank, certificates of stock of the Company, any deed, mortgage, bond, contract, or other instrument which the Board of Directors has authorized to be executed.</i>
Deliverables	<ul style="list-style-type: none"> • <i>Minutes of stockholders' meetings.</i> • <i>Various regulatory submissions that may require the signature of the Chairman of the Board of Directors.</i> 	<ul style="list-style-type: none"> • <i>Budgets and statements of account of the Company.</i> • <i>Reports to the Board and stockholders.</i> • <i>Signed certificates of stock.</i>

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

The Company's senior officers work closely with the CEO and the President, and under the guidance of the Board of Directors to ensure that they are given ample training and experience in running the Company. This approach exposes the senior officers to the day-to-day demands of Company operations.

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

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

The Nomination Committee evaluates the nominees for election as directors to ensure that there is diversity of experience and backgrounds. This is part of the duty of the Nomination Committee when they pre-screen and shortlist the nominees for election as directors.

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

Yes. Jimmy S. Soo was admitted to the Philippine Bar in 1985 and is the Managing Partner of Soo Gutierrez Leogardo and Lee Law Offices. He is also an officer and/or director of various companies, and is well-versed in regulations governing local capital and equities market.

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

	Executive	Non-Executive	Independent Director
Role	<ul style="list-style-type: none"> • Determine and establish the Company's purpose, mission and vision, objectives, policies and procedures, and the strategies and means to carry out its objectives and attain its goals. • Establish minimum internal control mechanisms for monitoring and overseeing management performance. • Implement a process of selection to ensure a mix of competent directors and officers and specify minimum qualifications and disqualifications for these positions to add value and contribute independent judgment to the formulation of corporate strategies and policies. • Ensure that the Company complies with all relevant laws, regulations and codes of best business practices. • Periodically evaluate and monitor implementation of its strategic policies and programs. • Identify the Company's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program. 	<ul style="list-style-type: none"> • Determine and establish the Company's purpose, mission and vision, objectives, policies and procedures, and the strategies and means to carry out its objectives and attain its goals. • Establish minimum internal control mechanisms for monitoring and overseeing management performance. • Implement a process of selection to ensure a mix of competent directors and officers and specify minimum qualifications and disqualifications for these positions to add value and contribute independent judgment to the formulation of corporate strategies and policies. • Ensure that the Company complies with all relevant laws, regulations and codes of best business practices. • Periodically evaluate and monitor implementation of its strategic policies and programs. • Identify the Company's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program. 	<ul style="list-style-type: none"> • Determine and establish the Company's purpose, mission and vision, objectives, policies and procedures, and the strategies and means to carry out its objectives and attain its goals. • Establish minimum internal control mechanisms for monitoring and overseeing management performance. • Implement a process of selection to ensure a mix of competent directors and officers and specify minimum qualifications and disqualifications for these positions to add value and contribute independent judgment to the formulation of corporate strategies and policies. • Ensure that the Company complies with all relevant laws, regulations and codes of best business practices. • Periodically evaluate and monitor implementation of its strategic policies and programs. • Identify the Company's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program.

	<ul style="list-style-type: none"> • <i>Adopt a system of internal checks and balances, which shall include checks and balances in case of unified positions.</i> • <i>Identify key risk areas and key performance indicators and monitor these factors with due diligence.</i> • <i>Keep the Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulation.</i> • <i>Constitute the Executive, Compensation and Remuneration, Audit and Nomination Committees and appoint the members thereof in keeping with the principles of good corporate governance and in accordance with the provisions of this Manual.</i> • <i>Provide the stockholder with a balanced and understandable assessment of the Corporation's performance, position and prospects.</i> • <i>Explain its responsibility for preparing the accounts, for which there should be a statement by the auditors about its reporting responsibilities.</i> • <i>Require the chief</i> 	<ul style="list-style-type: none"> • <i>Adopt a system of internal checks and balances, which shall include checks and balances in case of unified positions.</i> • <i>Identify key risk areas and key performance indicators and monitor these factors with due diligence.</i> • <i>Keep the Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulation.</i> • <i>Constitute the Executive, Compensation and Remuneration, Audit and Nomination Committees and appoint the members thereof in keeping with the principles of good corporate governance and in accordance with the provisions of this Manual.</i> • <i>Provide the stockholder with a balanced and understandable assessment of the Corporation's performance, position and prospects.</i> • <i>Explain its responsibility for preparing the accounts, for which there should be a statement by the auditors about its reporting responsibilities.</i> • <i>Require the chief</i> 	<ul style="list-style-type: none"> • <i>Adopt a system of internal checks and balances, which shall include checks and balances in case of unified positions.</i> • <i>Identify key risk areas and key performance indicators and monitor these factors with due diligence.</i> • <i>Keep the Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulation.</i> • <i>Constitute the Executive, Compensation and Remuneration, Audit and Nomination Committees and appoint the members thereof in keeping with the principles of good corporate governance and in accordance with the provisions of this Manual.</i> • <i>Provide the stockholder with a balanced and understandable assessment of the Corporation's performance, position and prospects.</i> • <i>Explain its responsibility for preparing the accounts, for which there should be a statement by the auditors about its reporting responsibilities.</i> • <i>Require the chief</i>
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	<p><i>audit executive to render to the Audit Committee and senior management an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit Committee.</i></p> <ul style="list-style-type: none"> • <i>Appoint competent, professional, honest, and highly motivated management officers.</i> • <i>Adopt an effective succession-planning program for management.</i> • <i>Provide sound strategic policies and guidelines to management on major capital expenditures.</i> • <i>Establish and maintain alternative dispute resolution system that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties.</i> • <i>Appoint a Compliance Officer, who shall have the rank of at least vice president of the Corporation.</i> • <i>Run the day-to-day operations of the department or unit that he/she heads.</i> 	<p><i>audit executive to render to the Audit Committee and senior management an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit Committee.</i></p> <ul style="list-style-type: none"> • <i>Appoint competent, professional, honest, and highly motivated management officers.</i> • <i>Adopt an effective succession-planning program for management.</i> • <i>Provide sound strategic policies and guidelines to management on major capital expenditures.</i> • <i>Establish and maintain alternative dispute resolution system that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties.</i> • <i>Appoint a Compliance Officer, who shall have the rank of at least vice president of the Corporation.</i> 	<p><i>audit executive to render to the Audit Committee and senior management an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit Committee.</i></p> <ul style="list-style-type: none"> • <i>Appoint competent, professional, honest, and highly motivated management officers.</i> • <i>Adopt an effective succession-planning program for management.</i> • <i>Provide sound strategic policies and guidelines to management on major capital expenditures.</i> • <i>Establish and maintain alternative dispute resolution system that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties.</i> • <i>Appoint a Compliance Officer, who shall have the rank of at least vice president of the Corporation.</i>
Accountabilities	<ul style="list-style-type: none"> • <i>Conduct fair business transactions with the Company and ensure that personal interests do not prejudice Board</i> 	<ul style="list-style-type: none"> • <i>Conduct fair business transactions with the Company and ensure that personal interests do not prejudice Board</i> 	<ul style="list-style-type: none"> • <i>Conduct fair business transactions with the Company and ensure that personal interests do not prejudice Board</i>

	<p><i>decisions; act in a manner characterized by transparency, accountability and fairness.</i></p> <ul style="list-style-type: none"> • Devote time and attention necessary to properly discharge his duties and responsibilities. • Act judiciously and exercise independent judgment. • Have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-Laws, the requirements of the SEC, and where applicable, the requirements of other regulatory agencies. • Observe confidentiality. • Ensure the continuing soundness, effectiveness and adequacy of the Company's control environment. • Attend regular and special meetings of the Board in person or by teleconferencing, subject to existing regulations. 	<p><i>decisions; act in a manner characterized by transparency, accountability and fairness.</i></p> <ul style="list-style-type: none"> • Devote time and attention necessary to properly discharge his duties and responsibilities. • Act judiciously and exercise independent judgment. • Have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-Laws, the requirements of the SEC, and where applicable, the requirements of other regulatory agencies. • Observe confidentiality. • Ensure the continuing soundness, effectiveness and adequacy of the Company's control environment. • Attend regular and special meetings of the Board in person or by teleconferencing, subject to existing regulations. 	<p><i>decisions; act in a manner characterized by transparency, accountability and fairness.</i></p> <ul style="list-style-type: none"> • Devote time and attention necessary to properly discharge his duties and responsibilities. • Act judiciously and exercise independent judgment. • Have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-Laws, the requirements of the SEC, and where applicable, the requirements of other regulatory agencies. • Observe confidentiality. • Ensure the continuing soundness, effectiveness and adequacy of the Company's control environment. • Attend regular and special meetings of the Board in person or by teleconferencing, subject to existing regulations.
Deliverables	<ul style="list-style-type: none"> • Attend Board meetings • Establish internal control mechanisms. • Policy on communicating with stakeholders. • System of internal checks and balances. • Constitute Executive, Compensation and 	<ul style="list-style-type: none"> • Attend Board meetings • Establish internal control mechanisms. • Policy on communicating with stakeholders. • System of internal checks and balances. • Constitute Executive, Compensation and 	<ul style="list-style-type: none"> • Attend Board meetings • Establish internal control mechanisms. • Policy on communicating with stakeholders. • System of internal checks and balances. • Constitute Executive, Compensation and

	Remuneration, Audit, and Nomination Committees. <ul style="list-style-type: none"> • Succession planning program for Management. • Policies and guidelines on major capital expenditures. • Establish an alternative dispute resolution system. 	Remuneration, Audit, and Nomination Committees. <ul style="list-style-type: none"> • Succession planning program for Management. • Policies and guidelines on major capital expenditures. • Establish an alternative dispute resolution system. 	Remuneration, Audit, and Nomination Committees. <ul style="list-style-type: none"> • Succession planning program for Management. • Policies and guidelines on major capital expenditures. • Establish an alternative dispute resolution system.
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Provide the Company's definition of "independence" and describe the company's compliance to the definition.

The Company defines "independence" as freedom from any business, family, professional, or other relationship that could, or could reasonably be perceived to, materially interfere with an officer's independent judgment in carrying out responsibilities. The Company complies with this view of independence by ensuring that the independent directors elected not only meet the professional criteria of competence but also are able to freely profess their views on the policies and operations of the Company untainted or unhampered by any relationship or other considerations other than what is best for the Company, its stockholders, and the community where the Company operates.

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

The Company has adopted the guidelines set by the SEC in the term limits of independent directors. Consistent with SEC Memorandum Circular No. 9, Series of 2011, the Company has a term limit of five (5) years for independent directors. Following a two (2) year 'rest period,' a person who previously served as independent director may seek re-election for another period of five (5) years. The Company adheres to the maximum limit of ten (10) years set by the SEC. Thus, an independent director who has served for a total of 10 years shall no longer be nominated for election as independent director.

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:

For the period covered by this report, there were no changes in the membership of the Board of Directors.

Name	Position	Date of Cessation	Reason
N/A			

(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	<i>Nominations for election as directors shall be submitted to the Nomination Committee not</i>	<ul style="list-style-type: none"> • <i>Holder of at least one (1) share of stock of the Corporation.</i>

	<p>later than 30 January of each year. Thereafter, the Nomination Committee meets to consider all nominees in accordance with the qualifications and disqualifications set by the Manual of Corporate Governance and by the Board.</p>	<ul style="list-style-type: none"> • At least a holder of a Bachelor's Degree, or to substitute for such formal education, must have adequate competency and understanding of business. • Of legal age. • Of proven integrity and probity. • Possesses other qualifications as shall be prescribed by the Board.
(ii) Non-Executive Directors	<p>Nominations for election as directors shall be submitted to the Nomination Committee not later than 30 January of each year. Thereafter, the Nomination Committee meets to consider all nominees in accordance with the qualifications and disqualifications set by the Manual of Corporate Governance and by the Board.</p>	<ul style="list-style-type: none"> • Holder of at least one (1) share of stock of the Corporation. • At least a holder of a Bachelor's Degree, or to substitute for such formal education, must have adequate competency and understanding of business. • Of legal age. • Of proven integrity and probity. • Possesses other qualifications as shall be prescribed by the Board.
(iii) Independent Directors	<p>Nominations for election as directors shall be submitted to the Nomination Committee not later than 30 January of each year. Thereafter, the Nomination Committee meets to consider all nominees in accordance with the qualifications and disqualifications set by the Manual of Corporate Governance and by the Board.</p>	<p>In addition to the requirements for a regular director, an independent director must meet the following requirements:</p> <ul style="list-style-type: none"> • Not a director or officer of the Company or of its related companies or any of its substantial shareholder except when the same shall be an independent director of any of the foregoing. • Does not own more than 2% of the shares of the Company and/or of its related companies or any of its substantial shareholders. • Is not related to any director, officer or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the

		<p>spouse of such child, brother or sister.</p> <ul style="list-style-type: none"> • Is not acting as a nominee or representative of any director or substantial shareholder of the Company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement. • Has not been employed in any executive capacity by the Company, any of its related companies and/or by any of its substantial shareholders within the last 5 years. • Is not retained as professional adviser by the Company and/or any of its related companies and/or any of its substantial shareholders within the last 5 years. • Is not retained, either personally or through his firm or any similar entity, as professional adviser by the Company, any of its related companies and/or any of its substantial shareholders, either personally or through his firm. • 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 shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial.
b. Re-appointment		
(i) Executive Directors	Nominations for election as	<ul style="list-style-type: none"> • Holder of at least one (1)

	<p>directors shall be submitted to the Nomination Committee not later than 30 January of each year. Thereafter, the Nomination Committee meets to consider all nominees in accordance with the qualifications and disqualifications set by the Manual of Corporate Governance and by the Board.</p>	<p>share of stock of the Corporation.</p> <ul style="list-style-type: none"> • At least a holder of a Bachelor's Degree, or to substitute for such formal education, must have adequate competency and understanding of business. • Of legal age. • Of proven integrity and probity. • Possesses other qualifications as shall be prescribed by the Board.
(ii) Non-Executive Directors	<p>Nominations for election as directors shall be submitted to the Nomination Committee not later than 30 January of each year. Thereafter, the Nomination Committee meets to consider all nominees in accordance with the qualifications and disqualifications set by the Manual of Corporate Governance and by the Board.</p>	<ul style="list-style-type: none"> • Holder of at least one (1) share of stock of the Corporation. • At least a holder of a Bachelor's Degree, or to substitute for such formal education, must have adequate competency and understanding of business. • Of legal age. • Of proven integrity and probity. • Possesses other qualifications as shall be prescribed by the Board.
(iii) Independent Directors	<p>Nominations for election as directors shall be submitted to the Nomination Committee not later than 30 January of each year. Thereafter, the Nomination Committee meets to consider all nominees in accordance with the qualifications and disqualifications set by the Manual of Corporate Governance and by the Board.</p>	<ul style="list-style-type: none"> • Holder of at least one (1) share of stock of the Corporation. • At least a holder of a Bachelor's Degree, or to substitute for such formal education, must have adequate competency and understanding of business. • Of legal age. • Of proven integrity and probity. • Possesses other qualifications as shall be prescribed by the Board.
Permanent Disqualification		
(i) Executive Directors	<p>The Nomination Committee pre-screens and shortlists all candidates nominated to become a member of the Board. In case the ground for disqualification arises during the incumbency of a director, he shall automatically cease to become a member and shall</p>	<ul style="list-style-type: none"> • Convicted by final judgment or order by a competent judicial or administrative body of any crime (a) that involves the purchase or sale of securities, as defined in the SRC; (b) arises out of the person's

	<p><i>immediately vacate the office.</i></p>	<p><i>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.</i></p> <ul style="list-style-type: none"> • <i>By reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court of administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</i> • <i>Currently the subject of an order of the SEC or any court or administrative body denying, revoking, suspending any registration, license or permit issued to him under the Corporation Code, the SRC or any other law administered by the SEC or the BSP, or</i>
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		<p>under any rule or regulation issued by the SEC or the BSP.</p> <ul style="list-style-type: none"> • Has been restrained to engage in activity involving securities and banking. • 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 of participant of the organization. • Convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts. • 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 the BSP, or any rule, regulation or order of the SEC or the BSP. • Has been judicially declared to be insolvent. • 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 the foregoing paragraphs. • Convicted by final judgment of an offense punishable by imprisonment for a
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		<p>period exceeding 6 years, or a violation of the Corporation Code committed within 5 years prior to the date of his election or appointment.</p>
(ii) Non-Executive Directors	<p><i>The Nomination Committee pre-screens and shortlists all candidates nominated to become a member of the Board. In case the ground for disqualification arises during the incumbency of a director, he shall automatically cease to become a member and shall immediately vacate the office.</i></p>	<ul style="list-style-type: none"> • <i>Convicted by final judgment or order by a competent judicial or administrative body of any crime (a) that 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.</i> • <i>By reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court of 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</i>

		<p><i>violating the laws that govern securities and banking activities.</i></p> <ul style="list-style-type: none"> • <i>Currently the subject of an order of the SEC or any court or administrative body denying, revoking, suspending any registration, license or permit issued to him under the Corporation Code, the SRC or any other law administered by the SEC or the BSP, or under any rule or regulation issued by the SEC or the BSP.</i> • <i>Has been restrained to engage in activity involving securities and banking.</i> • <i>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.</i> • <i>Convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts.</i> • <i>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 the BSP, or any rule, regulation or order of the SEC or the BSP.</i>
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		<ul style="list-style-type: none"> • <i>Has been judicially declared to be insolvent.</i> • <i>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 the foregoing paragraphs.</i> • <i>Convicted by final judgment of an offense punishable by imprisonment for a period exceeding 6 years, or a violation of the Corporation Code committed within 5 years prior to the date of his election or appointment.</i>
(iii) Independent Directors	<p><i>The Nomination Committee pre-screens and shortlists all candidates nominated to become a member of the Board. In case the ground for disqualification arises during the incumbency of a director, he shall automatically cease to become a member and shall immediately vacate the office.</i></p>	<ul style="list-style-type: none"> • <i>Convicted by final judgment or order by a competent judicial or administrative body of any crime (a) that 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.</i> • <i>By reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court of administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund</i>

		<p>dealer, futures commission merchant, commodity trading advisor, or floor broker;</p> <p>(b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <ul style="list-style-type: none"> • Currently the subject of an order of the SEC or any court or administrative body denying, revoking, suspending any registration, license or permit issued to him under the Corporation Code, the SRC or any other law administered by the SEC or the BSP, or under any rule or regulation issued by the SEC or the BSP. • Has been restrained to engage in activity involving securities and banking. • 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. • Convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or
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		<p>other fraudulent acts.</p> <ul style="list-style-type: none"> • 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 the BSP, or any rule, regulation or order of the SEC or the BSP. • Has been judicially declared to be insolvent. • 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 the foregoing paragraphs. • Convicted by final judgment of an offense punishable by imprisonment for a period exceeding 6 years, or a violation of the Corporation Code committed within 5 years prior to the date of his election or appointment. • Becomes an officer or employee of the Company.
d. Temporary Disqualification		
(i) Executive Directors	<p>If the ground for disqualification is refusal to comply with the disclosure requirements, the disqualification shall be in effect as long as the refusal persists.</p> <p>In case the ground is habitual absence, the disqualification shall apply for purposes of the succeeding election.</p> <p>If the ground is dismissal or termination for cause as director of any corporation covered by the SRC, the disqualification shall be in effect until he has cleared</p>	<p>The Board may, by resolution, prescribe grounds for temporary disqualification of a director, which may include any of the following:</p> <ul style="list-style-type: none"> • Refusal to comply with the disclosure requirements of the SRC and its IRR, which disqualification shall be in effect as long as the refusal persists. • Absence or non-participation for whatever reason for more than 50% of all Board meetings, both regular and special,

	<p>himself from any involvement in the cause that gave rise to his dismissal or termination. If the beneficial equity ownership of an independent director in the Company or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock, the disqualification shall be lifted if the limit is later complied with. A temporarily disqualified director shall, within 60 business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>	<p>during his incumbency or any 12-month period during said incumbency, which disqualification applies for purposes of the succeeding election.</p> <ul style="list-style-type: none"> Dismissal/termination from directorship in another listed corporation for cause, which disqualification shall be in effect until he has cleared himself from any involvement in the alleged irregularity. Being under preventive suspension by the Company. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.
(ii) Non-Executive Directors	<p>If the ground for disqualification is refusal to comply with the disclosure requirements, the disqualification shall be in effect as long as the refusal persists. In case the ground is habitual absence, the disqualification shall apply for purposes of the succeeding election. If the ground is dismissal or termination for cause as director of any corporation covered by the SRC, 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. If the beneficial equity ownership of an independent director in the Company or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock, the disqualification shall be lifted if the limit is later complied with. A temporarily disqualified director shall, within 60 business days from such disqualification, take the appropriate action to remedy or correct the disqualification.</p>	<p>The Board may, by resolution, prescribe grounds for temporary disqualification of a director, which may include any of the following:</p> <ul style="list-style-type: none"> Refusal to comply with the disclosure requirements of the SRC and its IRR, which disqualification shall be in effect as long as the refusal persists. Absence or non-participation for whatever reason for more than 50% of all Board meetings, both regular and special, during his incumbency or any 12-month period during said Incumbency, which disqualification applies for purposes of the succeeding election. Dismissal/termination from directorship in another listed corporation for cause, which disqualification shall be in effect until he has cleared himself from any involvement in the alleged irregularity. Being under preventive

	<p>If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>	<p>suspension by the Company.</p> <ul style="list-style-type: none"> • Conviction that has not yet become final referred to in the grounds for the disqualification of directors.
(iii) Independent Directors	<p>If the ground for disqualification is refusal to comply with the disclosure requirements, the disqualification shall be in effect as long as the refusal persists.</p> <p>In case the ground is habitual absence, the disqualification shall apply for purposes of the succeeding election.</p> <p>If the ground is dismissal or termination for cause as director of any corporation covered by the SRC, 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>If the beneficial equity ownership of an independent director in the Company or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock, the disqualification shall be lifted if the limit is later complied with.</p> <p>A temporarily disqualified director shall, within 60 business days from such disqualification, take the appropriate action to remedy or correct the disqualification.</p> <p>If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>	<p>The Board may, by resolution, prescribe grounds for temporary disqualification of a director, which may include any of the following:</p> <ul style="list-style-type: none"> • Refusal to comply with the disclosure requirements of the SRC and its IRR, which disqualification shall be in effect as long as the refusal persists. • Absence or non-participation for whatever reason for more than 50% of all Board meetings, both regular and special, during his incumbency or any 12-month period during said incumbency, which disqualification applies for purposes of the succeeding election. • Dismissal/termination from directorship in another listed corporation for cause, which disqualification shall be in effect until he has cleared himself from any involvement in the alleged irregularity. • Being under preventive suspension by the Company. • Conviction that has not yet become final referred to in the grounds for the disqualification of directors. • Beneficial security ownership in the Company or in related companies exceeds 10%. • Director or officer of the Company or of its related companies or any of its substantial

		<p>shareholders except when the same shall be an independent director of any of the foregoing.</p> <ul style="list-style-type: none"> • Related to any director, officer or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and spouse of such child, brother or sister. • Acting as nominee or representative of any director or substantial shareholder of the Company and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement. • Employed in any executive capacity by the Company, any of its related companies and/or by any of its related shareholders within the last 5 years. • Retained as professional adviser by the Company and/or any of its related companies and/or any of its substantial shareholders within the last 5 years. • Retained, either personally or through his firm or any similar entity, as professional adviser by the Company, any of its related companies and/or any of its substantial shareholders, either personally or through his firm. • Engaged in any transaction with the Company and/or with any of its related companies and/or any of
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		<i>its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial.</i>
e. Removal		
(i) Executive Directors	<i>The Board, by resolution at a meeting called for the purpose, shall remove a director as soon as the grounds for permanent disqualification are discovered. Moreover, if a director violates any of the provisions of the Revised Manual on Corporate Governance, he shall likewise be ousted from office.</i>	
(ii) Non-Executive Directors	<i>The Board, by resolution at a meeting called for the purpose, shall remove a director as soon as the grounds for permanent disqualification are discovered. Moreover, if a director violates any of the provisions of the Revised Manual on Corporate Governance, he shall likewise be ousted from office.</i>	
(iii) Independent Directors	<i>The Board, by resolution at a meeting called for the purpose, shall remove a director as soon as the grounds for permanent disqualification are discovered. Moreover, if a director violates any of the provisions of the Revised Manual on Corporate Governance, he shall likewise be ousted from office.</i>	
f. Re-instatement		
(i) Executive Directors	<i>If the ground is refusal to comply with the disclosure requirements, the director shall be reinstated after he complies with the said requirements. If the ground is dismissal or termination for cause as director of any corporation covered by the SRC, the director shall be reinstated after he has cleared himself from any involvement in the cause that gave rise to his</i>	

	<i>dismissal or termination.</i>	
(ii) Non-Executive Directors	<p><i>If the ground is refusal to comply with the disclosure requirements, the director shall be reinstated after he complies with the said requirements.</i></p> <p><i>If the ground is dismissal or termination for cause as director of any corporation covered by the SRC, the director shall be reinstated after he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.</i></p>	
(iii) Independent Directors	<p><i>If the ground is refusal to comply with the disclosure requirements, the director shall be reinstated after he complies with the said requirements.</i></p> <p><i>If the ground is dismissal or termination for cause as director of any corporation covered by the SRC, the director shall be reinstated after he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.</i></p> <p><i>If the ground is exceeding the 10% beneficial ownership limit, he shall be reinstated as soon as the limit is complied with.</i></p>	
g. Suspension		
(i) Executive Directors	<i>To strictly observe and implement the provisions of the Company's Revised Manual on Corporate Governance, suspension is imposed on directors in case of second violation of any of the provisions of said manual.</i>	<i>The guidelines mandated in the Company's Manual of Corporate Governance and other standards as may be set by the Board.</i>
(ii) Non-Executive Directors	<i>To strictly observe and implement the provisions of the Company's Revised Manual on Corporate Governance, suspension is imposed on directors in case of second violation of any of the provisions of said manual.</i>	<i>The guidelines mandated in the Company's Manual of Corporate Governance and other standards as may be set by the Board.</i>
(iii) Independent Directors	<i>To strictly observe and implement the provisions of the Company's Revised Manual on Corporate Governance, suspension is imposed on directors in case of second violation of any of the provisions of said manual.</i>	<i>The guidelines mandated in the Company's Manual of Corporate Governance and other standards as may be set by the Board.</i>

Voting Result of the last Annual General Meeting

The following directors were re-elected to the Board during the Company's 2012 annual stockholders' meeting:

Paulino S. Soo
 Jack T. Huang
 Vicente Co Chien, Jr.
 Jimmy S. Soo
 A. Bayani K. Tan
 Ma. Therese G. Santos
 Jimmy Chua Alabanza

The voting for the directors was conducted via viva voce. Considering that there were as many nominees as there were seats to be filled, and upon the confirmation of the inspectors appointed by the Board that there was no indication of dissent among the stockholders, the Chairman requested the Corporate Secretary to cast all votes for the nominees.

6) Orientation and Education Program

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

The Company has no specific training program for new directors. New directors are given an orientation on the business of the Company. They are also given access to the Company's directors and officers to address any questions or clarifications that new directors may raise.

New directors are asked to undergo workshops or seminars on corporate governance in order to ensure that they meet the regulatory requirements of the SEC and PSE.

(b) State any in-house training and external courses attended by Directors and Senior Management² for the past three (3) years:

The Company has not conducted any special in-house training for directors and senior management for the past 3 years.

(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
None			

B. CODE OF BUSINESS CONDUCT & ETHICS

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

Business's Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	Everyone is duty bound, under the penalty of perjury, to disclose fully their existing business interests, shareholdings, personal activities or relationships that may directly or indirectly conflict with the performance of their intended duties and responsibilities. The Board determines whether each person's business interests, shareholdings, personal activities or relationships result in conflict with the duties		

² Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

	<i>and responsibilities in the Company. All employees shall conduct fair business transactions with the Company and ensure that his personal interests do not conflict with the interests of the Company.</i>
<i>(b) Conduct of Business and Fair Dealings</i>	<i>The Company shall not enter into arrangements with its competitors to arbitrarily set prices of products and other terms of the market/industry. Customers and suppliers should be dealt with fairly.</i>
<i>(c) Receipt of gifts from third parties</i>	<i>Acceptance of gifts and other favors from customers, suppliers, or any other third party which might compromise one's ability to make objective decisions or which might affect the performance of one's duty is strictly prohibited.</i>
<i>(d) Compliance with Laws & Regulations</i>	<i>Compliance with applicable laws, rules and regulations must never be compromised. Moreover, the Company has an anti-bribery policy. Everyone is prohibited from giving anything of value to a government official in exchange for a favorable treatment.</i>
<i>(e) Respect for Trade Secrets/Use of Non-public Information</i>	<i>Information acquired by virtue of office shall be treated with utmost confidentiality. The Company's non-public information should be safeguarded and shall not be disclosed to third parties. Trading in Company's stocks based on material non-public information will be dealt with criminally.</i>
<i>(f) Use of Company Funds, Assets and Information</i>	<i>Company assets and funds cannot be used for personal benefit or for the benefit of anyone other than the Company. Everyone is discouraged from engaging in personal activities during working hours.</i>
<i>(g) Employment & Labor Laws & Policies</i>	<i>Labor Laws are strictly complied with. Moreover, the safety and welfare of all people working in the Company should be prioritized at all times.</i>
<i>(h) Disciplinary action</i>	<i>The Compliance Officer is responsible for determining violation of the Manual of Corporate Governance through notice and hearing. He recommends to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board. The Board shall impose a penalty that is in accordance with the Company's Human Resource policy and commensurate to the transgression of the person involved on other violations.</i>
<i>(i) Whistle Blower</i>	<i>Whenever a report is made to the Compliance Officer, the Human Resource Department Head, or to any member of the Audit Committee, anonymity and confidentiality consistent with conducting a thorough and fair investigation are prioritized. Since the Company values people who identify issues that need to be addressed, any form of retaliation is proscribed.</i>
<i>(j) Conflict Resolution</i>	<i>Conflicts are resolved internally as much as possible. It should be resolved in the lowest possible level using procedure that addresses and respects the needs, interests and rights of the parties involved.</i>

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

Yes. All directors, members of senior management, and employees were furnished copies of the Company's code of ethics upon their assumption of their respective positions in the Company.

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

Everyone is mandated to report any violation of the Company's Code of Business Conduct and Ethics to the Compliance Officer, to the Human Resource Department Head, or to any member of the Audit Committee.

- 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><i>The Company adopts a policy of full disclosure with regard to related party transactions. All terms and conditions of related party transactions are reported to the Board of Directors.</i></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.

	Details of Conflict of Interest (Actual or Probable)
None	

The Company has not entered into any transactions either direct or indirect with the Company's directors, officers or significant shareholders.

(ii) Mechanism

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

	Directors/Officers/Significant Shareholders
Company	<p><i>Among the duties of the Compensation and Remuneration Committee is to ensure that all incoming officers and directors disclose fully their existing business interests or shareholdings that may directly or indirectly conflict with the performance of their intended duties and responsibilities, under the penalty of perjury, and to review the existing Human Resources Development or Personnel Handbook or its equivalent, to strengthen provisions on conflict of interest. On the other hand, the Nomination Committee considers the possibility of conflicting interest in determining the number of directorships that may be held by a director.</i></p>
Group	

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,³ 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:

³ Family relationship up to the fourth civil degree either by consanguinity or affinity.

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
Paulino S. Soo and Jimmy S. Soo	Family	Siblings

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description
None		

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

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
None		

6) Alternative Dispute Resolution

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

Alternative Dispute Resolution System	
Corporation & Stockholders	Conflicts are usually resolved through mediation between the parties. A mediator will be selected by the parties to facilitate communication and negotiation and to assist them in reaching a voluntary agreement regarding the issue involved.
Corporation & Third Parties	
Corporation & Regulatory Authorities	

C. BOARD MEETINGS & ATTENDANCE

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

As far as practicable, schedules of Board meetings are determined at the beginning of the year. However, actual details as to date, time, and venue thereof are subject to change depending on the availability of directors and senior management.

- 2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Paulino S. Soo	27 September 2012	5	5	100%
Member	Jack T. Huang	27 September 2012	5	5	100%
Treasurer	Vicente Co Chleng, Jr.	27 September 2012	5	5	100%
Member	Jimmy S. Soo	27 September 2012	5	5	100%
Corp. Sec.	A. Bayani K. Tan	27 September 2012	5	5	100%
Independent	Ma. Therese G. Santos	27 September 2012	5	5	100%
Independent	Jimmy Chua Alabanza	27 September 2012	5	5	100%

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

No. The non-executive directors of the Board do not meet separately.

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

The Company uses the minimum quorum requirement as set forth in the Corporation Code. Thus, when majority of the directors are present, the Board proceeds with the transaction of business as stated in the agenda for each meeting.

- 5) Access to Information

- (a) How many days in advance are board papers⁴ for board of directors meetings provided to the board?

The Company has adopted a standard that the board materials should be provided to the members of the Board a week in advance to enable the directors to adequately prepare for the meeting.

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

Yes. The Company's Manual of Corporate Governance provides that directors shall enjoy independent access to Management and the Corporate Secretary, especially with regard to access to information and documents.

- (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.?

As part of its Manual of Corporate Governance, the Company has prescribed that the role of the Corporate Secretary be, as follows:

- Gather and analyze all documents, records and other information essential to his duties;*
- Attend all board meetings, except in justifiable cases;*
- Ensure strict compliance with Board procedures and rules and regulations;*
- Inform the directors of agenda of meetings and the Board materials thereon;*
- Keep in custody and preserve the integrity of minutes of the Board meetings and other official records;*
- Assist the Board in making business judgments;*
- Ensure that the Board have before them accurate information to arrive at intelligent decisions on matters that require their approval;*
- Work fairly and objectively with the Board of Directors, Management, and stockholders; and*
- Have adequate knowledge of the rules and regulations necessary in the performance of his duties and responsibilities, as well as the strategic objectives, policies, and procedures of the Company.*

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

Yes. Atty. A. Bayani K. Tan is a director and the Corporate Secretary of the Company. He is currently a director and/or corporate secretary of several reporting companies, as well as other corporations not listed in the stock exchange. He also served as Assistant Corporate Secretary and Legal Counsel of the Philippine Stock Exchange. He is a member of the Philippine Bar since 1981.

⁴ 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.

(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	<i>The Manual of Corporate Governance ensures that the members of the Board have unhampered access to the reports produced by the different committees as well as to the individual members of the committees and senior officers of the Corporation. Inquiries can be made by a member of the Board at any time to enable him to properly perform his duties and responsibilities.</i>
Audit	
Nomination	
Remuneration	
Others (Risk)	

6) External Advice

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

Procedures	Details
<i>The Manual of Corporate Governance provides that the members of the Board, whether individually or as a Board, shall have access to independent professional advice at the Corporation's expense.</i>	<i>This independent professional advice may be sourced from the Corporation's retained external legal counsel or auditors. The Board may likewise choose to engage professionals in specific matters.</i>

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 during the period covered by this report that may have a material effect on the business of the Company. In compliance with the requirements of the SRC, any such changes are immediately reported to the SEC and the PSE.

Existing Policies	Changes	Reason
N/A		

D. REMUNERATION MATTERS

1) Remuneration Process

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

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	<i>The Compensation and Remuneration Committee is tasked with coming up with a formal and transparent procedure for developing a policy for executive remuneration and fixing the remuneration packages for corporate officers and directors, and provide oversight</i>	
(2) Variable remuneration		
(3) Per diem allowance		

(4) Bonus	over remuneration of senior management and key personnel to ensure that compensation levels are consistent with the Corporation's culture, strategy, and environment. The Committee also determines the amount of remuneration of directors and officers. The Committee ensures that their remuneration is sufficient to attract and retain personnel.
(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	Compensation of directors is determined by the Board, keeping in mind the Company's culture, strategy and control environment.		
Non-Executive Directors			

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
The remuneration scheme, as disclosed to the stockholders via SEC Form 20-IS, is ratified by the stockholders as part of the acts of the Board of Directors of the Company on the previous year during each annual stockholders' meeting.	27 September 2012

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	P480,000.00	N/A	N/A
(b) Variable Remuneration	N/A	N/A	N/A
(c) Per diem Allowance	N/A	N/A	N/A
(d) Bonuses	N/A	N/A	N/A
(e) Stock Options and/or other financial instruments	N/A	N/A	N/A
(f) Others (Specify)	N/A	N/A	N/A
Total	P480,000.00	P0.00	P0.00

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
Total	P0.00	P0.00	P0.00

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
None of the members of the Board own or is entitled to stock rights, options or warrants over the Company's shares.				

(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
The Company has no existing incentive program.		

Incentive Program	Amendments	Date of Stockholders' Approval
None		

5) Remuneration of Management

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

Name of Officer/Position	Total Remuneration
Schubert Caesar C. Austero/Vice President	
Sheila Marie Aguilar/Vice President	
Melanio C. Dela Cruz/Vice President	

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	2	1	1	N	It shall exercise all such powers as may be delegated to it by the Board.		
Audit	1	1	1	N	Its oversight function covers financial reporting and disclosures, risk management and internal controls, management and internal audit, and external audit.	Its responsibilities include assisting the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations; providing oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company and over the Company's Internal and External Auditors;	It has the power to disallow any non-audit work that will conflict with the duties of the External Auditor or may pose a threat to his independence. It also has the power to call attendees as required, including having open access to Management and auditors. It has the right to seek additional information

						<p>reviewing the annual internal audit plan and organize an internal audit department; monitoring and evaluating the adequacy and effectiveness of the internal control system; and coordinating, monitoring and facilitating compliance with laws, rules and regulations.</p>	<p>as necessary to fulfill its responsibilities.</p>
Nomination	2		1	N	<p>It is responsible for reviewing the structure, size and composition of the Board and ensuring that both are comprised of the right balance of skills, knowledge and experience.</p>	<p>Its responsibilities include pre-screening and shortlisting all candidates nominated to become a member of the Board and re-defining the role, duties and responsibilities of the CEO by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance.</p>	<p>It has the power to seek any information that it requires from employees of the Company, all of whom are directed to co-operate with any request it makes. Moreover, it has the power to employ the services of such advisers as it deems necessary to fulfill its responsibilities.</p>
Remuneration	1	1	1	N	<p>Its function is to establish a formal and transparent procedure for developing a policy on remuneration packages of corporate officers, directors, senior management and other key personnel to ensure that the</p>	<p>Its responsibilities include determining the amount of remuneration for the Company's directors and officers; ensuring that all incoming officers and directors disclose fully their existing business interests or shareholdings that may directly or indirectly conflict with the performance of</p>	<p>It has the power to engage an adviser as it deems necessary to carry out its duties. It also has unrestricted access to members of management, employees and relevant information.</p>

					compensation levels are consistent with the Company's culture, strategy and control environment.	their intended duties and responsibilities; reviewing the existing Human Resources Development or Personnel Handbook to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements.	
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2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Paulino S. Soo	27 September 2012	None	1	100%	1
Member (ED)	Jack T. Huang	27 September 2012	None	1	100%	1
Member (NED)	Vicente Co Chien, Jr.	27 September 2012	None	1	100%	1
Member (ID)	Ma. Therese G. Santos	27 September 2012	None	1	100%	1
Member						

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Jimmy Chua Alabanza	27 September 2012	1	1	100%	1
Member (ED)	Jack T. Huang	27 September 2012	1	1	100%	1
Member (NED)	Vicente Co Chien, Jr.	27 September 2012	1	1	100%	1
Member (ID)						
Member						

Disclose the profile or qualifications of the Audit Committee members.

Paulino S. Soo holds a Master in Business Administration degree from the University of Pittsburgh Graduate School of Business and Bachelor of Science degree in Industrial Management Engineering from the De La Salle College. He is also the Chairman of Philippine Gaming Management Corporation (2002-present). He is the Chairman of Abacus Securities Corporation and Abacus Capital & Investment Corporation (1994-present).

Jack T. Huang is the incumbent President of the Company. He holds a Bachelor of Arts degree in Economics from the Ateneo de Manila University. He is concurrently a director of Abacus Capital & Investment Corporation (1995-present) and Abacus Securities Corporation (1995-present). He is the President of Cebu Business Continuous Forms (1994-present).

Vicente Co Chien, Jr. is the Treasurer of the Corporation. He holds a Bachelor's degree in Business Economics from Hongkong Shuen Yan College. He is the President of Boston Clinics and Diagnostic Services (1994-present) and Providence HealthCare Consultants (1999-present). He is concurrently director of Abacus Capital and Investment Corporation (1995-present), Abacus Securities Corporation (1995-present) and Vista Holdings Corporation (1995-present). He is director of Rokett Realty Co., Inc. (1995-present), South Sea Realty Development Corporation (2004-present), Loumont Trading Corporation (1993-present) and Loumont Construction & Development Corporation (1993-present).

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

The Company's Manual of Corporate Governance enumerates the responsibilities of the Audit Committee relative to the external auditor, to wit:

- *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.*
- *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 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 Company's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company'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	Paulino S. Soo	27 September 2012	1	1	100%	1
Member (ED)	Jack T. Huang	27 September 2012	1	1	100%	1
Member (NED)						
Member (ID)	Ma. Therese G. Santos	27 September 2012	1	1	100%	1
Member						

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Paulino S. Soo	27 September 2012	None			1
Member (ED)		27 September 2012	None			1
Member (NED)	Vicente Co Chien, Jr.					
Member (ID)	Ma. Therese G. Santos	27 September 2012	None			1
Member						

(e) Others (Specify) – None

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

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

3) Changes in Committee Members

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

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

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	None	None
Audit	The Committee passed upon and approved the Company's audited financial statements before endorsing for the approval of the	No significant issues addressed.

	<i>Board.</i>	
Nomination	<i>The Committee passed upon the list of nominees for election as members of the Board and prepared the final short list of nominees.</i>	<i>No significant issues addressed.</i>
Remuneration	<i>None</i>	<i>None</i>
Others	<i>N/A</i>	<i>N/A</i>

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	<i>None</i>	<i>None</i>
Audit	<i>None</i>	<i>No significant issues addressed.</i>
Nomination	<i>None</i>	<i>No significant issues addressed.</i>
Remuneration	<i>None</i>	<i>No significant issues addressed.</i>
Others (specify)	<i>N/A</i>	<i>N/A</i>

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Company's risk management program focuses on safeguarding shareholder value to manage unpredictability of risks and minimize potential adverse impact on its operating performance and financial condition.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

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

The Company's Board of Directors is directly responsible for risk management and the Management carries out risk management policies approved by the Board. After the Management identifies, evaluates reports and monitors significant risks, and submits appropriate recommendations, the Board approves formal policies for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk and liquidity risk.

(c) Period covered by the review;

The period covered by the review is from 1 January 2012 up to 31 December 2012.

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

The Board annually reviews the Company's approaches to risk management and recommends to the Board the changes or improvements to key elements of its processes and procedures. No significant issues were addressed by the Committee in 2012.

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

No significant issues were addressed by the Committee in 2012.

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
Interest Rate Risk	The Company policy is to minimize interest rate cash flow risk exposures on long-term financing.	<p>The Company's objective is to sustain a healthy debt-to-equity ratio, considering a manageable mix of notes payable subject to variable interest rates versus financial assets and liabilities with fixed rates.</p> <p>The Company's objective is to protect investment in the event there would be significant fluctuations in the exchange rate.</p> <p>On the other hand, the Company's objectives to manage its liquidity are:</p> <ul style="list-style-type: none"> a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; and c) to be able to access funding when needed at the least possible cost. <p>The long-term strategy is to sustain a healthy debt-to-equity ratio.</p>
Foreign Currency Risk	The Company's policy is to limit its foreign currency transactions to the extent possible. The Company does not enter into forward contracts or hedging transactions.	The Company aims to mitigate the effect of its foreign currency exposure.
Credit Risk	The Company's policy is to deal only with creditworthy counterparties.	The Company aims to minimize its exposure to counterparties that fail to discharge an obligation to the Company under various financial instruments. The Company continuously monitors defaults of customers and other counterparties identified either individually or by group, and to incorporate this information into its credit risk controls.

Liquidity Risk	<i>The Company's policy is to maintain liquidity requirements for up to 60-day periods. Excess cash are invested in time deposits, mutual funds or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by the Company's ability to sell long-term financial assets.</i>	<i>The Company aims to maintain liquidity needs in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and a 1-year period are identified monthly.</i>
Other Market Price Risk	<i>The Company's policy is to mitigate the risk arising from changes in market price through monitoring changes in market price of investments. No specific hedging activities are undertaken in relation to investments in listed equity securities considered as long-term strategic investments.</i>	<i>The Company aims to manage the observed volatility rates using standard deviation of fair values of the Company's investments held at fair value versus such investments' impact on the Company's net profit and other comprehensive income.</i>

(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
N/A		

Since the Company is the parent of Abacus Capital & Investment Corporation, Abacus Securities Corporation and Vista Holdings Corporation, the Company's risk management policy has been adopted by its wholly-owned subsidiaries.

(c) Minority Shareholders

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

Risk to Minority Shareholders
N/A

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)
<i>Financial Risk</i>	<i>It monitors potential sources of the risk through monitoring of investments and assets, and projected cash flows from operations. The Company also maintains a financial strategy that the scheduled principal and interest payments are well within the Company's ability to generate cash from its business operations.</i>	<i>The Company regularly monitors financial trends. The Company regularly keeps track of its capital position and assesses business conditions to ensure early detection and determination of risks, and its consequent adverse impact. It adopts measures, as may be deemed necessary and appropriate, to mitigate risks.</i>
<i>Operational Risks</i>	<i>The Company closely monitors demand and trends in the coal mining and power industry. The Company likewise closely monitors any regulatory amendments that may affect the Company's operations. Finally, the Company maintains good working relationship with the local government leaders in its mining sites and work with them in monitoring peace and order concerns.</i>	<i>Any operational risks monitored are brought to the attention of the Risk Committee and addressed therein, together with inputs from corporate officers. The findings and recommendations are then brought to the Board for approval. There has been no significant operational risk determined by the Company in its operations in the past year.</i>

(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)
<i>Financial Risk</i>	<i>N/A</i>	
<i>Operational Risks</i>		

Since the Company is the parent, conduct of a risk assessment on its subsidiaries is done whenever a risk assessment of the parent company is conducted.

(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
<i>Board of Directors</i>	<i>Policies with respect to risk assessment and risk management including the Company's major financial and business risk exposures are laid out. The culture of risk management, which includes determining the appropriate</i>	<i>It oversees the Company's practices and processes relating to risk assessment and risk management, and maintaining an appropriate risk culture, reporting of financial and business risks and associated internal controls. It also provides a framework to identify, assess, monitor and</i>

	<p>risk appetite (risk-taker or risk-averse) or level of exposure as a whole or on any relevant individual issue, and determining what types of risk are acceptable and which are not, are set up.</p>	<p>manage the risks associated with the Company's business. It adopts practices designed to identify significant areas of business and financial risks and to effectively manage those risks in accordance with Company's risk profile.</p>
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G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

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

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

Internal control system pertains to the Company's corporate governance processes with regard to integrity of financial statements and disclosures; effectiveness of internal control systems; independence and performance of internal and external auditors; compliance with accounting standards, legal and regulatory requirements; and evaluation of management's process to assess and manage the risk issues.

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

One of the responsibilities of the Board as stated in the Manual of Corporate Governance is to adopt a system of check and balance within the Board, conduct a regular review of the effectiveness of such system to ensure the integrity of the decision-making and reporting processes at all times and perform a continuing review of the Company's internal control system in order to maintain its adequacy and effectiveness.

- (c) Period covered by the review;

The period covered by the review is from 1 January 2012 up to 31 December 2012.

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

The Audit Committee regularly updates the Board on its activities and makes recommendations whenever necessary. The Audit Committee likewise ensures that the Board is aware of matters that may significantly impact the financial condition or the Company's operations.

The Management formulated, under the supervision of the Audit Committee, the rules and procedures on internal control in accordance with the following guidelines:

- 1. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Company should be maintained; and*
- 2. On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Company's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations.*

- (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.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
<i>The internal auditor provides reasonable assurance that the Company's key organizational and procedural controls are effective, appropriate, and complied with.</i>	<i>Internal audit examinations cover the evaluation of the adequacy and effectiveness of controls that cover the Company's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations.</i>	<i>In house</i>		<i>The Internal Auditor submits to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report includes significant risk exposures and control issues.</i>

- (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?

One of the duties of the Audit Committee as stated in the Manual of Corporate Governance is to organize an internal audit department and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal. Since the Audit Committee has oversight functions over the Internal Auditor, the removal of the latter is subject to the affirmation of the former.

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

The Audit Committee reviews the activities and organizational structure of the internal audit function, including the need to outsource certain internal audit activities, and ensures that no unjustified restrictions or limitations are made. It likewise approves the strategic and operational plans of the Internal Audit unit and ensures that the internal audit reporting process is operating as planned.

The Audit Committee and the Internal Audit Unit meets periodically to discuss the results of audit work and the implications of audit findings on the overall quality of internal control and procedures within the organization. Moreover, the Internal auditor is given direct access to the board and to all records, properties and employees of the Company to enable him to fulfill his duties and responsibilities.

(d) Resignation, Re-assignment and Reasons

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

Name of Audit Staff	Reason
N/A	

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

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

Progress Against Plans	N/A
Issues ⁵	
Findings ⁶	
Examination Trends	

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

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

(f) Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
The internal audit controls, policies, and procedures are based on the Manual of Corporate Governance.	

(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
The Audit Committee disallows any non-audit work that will conflict with the duties of the External Auditor	The Company engages the services of an external financial analyst so that individual	The Company ensures that the investment bank is accredited by regulatory agencies and does not own	The Company ensures that the rating agency it engages does not own shares of stocks of the Company. A

⁵ "Issues" are compliance matters that arise from adopting different interpretations.

⁶ "Findings" are those with concrete basis under the company's policies and rules.

<i>or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report. In compliance with the SRC, the engagement of the Company's external auditor does not exceed 5 consecutive years.</i>	<i>independence is not put at risk. A general impartiality requirement is implemented to provide a distance between the analyst and the analyzed security.</i>	<i>shares of stocks of the Company. A rotations scheme is likewise implemented to avoid occurrence or appearance of bias.</i>	<i>rotation scheme is likewise implemented to avoid occurrence or appearance of biases.</i>
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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.

Paulino S. Soo and Jimmy Chua Alabanza shall attest to the Company's full compliance with the Revised Code of Corporate Governance.

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	<i>The Company is committed to deliver the best value to its customers through professional management, sound investment advisory, strong research team, real-market information and commitment to technology and training.</i>	
Supplier/contractor selection practice	<i>The Company ensures that any supplier/contractor engaged for services related to stock brokering and property development have sufficient professional experience and tools to carry out the required service.</i>	
Environmentally friendly value-chain	N/A	
Community interaction	N/A	
Anti-corruption programmes and procedures?	N/A	
Safeguarding creditors' rights	<i>The Company ensures that operations and investments are managed well so as not to impair the Company's ability to repay its creditors.</i>	

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

The Company has a discussion and analysis of Company operations that covers the key issues that may affect the

long-term sustainability 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 aims to provide quality and timely health and welfare services to its employees in order to avoid interruption on their jobs and to prevent conditions (physical, mental or social) that will preclude them from giving their full attention to their work.

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

None available.

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

The Company conducts training programs to its employees on a regular basis and on occasions required by government regulatory bodies.

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

None.

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

Employees are encouraged to promptly report concerns about any illegal and unethical behavior. Reports can be made anonymously to the Company's Compliance Officer, Human Resource Department Head, or to any member of the Audit Committee. To enable the Company to verify and act on the report, employees are encouraged to make reports that contain as much information as possible, including the person involved, any witnesses, the location of any other information that would assist in investigating the concerns, and any supporting documentation. All whistle blower reports are handled in a confidential manner and confidentiality will be maintained to the fullest extent possible, consistent with the need to conduct an adequate investigation of the report and to perform subsequent remedial measures.

All reports received are forwarded to the Audit Committee, which would then make the preliminary assessment of the issues raised. The Audit Committee will then determine whether there is justification for an investigation and how it should be handled, should one be necessary. Depending on the issues involved, the Audit Committee may, in some cases, decide to delegate responsibility for an investigation to the Compliance Officer or to a legal counsel who will report directly to the Audit Committee.

Prompt and appropriate corrective action will be taken in response to any finding of illegal and unethical behavior. If after the investigation, the Audit and Risk Committee concludes that disciplinary measures are necessary, it will recommend such measures to the Board.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corporation	817,701,000	68.53%	
Paulino S. Soo	133,000,000	11.15%	
Abacus Capital and Investment Corporation	94,552,000	7.92%	

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Paulino S. Soo	133,000,000	Nil	11.15%

2) Does the Annual Report disclose the following:

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

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

- *Details of whistle-blowing policy - While the Company adopts an open stance toward corporate whistle-blowers and is receptive to any information coming from them, the Company presently does not have a formal and written whistle-blowing policy.*
- *Training and/or continuing education program attended by each director/commissioner – The Company discloses the educational background, continuing education information, and general training of each director. However, training or specific seminars attended by each director during a reporting period is not disclosed since the Company does not obtain these information from the directors.*
- *Number of directors/commissioners meetings held during the year – While not included in the annual report, this information is submitted to the SEC each year and also made available to the public as part of the Company's corporate disclosures via the PSE and its own website.*
- *Attendance details of each director/commissioner in respect of meetings held – This information is also submitted to the SEC and disclosed to the public via the PSE and the Company's website.*

3) External Auditor's fee

Name of auditor	Audit fee	Non-audit Fee
Punongbayan & Araullo	1,890,000.00	0.00

4) Medium of Communication

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

In communicating with its shareholders, the Company makes use of the following:

- *Direct mailing of Company materials;*
- *Disclosures via the PSE website; and*

- Posting to the Company website.

5) Date of release of audited financial report: 12 April 2013

6) Company Website

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

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

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

Up-to-date information on the said matters are available in reports submitted to the SEC and the PSE and may also be secured from the Company upon request therefor.

7) Disclosure of RPT

RPT	Relationship	Nature	Value
Management Service Agreement with Philippine Gaming Management Corporation	Paulino S. Soo is the Chairman of both the Company and Philippine Gaming Management Corporation.	The Company renders management services to Philippine Gaming Management Corporation.	Management fees received by the Company amounted to P68,181,486.00 in 2012.

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?

Full disclosure of the nature of related party transactions are made to, and the terms and conditions thereof are approved by, the Board of Directors. Shareholders are informed of these transactions via the annual reports and definitive information statements. Information on these transactions is also passed upon by the external auditor. The Company ensures that all contracts with related parties are made on an arms length basis.

J. RIGHTS OF STOCKHOLDERS

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

(a) Quorum

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

Quorum Required	Presence, in person or by proxy, of stockholders holding 50% + 1 of the outstanding capital stock of the Company.
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	<i>Ratification by stockholders during the annual stockholders meetings.</i>
Description	<i>The actions of the Company's Board and senior management are presented to the stockholders during the annual stockholders meeting. These are ratified by the stockholders during the meeting.</i>

(c) Stockholders' Rights

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

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
<i>The rights of the stockholders under the Corporation Code are duly recognized by the Company. No deviations or modifications were implemented by the Company.</i>	

Dividends

Declaration Date	Record Date	Payment Date
<i>None</i>		

(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
<i>All stockholders who will not, are unable, or do not expect to attend the meeting in person are encouraged to fill out, date, sign and send a proxy.</i>	<i>The Annual Stockholders' Meeting provides the avenue for shareholders to exercise their rights, including the right to raise questions or issues concerning the Company. During the annual stockholders meeting, the Chairman of the Board or any of the officers of the Company addresses the questions and the suggestions of the stockholders.</i>
<i>The date of the Annual Stockholders Meeting is announced through disclosure in the PSE more than a month before the scheduled date.</i>	<i>The information statement accompanying the notice of the Annual Stockholders' Meeting indicates the Company's contact information, which the stockholders may utilize to voice their concerns.</i>

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

The Company complies with the requirements of the Corporation Code that a stockholders' meeting be called to approve the foregoing matters. A vote of stockholders holding at least 2/3 of the Company's outstanding capital stock is required to approve the foregoing matters.

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?

The Company complies with the requirement under the SRC that notice of an annual or special stockholders' meeting be sent to stockholders not later than 15 business days before the meeting.

- a. Date of sending out notices: *05 September 2012*
- b. Date of the Annual/Special Stockholders' Meeting: *27 September 2012*

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
Ratification of the acts and proceedings of the Board of Directors and Management for the year	100%		
Election of Directors	100%		
Appointment of External Auditor	100%		

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

The results of the annual meeting of stockholders were disclosed to the public via the PSE on 27 September 2012.

- (e) Modifications

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

Modifications	Reason for Modification
<i>None</i>	

- (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
<i>Annual</i>		<i>27 September 2012</i>	<i>Vica voce</i>	<i>11.15</i>	<i>61.60</i>	<i>72.76</i>

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

An inspector is appointed by the Board before or at each meeting of the stockholders at which an election of directors is to take place. If no appointment shall have been made or if the inspector appointed by the Board refuses to act or fails to attend, the appointment shall be made by the presiding officer of the meeting.

Atty. A. Bayani K. Tan, the Company's Corporate Secretary, was tasked to validate the ballots and count the votes.

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

The Company's common shares are entitled to one vote for each share.

(g) Proxy Voting Policies

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

Company's Policies	
Execution and acceptance of proxies	<i>All stockholders who will not, are unable, or do not expect to attend the meeting in person were encouraged to fill out, date, sign and send a proxy to the Company's Corporate Secretary. For corporate stockholders, the proxies should be accompanied by a Secretary's Certificate on the appointment of the Company's authorized signatory.</i>
Notary	<i>Proxy should be duly notarized. A Notary Public is available in the office of the Corporate Secretary to notarize the proxy executed by the shareholders.</i>
Submission of Proxy	<i>The stockholders were informed in the Notice that the proxy should be submitted to the Company's Corporate Secretary at 2704 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, 1605 Pasig City. To be considered, all proxies should be received by the Corporate Secretary on or before 24 September 2012.</i>
Several Proxies	<i>Where one stockholder names several proxy holders, it is their responsibility to determine among themselves which of them will cast the vote, and how.</i>
Validity of Proxy	<i>Unless otherwise provided in the proxy, it is considered valid only for the meeting at which it has been presented to the Secretary.</i>
Proxies executed abroad	<i>Proxies executed abroad must be duly authenticated by the Philippine Embassy or Consular Office.</i>
Invalidated Proxy	<i>Proxies may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary prior to scheduled meeting or by their personal presence at the meeting.</i>
Validation of Proxy	<i>Proxies submitted were validated by a Committee of Inspectors on 25 September 2012 at 10 o'clock in the morning at the aforementioned address.</i>
Violation of Proxy	<i>Votes cast in violation of the proxy are considered as stray votes.</i>

(h) Sending of Notices

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

Policies	Procedure
<i>The Company shall exercise transparency and fairness in the conduct of the Company's annual and special stockholders' meetings. The stockholders are encouraged to personally attend such meetings.</i>	<i>Pursuant to the By-Laws of the Company, notices for regular or special meetings of stockholders may be sent by the Secretary by personal delivery or by mail at least 2 weeks prior to the date of the meeting to each stockholder of record at his last known post office address or by publication in a newspaper of general circulation. The notice shall state the place, date and hour of the meeting, and the purpose and purposes for which the meeting is called. In case of special meetings, only matters stated in the notice can be the subject of motions or deliberations at such meeting. However, considering that the Securities Regulation Code requires notices of stockholders' meetings to be sent 15 business days prior to the meeting, the Company adheres to the requirements of the SRC.</i>

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	202
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	06 September 2012
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	06 September 2012
State whether CD format or hard copies were distributed	Hard copies were distributed.
If yes, indicate whether requesting stockholders were provided hard copies	Yes.

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

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

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

2) Treatment of Stockholders

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

The Company's Manual of Corporate Governance provides for the protection of minority stockholders' rights in terms of voting, inspection of corporate records, right to information, right to dividends, and the exercise of appraisal rights.

The Manual of Corporate Governance vests in the Board the duty to promote shareholder rights, remove impediments to exercise of shareholder's rights, and allow possibilities to seek redress for violation of their rights. The Board is also tasked to encourage the shareholders to exercise their voting rights and the solution of collective action problems through appropriate mechanisms. The Board shall also be instrumental in removing excessive costs and other administrative or practical impediments to shareholder participation.

Policies	Implementation
Voting rights	All shareholders, including minority shareholders, have the right to elect, remove, and replace directors. They also have the right to vote on certain corporate acts, as provided under the Corporation Code. With the use of cumulative voting, minority shareholders may vote together to ensure the election of a director.
Inspection of corporate records	All shareholders are allowed to inspect the corporate books and records during office hours. They may also be furnished with annual reports, including financial statements, without cost or restrictions.
Right to information	Aside from the right to be provided with copies of periodic reports upon request, minority shareholders shall have the right to propose the holding of a meeting. Minority shareholders shall also have access to any and all information relating to matters for which the management is accountable. The minority shareholders may propose the inclusion of matters pertaining to management accountability in the agenda of the stockholders' meeting.
Right to dividends	All stockholders are entitled to receive dividends upon the declaration thereof by the Board. The Board may also make arrangements with stockholders whereby dividends and other distributions may be reinvested in new shares instead of being paid in cash to stockholders.
Appraisal right	Shareholders have the appraisal right or the right to dissent and demand payment of the fair value of their shares as provided under Section 82 of the Corporation Code under any of the following circumstances: <ul style="list-style-type: none"> a. Amendment of articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; b. In case of sale, lease, exchange, transfer,

	<i>mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and</i> <i>c. In case of merger or consolidation.</i>
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- (b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes. All shareholders have the right to nominate candidates for the board of directors. However, they must conform to the eligibility requirements under the Corporation Code and Manual of Corporate Governance, as well as the guidelines set by the Nomination Committee.

K. INVESTORS RELATIONS PROGRAM

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

The Company has an internal vetting process for communications to ensure that all information disseminated are accurate. Communications are also reviewed by the Compliance Officer to ensure that the regulatory requirements of the PSE and SEC are met. Finally, in cases where there may be legal implications or repercussions to the Company, the opinion of the Corporate Secretary is also sought.

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

The Company's Compliance Officer, Mr. Melanio C. Dela Cruz, is in-charge of investor relations. He may be contacted through the following:

	Details
(1) Objectives	<i>To establish and maintain an investor relations program that will keep stockholders informed of the important developments in the Company and ensure them that the Company values their investment.</i>
(2) Principles	<i>Accuracy, transparency, and timeliness are the core principles that guide the Company's Investor Relations Program.</i>
(3) Modes of Communications	<i>The Company sends notices of meetings via direct mail to its stockholders. Updates on the Company's activities and other periodic reports to regulatory bodies are posted in the PSE website.</i>
(4) Investors Relations Officer	<i>Melanio C. Dela Cruz Compliance Officer (632) 667-8900 milan.delacruz@abacus-sec.com</i>

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

In all of its transactions, particularly in extraordinary matters such as mergers and sales of substantial corporate assets, the Company ensures that it obtains the terms and conditions most beneficial to the corporation and maximizes shareholder value. The Company conducts due diligence in assessing the transaction and engages the services of consultants, legal counsel or independent auditors. The findings and recommendations of these experts are taken into account by the Board in making decisions and the corresponding approvals of the stockholders, in cases where the law prescribes that approval be obtained, are sought.

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

The Company engages the services of consultants, external legal counsel, or external auditors to evaluate and determine the fairness of the transaction price.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
N/A	

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	<i>Annual self-assessment of Board performance</i>	<i>Criteria used to evaluate performance are based on the standards set in the Company's Manual of Corporate Governance.</i>
Board Committees	<i>Each committee conducts a self-assessment.</i>	<i>Criteria used are based on the standards set in the Company's Manual of Corporate Governance.</i>
Individual Directors	<i>The Board evaluates the performance of individual directors. On the other hand, the Nomination Committee passes upon the performance of a director when it examines fitness of nominees for re-election as directors.</i>	<i>Criteria used are based on the standards set in the Manual of Corporate Governance.</i>
CEO/President	<i>The Board evaluates the performance of the CEO and the President.</i>	<i>Criteria used are based on the standards set in the Manual of Corporate Governance.</i>

N. INTERNAL BREACHES AND SANCTIONS


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

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

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on AUG 08 day of August 2013.

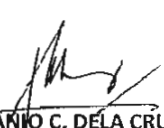
SIGNATURES


PAULINO S. SOO
Chairman and Chief Executive Officer


JACK T. HUANG
President


MA. THERESE G. SANTOS
Independent Director


JIMMY CHUA ALABANZA
Independent Director

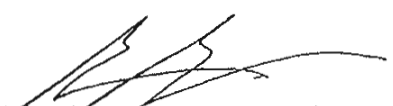

MELANIO C. DELA CRUZ
Compliance Officer

SUBSCRIBED AND SWORN to before me this AUG 08 day of August 2013, the following affiants exhibited to me their Community Tax Certificates and competent evidences of identity:

Name	Community Tax Certificate	Competent Evidence of Identity
Paulino S. Soo	16265144 / 3.8.2013 / Pasig City	TIN 107-047-406
Jack T. Huang	00160351318 / 1.18.2013 / Cebu City	TIN 143-320-568
Ma. Therese G. Santos	16322642 / 3.27.2013 / Pasig City	TIN 123-299-982
Jimmy Chua Alabanza	15889660 / 3.12.2013 / Manila	TIN 163-751-612
Melanio C. Dela Cruz	DL No. N02-99403138 / 5.28.2014	TIN 182-285-400

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EMMA THERESA M. CABOCHAN
Notary Public for and in Makati City
Appointment No. M-514 (2012-2013)
Commission Expires on December 31, 2013
2/F JTKC Center, 2100 China Rocas Street
Makati City, Manila
Attorney's Reg. No. 60586
PTR No. 8491740 / 01.13.2013 / Pasig City
IBP No. 913436 / 12.23.12 / Quezon City