

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 set 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: 2013
2. Exact Name of Registrant as Specified in its Charter: FILINVEST LAND, INC.
3. # 79 EDSA, Highway Hills, Mandaluyong
City, Metro Manila
Address of Principal Office 1550
Postal Code
4. SEC Identification Number: 170957
5.  (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number: 000-533-224-000
7. (02) 918-8188
Issuer's Telephone number, including area code
8. 173 P. Gomez Street, San Juan, Metro Manila
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	9 (nine)
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Actual number of Directors for the year	9 (nine)
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(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
Andrew L. Gotianun, Sr.	NED	Filinvest Development Corp.	Filinvest Development Corp.	1990	May 9, 2014	Annual Meeting	22
Josephine G. Yap	ED	Filinvest Development Corp.	Filinvest Development Corp.	1990	May 9, 2014	Annual Meeting	22
Andrew T. Gotianun, Jr.	NED	Filinvest Development Corp.	Filinvest Development Corp.	1990	May 9, 2014	Annual Meeting	22
Mercedes T. Gotianun	NED	Filinvest Development Corp.	Filinvest Development Corp.	1991	May 9, 2014	Annual Meeting	10
Jonathan T. Gotianun	NED	Filinvest Development Corp.	Filinvest Development Corp.	1990	May 9, 2014	Annual Meeting	22
Joseph M. Yap	NED	Filinvest Development Corp.	Filinvest Development Corp.	1997	May 9, 2014	Annual Meeting	15
Efren C. Gutierrez	NED	Filinvest Development Corp.	Filinvest Development Corp.	1994	May 9, 2014	Annual Meeting	13
Lamberto U. Ocampo	ID	Not applicable	Luis L. Fernandez - no relation to ID	2002	May 9, 2014	Annual Meeting	2*
Cirilo T. Tolosa	ID	Not applicable	Luis L. Fernandez - no relation to ID	2007	May 9 2013	Annual Meeting	2*

* For this purpose, all previous terms served by the Company's existing independent directors prior to the issuance of SEC Memorandum Circular No. 09, Series of 2011, which took effect on January 2, 2012, shall not be included in the application of the term limits.

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.

Recognizing the significance of good corporate governance in creating sustainable relationships and interests among all stakeholders, the Board of Directors has formulated the Company's Revised Corporate Governance (RCG) manual to institutionalize the principles of good corporate governance in the entire organization. The

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

current RCG manual, which was revised in 2011, fully conforms to the guidelines issued by the Securities & Exchange Commission.

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

Every three (3) years.

(b) Directorship in Other Companies

(i) Directorship in the Company's Group²

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Andrew L. Gotianun, Sr.	FDC, East West Banking Corp. (EWBC),Davao Sugar Central Company (DSCC), Pacific Sugar Holdings Corporation (PSHC), FDC Utilities, Inc. (FDCUI), Cotabato Sugar Central Co., Inc. (CSCC), Filinvest Information Technology, Inc. (FITI), FDC Forex, Inc. (FDC FOREX), Filinvest Alabang, Inc., (FAI), FDC Utilities, Inc. (FDCUI) FDC Danao Power Corp (FDC Danao), FDC Misamis Power Corp. (FDC Misamis), FDC Camarines Power Corp. (FDC Camarines), FDC Casecnan Hydro Power Corp.(FDC Casecnan), FDC Retail Electricity Sales Corp (FDC RES) & FDC Negros Power Corp (FDC Negros) & FDC Danao del Norte Power Corp (FDC Davao Del Norte)	Non-executive
Josephine G. Yap	FDC, CSCC, High Yield Sugar Farms Corporation (High Yield), Property Maximizer Corp. (PROMAX), Property Specialist Resources, Inc. (PSRI), Leisure Pro, Inc. (LPI), Filinvest Asia Corp. (FAC), Cyberzone Philippines, Inc. (CPI), Filinvest All Philippines, Inc. (FAPI), FAI, Festival Supermall, Inc. (FSI), FSM Cinemas, Inc. (FSM), Proplus, Inc.(Proplus), Pro Excel Property Managers, Inc (Pro Excel), Seascapes Resort, Inc. (RSI), FDCUI, FDC Danao, FDC	Executive

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

	Misamis, FDC Camarines, FDC Casecanan, FDC RES, FDC Negros, Filinvest Cyberparks, Inc. (FCI)	
Andrew T. Gotianun, Jr.	FDC, PSHC, DSCC, FDC FOREX, PROMAX, HMI, PSRI, LPI, CPI, FAI, FSI, FSM, Proplus & SRI	Non-executive
Mercedes T. Gotianun	FDC, PSHC, CSCC, High Yield, DSCC, FITI, FDC Forex, FAI, SRI	Non-executive
Jonathan T. Gotianun	FDC, PSHC, CSCC, High Yield, DSCC, FITI, PROMAX, Homepro Realty Marketing, Inc.(HMI), LPI, CPI, FAI, FSI, Proplus, SRI, FCI	FDC – Chairman (Non-executive)
Joseph M. Yap	FAC, CPI, FCI	Executive
Efren C. Gutierrez	Promax, FAC	Non-executive
Lamberto U. Ocampo	FDC	Independent
Cirilo T. Tolosa	None	Not applicable.

(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:

None of the directors hold the position of director in 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.
Not applicable	Not applicable	Not applicable

(iii) Relationship within the Company and its Group

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

Mr. Andrew L. Gotianun, Sr. is the spouse of Mrs. Mercedes T. Gotianun and the father of Mr. Andrew T. Gotianun, Jr., Mr. Jonathan T. Gotianun and Mrs. Josephine G. Yap. Mrs. Yap is married to Mr. Joseph M. Yap. All of them are members of the Board.

Director's Name	Name of the Significant Shareholder	Description of the relationship
Not applicable	Not applicable	Not applicable

(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	Under the Company's Revised Manual on Corporate	Under the Company's Revised Manual on Corporate

	Governance, the Executive Directors shall submit themselves to a low indicative limit on membership in other corporate Boards. In any case, the capacity of directors to serve with diligence shall not be comprised.	Governance, the Executive Directors shall submit themselves to a low indicative limit on membership in other corporate Boards. In any case, the capacity of directors to serve with diligence shall not be comprised.
Non-Executive Director	Under the Company's Revised Manual on Corporate Governance, the same low limit for Executive Directors shall apply to Non-Executive Directors.	Under the Company's Revised Manual on Corporate Governance, the same low limit for Executive Directors shall apply to Non-Executive Directors.
CEO	Under the Company's Revised Manual on Corporate Governance, the same low limit shall apply to the CEO. In any case, the capacity of directors to serve with diligence shall not be comprised.	Under the Company's Revised Manual on Corporate Governance, the same low limit shall apply to the CEO. In any case, the capacity of directors to serve with diligence shall not be comprised.

(c) 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 as of March 31, 2014*:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Andrew L. Gotianun, Sr.	76	0	negligible
Josephine G. Yap	76	0	negligible
Andrew T. Gotianun, Jr.	406,571	0	0.0017%
Mercedes T. Gotianun	76	0	negligible
Jonathan T. Gotianun	61	0	negligible
Joseph M. Yap	6,444,115	0	0.0266%
Efren C. Gutierrez	13,083	0	0.0001%
Lamberto U. Ocampo	1	0	negligible
Cirilo T. Tolosa	1	0	negligible
Joseph &/or Josephine Yap	7,694,843	30,286,345	0.0317% (direct) 0.1249 % (indirect)
TOTAL	14,558,904	30,286,345	0.1849%

* Based on the Computation of Public Ownership as of March 31, 2014 submitted to the Commission and the PSE.

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	Jonathan T. Gotianun
CEO/President	Josephine G. Yap

- (b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	To preside at the meetings of the directors and the stockholders, and to exercise such powers and perform such duties as the Board may assign to him.	The President & CEO shall have general and active care, supervision and direction of the business affairs of the Corporation. He shall also preside at all meetings of the stockholders and the Board of Directors in the absence or inability of the Chairman of the Board to preside in such meeting.
Accountabilities	<p>The Chairman, being a member of the Board of Directors, is primarily accountable to stockholders. The Board should provide them with a balanced and comprehensive assessment of the Company's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect the business, as well as reports to regulators that are required by law.</p> <p>Pursuant to the Company's Revised Manual on Corporate Governance, the roles of the Chairman and the CEO, as much as practicable, shall be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. If the positions of the Chairman and CEO are unified, the proper checks and balances should be laid down to ensure that the Board gets benefit of independent views and perspectives.</p>	<p>As a member of the Board, the CEO, is primarily accountable to stockholders. The Board should provide them with a balanced and comprehensive assessment of the Company's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect the business, as well as reports to regulators that are required by law.</p> <p>Pursuant to the Company's Revised Manual on Corporate Governance, the roles of the Chairman and the CEO, as much as practicable, shall be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. If the positions of the Chairman and CEO are unified, the proper checks and balances should be laid down to ensure that the Board gets benefit of independent views and perspectives.</p>
Deliverables	The deliverables of the Chairman as provided in the Revised Manual of Corporate Governance include, among others, the following : (i) to ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chairman may deem necessary; (ii) Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary taking into consideration the suggestions of the CEO, Management and the directors; and (iii) maintain qualitative and timely lines of communication and information between the Board and the Management.	<ol style="list-style-type: none"> 1. To preside at the meetings of the Board and of the stockholders in the absence of the Chairman of the Board. 2. To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board, including those for executive training, development and compensation. 3. To have general supervision and management of the business affairs and property of the Company. 4. To ensure that the administrative and operational policies of the Company are carried out under her supervision and control. 5. Subject to guidelines prescribed by law, to appoint, remove, suspend or discipline employees of the Company, prescribed their duties, and determine their salaries. 6. To oversee the preparation of budgets and the statements of accounts of the Company. 7. To prepare such statements and reports of the Company as may be required of her by law. 8. To represent the Company at all functions and proceedings. 9. To execute on behalf of the Company all contracts, agreements, and other instruments affecting the interests of the Company which require the approval of the Board, except as otherwise directed by the Board. 10. To make reports to the Board and stockholders. 11. To sign certificates of stock. 12. To perform such other duties incident to her office or entrusted to her by the Board.

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

The Board of Directors discuss and deliberate on succession plans for the President & CEO and top key management positions to ensure continuity and consistency with the Company's strategic plans as well as to accommodate its growth.

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

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

The Company considers it appropriate that the directors in the Board are composed of competent, ethical and professional individuals who are knowledgeable, experienced, and skillful in diverse fields relevant to the conduct of business.

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

The Company ensures that at least one non-executive director has experience in the sector or industry it belongs.

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

	Executive	Non-Executive	Independent Director
Role	A director's office is one of trust and confidence. A director should in the best interest of the Company act in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the Company towards sustained progress.	The role of a Non-Executive Director is the same as that of the executive director.	The role of an Independent Director is the same as that of the executive and non-executive directors.
Accountabilities	The director, being a member of the Board of Directors, is primarily accountable to stockholders. The Board should provide them with a balanced and comprehensive assessment of the Company's performance, position and prospects on a quarterly basis, including interim and other reports that could	The accountabilities of a Non- Executive Director is the same as that of the Executive Director.	The accountabilities of an Independent Director is the same as that of the Executive and Non-executive director.

	<p>adversely affect the business, as well as reports to regulators that are required by law. Thus, it is essential that management provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities.</p>		
<p>Deliverables</p>	<p>The specific deliverables of a director are as follows:</p> <ol style="list-style-type: none"> 1. To conduct fair business transactions with the Company and to ensure that personal interest does not bias Board decisions. 2. To devote time and attention necessary to properly discharge his duties and responsibilities. 3. To act judiciously. 4. To exercise independent judgment. 5. To 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 requirement of the SEC, and where applicable, the requirements of other regulatory agencies. 6. To observe confidentiality. 7. To ensure the continuing soundness, effectiveness and adequacy of the Company's control environment. 	<p>The deliverables of a Non-Executive Director is the same as that of the executive director.</p>	<p>The deliverables of an Independent Director is the same as that of the Executive/Non-Executive director.</p>

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

The Company defines an "independent director" to mean a person who, apart from his fees and shareholdings,

is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any corporation that meets the requirements of Section 17.2 of the Securities Regulation Code.

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.

Independent directors can serve as such for five (5) consecutive years, provided that service for a period of at least six (6) months shall be equivalent to one (1) year, regardless of the manner by which the independent director position was relinquished or terminated.

After completion of the five-year service period, an independent director shall be ineligible for election as such in the same company unless the independent director has undergone "cooling off" period of two (2) years, provided, that during such period, the independent director concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as independent director in the same company.

An independent director re-elected as such in the same company after the "cooling off" period can serve for another five (5) consecutive years under the conditions mentioned in the immediately preceding paragraph.

For this purpose, all previous terms served by the Company's existing independent directors prior to the issuance of SEC Memorandum Circular No. 09, Series of 2011, which took effect on January 2, 2012, shall not be included in the application of the term limits.

5) Changes in the Board of Directors for the year 2012 (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

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

Name	Position	Date of Cessation	Reason
Cornelio G. Sison	Member	April 27, 2012	Expiry of term of office

(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	Nominations of Directors must follow the procedures set out in the Company's By-Laws, the Revised Manual on Corporate Governance and other pertinent regulations and shall be preceded by the appropriate favorable report by the Nomination Committee.	The Nominations Committee shall ensure that the nominee for director shall possess all of the qualifications and none of the disqualifications set forth in the Revised Manual on Corporate Governance and Section 3 the Company's By-Laws.
	1. The directors of the	The qualifications of a

	<p>Company are elected at the annual stockholders' meeting to hold office until their respective successors have been duly appointed or elected and qualified.</p> <p>Pursuant to the Company's Revised Manual on Corporate Governance, the membership of the Board may be a combination of executive and non-executive directors in order that no director or small group of directors can dominate the decision-making process. The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.</p> <p>2. The stockholders of the Company may nominate individuals to be members of the Board of Directors. All nominations for directors shall be forwarded to the Nomination Committee and signed by the nominating stockholder together with the acceptance and conformity by the nominees.</p> <p>3. Nominations for directors should include (i) the curriculum vitae of the nominee, (ii) a statement that the nominee has all the qualifications and none of the disqualifications, (iii) information on the relationship of the nominee to the stockholder submitting the nomination, and (iv) all relevant information about the nominee's qualifications.</p> <p>4. The Nomination Committee created under the Company's Revised Manual on Corporate Governance shall endorse the nominees for reelection in the stockholders' meeting, in accordance with the</p>	<p>director are as follows:</p> <ol style="list-style-type: none"> 1. Holder of at least one (1) share of stock of the Company. 2. He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education. 3. He shall be at least twenty one (21) years of old. 4. He shall have proven to possess integrity and probity. 5. He shall be assiduous.
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	<p>qualifications and disqualifications set forth in the Revised Manual on Corporate Governance.</p> <p>5. The person receiving the highest number of the stockholders present in person or by proxy and entitled to vote shall be the directors.</p>	
(ii) Non-Executive Directors	<p>The selection of non-executive directors is similar to the procedure on the selection of an executive director.</p>	<p>The Nominations Committee shall ensure that the nominee for director shall possess all of the qualifications and none of the disqualifications set forth in the Revised Manual on Corporate Governance and Section 3 the Company's By-Laws.</p> <p>The qualifications of a director are as follows:</p> <ol style="list-style-type: none"> 1. Holder of at least one (1) share of stock of the Company. 2. He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education. 3. He shall be at least twenty one (21) years of old. 4. He shall have proven to possess integrity and probity. 5. He shall be assiduous.
(iii) Independent Directors	<p>Conformably with the Company's By-Laws, the nomination and election of independent directors shall be as follows:</p> <p>a. The Nomination Committee shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be properly disclosed in the company's information or proxy statement or such other reports required to be submitted to the Securities and Exchange Commission.</p>	<ol style="list-style-type: none"> 1. He shall have at least one (1) share stock of the Company. 2. He shall be at least a college graduate or he shall have been engaged in or exposed to the business of the Company for at least five (5) years. 3. He shall possess integrity/probity. 4. He shall be assiduous. <p>In addition to the above-mentioned qualifications, the independent director must have the following qualifications:</p>

	<p>b. The Nomination of independent director/s shall be conducted by the Committee before the stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.</p> <p>c. The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent directors as set forth in the Company's Manual on Corporate Governance.</p> <p>d. After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the company is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.</p> <p>e. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director. No other</p>	<ol style="list-style-type: none"> 1. Is not a director or officer or substantial stockholder of the Company or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing). 2. Is not a relative of any director, officer or substantial stockholder of the Company, any of its related companies or any of its substantial shareholders. For this purpose, "relative" includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister. 3. Is not acting as a nominee or representative of a substantial shareholder of the Company, any of its related companies or any of its substantial shareholders. 4. Has not been employed in an executive capacity by the Company, any of its related companies or any of its substantial shareholders within the last two (2) years. 5. Is not related as a professional adviser by the Company, any of its related companies or any of its substantial shareholders within the last two (2) years, either personally or through his firm. 6. Has not engaged and does not engage in any transaction with the Company or any of its related companies or any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms-length and are immaterial or insignificant.
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	<p>nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.</p> <p>f. Except as those required under SRC Rule 38 and subject to pertinent existing laws, rules and regulations of the Commission, the conduct of the election of independent director/s shall be made in accordance with the standard election procedures of the company or its by-laws.</p> <p>i. It shall be the responsibility of the Chairman of the meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the stockholder's meeting.</p> <p>ii. Specific slots for independent directors shall not be filled-up by unqualified nominees.</p> <p>iii. In case of failure of election for independent director/s, the Chairman of the Meeting shall call separate election during the same meeting to fill up the vacancy. (As amended on May 28, 2008)</p> <p>The selection of independent directors is similar to the procedure on the selection of the aforementioned directors.</p>	
b. Re-appointment		
(i) Executive Directors	The directors are elected annually and shall hold office until the annual meeting held next after his election. The	The criteria for re-appointment is similar to the selection of executive directors as explained above.

	directors may be re-elected another term or more. As with selection, the re-appointment of directors must be preceded by the corresponding evaluation by the Nominating Committee.	
(ii) Non-Executive Directors	The same process as explained above applies.	The criteria for re-appointment is similar to the selection of non-executive directors as explained above.
(iii) Independent Directors	Subject to the tenure limitation under SEC Memorandum Circular No. 09, an independent director may be re-elected after his nomination has been passed upon by the Nomination Committee.	The criteria for re-appointment is similar to the selection of independent directors as explained above.
c. Permanent Disqualification		
(i) Executive Directors	The relevant provisions in the Corporation Code and the Company's By-Laws on the removal of a director may be used to disqualify the said director.	The grounds for disqualification as set forth in the Company's Revised Manual on Corporate Governance filed with the Commission are as follows: 1. Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts. 2. Any person finally found by the Commission 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 Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas. 3. Any person judicially declared to be insolvent.

		<p>4. Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing subparagraphs.</p> <p>5. Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.</p> <p>6. Any person finally convicted judicially or order by an administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, future commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them.</p> <p>7. Any person, who, by reason of misconduct, is enjoined by final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, future commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment company; (c) engaging in or</p>
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		<p>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> <p>The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking, or such is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization.</p> <p>8. All other grounds for disqualification under the Articles of Incorporation and By-Laws of the Company.</p>
(ii) Non-Executive Directors	Same as above.	The criteria for permanent disqualification of Non-Executive Directors is similar to the criteria for the permanent disqualification of Executive Directors.
(iii) Independent Directors	Same as above.	<p>In addition to the criteria for permanent disqualification of Executive and Non-Executive Directors above-mentioned, an Independent Director shall likewise be disqualified during his tenure under the following instances or causes:</p> <p>1. He becomes an officer or</p>

		<p>employee of the Company, or becomes any of the persons enumerated under the second paragraph of the qualifications of the independent director mentioned above.</p> <p>2. His beneficial security ownership exceeds 10% of the outstanding capital stock of the Company.</p> <p>3. He fails, without any justifiable cause, to attend at least 50% of the total number of board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family member.</p> <p>4. If he becomes disqualified under any of the grounds stated in the Company's Revised Manual on Corporate Governance.</p>
d. Temporary Disqualification		
(i) Executive Directors	<p>The relevant provisions in the Corporation Code and the Company's By-Laws on the removal of a director may be used to disqualify the said director.</p>	<p>1. Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its implementing rules and regulations. This disqualification shall be in effect as long as his refusal persists.</p> <p>2. Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election.</p> <p>3. Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity.</p> <p>4. Being under preventive suspension by the Company.</p> <p>5. Conviction has not yet</p>

		become final referred to in the grounds for disqualification of directors.
(ii) Non-Executive Directors	Same as above.	The criteria for temporary disqualification of Non-Executive Directors is similar to the criteria for the temporary disqualification of Executive Directors.
(iii) Independent Directors	Same as above.	The criteria for temporary disqualification of Independent Directors is similar to the criteria for the temporary disqualification of Executive Directors.
e. Removal		
(i) Executive Directors	<p>The Company's By Laws provides that any director may be removed, either with or without cause, at any time, by the affirmative vote of the stockholders holding 2/3 of the subscribed capital entitled to vote at a regular meeting or at a special meeting of the stockholders called for the purpose and held after due notice. The vacancy in the Board caused by such removal may be filled by the stockholders at such meeting.</p> <p>Any vacancy occurring in the Board of Directors, other than by removal by the stockholders or expiration of term, may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, the vacancy must be filled by the stockholders at a regular or at any special meeting of stockholders called for the purpose. A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office.</p> <p>The vacancy resulting from the removal of a director by the stockholders in the manner provided by law may be filled by election at the same meeting of stockholders.</p>	<p>The Company's By Laws provides that any director may be removed, either with or without cause, at any time, by the affirmative vote of the stockholders holding 2/3 of the subscribed capital entitled to vote at a regular meeting or at a special meeting of the stockholders called for the purpose and held after due notice.</p>

(ii) Non-Executive Directors	The same procedure as explained above applies.	The criteria is similar to the criteria for the removal of Executive Directors.
(iii) Independent Directors	The Board of Directors shall not propose the removal of any independent director prior to the end of the By Law-mandated term, unless there are due grounds therefore acknowledged by the Board after receiving the report from the Nomination Committee.	In addition to the criteria for permanent disqualification of Executive and Non-Executive Directors above-mentioned, an Independent Director shall likewise be removed during his tenure under the following instances or causes: 1. He becomes an officer or employee of the Company, or becomes any of the persons enumerated under the second paragraph of the qualifications of the independent director mentioned above. 2. His beneficial security ownership exceeds 10% of the outstanding capital stock of the Company. 3. He fails, without any justifiable cause, to attend at least 50% of the total number of board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family member. 4. If he becomes disqualified under any of the grounds stated in the Company's Revised Manual on Corporate Governance.
f. Re-instatement		
(i) Executive Directors	The director may be nominated anew and re-elected for another term provided at the time of his nomination, he possesses all of the qualifications and none of the disqualifications under the Revised Manual on Corporate Governance. The election of a director must be preceded by the corresponding evaluation of the Nomination Committee.	The director may be nominated anew and re-elected for another term provided at the time of his nomination, he possesses all of the qualifications and none of the disqualifications under the Revised Manual on Corporate Governance.
(ii) Non-Executive Directors	Same as above.	The director may be nominated anew and re-elected for another term provided at the time of his nomination, he possesses all

		of the qualifications and none of the disqualifications under the Revised Manual on Corporate Governance.
(iii) Independent Directors	Same as above.	The director may be nominated anew and re-elected for another term provided at the time of his nomination, he possesses all of the qualifications and none of the disqualifications under the Revised Manual on Corporate Governance.
g. Suspension		
(i) Executive Directors	The director may be removed pursuant to the relevant provisions in the Company's By-Laws and the Corporation Code.	The criteria for the permanent or temporary disqualification of the director shall apply.
(ii) Non-Executive Directors	Same explanation applies	The criteria for the permanent or temporary disqualification of the director shall apply.
(iii) Independent Directors	Same explanation applies	The criteria for the permanent or temporary disqualification of the director shall apply.

Voting Result of the last Annual General Meeting (May 9, 2014)

Name of Director	Votes Received
Andrew L. Gotianun, Sr.	24,676,634,331
Josephine G. Yap	24,676,634,331
Andrew T. Gotianun, Jr.	24,676,634,331
Mercedes T. Gotianun	24,676,634,331
Jonathan T. Gotianun	24,676,634,331
Joseph M. Yap	24,676,634,331
Efren C. Gutierrez	24,676,634,331
Lamberto U. Ocampo	24,676,634,331
Cirilo T. Tolosa	24,676,634,331

6) Orientation and Education Program

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

The Company may arrange a meeting to introduce the new director to existing directors and key executives of the Company. An orientation will be made for a better understanding of his role in the organization and to present Company's business, including among others, the Company's goals, vision, and strategies; organizational structure; summary of business performance, recent projects, and projects under construction to provide the new director with adequate basic information to perform his duties.

- (b) State any in-house training and external courses attended by Directors and Senior Management³ for the past three (3) years:

The Company shall endeavor to conduct orientation programs, workshops and seminars on corporate governance.

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

The Company shall endeavor to conduct orientation programs, workshops and seminars on corporate governance.

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

B. CODE OF BUSINESS CONDUCT & ETHICS

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p>The By Laws provides that no person shall qualify to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Corporation.</p> <p>In addition, the Revised Corporate Governance Manual provides that, if an actual or potential conflict of interest may arise, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should consider resigning from his position.</p>	<p>The Company’s Employee Manual (“Employee Manual”) provides that no employee shall act for the Company in any transaction involving persons or firms where he is, his family or dependents have any significant connection or financial interest. For this reason, the Code of Discipline considers as serious offenses the engagement in any business that is directly or indirectly in competition with that of the Company, or engage directly in money lending or indirectly in any conduct prejudicial to the interests of the Company or to the performance of his job or work assignments. The acceptance of outside employment on part or</p>	<p>The Company’s Employee Manual (“Employee Manual”) provides that no employee shall act for the Company in any transaction involving persons or firms where he is, his family or dependents have any significant connection or financial interest. For this reason, the Code of Discipline considers as serious offenses the engagement in any business that is directly or indirectly in competition with that of the Company, or engage directly in money lending or indirectly in any conduct prejudicial to the interests of the Company or to the performance of his job or work assignments. The acceptance of outside employment on part or full time without prior written notice to and approval of</p>

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

		full time without prior written notice to and approval of Management is classified as a serious offense.	Management is classified as a serious offense.
(b) Conduct of Business and Fair Dealings	The Company operates under the basic principle that the director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality.	The Employee Manual provides that employees shall award orders, contracts and commitments to suppliers without favoritism. Business must be conducted strictly on the basis of merit.	The Employee Manual provides that employees shall award orders, contracts and commitments to suppliers without favoritism. Business must be conducted strictly on the basis of merit.
(c) Receipt of gifts from third parties	Under the Revised Manual on Corporate Governance, the basic principle to be observed is that the director should not use his position to profit or gain some benefit or advantage for himself and/or his related interest.	The Employee Manual provides that no employee shall accept gifts or lavish entertainment from customers or suppliers either for himself or his family. It further prohibits employees from soliciting or accepting personal benefits such as fees or commission from any customer of the Company or any individual or organization doing or seeking business with the Company. For this reason, bribery, accepting bribes; or unofficial solicitation of gifts and loans from customers, contractors and suppliers are considered serious offenses under the Company's Code of Discipline.	The Employee Manual provides that no employee shall accept gifts or lavish entertainment from customers or suppliers either for himself or his family. It further prohibits employees from soliciting or accepting personal benefits such as fees or commission from any customer of the Company or any individual or organization doing or seeking business with the Company. For this reason, bribery, accepting bribes; or unofficial solicitation of gifts and loans from customers, contractors and suppliers are considered serious offenses under the Company's Code of Discipline.
(d) Compliance with Laws & Regulations	Under the Revised Manual on Corporate Governance, a director should keep abreast with industry developments and business trends in order to promote the Company's competitiveness. The Compliance Officer monitors and assesses the Board's compliance with laws and regulations.	Senior management is expected to keep abreast with industry developments and business trends in order to promote the Company's competitiveness. They are also required to comply with existing laws and regulations.	Employees should keep abreast with industry developments and business trends in order to promote the Company's competitiveness. They are also required to comply with existing laws and regulations.
(e) Respect for	The Revised Manual on	Senior management is	Employees are required to

Trade Secrets/Use of Non-public Information	Corporate Governance provides that a director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.	expected to respect the Company's trade secrets and prohibits the disclosure thereof to the public. Company trade secrets and confidential information shall not be used for personal benefit.	respect the Company's trade secrets and prohibits the disclosure thereof to the public. Company trade secrets and confidential information shall not be used for personal benefit.
(f) Use of Company Funds, Assets and Information	Pursuant to the Revised Manual on Corporate Governance, a director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.	<p>The Employee Manual provides that no employee shall take an opportunity that rightly belongs to the Company. It is also inappropriate for an employee to use the Company's name or his connection with the Company for personal or job related purposes. No employee shall use company assets for personal use.</p> <p>For this reason, the Code of Discipline consider the following acts as serious offenses: (i) disclosure, giving away confidential information or using restricted or classified Company information without proper authorization; (ii) Unauthorized possession, use or taking/bringing out of Company property, records, supplies, equipment, tools, etc.; (iii) unauthorized substitution of Company materials, supplies, tools, or equipment with another; and (iv) Stealing, misappropriating, or embezzling Company funds or property, those of co-employees and clients, guests and visitors.</p>	<p>The Employee Manual provides that no employee shall take an opportunity that rightly belongs to the Company. It is also inappropriate for an employee to use the Company's name or his connection with the Company for personal or job related purposes. No employee shall use company assets for personal use.</p> <p>For this reason, the Code of Discipline consider, the following acts as serious offenses: (i) disclosure, giving away confidential information or using restricted or classified Company information without proper authorization; (ii) Unauthorized possession, use or taking/bringing out of Company property, records, supplies, equipment, tools, etc.; (iii) unauthorized substitution of Company materials, supplies, tools, or equipment with another; and (iv) Stealing, misappropriating, or embezzling Company funds or property, those of co-employees and clients, guests and visitors.</p>
(g) Employment &	The Company keeps the	All employee-related	All employee-related

Labor Laws & Policies	activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations, including employment and labor laws.	policies including but not limited to benefits, work hours and employee discipline are consolidated in the Employee Manual and the Code of Discipline. These policies are compliant with existing labor laws and regulations.	policies including but not limited to benefits, work hours and employee discipline are consolidated in the Employee Manual and the Code of Discipline. These policies are compliant with existing labor laws and regulations.
(h) Disciplinary action	The By-Laws provides for the mechanism on the removal of any member of the Board of Directors.	The Code of Discipline provides for the procedure on the disciplinary action of erring employees.	The Code of Discipline provides for the procedure on the disciplinary action of erring employees.
(i) Whistle Blower	There are mechanisms or procedures to review and investigate complaints or information by complaining employees and/or “whistle blowers” to ensure that they are duly protected from retaliation and can fully trust and have confidence in the process.	There are mechanisms or procedures to review and investigate complaints or information by complaining employees and/or “whistle blowers” to ensure that they are duly protected from retaliation and can fully trust and have confidence in the process.	There are mechanisms or procedures to review and investigate complaints or information by complaining employees and/or “whistle blowers” to ensure that they are duly protected from retaliation and can fully trust and have confidence in the process.
(j) Conflict Resolution	The Company maintains an alternative dispute resolution system that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including regulatory authorities.	The Company has a mechanism and/or procedure on conflict resolution.	The Company has a mechanism and/or procedure on conflict resolution.

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

Yes.

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

The Company implements and monitors compliance with the Code of Conduct through its Compliance Officer and Human Relations Group who regularly coordinate with the Internal Audit, business and support units.

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	The Company and its subsidiaries in their normal course of business, have certain related party transactions (RPT). Any RPT shall be conducted at arms-length and shall follow the general business procedures as specified and approved by the Board, based on transparency and fairness in the same way as ordinary transactions undertaken with outsiders, taking into account the best interests of the Company.
(2) Joint Ventures	The Company, in the normal course of business, may enter into joint venture projects with its subsidiaries or affiliates. Any joint projects undertaken by the Company shall be at arms-length and shall follow the general business procedures as specified and approved by the Board, based on transparency and fairness in the same way as ordinary transactions undertaken with outsiders, taking into account the best interests of the Company.
(3) Subsidiaries	The Company and its subsidiaries in their normal course of business, have certain related party transactions. Any RPT shall be conducted at arms-length and shall follow the general business procedures as specified and approved by the Board, based on transparency and fairness in the same way as ordinary transactions undertaken with outsiders, taking into account the best interests of the Company.
(4) Entities Under Common Control	The Company and other entities under common control, in their normal course of business, may enter into related party transactions. Any RPT shall be conducted at arms-length and shall follow the general business procedures as specified and approved by the Board, based on transparency and fairness in the same way as ordinary transactions undertaken with outsiders, taking into account the best interests of the Company
(5) Substantial Stockholders	The Company and substantial stockholders may enter into related party transactions provided that they shall be conducted at arms-length and shall follow the general business procedures as specified and approved by the Board, based on transparency and fairness in the same way as ordinary transactions undertaken with outsiders, taking into account the best interests of the Company
(6) Officers including spouse/children/siblings/parents	The Employee Manual prohibits an employee to act for the Company in any transaction involving persons or firms where he, his family or dependents have any significant connection or financial interest.
(7) Directors including spouse/children/siblings/parents	<p>The By Laws provides that no person shall qualify to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Corporation.</p> <p>In addition, the Revised Corporate Governance Manual provides that, if an actual or potential conflict of interest may arise, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should consider resigning from his position.</p>
(8) Interlocking director relationship	

of Board of Directors	
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(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.

The Company is unaware of any actual or probable conflict of interest to which directors/officers or 5% or more shareholders may be involved beyond the ordinary course of business. If a conflict of interest transaction is unavoidable, such transaction shall be conducted at arms length and shall follow the general business procedures as specified and approved by the Board, based on transparency and fairness in the same way as ordinary transactions undertaken with outsiders, taking into account the best interests of the Company. Any party involved in a conflict of interest transaction must not take part in the consideration of such transaction.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	Not applicable
Name of Officer/s	Not applicable
Name of Significant Shareholders	Not applicable

(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	All Board members and officers are required to make a prior disclosure on the matters that may result to conflict of interest upon being appointed. Likewise, the Revised Corporate Governance Manual and Code of Discipline of the Company regulate the special duties relating to potential conflicts of interest.
Group	The mechanism explained above likewise applies.

5) Family, Commercial and Contractual Relations

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

There do not exist, or the Company is unaware of, relationships of a family, commercial, contractual or business nature among the holders of significant equity.

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
Not applicable	Not applicable	Not applicable

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

- (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:

There were no commercial, contractual or business transaction during the year or any proposed transaction, between holders of significant equity and the Company.

Names of Related Significant Shareholders	Type of Relationship	Brief Description
Not applicable	Not applicable	Not applicable

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

There is no shareholder agreement 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
Not applicable	Not applicable	Not applicable

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	The Company encourages or promotes amicable settlement of disputes with stockholders, third parties, including regulatory authorities. If the conflict or dispute is material or is of substantial nature, the conflict or dispute is raised to the Board of Directors.
Corporation & Third Parties	Same as above
Corporation & Regulatory Authorities	Same as above

C. BOARD MEETINGS & ATTENDANCE

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

The Board of Directors' meetings are scheduled at the beginning of the year.

- 2) Attendance of Directors (for the year 2013)

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Andrew L. Gotianun, Sr.	May 10, 2013	7	7	100%
Member	Josephine G. Yap	May 10, 2013	7	7	100%
Member	Andrew T. Gotianun, Jr.	May 10, 2013	7	6	86%
Member	Mercedes T. Gotianun	May 10, 2013	7	7	100%
Member	Jonathan T. Gotianun	May 10, 2013	7	6	86%

Member	Joseph M. Yap	May 10, 2013	7	5	72%
Member	Efren C. Gutierrez	May 10, 2013	7	7	100%
Independent	Lamberto u. Ocampo	May 10, 2013	7	6	86%
Independent	Cirilo T. Tolosa	May 10, 2013	7	7	100%

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

No, the non-executive directors do not meet separately.

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

No, the quorum requirement for Board decisions is majority of the elected board members.

- 5) Access to Information

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

Company endeavors to provide board papers to its directors three (3) days prior to the board meeting.

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

Yes.

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

The Corporate Secretary is an officer of the Company. His loyalty to the mission, vision and specific business objectives of the corporate entity comes with his duties.

Considering his varied functions and duties, he must possess administrative and interpersonal skills, and if he is not the general counsel, then he must have some legal skills. He must also have some financial and accounting skills.

The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, shall perform the following duties and responsibilities:

- 1. Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Company.*
- 2. As to agenda, assist the Chairman in preparing the Board agenda, get a complete schedule thereof at least for the current year, and put the Board on notice before every meeting.*
- 3. Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations.*
- 4. Attend all Board meetings and maintain record of the same.*
- 5. Ensure that all Board procedures, rules and regulations are strictly followed by the members. He shall likewise facilitate the training of directors and keep the directors updated regarding any relevant statutory and regulatory changes, etc.*
- 6. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the*

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

Company.

7. Work fairly and objectively within the Board, Management and stockholders.
8. Have a working knowledge of the operations 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.

(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	The director may request the Corporate Secretary for copies of materials to prepare in advance for the Executive Committee meeting.
Audit	Same procedure applies.
Nomination	Same procedure applies.
Remuneration	Same procedure applies.
Others (specify)	

6) External Advice

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

Procedures	Details
Directors may seek external advise when it is beneficial for the interest of the Company and its subsidiaries, subject to the policy on confidentiality and transparency.	Among others, external advice on legal and technical matters.

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:

The Company continues to update its policies from time to time to keep abreast of changes in the law and the industry. For this year however, no existing policy was modified or changed.

Existing Policies	Changes	Reason
Not applicable	Not applicable	Not applicable

D. REMUNERATION MATTERS

1) Remuneration Process

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

compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	The Board of Directors, upon recommendation of the Remuneration Committee, shall fix the salaries and bonuses of all officers including the CEO.	The Board of Directors, upon recommendation of the Remuneration Committee, shall fix the salaries and bonuses of all officers, including the top 4 highest paid management officers of the Company.
(2) Variable remuneration	Same as above	Same as above
(3) Per diem allowance	Same as above	Same as above
(4) Bonus	Same as above.	Same as above.
(5) Stock Options and other financial instruments	Currently, the Company does not provide for stock options.	Currently, the Company does not provide for stock options.
(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.

Except for per diem of Php50,000.00 being paid to non-executive directors of the Filinvest Group for every meeting attended, there are no other arrangements to which directors are compensated, for any services provided as director, including any amounts payable for committee participation or special assignments.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Not applicable	Not applicable	Not applicable
Non-Executive Directors	Not applicable	Not applicable	Not applicable

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.

Except for per diem of Php50,000.00 being paid to non-executive directors of the Filinvest Group for every meeting attended, there are no other arrangements to which directors are compensated, for any services provided as director, including any amounts payable for committee participation or special assignments.

Remuneration Scheme	Date of Stockholders' Approval
Not applicable	Not applicable

3) Aggregate Remuneration

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

Except for per diem of Php50,000.00 being paid to non-executive directors of the Filinvest Group for every

meeting attended, there are no other arrangements to which directors are compensated, for any services provided as director, including any amounts payable for committee participation or special assignments.

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	Not applicable	Not applicable	Not applicable
(b) Variable Remuneration	Not applicable	Not applicable	Not applicable
(c) Per diem Allowance	Not applicable	Not applicable	PhP50,000.00 per meeting
(d) Bonuses	Not applicable	Not applicable	Not applicable
(e) Stock Options and/or other financial instruments	Not applicable	Not applicable	Not applicable
(f) Others (Specify)	Not applicable	Not applicable	Not applicable
Total	Not applicable	Not applicable	Not applicable

During the annual meetings of the stockholders held on May 9, 2014, no action was taken with respect to any bonus, profit sharing or other compensation plan, contract or arrangement, and pension or retirement plan, in which any director (whether executive, non-executive or independent) of the Company will participate.

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	Not applicable	Not applicable	Not applicable
2) Credit granted	Not applicable	Not applicable	Not applicable
3) Pension Plan/s Contributions	Not applicable	Not applicable	Not applicable
(d) Pension Plans, Obligations incurred	Not applicable	Not applicable	Not applicable
(e) Life Insurance Premium	Not applicable	Not applicable	Not applicable
(f) Hospitalization Plan	Not applicable	Not applicable	Not applicable
(g) Car Plan	Not applicable	Not applicable	Not applicable
(h) Others (Specify)	Not applicable	Not applicable	Not applicable
Total			

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:

During the annual meetings of the stockholders held on May 9, 2014, no action was taken with respect to any bonus, profit sharing or other compensation plan, contract or arrangement, and pension or retirement plan, options, rights, or warrants in which any director (whether executive, non-executive or independent) of the Company will participate.

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

(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:

During the annual meetings of the stockholders held on May 9, 2014, no action was taken with respect to any bonus, profit sharing or other compensation plan, contract or arrangement, and pension or retirement plan, in which any director (whether executive, non-executive or independent) of the Company will participate.

Incentive Program	Amendments	Date of Stockholders' Approval
Not applicable	Not applicable	Not applicable

5) Remuneration of Management

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

Name of Officer/Position	Total Remuneration
SVP for Special Projects	PhP19.825 million*
SVP Cluster Head	
SVP CFO	
SVP Deputy CFO	
FVP	

() Since some of these senior officers also render services to subsidiaries, a portion of this amount has been charged/allocated by the Company to the relevant subsidiary/ies.*

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	4	0	NA	<p>The functions, duties, and responsibilities of the Board of Directors may be delegated, to the fullest extent permitted by law, to an Executive Committee to be established by the Board of Directors.</p> <p>The Executive Committee may act on such specific matters within the competence of the Board of Directors as may be delegated to it by a majority of the Board of Directors, except with respect to: (i) approval of any action for which shareholders' approval is also required; (ii) the filing of vacancies in the Board of Directors; (iii) the amendment or repeal of these By-Laws or the adoption of new By-Laws; (iv) amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable; and (v) the distribution of cash dividends to shareholders.</p>	Please refer to Functions	The Executive Committee exercises powers in the management of the business and affairs of the Company as may be delegated to it by the Board of Directors, in accordance with Article V of the By-Laws.
Audit		2	1	NA	<ol style="list-style-type: none"> 1. Provide oversight financial management functions specifically in areas of managing credit, market, liquidity, operational, legal and other risks of the Company and crisis management. 2. Provide oversight of the Company's internal and external auditors. 3. Review and approve audit scope and frequency, and the annual internal audit plan. 4. Discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure coordination where more than one (1) audit firm is involved. 5. Set up an internal audit department and consider the appointment of an internal auditor as well as an independent external auditor, the audit fee and any question of resignation or 	Please refer to Functions	The Audit Committee exercises powers delegated to it by the Board of Directors, in accordance with Article V of the By-Laws. The Audit Committee has the power and authority to carry out its functions under the Revised Manual on Corporate Governance.

					<p>dismissal.</p> <p>6. Monitor and evaluate the adequacy and effectiveness of the Company's internal control system.</p> <p>7. Receive and review reports of internal and external auditors and regulatory agencies, where applicable, and ensure that management is taking appropriate corrective actions, in a timely manner, in addressing control and compliance functions with regulatory agencies.</p> <p>8. Review the quarterly, half-year and annual financial statements before submission to the Board with particular focus on the following matters:</p> <ol style="list-style-type: none"> a. Any change/s in accounting policies and practices b. Major judgmental areas c. Significant adjustments resulting from the audit d. Going concern assumptions e. Compliance with accounting standards f. Compliance with tax, legal and regulatory requirements <p>9. Coordinate, monitor and facilitate compliance with existing laws, rules and regulations.</p> <p>10. Evaluate and determine non-audit work by external and keep under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to the Company's total expenditure on consultancy. The non-audit work should be disclosed in the Annual Report.</p> <p>11. Establish and identify the reporting line of the chief audit executive so that the reporting level allows the internal audit activity to fulfill its responsibilities. The chief audit executive shall report directly to the Audit committee functionally. The Audit Committee shall ensure that the internal auditors shall have free and full access to the Company's records, properties and personnel relevant to the internal audit activity, and that the internal audit activity should be free from</p>	
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					interference in determining the scope of internal auditing examinations, performing work and communicating results, and shall provide a venue for the Audit Committee to review and approve the annual internal audit plan.		
Nominati on	2	2	1	NA	Review and evaluate the qualifications of all persons nominated to the Board, as well as those nominated to other positions requiring appointment by the Board, and provide assessment on the Board's effectiveness in directing the process of renewing and replacing the Board's members.	Please refer to functions	The Nomination Committee exercises powers delegated to it by the Board of Directors, in accordance with Article V of the By-Laws. Under the Revised Manual on Corporate Governance, it has the power and authority to review and evaluate nominees to the Board.
Remuner ation/ Compens ation	1	2	1	NA	<ol style="list-style-type: none"> 1. Establish a formal and transparent procedure for developing a policy on remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and control environment. 2. Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Company successfully. 3. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers. 4. Develop a form on Full Business 	Please refer to functions.	The Remuneration Committee exercises powers delegated to it by the Board of Directors, in accordance with Article V of the By-Laws. Under the Revised Manual on Corporate Governance, the Remuneration Committee has been authorized to develop the remuneration of directors and officers.

					<p>Interest Disclosure as part of the pre-employment requirements for all incoming officers, which, among others, compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.</p> <p>5. Disallow any director to decide his or her own remuneration.</p> <p>6. Provide in the Company's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and ensuing year.</p> <p>7. Review 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 that must be periodically met in their respective posts.</p>		
Technical	1	1	1	NA	To provide technical advice and support in the matters pertaining to the specific problems of technical nature.	Please refer to functions.	To provide technical advice and support in the matters pertaining to the specific problems of technical nature.

2) Committee Members (Report for the year 2013)

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee (*)
Chairman	Josephine G. Yap	June 7, 2013	6	5	83%	1
Member (ED)						
Member (NED)	Jonathan T. Gotianun	June 7, 2013	6	6	100%	1
	Andrew T. Gotianun, Jr.	June 7, 2013	6	4	67%	1
	Joseph M. Yap	June 7, 2013	6	4	67%	1

	Mercedes T. Gotianun	June 7, 2013	6	6	100%	1
Member (ID)						
Member	Michael Edward T. Gotianun	June 7, 2013	6	6	100%	1

* Committee members are appointed annually.

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee (*)
Chairman	Cirilo T. Tolosa	June 7, 2013	2	2	100%	1
Member (ED)		June 7, 2013				
Member (NED)	Jonathan T. Gotianun	June 7, 2013	2	2	100%	1
	Efren C. Gutierrez	June 7, 2013	2	2	100%	1
Member (ID)	Cirilo T. Tolosa	June 7, 2013	2	2	100%	1
Member						

* Committee members are appointed annually.

Disclose the profile or qualifications of the Audit Committee members.

Consistent with the Revised Manual on Corporate Governance, the Audit Committee is composed of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director.

Cirilo T. Tolosa, 73, Filipino, has been an independent director of the Company since 2007. He was a partner at Sycip Salazar Hernandez and Gatmaitan, retiring from the said law firm in February 2005. He is at present a partner in the law firm Tolosa Romulo Agabin and Flores. He has been the chairman of the boards of Daystar Commercial Enterprises, Inc., Daystar Development Corporation, Lou-Bel Development Corporation and GMA Lou-Bel Condominium Corporation for at least 10 years, and a corporate secretary of De La Salle University System, Inc. and De La Salle Philippines, Inc. since 2003 and 2005, respectively.

Jonathan T. Gotianun, 59, Filipino, has been a Director of the Company since 1990. He is also the Chairman of FDC, the President of Davao Sugar Central Co., Inc. and Cotabato Sugar Central Co., Inc. and Chairman of EWBC. He served as Director and Senior Vice President of Family Bank & Trust Co. until 1984. He obtained his Master's Degree in Business Administration from Northwestern University in 1976.

Efren C. Gutierrez, 77, Filipino, was a Director of the Company from 1994 to 2001, and was re-elected to the Company's Board in 2006. He served as the President of FAI from 1999 to 2005. He is a Director of The Palms Country Club, Inc. He obtained his Bachelor of Laws degree from the University of the Philippines.

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

Conformably with The Revised Manual on Corporate Governance, the Audit Committee performs oversight functions over the Company's external auditor. The Committee also ensures that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee (*)
Chairman	Andrew L. Gotianun, Sr.	June 7, 2013	1	1	100%	1
Member (ED)	Josephine G. Yap	June 7, 2013	1	1	100%	1
Member (NED)	Mercedes T. Gotianun	June 7, 2013	1	1	100%	1
Member (ID)	Lamberto U. Ocampo	June 7, 2013	1	1	100%	1
Member	Rizalangela L. Reyes	June 7, 2013	1	1	100%	1

* Committee members are appointed annually.

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee (*)
Chairman	Mercedes T. Gotianun	June 7, 2013	1	1	100%	1
Member (ED)	Josephine G. Yap	June 7, 2013	1	1	100%	1
Member (NED)	Jonathan T. Gotianun	June 7, 2013	1	1	100%	1
Member (ID)	Lamberto U. Ocampo	June 7, 2013	1	1	100%	1
Member						

* Committee members are appointed annually.

(e) Others (Technical)

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	Joseph M. Yap	June 7, 2013	4	4	100%	1
Member (ED)		June 7, 2013				
Member (NED)		June 7, 2013				
Member (ID)	Lamberto U. Ocampo	June 7, 2013	4	4	100%	1
Member	Winnifred Lim	June 7, 2013	4	4	100%	1

* Committee members are appointed annually.

3) Changes in Committee Members

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

There were no changes in Committee membership.

Name of Committee	Name	Reason
Executive	Not applicable	Not applicable

Audit	Not applicable	Not applicable
Nomination	Not applicable	Not applicable
Remuneration	Not applicable	Not applicable
Others (specify)	Not applicable	Not applicable

4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Executive	The Executive Committee adopted resolutions and acted on the business affairs of the Corporation which have been delegated to it by the Board of Directors.	The Executive Committee has addressed all business and operational issues raised by Management.
Audit	The Audit Committee was able to carry out its functions and responsibilities under the Revised Manual on Corporate Governance.	The Audit Committee has addressed issues relative to its functions.
Nomination	The Nomination Committee was able to carry out its functions and responsibilities under the Revised Manual on Corporate Governance.	The Nomination Committee has addressed issues relative to its functions.
Remuneration	The Remuneration Committee was able to carry out its functions and responsibilities under the Revised Manual on Corporate Governance.	The Remuneration Committee has addressed issues relative to its functions.
Others (Technical)	The Technical Committee was able to carry out its functions and responsibilities as discussed above.	The Technical Committee has addressed issues relative to its functions.

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.

The Committees plan to embark on developing programs to improve and/or enforce effective governance for the coming year.

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

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The main objectives of the Company and the Group's financial risk management are as follows:

- *To identify and monitor such risks on an on-going basis;*
- *To minimize and mitigate such risks; and*
- *To provide a degree of certainty about costs.*

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

The directors of the Company have reviewed the effectiveness of the risk management system and the adequacy thereof.

(c) Period covered by the review – 2012

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

The Company's risk management system is reviewed yearly.

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

2) Risk Policy

(a) Company

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

Risk Exposure	Risk Management Policy	Objective
Liquidity Risk	<p>To cover its financing requirements, the Company and the entire Group to use internally generated funds and available long-term and short-term credit facilities.</p> <p>The Company and its group regularly evaluate their projected and actual cash flows. They also continuously assess conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.</p>	The Group seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts.
Credit Risk	Credit risk is managed since the titles of the properties sold are	To avoid financial loss.

	<p>retained by the Company/Group until installment receivables are fully collected and the fair values of these properties held as collateral are sufficient to cover the carrying values of the installment contract receivable.</p> <p>It is the Company/Group's policy that buyers who wish to avail the in-house financing scheme be subjected to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk.</p>	
Interest Rate Risk	The Company/Group renegotiates the interest rates for certain long-term debts to convert them from fixed-rate debt to floating-rate debt as the Company/Group believes that the current interest rate environment makes it more favorable to carry floating-rate debt.	To provide a certain degree of certainty about costs.

(b) Group

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

The main objectives of the Group's financial risk management are as follows:

- *To identify and monitor such risks on an on-going basis;*
- *To minimize and mitigate such risks; and*
- *To provide a degree of certainty about costs.*

Risk Exposure	Risk Management Policy	Objective
Liquidity Risk	<p>To cover its financing requirements, the Company and the entire Group to use internally generated funds and available long-term and short-term credit facilities.</p> <p>The Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans</p>	The Group seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts.

	and capital market issues.	
Credit Risk	<p>Credit risk is managed since the titles of the properties sold are retained by the Company/Group until installment receivables are fully collected and the fair values of these properties held as collateral are sufficient to cover the carrying values of the installment contract receivable.</p> <p>It is the Group's policy that buyers who wish to avail the in-house financing scheme be subjected to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk.</p>	To avoid financial loss.
Interest Rate Risk	The Group renegotiates the interest rates for certain long-term debts to convert them from fixed-rate debt to floating-rate debt as the Company/Group believes that the current interest rate environment makes it more favorable to carry floating-rate debt.	To provide a certain degree of certainty about costs.

(c) Minority Shareholders

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

Risk to Minority Shareholders
The exercise by the majority or controlling shareholders of their voting power prevails over the votes of minority shareholders. This is the risk that minority shareholders would have to live with. The Company however respects the rights of minority shareholders by inviting them to the Annual Shareholders Meeting and allowing them to ask questions relating to the Company's business operations. Minority shareholders are also given the opportunity to propose or nominate qualified persons for selection as directors.

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)
Liquidity Risk	To cover its financing requirements, the Company and the entire Group to use internally generated funds and available long-term and short-term credit facilities.	To cover its financing requirements, the Company and the entire Group to use internally generated funds and available long-term and short-term credit facilities.

	The Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.	The Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.
Credit Risk	<p>Credit risk is managed since the titles of the properties sold are retained by the Company/Group until installment receivables are fully collected and the fair values of these properties held as collateral are sufficient to cover the carrying values of the installment contract receivable.</p> <p>It is the Group's policy that buyers who wish to avail the in-house financing scheme be subjected to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk.</p>	<p>Credit risk is managed since the titles of the properties sold are retained by the Company/Group until installment receivables are fully collected and the fair values of these properties held as collateral are sufficient to cover the carrying values of the installment contract receivable.</p> <p>It is the Group's policy that buyers who wish to avail the in-house financing scheme be subjected to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk.</p>
Interest Rate Risk	The Group renegotiates the interest rates for certain long-term debts to convert them from fixed-rate debt to floating-rate debt as the Company/Group believes that the current interest rate environment makes it more favorable to carry floating-rate debt.	The Group renegotiates the interest rates for certain long-term debts to convert them from fixed-rate debt to floating-rate debt as the Company/Group believes that the current interest rate environment makes it more favorable to carry floating-rate debt.

(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)
The Group's businesses are subject to credit, market and liquidity risk which may have an adverse effect on its credit ratings and its cost of funds	The Group's businesses have a Risk Management Committee that oversees its risk management activities. The Risk Management Committee is also responsible for periodically reviewing risk management policies and procedures relating to credit, market, liquidity and operational risks.	The Group's business seeks to institute an efficient and appropriate risk management process that can be evaluated, monitored, and managed for key risks.

	<p>The Group's business continues to enhance its various risk monitoring and management tools to improve its risk management capabilities and the quality of its loan portfolio by continuing to (i) improve its credit policies and credit approval procedures, (ii) implement risk management control tools, including, among others, a centralized credit management information system that allows it to standardize credit risk detection, quantification and management and (iii) strengthen internal controls and legal compliance by standardizing internal policies and procedures in accordance with legal and regulatory requirements with a view to establish a comprehensive internal control system.</p>	
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(c) Committee

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

Committee/Unit	Control Mechanism	Details of its Functions
Audit Committee	<p>The internal control system is defined through the formulation of Operating Manual Systems (OMS) for the various operating sections of the company. OMS for a particular section is formulated through the review of the business processes within the section by a team normally comprised of the Systems Department, the personnel operating within the section and representatives from all other affected units. A draft of the OMS is prepared by the System Department, who then secures the concurrence of all team members before submission to the President for final approval.</p>	<p>The functions of the Audit Committee are discussed above.</p>

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

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

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

The internal control system is defined through the formulation of Operating Manual Systems (OMS) for the various operating sections of the company. OMS for a particular section is formulated through the review of the business processes within the section by a team normally comprised of the Systems Department, the personnel operating within the section and representatives from all other affected units. A draft of the OMS is prepared by the System Department, who then secures the concurrence of all team members before submission to the President for final approval.

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

The Board of Directors has reviewed the effectiveness of the internal control system and they consider the said system effective and adequate.

- (c) Period covered by the review - 2012

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

External Auditors – Review of internal controls is part of an audit engagement and the results are presented to the Audit Committee after the release of the audited financial statements.

Internal Auditors – Review of specific internal controls is done regularly based on an annual plan prepared at the beginning of the year. Additional reviews are made based on the requests of Management and other Departments during the year. Results are presented in audit reports addressed to the President.

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

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
Provide Management with regular appraisal of the internal controls within the Company	Includes audit review of financial records, compliance to policies and procedures and evaluation of the efficiencies of the	In-house	Edgardo C. Raymundo	Audit reports are addressed to the President

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

The external auditor to be appointed needs to be approved by the Audit Committee while the appointment and/or removal of Internal Auditors is done through the standard Company hiring procedures.

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

The internal auditors are reporting directly to the Audit Committee and the President. The internal auditors are given a free hand in determining the auditable units and in prioritizing/scheduling the audit reviews subject to the final approval of the President/Committee.

- (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
Ms. Maria Isabel Trinidad	Transferred to a Supervisory position in Project Finance Dept.
Ms. Rowena Labrador	Transferred to a Supervisory position in Accounting Department

- (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	
Issues⁶	1. Unidentified buyers' foreign remittances 2. Recoverability of Receivables from Homeowners' Association
Findings⁷	1. Unrecorded bank reconciling items 2. Discrepancy between General and Subsidiary Ledgers of the Installment Contract Receivables
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

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

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

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
1. Details of foreign remittances should be required from the buyers and remitting banks.	Continuously educate the buyers on the importance of declaring the details of the remittances. Coordinate with the banks in requiring the buyers to indicate complete details.
2. Regularly monitor receivables from HOA to ensure that the outstanding balance as of reporting date is recoverable.	No allowance for doubtful accounts has been set up yet since the balance may be offset from our outstanding dues to HOA. Reconciliation will be done upon turnover.
3. Reconciling bank recon items should be reviewed for appropriate adjustment in the books.	Subsequent adjustments in the year-end balances have already been made. Continuing efforts are being exerted to clear the remaining balances.
4. Reconciliation of the ICR general and subsidiary ledgers should be regularly done.	The discrepancy is mostly due to upload issues from the old computer system to the new one. Review of the upload process is still on-going.

(g) Mechanism and Safeguards

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<p>The Revised Manual on Corporate Governance provides that : (i) shall not, at the same time, provide internal audit services to the Company. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or not pose as a threat to his independence; and (ii) the external auditor should be rotated or changes every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Company, should be changed with the same frequency.</p>	<p>The Company only hires reputable financial advisors, investment banks and rating agencies that are ranked among the top in the industry. These firms must be accredited and viewed with high- esteem by both government and non-government financial regulatory bodies/authorities such as the SEC, BSP and the PSE.</p> <p>None of the people engaged in providing financial services to the Company, directly or indirectly, has dealings with the Company or has transactions involving the Company or connected to or affiliated with individuals under the Company's employ or doing business with the Company.</p> <p>Hiring of financial analysts, investment banks and rating agencies are subject to careful scrutiny by management and subject to final Board approval.</p> <p>Work process analysts, investment banks and rating agencies are directly supervised/ handled by senior officers with broad experience and understanding of finance and related work.</p>		

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The CEO attests to the Company's full compliance with the SEC Code of Corporate Governance. The CEO confirms 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.

H. ROLE OF STAKEHOLDERS

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

	Policy and Activities
Customers' welfare	The Company has established customer service units tasked to address customer complaints or suggestions, conduct customer satisfaction surveys and communicate with customers via effective channels.
Supplier/contractor selection practice	The suppliers/contractors go through bidding process.
Environmentally friendly value-chain	The Company follows the policy of environmental conservation, in parallel with economic and social efforts, in line with its management strategy.
Community interaction	The main focus is to reduce operating expenses through energy conservation and paper recycling.
Anti-corruption programmes and procedures	Please refer to the relevant portion on Corporate Social Responsibility.
Safeguarding creditors' rights	The Company's procedures for handling employee complaints, including those concerning illegal and unethical behavior are embodied in the Employee Manual and Code of Discipline. The Company respects agreements with creditors, manages loans according to lending objectives, ensure timely repayment of loans and interests, honor loan covenants and conditions and competently operate the business to assure creditors about the Company's financial standing and loan repayment capabilities.

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section? *No*

3) Performance-enhancing mechanisms for employee participation.

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

The Company's employee's safety, health and welfare policies are embodied in a Safety Manual which is made available to new employees. This Manual includes policies on occupational, safety and health programs, safety & discipline, drugs and alcohol-free workplace and sexual harassment, as well as emergency action plan, fire safety & prevention and incident reporting & investigation mechanisms.

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

The Company maintains data relating to health, safety and welfare of its employees.

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

The Company's employees may avail of external training programmes or seminars relevant to the performance of their duties. The employees may also avail of seminars conducted by the Company's subsidiaries. The Company maintains a data of these trainings.

In 2012, a total of 30 sessions of different training programs were conducted, participated in by 555 employees. The training programs included the orientation of new employees, Work, Attitude and Value Enhancement (WAVE), and skills improvement to improve work efficiency.

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

The Company conducts a yearly performance appraisal of its employees and grants merit increases depending on the results of their performance appraisal.

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

The Company's procedures for handling employee complaints concerning illegal and unethical behavior are embodied in the Employee Manual and Code of Discipline. The Company's Human Resources Department is responsible for reviewing and investigating complaints or information, and determines procedures to deal with such situations with transparency and accountability to ensure that complaining employees or "whistleblowers" are duly protected from retaliation and can fully trust and have confidence in the process.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure as of April 30, 2014

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Filinvest Development Corporation (Preferred)	8,000,000,000	100%	N.A
Filinvest Development Corporation (Common)	14,017,205,735	57.28%	N.A
PCD Nominee Corporation (Non-Filipino)	6,801,516,022	27.79%	Invesco Hong Kong Limited owns more than 5%
PCD Nominee Corporation (Filipino)	3,131,603,589	12.80%	(No single shareholder beneficially owns at least 5% of the total share)

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
None of the Senior Management holds more than 5% shareholdings	Not applicable	Not applicable	Not applicable

2) Does the Annual Report disclose the following:

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

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

The information can be obtained from other reports filed with the Commission such as the Information Statement, Compliance with the Corporate Governance, etc.

3) External Auditor's fee (for the year 2013)

Name of auditor	Audit Fee	Non-audit Fee
Sycip Gorres Velayo & Co. (external auditor)	PHP550,000.00	None

4) Medium of Communication

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

The Company utilizes various forms of communications to effectively reach out to the public. As a logical starting point, the Company uses the website which contains information on the historical background of the Company, its major shareholders and the relevant qualifications of its key operating officers, financial statements and such relevant financial info on dividend declarations, the company's annual report etc., and all of these are constantly updated to reflect the current data on the company. In addition, the company conducts one on one meetings, make conference calls, sends emails as well as do office visits as may be requested by minority stockholders, potential investors, investment research personnel and the investing public in general. The company likewise issues press releases and conducts periodic briefings on significant developments of the Company.

5) Date of release of audited financial report: March 21, 2014

6) Company Website

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

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

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

7) Disclosure of RPT

RPT	Relationship	Nature	Value
<p>The Company and its subsidiaries in their normal course of business, have certain related party transactions (RPTs). RPTs among members of the Group are disclosed under Note 18 to the Audited Consolidated Financial Statements of the Company for the year ended 2012, a copy thereof was filed with the Commission.</p> <p>1. On January 23, 2012, the Group entered into Receivable Purchase Agreement and Accounts Servicing Agreement with East West.</p> <p>2. Transaction with the Group's ultimate parent company relates to sharing of common expenses.</p> <p>3. In 2012, the Group purchased from FDC a parcel of land located at San Juan City.</p> <p>4. Non-interest bearing cash advances</p>	<p>Affiliate</p> <p>Parent company</p> <p>Parent company</p> <p>Affiliates</p>	<p>Pls. see Notes 18 of the Company's Audited Financial Statements for the year 2012.</p>	<p>Pls. see Notes 18 of the Company's Audited Financial Statements for the year 2012.</p>

<p>and various charges to and from non-consolidated affiliates for management fees, share of expenses and commission charges.</p> <p>5. A development agreement with GCK Realty Corporation, in which members of the Gotianun family has shareholdings, for the development by FLI of a medium-rise condominium building on certain parcels of land owned by GCK in Barrio Camputhaw, Cebu City.</p> <p>6. A development agreement with Fernandez-Hermanos, Inc. which is owned and managed by an officer and stockholder, Mr. Luis Fernandez, and his siblings for the subdivision development of parcels of land owned by the latter company in Brgy. Matanos, Kaputian, Samal Island in the province of Davao.</p>	<p>Affiliate</p> <p>Fernandez-Hermanos, Inc. is owned and managed by an officer and stockholder of the Company, Mr. Luis Fernandez, and his siblings</p>		
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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 is made to the minority shareholders and other stakeholders in case there are related-party transactions.

J. RIGHTS OF STOCKHOLDERS

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

(a) Quorum

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

Quorum Required	Majority of the outstanding capital stock must be present or represented
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Consistent with Company By Laws, all election and questions are decided by the plurality of vote of stockholders present in person or by proxy.
Description	The vote on a question need not be by ballot unless required by law or demanded by the stockholder. On a vote by ballot, such ballot shall be signed by the stockholder voting in his name or by his proxy, and shall state the number of shares voted by him.

(c) Stockholders' Rights

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

There are no Shareholder's rights with regard to shareholders meetings which are different from those provided under the Corporation Code. Stockholders' rights include the right to vote, right to inspect corporate books and records, right to information, right to dividends and appraisal right.

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
1. Voting right	<i>There are no Shareholder's rights with regard to shareholders meetings which are different from those provided under the Corporation Code.</i>
2. Power of inspection	
3. Right to information	
4. Right to dividends	
5. Appraisal right	

Dividends

Declaration Date	Record Date	Payment Date
April 27, 2012	May 25, 2012	June 21, 2012
May 10, 2013	June 7, 2013	July 3, 2013
May 9, 2014	June 6, 2014	July 2, 2014

(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
Stockholders are allowed to vote and ask questions during the Annual/Special Stockholders meeting	The Notice of the Stockholders' Meeting & Information Statement are distributed to stockholders of record in CD format and printed copies prior to the conduct of said meeting.
Stockholders may also write the Company for their concerns with respect to the Company's operations.	

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's By-Laws may be amended or repealed by the affirmative vote of at least a majority of the Board of Directors and the stockholders representing a majority of the outstanding capital stock at any stockholders meeting called for that purpose. However, the power to amend, modify, repeal or adopt new by-laws may be delegated to the Board of Directors by the affirmative vote of stockholders representing not less than two-thirds of the outstanding capital stock provided, however, that such delegation of powers to the Board of Directors to amend, repeal or adopt new by-laws may be revoked only by the vote of the stockholders representing a majority of the outstanding capital stock at a regular or special meeting. Transfer of all or substantially all assets, which in effect results in the sale of the company shall comply with the requirements under the Corporation Code.

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? *In compliance with existing rules and regulations, the Company observes 15 business days for giving out of notices.*
 - a. Date of sending out notices: April 14, 2014
 - b. Date of the Annual/Special Stockholders' Meeting: May 9, 2014
4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

Only one question was asked during the stockholders' meeting which pertains to the compliance procedures of the Company.

5. Result of Annual/Special Stockholders' Meeting's Resolutions held on May 9, 2014

Resolution	Approving	Dissenting	Abstaining
Approval of the Company's Audited Financial Statements	24,676,634,331	0	0
Ratification of all acts and resolutions of Directors and Management	24,676,634,331	0	0
Election of the Board of Directors	24,676,634,331	0	0

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

The Company does not publish the results of the votes taken during the most recent AGM. However, the result of the votes can be included in the Minutes of the Annual Shareholders' Meeting for distribution to stockholders in the next Annual Shareholders' Meeting.

- (e) Modifications

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

There were no modifications made in the Annual Stockholders' Meeting.

Modifications	Reason for Modification
Not applicable	Not applicable

(f) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Andrew L. Gotiannun, Sr., Josephine G. Yap, Andrew T. Gotianun, Jr., Mercedes T. Gotianun, Jonathan T. Gotianun, Joseph M. Yap, Efren C. Gutierrez, Lamberto Ocampo and Cirilo Tolosa	May 9, 2014	During the stockholders meeting, the Corporate Secretary announced the names of the candidates pre-screened by the Nominations Committee, including Messrs. Lamberto U. Ocampo and Cirilo T. Tolosa as the nominees for the board seats allotted for the independent directors of the Company. The Secretary confirmed that there were no other nomination submitted within the period allowed under the Company' By-Laws. On the	0.10%	76.42%	76.52%

			motion duly made and seconded, the stockholders elected all the candidates as members of the Board of Directors.			
Special	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

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

The votes may be validated by the Company's stock transfer agent, an entity independent from the Company.

(iii) Do the company's common shares carry one vote for one share? Yes. 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.

(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	At all meetings of stockholders, a stockholder may vote in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact.
Notary	The proxy is not required to be notarized.
Submission of Proxy	All proxies must be in the hands of the Corporate Secretary before the time set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary prior to a scheduled meeting or by their personal presence in the meeting.
Several Proxies	If there are several proxies, the Corporate Secretary will determine which of these proxies can represent a stockholder. Only 1 proxy shall be allowed for 1 stockholder.
Validity of Proxy	Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the secretary.
Proxies executed abroad	The proxies executed abroad must conform to existing laws.
Invalidated Proxy	Invalidated proxy shall not be included in the determination

	of quorum.
Validation of Proxy	Proxy shall be subject to validation by the Corporate Secretary in accordance with the Company's Articles of Incorporation and By-Laws, and the Corporation Code.
Violation of Proxy	

(h) Sending of Notices

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

Policies	Procedure
The Company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting, as regards the period and manner of distribution of notices and other materials for the said meeting, shall be in accordance with the rules and regulations of the Commission.	Subject to approval by the Commission, notices are distributed to stockholders in CD format within the time period prescribed by the rules. Printed copies are also available upon request by the stockholder.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	5,845 stockholders
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	April 14, 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	April 14, 2014
State whether CD format or hard copies were distributed	CD format were distributed
If yes, indicate whether requesting stockholders were provided hard copies	Yes, requesting stockholders were provided hard copies.

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

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	The profiles of the directors are included in the Information and Annual Statement instead of the Notice.
The auditors to be appointed or re-appointed.	Yes

An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	The amount payable for dividends is not included in the Notice. It is announced by the President during the meeting.
Documents required for proxy vote.	The documents required for proxy vote is not in the Notice but these documents can be obtained from the Corporate Secretary or the Transfer Agent.

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

2) Treatment of Minority Stockholders

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

Policies and Implementation
<ul style="list-style-type: none"> • The Board respects the rights of the stockholders as provided for in the Corporation Code, namely : (i) the right to vote on all matters that require their consent or approval; (ii) pre-emptive right to all stock issuances of the Corporation; (iii) right to inspect corporate books and records; (iv) right to information; (v) right to dividends; and (vi) appraisal right. • The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of the proxy should be resolved in the stockholders' favor. • It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide adequate avenue for them to seek timely redress for breach of rights. • The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval. • Although the stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right, subject to the requirements of the Corporation Code and the Corporation's By laws, to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation. The Board respects the rights of the stockholders as provided for in the Corporation Code, namely : (i) the right to vote on all matters that require their consent or approval; (ii) pre-emptive right to all stock issuances of the Corporation; (iii) right to inspect corporate books and records; (iv) right to information; (v) right to dividends; and (vi) appraisal right. • The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of the proxy should be resolved in the

stockholders' favor.

- It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide adequate avenue for them to seek timely redress for breach of rights.
- The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although the stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right, subject to the requirements of the Corporation Code and the Corporation's By laws, to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.

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

K. INVESTORS RELATIONS PROGRAM

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

COMPANY has established an Investor Relations unit tasked to handle inquiries and manage relations with investors, analysts, shareholders, and the general public. Investor Relations works closely with the President, Compliance Officer and senior executives to formulate policies, plans, guidelines and approaches for developing COMPANY's investor relations practices at par with other publicly listed companies.

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

	Details
(1) Objectives	<p>Make available to the public, timely current information on the Company, including details of its operations.</p> <p>The Investor Relations section of the website provides information on financial statements, press releases, declaration of dividends, ownership structure and any changes in the ownership of major shareholders and officers, notice of analysts' briefings, other reportorial requirements by the Philippine Stock Exchange.</p>
(2) Principles	
(3) Modes of Communications	<p>a) Quarterly analysts' briefings coinciding with the release/disclosure of quarterly financial statements; b) Press releases on quarterly financial performance and major developments in the Company; c) one on one meetings, conference calls, site visits and FLI's attendance in investor conferences as requested by stock brokers; d) meetings and conference calls with FLI directly requested by the Company's minority stockholders or potential investors/investing public; e) emails and phone calls to the Investor Relations Officer; f) Investor Relations section of website www.finlinvestland.com which contains information</p>

	on financial statements, press releases, declaration of dividends, ownership structure and any changes in the ownership of major shareholders and officers, notice of analysts' briefings, as well as other reportorial requirements by the Philippine Stock Exchange
(4) Investors Relations Officer	Ana Regina A. Santillan Email: anaregina.santillan@filinvestgroup.com Tel. Nos. <u>+63 2 798 3955</u>

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

Name of the independent party the board of directors of the company appointed to evaluate 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
The Company continues to give a monthly donation of PhP25,000.00 (or a total of PhP300,000.00 annually) to the Bethlehem Day Care Foundation, Inc.	Bethlehem Day Care Foundation, Inc.
The Company, together with the Group, donated funds to support Kris Aquino's commitment to provide silid pangarap units to the Aklat, Gabay, Aruga tungo sa Pag-angat at Pag-Asa (AGAPP) Foundation.	Aklat, Gabay, Aruga tungo sa Pag-angat at Pag-Asa (AGAPP) Foundation
The Company donated 1,500 assorted seedlings of forest trees and vetiver grass to the Municipality of San Mateo, Rizal to support its greening program and tree planting activities.	Municipality of San Mateo, Rizal.
The Company supported fun runs held by two schools located within Havila.	Pareff Rosehill and San Beda
Outreach programs – donation to Kanlungan ni Maria Home for the Aged in Antipolo, Rizal.	Kanlungan ni Maria Home for the Aged in Antipolo, Rizal

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	Appraisal is done by the Nominations Committee.	Evaluation is based on the Board of Directors' performance of their duties and qualifications set forth in the By-Laws and the Company's Revised Corporate Governance.
Board Committees	Appraisal is done by the Board of Directors.	Evaluation is based on the Committees' performance of

		their duties and qualifications set forth in the By-Laws and the Company's Revised Corporate Governance.
Individual Directors	Appraisal is done by the Nomination Committee.	Evaluation is based on the individual directors' performance of their duties and qualifications set forth in the By-Laws and the Company's Revised Corporate Governance.
CEO/President	Appraisal is done by the Board of Directors.	Evaluation is based on the CEO/President's performance of her duties and qualifications set forth in the By-Laws and the Company's Revised Corporate Governance.

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.

Under the Company's Revised Corporate Governance Manual, the Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board. The Company is guided by the rules and regulations of the Securities Regulation Code in the imposition of sanctions for any violation or breach of the corporate governance manual involving directors, officers, management and employees, as follows:

Violations	Sanctions
First violation	Reprimand
Second violation	Suspension of office. The length of suspension shall depend on the gravity of the offense.
Third violation	Removal from office

