

EXHIBIT I

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT
(WITH CONSOLIDATED CHANGES FOR THE YEAR 2014)

1. Report is Filed for the Year: **2014**
2. Exact Name of Registrant as Specified in its Charter:
MANILA BROADCASTING COMPANY
3. Address of Principal Office / Postal Code:
MBC BLDG., V. SOTTO ST., CCP COMPLEX, PASAY CITY 1307
4. SEC Identification Number: **1674**
5. Industry Classification Code _____ (SEC Use Only)
6. BIR Tax Identification Number: **000-479-027**
7. Issuer's Telephone Number, including area code: **(632) 832-6149 / 832-6150**
8. Former name or former address, if changed from the last report: **Not Applicable**

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A. BOARD MATTERS

1. Board of Directors

Number of Directors per Articles of Incorporation	9
Actual number of Directors for the year	9

a. Composition of the Board

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual/Special Meeting)	No. of years served as director
Fred J. Elizalde	ED	NA	Nominating Committee	1985	10/23/14	Annual Meeting	30
Ruperto S. Nicdao Jr.	ED	NA	Nominating Committee	1988	10/23/14	Annual Meeting	27
Eduardo G. Cordova	ED	NA	Nominating Committee	1988	10/23/14	Annual Meeting	27
Julio Manuel P. Macuja	ED	NA	Nominating Committee	1999	10/23/14	Annual Meeting	16
Rudolph Steve E. Jularbal	ED	NA	Nominating Committee	2011	10/23/14	Annual Meeting	4
Juan Manuel Elizalde	ED	NA	Nominating Committee	1995	10/23/14	Annual Meeting	20
Thalassa G. Elizalde	NED	NA	Nominating Committee	2013	10/23/14	Annual Meeting	2
George T. Goduco	NED / ID	NA	Nominating Committee	2003	10/23/14 / 12yrs	Annual Meeting	12
Gary C. Huang	NED / ID	NA	Nominating Committee	2012	10/23/14 / 3yrs	Annual Meeting	3

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

The Company realizes its duty to protect the rights and benefits of shareholders and to place importance on fair and equal treatment of all shareholders. It is the Company's policy to disclose information with respect to business operation with accuracy and transparency, including any issues that could impact the Company's business and the rights in which shareholders are entitled to, such as shareholders' participation in the shareholders' meeting to exercise their voting rights, the rights to receive dividend, or the rights to approve a decrease or an increase of capital.

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

The Board of directors review the Company's mission and vision statement annually during one the officers' strategic planning meeting. It is done on a yearly basis because the company's values and core strategy must be synchronized with its mission and vision, as well as the revenue-generating activities of product development, marketing and eventually sales. The Company's vision must outline what the organization wants to be, or how it wants the world in which it operates to be while the Company's mission defines the fundamental purpose of the organization or enterprise, succinctly describing why it exists and what it does to achieve the vision.

- d. Directorship in Other Companies

- (i) Directorship in the Company's Group

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.
FRED J. ELIZALDE	Elizalde Land, Inc. (ELI)	Executive (Chairman)
	Star Parks Corporation (Star City)	Executive (Chairman)
	Philippine International Corporation (PIC)	Executive (Chairman)
	Elizalde Holdings Corporation (EHC)	Executive (Chairman)
	Sunshine Inns, Inc. (SII)	Executive (Chairman)
RUPERTO S. NICDAO, JR.	Cebu Broadcasting Company (CBC)	Executive
	Elizalde Land, Inc. (ELI)	Executive
	Sunshine Inns, Inc. (SII)	Executive
	Philippine International Corporation (PIC)	Executive
	Star Parks Corporation (Star City)	Executive
	Elizalde Holdings Corporation (EHC)	Executive
EDUARDO G. CORDOVA	Elizalde Holdings Corporation (EHC)	Executive
	Philippine Broadcasting Company (PBC)	Executive (Chairman)
	Cebu Broadcasting Company (CBC)	Executive
	Pacific Broadcasting System (PBS)	Executive
	Elizalde Land, Inc. (ELI)	Executive
	Sunshine Inns, Inc. (SII)	Executive
	Star Parks Corporation (Star City)	Executive
	Philippine International Corporation (PIC)	Executive
JULIO MANUEL P. MACUJA	Elizalde Holdings Corporation (EHC)	Executive
	Philippine Broadcasting Company (PBC)	Executive
	Elizalde Land, Inc. (ELI)	Executive
	Star Parks Corporation (Star City)	Executive
	Sunshine Inns, Inc. (SII)	Executive
	Philippine International Corporation (PIC)	Executive
JUAN MANUEL ELIZALDE	Cebu Broadcasting Company (CBC)	Executive (Chairman)
	Philippine Broadcasting Company (PBC)	Executive
	Sunshine Inns, Inc. (SII)	Executive
	Elizalde Holdings Corporation (EHC)	Executive
	Star Parks Corporation (Star City)	Executive
	Philippine International Corporation (PIC)	Executive
RUDOLF STEVE E. JULARBAL	Pacific Broadcasting System (PBS)	Executive
	Philippine Broadcasting Company (PBC)	Executive
	Elizalde Land, Inc. (ELI)	Executive
	Sunshine Inns, Inc. (SII)	Executive
	Elizalde Holdings Corporation (EHC)	Executive
	Star Parks Corporation (Star City)	Executive
	Philippine International Corporation (PIC)	Executive
Thalassa G. Elizalde	TGE Holdings Corp.	Executive

(ii) Directorship in Other Listed Companies

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

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
None of the Directors hold a directorship position in other publicly listed companies.		

(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 its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Juan Manuel Elizalde (Director / VP-Operations)	Fred J. Elizalde (Director / Chairman)	Mr. Juan Manuel Elizalde is the son of Mr. Fred J. Elizalde.
Thalassa G. Elizalde	Fred J. Elizalde (Director / Chairman)	Ms. Thalassa G. Elizalde is the daughter of Mr. Fred J. Elizalde
Julio Manuel P. Macuja (Director / EVP-Treasurer)	Fred J. Elizalde (Director / Chairman)	Mr. Julio Manuel P. Macuja is the brother-in-law of Mr. Fred J. Elizalde

(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:

Yes. The Company has set a limit on the number of board seats in other companies (publicly listed and companies with secondary license) that an individual director of the Company may hold. On the other hand, the CEO of the company is not allowed to hold office as CEO in other publicly listed companies unless otherwise permitted by the Board.

Director's Name	Guidelines	Maximum Number of Directorships in other companies
Executive Director	<p>1. The Directors shall accept and hold the office because they believe they will be able to dedicate the time necessary to perform their duties diligently, taking into account both the number and nature of the offices they hold on the board of directors and boards in other companies and the commitment required of them by their additional professional activities and the offices they hold in associations.</p> <p>2. The Company's directors, upon acceptance of their office, shall inform the Company's Human Resource Department and the Legal Department of any office they hold on the boards of directors in other public companies. Furthermore, they shall promptly inform the Company's HR and Legal Department of any change that takes place with regard to the above mentioned offices. When doing so, they shall specify the average monthly commitment connected with the offices they hold in other companies so that the total weight of the aforementioned offices can be established.</p>	<p>- For a director whose role is that of Chief Executive Officer, as a rule, it is not allowed – unless a different and justified assessment is expressed by the Board of Directors of the Company – To hold any office as a CEO in other publicly listed companies.</p> <p>- For Directors other than the Company's CEO, 5 Board Seats is the maximum number of directorship in other companies (publicly listed companies with secondary license) a director can hold.</p>
Non-Executive Director		
CEO:		

a. Shareholding in the Company

Name of Director	Number of Direct shares	Number of Indirect shares / through (name of record owner)	% of Capital Stock
Fred J. Elizalde	94	-	0.0000%
Ruperto S. Nicdao Jr.	129,200	-	0.0321%
Eduardo G. Cordova	12,779	-	0.0032%
Julio Manuel P. Macuja	36	-	0.0000%
Juan Manuel Elizalde	1,000	-	0.0002%
Thalassa G. Elizalde	185	-	0.0000%
Rudolph Steve E. Jularbal	10,807	-	0.0027%
George T. Goduco	1,000	-	0.0002%
Gary C. Huang	36	-	0.0000%
TOTAL	154,953	-	0.0387%

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

As recognized by the Revised Code of Corporate Governance, the positions of the Chairman and CEO may be unified provided there are proper checks and balances to ensure that the Board gets the benefit of independent views and perspectives.

- a. The CEO is not the President.
b. There is a separate Office of the President.

Identify the Chair and CEO:

Chairman of the Board / CEO	Fred J. Elizalde
President	Ruperto S. Nicdao Jr.

b. Roles, Accountabilities and Deliverables

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

	Chairman / Chief Executive Officer
Role	<ul style="list-style-type: none"> - Ensure effective operation of the Board and its committees in conformity with the highest standards of corporate governance. - Ensure effective communication with shareholders, host governments and other relevant constituencies and that the views of these groups are understood by the Board. - Set the agenda, style and tone of Board discussions to promote constructive debate and effective decision-making. - Chair the Nominations Committee and build an effective and complementary Board, initiating change and planning succession on Board and Group Executive appointments. - Ensure that all Board committees are properly established, composed and operated. - Ensure comprehensive induction programs for new directors and updates for all directors as and when necessary. - Maintain access to senior management as is necessary and useful. - Promote effective relationships and communications between non-executive directors and members of the Group Executive Committee. - Ensure that the performance of the Board, its main committees and individual directors is formally evaluated on an annual basis. - Develop strategy proposals for recommendation to the Board and ensure that agreed strategies are reflected in the business. - Develop annual plans, consistent with agreed strategies, for presentation to the Board for support. - Plan human resourcing to ensure that the Company has the capabilities and resources required to achieve its plans. - Develop an organizational structure and establish processes and systems to ensure the efficient organisation of resources.

	<ul style="list-style-type: none"> - Be responsible to the Board for the performance of the business consistent with agreed plans, strategies and policies. - Lead the executive team, including the development of performance contracts and appraisals. - Develop and promote effective communication with shareholders and other relevant constituencies. - Ensure that business performance is consistent with the Business Principles. - Ensure that robust management succession and management development plans are in place and presented to the Board from time to time. - Develop processes and structures to ensure that capital investment proposals are reviewed thoroughly, that associated risks are identified and appropriate steps taken to manage the risks. - Develop and maintain an effective framework of internal controls over risk in relation to all business activities including the Company's trading activities. - Ensure that the flow of information to the Board is accurate, timely and clear.
Accountabilities	<ul style="list-style-type: none"> - Formulates and promotes a vision for the Company and its contribution to the Filipinos, and leads the development and implementation of a long term strategy and direction for the Company. - Creates an environment that encourages industry leaders, associations, other regulatory jurisdictions, professional bodies, and other interested parties to broadcast development and trade in the Filipino public interest. - Provides leadership to Board Members by setting and managing the Board's agenda, directing the assignment of responsibilities to Board Members for particular files and projects, and participating in the selection process for Board Members to ensure the Board encompasses a broad base of knowledge and skills. - Promotes, through example, key corporate values such as fairness, professionalism, collegiality and innovation. - Obtains resources consistent with the Strategic Plan, ensures that appropriate financial and management objectives are established and that systems are in place to protect assets and maintain effective control of operations.
Deliverables	<ul style="list-style-type: none"> - Improve operating performance - Work with the Board and the appropriate staff to develop a tactical plan for achieving goals. - Build and manage the staff - Create a plan to build unity, encourage teamwork, improve communication, and foster individual staff development and ensure that the Company has outstanding and dedicated employees. - Prepare and manage the budget - Establish a process to create and monitor the budget and control costs. - Establish and implement a strategic plan – Develop and implement tactical/operating plans that lead to the Company's financial strengthening and facility development. - Lead fundraising efforts – review the Company's current fund requirements and take an active role and lead the initiatives in recruiting and promoting the Company to prospective clients - Address specific growth and development areas – The Company has significant facility development opportunities and issues, as well as the need to update its technology systems. The goal for technology is to identify the Company's technology needs both in terms of hardware and software/operational systems and to develop a plan to address these technology needs. - Advocate the Company's vision within the community – Be an ambassador for the mission, goals, and values of the Company within the community. The CEO must be active in civic and community groups, be respected as a leader, uphold the highest standards and values exemplified in the Company's heritage. - Develop an effective and diverse board – work closely with the board to evaluate the strengths and needs of the board's composition relative to the strategic plan and key goals. - Establish a culture – Establish a culture of inclusion, integrity, character and lifelong learning within the Company that reinforces, encourages and promotes values of honesty, respect, responsibility and caring. - Be visible with the Company – The CEO is the heart and soul of the operation. Constantly interacts with the employees not to lose track of the needs of the company. - Establish a formal CEO performance review process – Develop a formal review process with the Board of Directors for the assessment of the CEO's performance and contributions to the Company.

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

The Company's Board and the Nomination Committee are responsible for overall guidance and direction on succession planning and leadership development of the President/CEO and Senior Management. The Chairman of the Board and of the Nomination Committee, the President and CEO, working closely with the Head of Human Resources, drives the strategy for succession planning, leadership development and talent management. The Head of Human Resources develops and implements the

processes and the tools to ensure robust pools of succession candidates for the President/CEO, Senior Management, Middle Management and First Line Management.

A key feature of the Company's succession planning process are the talent reviews that are conducted at Senior Management and at various levels in the organization. Currently, this has resulted in a pool of internal candidates, in addition to external candidates who, may be identified, and subject to the realization of their development plans, could become management committee level within the next 5 years.

The talent reviews have been a hallmark of our process and is a best in class talent management practice. The process deliverables are individual development plans designed to bring the key talent to their next level of growth and performance and/or realize their career aspirations. It involves authentic and extensive management discussions and deliberations by leaders of these key talents on their aspirations, strengths, development needs and challenges.

All of these have created a development mindset throughout the organization and have established a strong and robust leadership pipeline that will adequately meet the Company's senior leadership requirements well into the future.

4. Other Executive, Non-Executive and Independent Directors

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

Yes. The Company is committed to ensuring that there is a diverse and inclusive workforce who is capable of fulfilling the employees', customers' and shareholders' expectations while building a sustainable future for the 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.

We have several non-executive directors who possess the competence and experience in the field of broadcasting or broadcasting-related disciplines. This can be gauged from the respective business experiences of the Company's Directors during the past five (5) years, as these are described in the appropriate section of the 2014 SEC Form 20-IS, Information Statement.

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

	Executive	Non-Executive	Independent Director
Role	The Executive Director presents the Company's performance to the Board. He serves as the link between the Management and the Board. Executive directors have a dual role as officers of the company and as directors.	<p>The Board of Directors is primarily responsible for the governance of the Company. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.</p> <p>a. The Board should establish the Company's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the mechanisms for effective monitoring of the Management's performance.</p> <p>b. A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability, integrity, and fairness. To ensure a high standard of best practice for the Company and its stakeholders, the Board shall:</p> <p>a. Adopt a process of selection to ensure a mix of competent directors and officers and oversee the implementation of compensation plans and</p>	<p>Independent Directors perform the same roles, duties and responsibilities of Non-Executive Directors.</p> <p>However, they play crucial role in ensuring that the board appropriate scrutiny over management and shareholders (in their capacity as owners of the company). They are individuals who do not maintain close ties with the management and expected to ensure potential conflict of interests between managers and shareholders are avoided or prevented. They are likewise expected to be able to provide independent judgment and outside experience and objectivity, not subordinated to operational considerations, on all issues which come before the Board.</p> <p>Independent Directors, as much as possible, are to be in attendance during Board meetings to promote transparency.</p> <p>In addition to these, the</p>

		<p>professional development programs for officers and succession planning for senior management;</p> <p>b. Oversee Management's formulation and implementation of sound strategic policies and guidelines on major capital expenditures, business strategies, plans and policies and periodically evaluate Management's overall performance;</p> <p>c. Ensure that the Company complies with all relevant laws, regulations and endeavor to adopt best business practices;</p> <p>d. Identify the Company's major and other stakeholders and oversee Management's formulation and implementation of the Company's policy on communicating or relating with them through an effective investor relations program and other appropriate communication programs;</p> <p>e. Adopt a system of check and balance within the Board, which should be regularly reviewed for effectiveness;</p> <p>f. Provide oversight with regard to enterprise risk management;</p> <p>g. Identify key risk areas and key performance indicators and monitor these factors with due diligence;</p> <p>h. Ensure that the Company establishes appropriate policies and procedures in accordance with this Revised Manual and applicable laws and regulations, including, but not limited to, conflict of interest and related party transactions;</p> <p>i. Constitute Board Committees, including an Audit that it deems necessary to assist the Board in the performance of its duties and responsibilities;</p> <p>j. Consider the creation and maintenance of an alternative dispute resolution system in the Company that can amicably settle differences or conflicts between the Company and its</p>	<p>following are expectations from Independent Directors:</p> <p>a. Providing clearer and wider view of external factors affecting the Company and its environment as input to Strategic Planning.</p> <p>b. Non-bias and objective monitoring of the performance of executive management, especially in the achievement of the Company goals and strategies.</p> <p>c. Help connect the Company's business and the Board with networks of potentially useful people and organizations.</p> <p>d. They are expected to provide the true and fair reflection of the Company's actions and financial performance and that the necessary internal controls are in place and regularly assessed and monitored. Currently, the Company's Independent Directors are appointed as Chairpersons of Nomination, Compensation and Audit Committee.</p>
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		<p>stockholders, if applicable;</p> <p>k. Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted;</p> <p>l. Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing law, rules and regulation; and</p> <p>m. Appoint a Compliance Officer or in the absence of such appointment, the Corporate Secretary, preferably, shall act as Compliance Officer.</p>	
Accountabilities	The executive director is accountable to the shareholders of the Company as they are involved in the day-to-day activities of the Company and are responsible for execution of business strategies and plans.	The Board shall ensure that stockholders are provided with a balanced and comprehensible assessment of the Company's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.	Independent directors likewise share the same accountability to the shareholders. They are expected to maintain their independence from Management and exercise independent judgment in carrying out their responsibilities as director of the Company. As Independent Directors, as much as possible, they should be in attendance during board meetings to promote transparency.
Deliverables	The Executive Director presents a monthly update on the progress of Management in achieving set goals and targets, report major opportunities and potential risks and provide any information the Board requires concerning the business operations of the Company.	The Non-Executive directors support the Board by attending and participating in all Board and committee meetings in order to fulfill their accountabilities. They will give independent perspective in their oversight function and engagement of Management. They will help ensure that Management formulates and implements sound strategic policies and guidelines on major capital expenditures, business strategies, plans and policies and periodically evaluate Management's overall performance. Ensure that appropriate policies and procedures are adopted in accordance with this Revised Manual and applicable laws and	The Independent directors, being chairmen of the Nomination, Compensation and Audit Committees, lead the programs and policy formulation in these respective committees.

		regulations, including conflict of interest and related party transactions, among others.	
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Provide the company's definition of "independence" and describe the company's compliance to the definition.

Independence is defined as having no business or other relationship with the Company that could reasonably be perceived to materially interfere with the exercise of independent director's judgment in carrying out his responsibilities as a director. Our independent directors, namely, Mr. George Goduco and Mr. Gary Huang have no business or other relationship with the Company which may interfere with the exercise of their judgment in carrying out their responsibilities as independent directors.

Pursuant to the applicable rules and regulations of the SEC, independent directors are nominated and elected in the Annual Stockholders' Meeting and each director issues a certification confirming his independence within 30 days from his election.

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.

In compliance with Memorandum Circular No. 9 series of 2011, issued by the Securities and Exchange Commission, effective January 2, 2012, Independent director (ID) 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 ID position was relinquished or terminated.

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

An ID re-elected as such in the Company after the "cooling off" period can serve for another five (5) consecutive years.

After serving as ID for ten (10) years, the ID shall be perpetually barred from being elected as such in the Company, without prejudice to being elected as ID in other companies outside of the business conglomerate.

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

a. Resignation / Death / Removal

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

Name	Position	Date of Cessation	Reason
-	-	-	-

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 process adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	<ul style="list-style-type: none"> Assess the current Board's skills, experience and expertise to identify the skills that would best increase Board effectiveness. Assess the needs of the business currently and going forward. The Board should be structured in a way that it: <ul style="list-style-type: none"> Has a proper understanding of, and competence to deal with, the current and emerging issues of the business Exercises independent judgement Encourages enhanced 	<ul style="list-style-type: none"> competencies and qualifications; independence; other directorships held (previously and currently); time availability; contribution to the overall balance of the composition of the Board; depth of understanding of the role and legal obligations of a director
(ii) Non-Executive Directors		
(iii) Independent Directors		

	<p>performance of the Company</p> <ul style="list-style-type: none"> - Can effectively review and challenge the performance of management. • Develop selection criteria for potential board candidate(s) • Informal discussion by the Board to generate a list of potential candidates who may fill the stated criteria. • Where considered necessary, use the services of an independent executive search firm to assess the appropriateness of potential candidates or to supplement a candidate list provided by directors. • Measure the final potential candidate(s) against the selection criteria. • The Board examines the final list of candidate(s) and agrees an order of preference. • Chairman approaches desired candidate(s). • Candidate is appointed to the Board. Non-executive directors should be appointed for specific terms subject to re-election, the Company's Constitution and to the provisions concerning removal of a director. The terms and conditions of appointment of nonexecutive directors should be made available for inspection. The letter of appointment should set out <ul style="list-style-type: none"> - the expected time commitment - term of appointment - powers and duties of directors - duties attaching to the position - circumstances in which an office of director becomes vacant - expectations regarding involvement with committee work - remuneration including superannuation, and expenses - requirement to disclose directors interests and any matters which affect the directors independence - fellow directors - trading policy governing dealings in securities and related financial instruments by directors, including notification requirements - induction training and continuing education arrangements - board policy on access to independent professional advice - indemnity and insurance arrangements - confidentiality and rights of access to corporate information - a copy of the constitution - organisational chart of management structure 	<p>or any of its substantial shareholders (other than as an independent director of any of the foregoing</p> <ul style="list-style-type: none"> • not a relative of any director, officer or substantial shareholder of the corporation, any of its related companies or any of its substantial shareholder. • not acting as a nominee or representative of a substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders • not been employed in any executive capacity by that public company, any of its related companies or any of its substantial shareholders within the last two (2) years. • not retained as professional adviser by that public company, any of its related companies or any of its substantial shareholders within the last two (2) years, either personally or through his firm • not engaged and does not engage in any transaction with the corporation, or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through 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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	<ul style="list-style-type: none"> - induction procedures in place <p>Non-executive directors should undertake that they will have sufficient time to meet what is expected of them. Their other significant commitments should be disclosed to the board before appointment, with a broad indication of the time involved and the board should be informed of subsequent changes.</p> <ul style="list-style-type: none"> • Appointment is announced to the various stock exchanges. • Appointment is ratified by Shareholders at the following AGM. The names of candidates submitted for election as directors should be accompanied by the following information to enable shareholders to make an informed decision <ul style="list-style-type: none"> - biographical details, including competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate - details of relationships between: <ul style="list-style-type: none"> the candidate and the company the candidate and the directors of the company - directorships held - particulars of other positions which involve significant time commitments - the term of office currently served by any directors subject to re-election - any other particulars required by law. 	
b. Re-appointment		
(i) Executive Directors	<p>The re-appointment of directors will not be automatic. The board will ensure planned and progressive refreshing of the board. Every Director shall retire from office at each annual general meeting. A Director who retires at an annual general meeting may, if willing to act, be reappointed. If he is not reappointed or deemed reappointed, he may retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting.</p> <ul style="list-style-type: none"> • Assess the current Board's skills and qualities • Assess the needs of the business currently and going forward • Develop criteria required • Measure each retiring director's skills against the criteria. In support for their re-election, nonexecutive directors should provide the Nomination Committee with details of other commitments and an indication of time involved. The 	<ul style="list-style-type: none"> • competencies and qualifications; • independence; • other directorships held (previously and currently); • time availability; • contribution to the overall balance of the composition of the Board; • depth of understanding of the role and legal obligations of a director
(ii) Non-Executive Directors		
(iii) Independent Directors		

	<p>Nomination Committee should regularly review the time required from a non-executive director and whether directors are meeting that requirement.</p> <ul style="list-style-type: none"> • Directors discuss and agree whether each retiring director should stand for re-election at the next Annual General Meeting. Non-executive directors should specifically acknowledge to the Company that they will have sufficient time to meet what is expected of them • If recommended for re-appointment, each retiring director stands for re-election at the shareholder meeting in accordance with the Constitution and the listing rules. Otherwise the new director selection process commences. The names of candidates submitted for election as directors should be accompanied by the following information to enable shareholders to make an informed decision: <ul style="list-style-type: none"> - biographical details, including competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate - details of relationships between the candidate and the company <ul style="list-style-type: none"> the candidate and the directors of the company - directorships held - particulars of other positions which involve significant time commitments - the term of office currently served by any directors subject to re-election - any other particulars required by law 		
c. Permanent Disqualification			
(i) Executive Directors	<ul style="list-style-type: none"> • an application will need to be made to the Court. Depending on the nature of the director's alleged offences, this can be either the Criminal or Civil Court – most commonly; these cases take place in the Civil Court. • Before an application is made, an investigation will need to be carried out by the relevant body to determine the case against the director(s) in question. • Following the submission of the disqualified directors order application to the relevant Court, a date will be set by the court for a hearing in front of a registrar. • Before the Court makes its final decision, the defendant will be given a chance to defend their actions. 	<p>The following are permanently disqualified to become a Director of the Company:</p> <ul style="list-style-type: none"> • Any person who has been convicted by final judgment by a court for offenses involving dishonesty or breach of trust such as fraud, estafa, counterfeiting, misappropriation, embezzlement, extortion, forgery, bribery, false affirmation, perjury, malversation, swindling, theft and other fraudulent acts. • Any person who has been judicially declared insolvent, spendthrift or incapacitated to contract. • Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that <ul style="list-style-type: none"> - involves the purchase or sale of 	
(ii) Non-Executive Directors			
(iii) Independent Directors			

	<ul style="list-style-type: none"> • If the Court grants a Directors Disqualification Order, the person in question is bound to abide by it for the duration of the order. • A temporary disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent. 	<p>securities as defined in the Securities Regulation Code (SRC),</p> <ul style="list-style-type: none"> - arises out of the person's conduct as underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker, or - arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliate person or any of them. <ul style="list-style-type: none"> • Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission (SEC) or any court or administrative body of competent jurisdiction from <ul style="list-style-type: none"> - acting as underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; - acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; - engaging in or continuing any conduct or practice in any of the above capacities mentioned above, or wilfully violating the laws that govern securities and banking activities. • Any person who has been adjudged by final judgment or order of the SEC, court or competent administrative body to have wilfully violated, or wilfully aided, abetted, counselled, induced or procured the violation of any provision of the Corporation Code, SRC or any other law administered by the SEC or any of its implementing rules, regulations or orders. • Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated above. • Any person convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election. • Any person who is an officer, manager, or controlling person of, or the owner (either of record or
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		<p>beneficially) of 10% or more of any outstanding class of shares of any corporation (other than one in which the corporation owns at least 30% of the capital stock) engaged in a business which the Board, by at least three-fourths vote, determines to be competitive or antagonistic to that of the Corporation</p> <ul style="list-style-type: none"> • Any person who is an officer, manager or controlling person of, or the owner (either or record or beneficially) of 10% or more of any outstanding class of shares of any other corporation or entity engaged in any line of business of the Corporation, when in the judgement of the Board, by at least three-fourths vote, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors • If the Board, in the exercise of its judgement in good faith, determines by at least three-fourths vote that he is the nominee of any person set forth in the preceding 2 paragraphs
d. Temporary Disqualification		
(i) Executive Directors	<ul style="list-style-type: none"> - an application will need to be made to the Court. Depending on the nature of the director's alleged offences, this can be either the Criminal or Civil Court – most commonly; these cases take place in the Civil Court. - Before an application is made, an investigation will need to be carried out by the relevant body to determine the case against the director(s) in question. - Following the submission of the disqualified directors order application to the relevant Court, a date will be set by the court for a hearing in front of a registrar. - Before the Court makes its final decision, the defendant will be given a chance to defend their actions. - If the Court grants a Directors Disqualification Order, the person in question is bound to abide by it for the duration of the order. - A temporary disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent. 	<p>The following are temporarily disqualified from holding a director position in the Company:</p> <ul style="list-style-type: none"> • Any person who refuses to comply with the disclosure requirements of the SRC and its implementing rules and regulations. The disqualification shall be in effect as long as the refusal persists.
(ii) Non-Executive Directors		<ul style="list-style-type: none"> • Any Director who has been absent or have not participated in more than fifty percent (50%) of all regular and special meetings of the Board of Directors during his incumbency or any twelve (12) month period during said incumbency, and any director who failed to physically attend at least twenty-five percent (25%) of all board meetings in any year. This disqualification shall apply for purposes of the succeeding election.
(iii) Independent Directors		<ul style="list-style-type: none"> • Any person who is delinquent in the payment of his financial obligations and those of his related interests. The disqualification shall be in effect as long as the deficiency persists. • Any person convicted for offenses involving dishonesty or breach of trust or violation of banking laws but whose conviction has not yet become final and executory. • Any Director disqualified for failure to observe/discharge his duties and responsibilities prescribed under existing regulations. The disqualification applies until the

		<p>lapse of the specific period of disqualification or upon approval by the Board.</p> <ul style="list-style-type: none"> • Any person dismissed/terminated from employment for cause. The disqualification shall be in effect until the person concerned has cleared himself of involvement in the alleged irregularity. • Any person under preventive suspension. • Any person with derogatory records with law enforcement agencies. The disqualification shall be in effect until the person concerned has cleared himself of involvement in the alleged irregularity. • If the independent director becomes an officer or employee of the same corporation he shall be automatically disqualified from being an independent director. • If the beneficial equity ownership of an independent director in the Company or its affiliates exceeds the ten percent (10%) limit. • If any of the judgements or orders cited in the grounds for permanent disqualification has not yet become final.
e. Removal		
(i) Executive Directors	<p>Any director of the Company may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock, or if the corporation be a non-stock corporation, by a vote of at least two-thirds (2/3) of the members entitled to vote; Provided that such removal shall take place either at a regular meeting of the corporation or at a special meeting called for the purpose, and in either case, after previous notice to stockholders or members of the corporation of the intention to propose such removal at the meeting. A special meeting of the stockholders or members of a corporation for the purpose of removal of directors must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock.</p>	<ul style="list-style-type: none"> • failure to take up a share qualification required by the Articles within two months of the appointment; • the director reaches the relevant age limit; • the director becomes bankrupt; • the director is disqualified from being a director by a court order • if the director resigns; • if the director is absent from board meetings for a specified period (typically six months); • if the director becomes bankrupt or makes any compromise or arrangement with his creditors generally; • if the director suffers from mental disorder; • if the director is disqualified
(ii) Non-Executive Directors		
(iii) Independent Directors		
f. Reinstatement		
(i) Executive Directors	<ul style="list-style-type: none"> • An excluded, suspended or resigned director shall not resume his/her position or practice of profession before the Office unless otherwise reinstated by order of the Board of Directors. • An excluded or suspended Director shall be eligible to apply for 	<ul style="list-style-type: none"> • That the excluded director has the good moral character and reputation, competency, and learning in his/her profession required for admission • That the resumption of position before the Office will not be detrimental to the administration of
(ii) Non-Executive Directors		
(iii) Independent Directors		

	<p>reinstatement only upon expiration of the period of suspension or exclusion.</p> <ul style="list-style-type: none"> • A suspended director shall be eligible to apply for reinstatement no earlier than at least five years from the effective date of the suspension. • If the suspended director is not eligible for reinstatement, or if the Board determines that the petition is insufficient or defective on its face, the Board may dismiss the petition. Otherwise the Board shall consider the petition for reinstatement. The suspended Director seeking reinstatement shall have the burden of proof by clear and convincing evidence. • If the suspended Director is found to unfit to resume his/her position or the practice of profession before the office, the Board shall first provide the suspended director with an opportunity to show cause in writing why the petition should not be denied. • If a petition for reinstatement is denied, no further petition for reinstatement may be filed until the expiration of at least one year following the denial unless the order of denial provides otherwise. • Proceedings on any petition for reinstatement shall be open to the public. Before reinstating any suspended director, the Board shall publish a notice of the suspended director's petition for reinstatement and shall permit the public a reasonable opportunity to comment or submit evidence with respect to the petition for reinstatement. 	<p>justice or subversive to the public interest</p>
<p>g. Suspension</p>		
<p>(i) Executive Directors</p>	<p>There are mainly three reasons why the Company may suspend a director:</p>	<ul style="list-style-type: none"> • The director has wilfully and knowingly committed any substantial violation of the Company's Code or any regulation issued by the Company
<p>(ii) Non-Executive Directors</p>	<ul style="list-style-type: none"> • The director may be suspended as a disciplinary sanction (punitive suspension) following a disciplinary hearing. As much suspension is the outcome or penalty of being found guilty in a disciplinary hearing. 	<ul style="list-style-type: none"> • Has wilfully and knowingly committed, engaged or abetted any act, omission, or practice which constitutes a substantial breach of a fiduciary duty of that person as a director
<p>(iii) Independent Directors</p>	<ul style="list-style-type: none"> • The director may be suspended as a preventive action (precautionary) pending a hearing. This is done to ensure that evidence needed for the hearing is not tampered with and/or that other employees (in some cases these may be witnesses) are not intimidated • The director may be suspended as a preventive action (precautionary) pending a disciplinary hearing in order to protect the Company's property or for safety reasons 	<ul style="list-style-type: none"> • the violation or breach of fiduciary duty is one involving personal dishonesty on the part of such director • The Director does not possess the required qualifications or competence to represent others • Seriously lacking in character or integrity or to have engaged in material unethical or improper

	<p>The process followed when considering the suspension of director:</p> <ul style="list-style-type: none"> • Management should develop clear procedures to manage suspensions. These procedures should ensure the management of suspensions in an efficient and effective way and that the rules of natural justice are adhered to. • The Board should apply its mind as to whether there are grounds for suspending the director based on the seriousness of the transgression, and then consider whether the director should be allowed to continue his/her substantive duties. • If there are grounds for suspension, the Board should, based on the unique circumstances around each case, consider the forms of suspension (temporary removal from the place work of work or from nature of work) • The Board should schedule a meeting with the director. He/she should be informed of the following: <ul style="list-style-type: none"> - Date, time and venue of the meeting - Proposed action by the employer - Allegations that gave rise to the proposed action - During the meeting, he/she will be afforded the opportunity to make representations as to why he/she should not be suspended - He/she has the right to be represented as provided for in the disciplinary code and procedures - Should he/she fail to avail him/herself of the opportunity to make representations at the meeting, he/she will be given the opportunity to submit written representations by a certain time and date. • The director's representations, if any, should be carefully considered by the delegated member of the board to ensure that there is sufficient evidence or legitimate reasons for the transfer/suspension. • Once a final decision has been made, the decision should be conveyed to the director in writing and the notice should contain the following: <ul style="list-style-type: none"> - The decision by the board - The reasons why the Board saw it fit to transfer/suspend the director, based on the representations made by the director - The possible length of the transfer/suspension - The conditions to access to the 	<p>professional conduct</p> <ul style="list-style-type: none"> • Have caused unfair and material injury or prejudice to another party, such as prejudicial delay or unnecessary expenses • Have engaged in contemptuous conduct before the Company • With the intent to defraud in any manner, to wilfully and knowingly deceived, misled or threatened any client or prospective client
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	workplace, and other conditions, during the course of suspension	
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Voting Result of the last Annual general Meeting (October 23, 2014)

Name of director	Votes Received
Fred J. Elizalde	majority vote
Ruperto S. Nicdao Jr.	majority vote
Eduardo G. Cordova	majority vote
Julio Manuel P. Macuja	majority vote
Juan Manuel Elizalde	majority vote
Thalassa G. Elizalde	majority vote
Rudolf Steve F. Jularbal	majority vote
George T. Goduco	majority vote
Gary C. Huang	majority vote

6. Orientation and Education Program

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

At the start of the service of a new director, the Chairman, President, Chief Financial Officer and Corporate Secretary give a newly appointed director a briefing on the Company's structure and business, the responsibilities of the Board and its Committees and how each operates and the schedule of Board meetings, among others. The new director is also furnished with copies of all relevant information about the Company and policies applicable to the directors, including the Articles of Incorporation, By-Laws, Annual Report, Corporate Governance Manual, Code of Ethics, and the Charters of the Board Committees.

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

Seminar on Corporate Governance, held on Dec. 19, 2014 at MBC Office, participated by all Directors and Officers of the Company.

- c. Continuing education programs for directors: programs and seminar and roundtables attended during the year.

Name of Directors/Officer	Date of Training	Program	Name of Training Institution
- Ruperto S. Nicdao, Jr. - Julio Manuel P. Macuja - Eduardo G. Cordova - Rudolph Steve E. Jularbal - Gary C. Huang - Robert A. Pua - Irving A. Lisondra - Ellen C. Fullido - Carlea C. Miranda - Jonathan E. Decena - Jose Ma. T. Parroco - Wilfredo Espinosa, Jr.	Dec. 19, 2014	Corporate Governance Seminar	Risk, Opportunities Assessment and Management (ROAM) Inc.

B. CODE OF BUSINESS CONDUCT & ETHICS

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

Business Conduct & Ethics	Directors	Senior Management	Employees
a. Conflict of Interest	It is a Company's policy that employees and others acting on the Company's behalf must be free from conflicts of the interest that could adversely influence their judgement, objectivity or loyalty to the Company in conducting Company's business activities and assignments. The company recognizes that employees may take part in legitimate financial, business, charitable and other activities outside their jobs with the company, but any potential conflict of interest raised by those activities must be disclosed promptly to management.		
b. Conduct of Business and Fair Dealings	No Director, executive officer or any employee shall: <ul style="list-style-type: none"> • compete with the Company by providing service to a competitor as an employee, 		

	<p>officer or director or in a similar capacity;</p> <ul style="list-style-type: none"> • profit, or assist others to profit, from confidential information or business opportunities that are available because of service to the Company; • improperly influence or attempt to influence any business transaction between the Company and another entity in which a Director or Executive Officer has a direct or indirect financial interest or acts as an employee, officer or director or in a similar capacity; or • take unfair advantage of any customer, supplier, competitor or other person through manipulation, concealment, misrepresentation of material facts or other unfair-dealing practice.
c. Receipt of gifts from third parties	<p>The term "business gifts" in this policy includes business entertainment, as well as gift items. The giving of business gifts is a customary way to strengthen business relationships and, with some restrictions, is a lawful business practice. It is Company's policy that its employees may give and receive appropriate, lawful business gifts in connection with their MBC work with commercial customers and other nongovernmental parties, provided that all such gifts are nominal in value and not given or received with the intent or prospect of influencing the recipient's business decision-making.</p>
d. Compliance with Laws & Regulations	<p>It is a Company policy that employees and others acting on Company's behalf must comply with all laws and Company's Business Conduct Policies. Employees also are expected to help company management promptly address suspected violations by bringing the concerns to the attention of management or using the reporting options available in the company. Supervisors and managers are expected to escalate suspected violations that come to their attention by centrally reporting them in accordance with company policy.</p>
e. Respect for Trade Secrets/Use of Non-public Information	<p>Employees and others acting on Company's behalf are responsible for protecting the Company's confidential information, including trade secrets, from unauthorized disclosure whether internal or external, deliberate or accidental. Employees and others acting on Company's behalf must know:</p> <ul style="list-style-type: none"> - The information classification of the company information they create or have access to (Public, Internal, Confidential or Regulated). Any of these classifications other than Public may represent a company trade secret - The security precautions that apply to company information, and - How long to retain company information, and how to properly dispose of it. <p>Just as we expect others to respect our Company's confidential information, the Company respects the confidential information of other parties. It is a Company's policy to use only legal and ethical means to collect and use business and market information in order to better understand our markets, customers and competitors. The company will not collect or use another party's confidential information without that party's permission.</p>
f. Use of Company Funds, Assets and Information	<p>Each Director, Executive Officer and Employee shall protect the Company's funds, assets and information and shall not use the Company funds, assets or information to pursue personal opportunities or gain. No Company funds, assets or information shall be used for any unlawful purpose. No undisclosed or unrecorded fund or asset shall be established for any purpose. No false or artificial entries shall be made in the books and records of the Company for any reason, and no Director or Executive Officer shall engage in any arrangement that results in such prohibited act.</p>
g. Employment & Labor Laws & Policies	<p>Our most important resource is our employees. It is our policy to comply with all applicable laws and regulations, including those concerning hours, compensation, opportunity, human rights and working conditions. The Company strictly prohibits discrimination or harassment against any employee because of the individual's race, color, religion, gender, sexual orientation, national origin, age, disability, veteran's status or any status protected by law. In addition to local laws and regulations, the Company's Policy on the employment of young persons prohibits the employment of people under the age of 18 in the conduct of any of our businesses. Forced or compulsory labor of any workers is also prohibited. It is our policy that all employees work in a clean, orderly and safe environment. The Company requires full compliance with applicable workplace safety and industrial hygiene standards mandated by law.</p>
h. Disciplinary action	<p>It is the policy of the company that all employees should achieve and maintain agreed standards of conduct, attendance and performance and that everything within reason will be done to help all employees achieve these standards. If these standards are not achieved and disciplinary action has to be taken against employees it should:</p> <ul style="list-style-type: none"> - Be undertaken only in cases where good reason and clear evidence exist; - Be appropriate to the nature of the offence that has been committed; - Be demonstrably fair and consistent with previous action in similar circumstances;

	<p>Take place only when employees are aware of the standards that are expected of them or the rules with which they are required to conform;</p> <p>Allow employees the right to be accompanied by a representative or colleague of their choice during any formal proceedings;</p> <p>Allow employees the right to know exactly what charges are being made against them and to respond to those charges.</p> <p>Allow employees the right of appeal against any disciplinary action through the Personal Grievance procedure.</p>
i. Whistle Blower	<p>It is Company's policy that all individuals working at all levels within the company, including directors, officers, employees, and contract employees to disclose any information that relates to suspected wrongdoing or dangers at work. This may include:</p> <ul style="list-style-type: none"> - criminal activity; - miscarriages of justice; - danger to health and safety; - damage to the environment; - failure to comply with any legal or professional obligation or regulatory requirements; - bribery; - financial fraud or mismanagement; - negligence - breach of our internal policies and procedures (including the Company's Code of Conduct); - conduct likely to damage the Company's reputation; - unauthorized disclosure of confidential information; - any conduct that may have a detrimental effect on the well-being of staff or the Company; and - the deliberate concealment of any of the above matters. <p>All concerns raised will be treated in confidence and every effort will be made not to reveal the identities of the whistle blower if this is his/her wish. However, in certain cases, it may not be possible to maintain confidentiality if the whistle blower is required to come forward as a witness. Once the claim of malpractice or misconduct is made, the manager, senior manager or the designated executive will respond to the whistleblower within 10 working days setting out the intended investigation plan. An investigation may include internal reviews, reviews by the external auditors or lawyers or some other external body. If the claim of malpractice or misconduct is substantiated, appropriate disciplinary action will be taken against the responsible individual(s) up to and including termination of employment. The malicious use of the whistle blowing policy will result in disciplinary action against the whistle blowing complainant, up to and including termination of employment.</p>
j. Conflict Resolution	<p>The Company encourages its employees, management and directors to resolve any issues or concerns that they may have at the earliest opportunity. It is important that as issues do arise, they are dealt with in a fair and timely manner. While some conflicts will be resolved by an informal discussion between the parties, others will need a process for successful resolution. If the conflict cannot be resolved to the satisfaction of both parties through informal processes, then mediation or a formal complaint's process will need to occur.</p> <p>Principles to be followed:</p> <ul style="list-style-type: none"> - Respect for another's point of view; - Commitment to resolving the issue; - Willingness to compromise; - Confidentiality; - Impartiality; - Respect; - Prompt action; and, - Freedom from repercussions
k. Related Party Transaction	<p>It is Company's policy that all transactions between the Company and Related Parties are done in "fair and at arm's length" terms and inures to the benefit and best interest of the Company and its shareholders as a whole, considering relevant circumstances. All transactions with Related Parties shall be conducted in accordance with the principles of transparency and fairness, and in this regard shall be properly approved and disclosed in accordance with this Policy.</p>
l. Policy on Board of Director's Orientation	<p>It is the policy of the Company to provide its Board of Directors with appropriate orientation and training in support of its oversight role of the Company.</p>

and Education	Continuing	<p>Scope:</p> <p>A. General Orientation for New Directors</p> <p>New directors must be comprehensively oriented in order to be effective members of the Board and help lead the Company towards the right direction. A general orientation shall commence immediately after the election or appointment of a director and before his/her first board meeting. The orientation includes a meeting with the Chairman of the Board, the Chief Executive Officer and other members of senior management, a tour of the Company premises and facilities and structured orientation sessions.</p> <p>B. Corporate Governance Orientation</p> <p>In addition to the general orientation outlined above, all new directors shall attend the Corporate Governance orientation from an accredited training institution. The Company shall immediately disclose to the SEC and ERC the CG orientation attended by such directors.</p> <p>C. Continuing Education</p> <p>It is the policy of the Company that its Directors must keep abreast with the latest developments in business, corporate governance principles, best practices, laws and regulations affecting the Company's business and other relevant matters that help them function effectively in the Board and in their respective committees, while directing the Company towards achieving its mission, vision and goals.</p>
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2. Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Yes, and the Company did not merely disseminated the code of conduct but they also made sure that this code is fully understood and utilized by all the directors, senior management and employees either in terms of application, increasing awareness, understanding or fostering change.

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

The ethics and compliance is under the supervision of the Human Resource Department with the help of the Company's Legal Department. It is composed of senior managers who report directly to the Chairman. It ensures that the Company's Code of Ethics and all internal regulations derived therefrom are properly adhered to. They make proposals to the Chairman of the Company and the Board of Directors concerning ethics and compliance. They also organize reports from the managers of the Company on how the Code is being applied. Any employee can refer an issue to the Human Resource Department on any subject relative to the principles set forth in the Code.

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, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
1. Parent Company	<p>POLICY:</p> <p>It is the policy of the Company that all Related Party Transactions shall be subject to approval or ratification in accordance with the procedures set forth in the Company's rulings. Annually, the Company will disclose the information regarding Related Party Transactions that is required by regulations of the SEC to be disclosed, or incorporated by reference, in the Company's Annual Report.</p>

2. Joint Ventures	<p>PROCEDURES:</p> <ul style="list-style-type: none"> • A "Related Party" includes any (a) person who is or was (since the beginning of the last fiscal year for which the Company has filed a Form 17-A and proxy statement, even if they do not presently serve in that role) an executive officer, director or nominee for election as a director, (b) greater than 5 percent beneficial owner of the Company's common stock, or (c) immediate family member of the foregoing. An "immediate family member" includes any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of such person, and any person (other than a tenant or employee) sharing the household of such person. • A "Related Party Transaction" is any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which (a) the Company is a participant, and (b) any Related Party has or will have a direct or indirect interest (other than solely as a result of being a director or a less than 10 percent beneficial owner of another entity). • The Board shall review the material facts of all Related Person Transactions that require the Board's approval and either approve (or ratify, as applicable) or disapprove of the Related Party Transaction. Specifically, each executive officer, director or nominee for director of the Company shall disclose to the Board of Directors the information relating to a Related Party Transaction. Such disclosure to the Board should occur on a timely basis after the executive officer, director or nominee for director becomes aware of the Related Party Transaction, but in no case later than the time of the next following circulation of the questionnaire described in the following sentence. The questionnaire sent annually by the Company to directors and executive officers will solicit information regarding Related Party Transactions that are currently proposed or occurred since the beginning of the Company's last fiscal year • The information regarding a Related Person Transaction that should be reported to the Board by the executive officer, director or nominee for director pursuant to Section 3 above should include (a) the name of the Related Party, and if he or she is an immediate family member of an executive officer, director or nominee for director, the nature of such relationship; (b) the Related Party's interest in the transaction, (c) the approximate peso value of the amount involved in the transaction, (d) the approximate peso value of the amount of the Related Party's interest in the transaction; and (e) in the case of indebtedness, the largest total amount of principal outstanding since the beginning of the Company's last fiscal year, the amount of principal outstanding as of the latest practicable date, the amount of principal paid since the beginning of the Company's last fiscal year, and the rate or amount of interest payable on the indebtedness. • The Board's decision whether or not to approve or ratify the Related Party Transaction should be made in light of the Board's determination as to whether consummation of the transaction is believed by the Board to not be or have been contrary to the best interests of the Company. The Board may take into account the effect of a director's Related Party Transaction on such person's status as an independent member of the Company's board of directors and eligibility to serve on board committees under SEC and PSE rules.
3. Subsidiaries	
4. Entities Under Common Control	
5. Substantial Stockholders	
6. Officers including spouse / children / siblings / parents	
7. Directors including spouse / children / siblings / parents	
8. Interlocking director relationship of Board of Directors	

b. Conflict of Interest

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

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

	Details of Conflict of Interest (Actual or Probable)
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	<ol style="list-style-type: none"> 1. Identify relevant conflict-of-interest situations – Provide a clear and realistic description of what circumstances and relationships can lead to a conflict-of-interest situation. 2. Establish procedures to identify, manage and resolve conflict-of-interest situations – Ensure that Directors, Officers and Significant Shareholders of the Company know what is required of them in identifying and declaring conflict-of-interest situations. 3. Demonstrate leadership commitment – Directors, Officers and Significant Shareholders should take responsibility for the effective application of conflict-of-interest policy, by establishing a consistent decision-making process, taking decisions based on this model in individual cases, monitoring and evaluating the effectiveness of the policy and, where necessary, enhancing or modifying the policy to make it more effective. 4. Create a partnership with employees – Ensure wide publication, awareness and understanding of the conflict-of-interest policy through training and counselling. 5. Enforce the conflict-of-interest policy – Provide procedures for establishing a conflict-of-interest offence, and consequences for non-compliance, including disciplinary sanctions.
Group	

5. Family Commercial and Contractual Relations

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

Names of related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
Elizalde Holdings Corporation		Please see letter c below
Elizalde Land, Inc.		Please see letter c below
Romulo, Mabanta, Buenaventura, Sayoc and delos Angeles Law Offices		Please see letter c below
Cebu Broadcasting Company		Please see letter c below

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

Names of related Significant Shareholders	Type of Relationship	Brief Description
-	-	-

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

Names of related Significant Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
Elizalde Holdings Corporation	34.65%	The Chairman, Fred J. Elizalde, holds voting trust or similar

		agreements to more than 5% of the common stock of the corporation and has voting rights and such powers as provided in the Corporation Code. Elizalde Holdings Corporation is owned by various trust funds that have executed voting trusts in favour of the Chairman, Fred J. Elizalde. These agreements shall last during the lifetime of Fred J. Elizalde as provided for in the agreements. Fred J. Elizalde holds office at the principal office of the Corporation.
Elizalde Land, Inc.	21.60%	ELI is a 100% owned subsidiary of Elizalde Holdings Corporation. Mr. Eduardo G. Cordova, the Company's Chief Financial Officer, is the person designated to exercise voting power over the shares of ELI. Mr. Cordova holds office at the principal office of the Corporation.
Romulo, Mabanta, Buenaventura, Sayoc and delos Angeles Law Offices	17.36%	Atty. Reynaldo G. Geronimo is the designated Trustee of the Romulo Mabanta, Buenaventura, Sayoc & delos Angeles Trust Fund that holds voting trust or similar agreements to more than 5% of the Common stock and has voting rights and such powers as provided in the Corporation Code. The designation as trustee shall continue in accordance with the agreements. He holds office at 30 th Floor, Citibank Tower, 8741 Paseo de Roxas, Makati City.
Cebu Broadcasting Company	12.41%	CBC is a 100% owned subsidiary of Elizalde Holdings Corporation. Mr. Robert A. Pua, the Company's VP-Controller and Compliance Officer, is the person designated to exercise voting power over the shares of CBC. Mr. Pua holds office at the principal office of the Corporation.

6. Alternative Dispute Resolution

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

Alternative Dispute Resolution System	
Corporation & Stockholders	Stockholders who have matters for discussion or concerns directly relating to the business of the Company may initially elevate such matters or concerns to: (a) the Corporate Secretary, (b) the investor Relations Officer, (c) Management; or (d) the Board
Corporation & Third Parties	The Company complies with, abides and is guided by, the policy set forth in Republic Act No. 9285, otherwise known as the "Alternative Dispute Resolution Act of 2004", in handling conflicts of differences between the Company and third parties, including regulators, in that the Company considers and explores with the other party or parties involved mutually acceptable alternative means or procedures for resolving such dispute that are provided by law prior to resorting to court action, to the extent that such is feasible and will not prejudice the rights and interests of the Company.
Corporation & Regulatory Authorities	

C. BOARD MEETINGS & ATTENDANCE

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

Yes. The schedule of Board meetings is determined at the beginning of the year.

2. Attendance of Directors

Board	Name	Date of election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Fred J. Elizalde	10/23/14	12	10	83%
Member	Ruperto S. Nicdao Jr.	10/23/14	12	12	100%
Member	Eduardo G. Cordova	10/23/14	12	12	100%
Member	Julio Manuel P. Macuja	10/23/14	12	12	100%
Member	Juan Manuel Elizalde	10/23/14	12	11	92%
Member	Thalassa G. Elizalde	10/23/14	12	10	83%
Member	Rudolph Steve F. Jularbal	10/23/14	12	12	100%
Independent	George T. Goduco	10/23/14	12	10	83%
Independent	Gary C. Huang	10/23/14	12	10	83%

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

The non-executive directors did not have a separate meeting during the year.

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

The Company's By-Laws provide that at any meeting of the Board of Directors, a majority of the number of the Directors as specified in the Articles of Incorporation shall constitute a quorum. At any meeting of the Board of Directors at which there is a quorum, all matters approved by at least a majority of the Board of Directors present at such meeting shall be valid as a corporate act, except for such matters which require the vote of majority of all the members of the Board as prescribed by the law of the By-Laws.

The quorum requirement in every meeting or any board decision in the Company is set at two-thirds of board members. The requirement of a quorum is set for the protection against unrepresentative action in the name of the Company by an unduly small number of people.

5. Access to Information

- a. How many days in advance are board papers for board of directors meetings provided to the board?

Board papers are supplied at least 5 business days in advance of the meeting. In order to enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide the Directors/Board with adequate and timely information about the matters to be taken up in their Board meetings and, upon the request of any Director or the Board, make presentations on specific topics and respond to further inquiries in relation thereto during Board meetings. The Directors shall have independent access to Management.

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

Yes. To ensure a high standard of governance for the Company and to promote and protect the interest of the Company, its stockholders and other stakeholders, the Board shall, among others, ensure that the Board and Board Committees are enabled to obtain independent professional advice at the Company's expense and have access to Management as they may deem necessary or appropriate to carry out their duties; and in order to enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide the Directors/Board with adequate and timely information about the matters to be taken up in their Board meetings and, upon the request of any Director or the Board, make presentations on specific topics and respond to further inquiries in relation thereto during Board meetings. The Directors shall have independent access to Management.

- 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 Company's Secretary has the following duties and functions:

- to record the minutes of all meetings of the Board of Directors, the Executive Committee, the Stockholders and the special and Standing committees of the Board
- to give, or cause to be given, all notices required by law or by the By-laws of the Corporation, as well as notices required of meetings of the Directors and of the stockholders
- to keep records indicating the details required by law with respect to the certificates of stock of the Corporation, including ledgers and stock transfers and the date of each issuance thereafter

- to full and countersign all certificates of stocks issued and to make the corresponding annotations on the margins or stubs of such certificates upon their issuance
- to take note of all stock transfers and cancellations, and keep in alphabetical or numerical order all certificates of stocks so transferred as well as the names of stockholders, their addresses and the number of shares owned by each
- to prepare the various reports, statements, certifications and other documents which may from time to time be required by government rules and regulations, except those required to be made by the Treasurer, and to submit the same to the proper government agencies
- to keep and affix the corporate seal to all paper and documents requiring a seal, and to attest by his signature all corporate documents
- to pass upon the form and the manner of voting of proxies, the acceptability and validity of their issuance and use, and to decide all contests and returns relating to the election of the members of the Board of Directors
- to perform such duties and functions as may, from time to time, be assigned to him by the Board of Directors, the Chief Executive Officer or the President.

Yes, the Secretary's 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.

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

Yes, the Company's Corporate Secretary possesses appropriate administrative, interpersonal and legal skills, and is aware of the laws, rules and regulations necessary in the performance of his duties or responsibilities, and have at least an understanding of basic financial and accounting matters. Atty. Rudolph Steve E. Jularbal is currently the Company's Corporate Secretary obtained his Bachelor's Degree in Law from the University of the Philippines-Diliman in 1979 and was admitted to the Bar the following year. He also holds degrees in Management and Marketing obtained from Saint Louis University in Baguio City.

- 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	All directors should be provided with complete, adequate and timely information about the matters to be taken up in their meetings and which would enable them to discharge their duties. If the information provided by Management is insufficient, the Board will make further inquiries where necessary to which the persons responsible will respond as fully and promptly as possible.
Audit	
Nomination	The directors, either individually or as a group, in the performance of their duties may seek independent professional advice within the guidelines set by the Board.
Remuneration	Full Board minutes of each Board meeting are kept by the Corporate Secretary and are available for inspection by any director during office hours.
Others (specify)	

6. External Advice

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

The Company's board may consider the need of seeking independent professional advice in order to effectively deal with an issue and it is considered good practice to have policies and procedures in place to do so.

Procedures	Details
In most cases, advice from within the Company should be sought in the first instance.	The Company's own legal adviser regarding legal issues and the Company's auditors regarding accounting issues.
Other potential sources of advice should also be considered.	The Board may seek advice of other legal expert from a reputable law firm or a public accountant from the Company's external accounting/auditing firm.
Directors shall have, within the financial limits, the right to take advice from, at Company's expense, independent advisers on any matters concerning the exercise of their	<ul style="list-style-type: none"> - include advice on their legal, accounting and regulatory duties - exclude advice to individual member of the board

own powers and responsibilities.	concerning their own respective personal interests in relation to the Corporation
The Board who intend to seek advice shall give prior written notice to the corporate secretary.	Such notice contain: - a summary of issues on which advice is sought - if independent advice is sought, (ie. not from the Company's advisers), name(s) or source of the advisers whom the Board proposes to instruct together with a short explanation of the reasons why consultation with the Company's advisers on the particular issue is considered to be inappropriate.
The Corporate Secretary shall forward a copy of the notice to the Chairman of the Board.	Whenever practicable, the Board shall first enquire the Corporate Secretary whether professional advice has already been obtained by the Company before giving notice to the Chair.
The Chairman is authorized by the Company to confirm the request and expenditure towards the costs of independent professional advice.	Approved requests will be counter-signed for expenditure purposes by the Chief Financial Officer.
The Chair shall decide whether to authorize such advice and payment or contribution as soon as practicable after receiving a copy of the notice seeking advice,	The Chair cannot unreasonably bar access to independent advice, especially in the case that the Company's advisers are not able to advice or their advice has proven inadequate.
The Corp. Secretary shall notify the Board when the request for independent advice has been actioned and when a response can be anticipated.	If the request has not been supported, or has been forwarded to the Company advisers for action, the Board will be informed of this decision, with a supporting rationale.

7. Change/s in existing policies

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

There is no change introduced by the Board of Directors on existing policies that may have an effect on the business of the Company.

Existing Policies	Changes	Reason
-	-	-

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 fixed remuneration is established taking into account the level of responsibility and the professional path of the director/officer within the Company. A wage benchmark is established for each function, reflecting its value to the organization. This wage benchmark is defined by analyzing its equivalence and fairness inside the Company and on the market outside. The fixed remuneration is continuously reviewed by the Nomination & Compensation Committee against comparable positions.
2. Variable remuneration	The variable component of the total remuneration package is performance related. It is consists of short and long-term components. Performance targets and conditions are derived from our strategy and annual business plans. The targets are assigned prior to the relevant year and assessment of realization is conducted after year-end by the Senior Management.
3. Per diem allowance	Per diem allowances are fixed rate payments made on a per day basis for attendance at meetings of the Board of Directors.
4. Bonus	Members of the Board have the right to participate in a bonus scheme based on the Company's performance for the year. The bonus is paid out annually after adoption of the annual report for the relevant financial year. The bonus pay-out level is defined by a weighted target achievement and is capped at a certain percentage of the fixed salary with the target and maximum pay-out levels set at a certain percentage of the

	annual base salary respectively. No pay-out will be made if the targets are not met at the defined minimum acceptable performance level. The bonus scheme is based on target achievement of a number of parameters, including financial key performance indicators like EBIT and cash flows as well as may targets approved by the Board of Directors.
5. Stock Options and other financial instruments	Stock options or other financial instruments may be granted to directors in lieu of monetary remuneration under the Share Option Plan.
6. Others (specify): Personal benefits	Members of the Board have access to a number of work-related benefits, including car incentive, communication allowance,, medical, dental and optical allowances, other work-related news papers and magazine subscriptions. The extent of individual benefits is negotiated with each individual member of the Board and reflects local market practice.

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

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

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Follows Company's salary structure and benefit package and Board-approved rate/package.	Compensation/salary package is composed of basic monthly pay plus number of bonus months as approved by the Board.	Compensation is computed based on gross monthly income of employees less government mandated deduction like SSS, Philhealth, Pag-ibig and withholding taxes.
Non-Executive Directors	Per diem on BOD Meetings		

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.

No, the stockholders of the Corporation do not have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors. The amount of remuneration are determined by the Board of Directors but in no case shall said remuneration exceed five (5%) of the net income of the Corporation before tax.

Remuneration Scheme	Date of Stockholders' Approval
No change from the policy and scheme mentioned above and the same have been approved during the respective annual stockholders' meeting.	October 24, 2012
	September 26, 2013
	October 23, 2014

3. Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
a. Fixed Remuneration	P8,608,381	-	-
b. Variable remuneration	-	-	-
c. Per diem Allowance	155,555	-	44,444
d. Bonuses	-	-	-
e. Stock Options and/or other financial instruments	-	-	-
f. Others (specify)	-	-	-
TOTAL	P8,763,939	-	P44,444

Other Benefits	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
a. Advances	-	-	-
b. Credit Granted	-	-	-
c. Pension Plan/s Contributions	-	-	-
d. Pension Plans, Obligations incurred	-	-	-
e. Life Insurance Premium	-	-	-
f. Hospitalization Plan	-	-	-
g. Car Plan	-	-	-
h. Others (specify)	-	-	-
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:

Director's Name	Number of Direct Option/Rights/ Warrants	Number of Indirect Option/Rights/ Warrants	Number of Equivalent Shares	Total % from Capital Stock
None of the Company's Common Shares are subject to outstanding options or warrants to purchase, or securities convertible into Common shares of the Company.				

b. Amendments of Incentive Programs

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

Incentive Program	Amendments	Date of Stockholders' Approval
No amendment or discontinuance of any incentive program was introduced.		

c. 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
- George T. Goduco	P44,444.44
- Gary C. Huang	

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	Key Responsibilities	Power
	Executive Director (ED)	Non- Executive Director (NED)	Independ- ent Director (ID)			
Audit	2	-	1	Audit Committee Charter	1. Financial Reporting and Disclosure 2. Risk Management	1. To investigate any activity within its terms of reference. 2. To seek information

					3. Internal Control 4. Management 5. Internal Audit 6. External Audit	from any employee 3. To obtain outside legal or other professional advice 4. To secure attendance of outsiders with relevant expertise, if it considers necessary
Nomination	2	-	1	Nomination Committee Charter	1. Board Composition and Performance - Composition-General - Board Diversity - Appointment, Election and Re-Election of Directors - Performance 2. Director Independence 3. Appointment of the CEO and CEO succession planning 4. CEO and Company Secretary Performance 5. Outside Directorship Requests	1. To have access to adequate internal and external resources including having unrestricted access to management, employees and information 2. To obtain independent advice at Company's expense, including engaging and receiving advice and recommendations from appropriate independent experts.
Compensation	2	-	1	Compensation Committee Charter	1. Remuneration policy recommendation 2. Contract terms 3. Incentive plans, share right plans, performance targets and bonus payments 4. Terms and conditions of employee incentive plans 5. Content of the remuneration report to be included in the Company's Annual Report	1. To discuss directly with management, auditors and consultants any issue within the scope of responsibilities 2. To request reports, information and explanations about any activities of the Company relevant to the Committee's responsibilities 3. To obtain external advice from any consultants it considers necessary to carry out its responsibilities

6. Committee Members

a. Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Fred J. Elizalde	10/23/14	12	10	83%	30 years

Member (ED)	Ruperto S. Nicdao, Jr.	10/23/14	12	12	100%	27 years
Member (ED)	Eduardo G. Cordova	10/23/14	12	12	100%	27 years
Member (ED)	Julio Manuel P. Macuja	10/23/14	12	12	100%	16 years
Member (ED)	Rudolph Steve F. Jularbal	10/23/14	12	12	100%	4 years

b. Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	George T. Goduco	10/23/14	12	10	83%	>5 years
Member (ED)	Eduardo G. Cordova	10/23/14	12	12	100%	>5 years
Member (ED)	Julio Manuel P. Macuja	10/23/14	12	12	100%	>5 years

Disclose the profile or qualifications of the Audit Committee members.

George T. Goduco (Chairman) – at present, he is the President of Healthlab, Inc., a full service diagnostics laboratory and medical examination facility. He was EVP/COO of Star Parks Corporation in 2000-2002. He also served as Vice President and Treasurer of the FJE Group of Companies in 1997-2000 and its Director for Corporate Planning in 1995-1997. He also served as Account Officer in Solidbank and Boston Bank from 1988-1991. He holds an MBA from the University of Bridgeport, Connecticut and a Bachelor of Science in Economics from the University of the Philippines.

Eduardo G. Cordova (Member) – has been a Director of the company since 1988 and is currently the SVP-CFO of the Company and Elizalde Holdings Corporation. He is also Chairman/President of our affiliate Philippine Broadcasting Corporation. He is a member of the Philippine Institute of Certified Public Accountants (PICPA). He is a Certified Public Accountant and obtained his Master's in Business Administration, with honors, from University of St. La Salle and his bachelor's degree in business administration from University of the East.

Julio Manuel P. Macuja (Member) – is EVP-Treasurer of the Company which he joined in 1999. He is the Chief Information Officer registered with the Philippine Stock Exchange. He is also a Director of Elizalde Holdings Corporation and Star Parks Corporation. He was formerly part of the Treasury Group of the Bank of Philippine Islands. Prior to this, he was Acting Director of the Ateneo Center for Social Policy and Public Affairs and part time faculty member of the Economics Department, Ateneo de Manila University, where he finished his Bachelor of Arts Degree in Economics (Honors) in 1985. He completed his post-graduate studies as a scholar of the British Council at the Victoria University of Manchester in 1989, obtaining a degree of Masters of Arts in Economic and Social Studies (Major in Development Studies).

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

- Review External Auditor's engagement letter.
- Obtain a good understanding of the roles and responsibilities of External Auditors, the nature and scope of the audit and the Auditor's approach that will be adopted in the performance of the audit.
- Assess the qualification, expertise and resources, effectiveness and independence of the External Auditor. External Auditor should be free from any business or other relationships with the company that could materially interfere with their ability to act with integrity and objectivity
- Review the effectiveness of the External Auditor, including compliance with different national and international auditing standards.
- Review the cost effectiveness of the audit.
- Evaluate and determine the non-audit work, if any, of the External Auditor.
- Review periodically the non-audit fees paid to the External Auditor in relation to their significance to the total annual income of the External Auditor and to the Corporation's overall consultancy expenses.
- The Committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence.
- Review the report of the External Auditor and ensure that the management is taking appropriate corrective actions in a timely manner, including addressing control and compliance issues.
- Assess & evaluate External Auditor's performance and make recommendations to the Board on the appointment and reappointment of External Auditor.
- Communication with the External Auditor as to critical policies, alternative treatments, observations on internal controls, audit adjustments, independence, limitations on the audit work set by the management, and other material issues that affect the audit and financial reporting must be made on a complete and timely basis.

- Discuss to the External Auditor any matter relating to suspected fraud, irregularity or infringement to which has or is likely to have a material impact on the Company's operating results or financial position, and at an appropriate time, report the matter to the Board.
- Review and assess Management's competence regarding financial reporting responsibilities including aggressiveness and reasonableness of decisions made concerning Auditor's findings.
- Meet separately with the External Auditor to discuss any matters that the Committee or Auditors believe should be discussed privately.
- Conduct a thorough assessment of the functions of the external auditor within the various entities and in the different capacities in which the external auditor acts. The main conclusions of this assessment are for the purpose of both the evaluation of external auditors for new appointments as well as the evaluation of the incumbent external auditors with regards to re-appointment.

c. Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	George T. Goduco	10/23/14	12	10	83%	>5
Member (ED)	Fred J. Elizalde	10/23/14	12	10	83%	>5
Member (ED)	Ruperto S. Nicdao, Jr.	10/23/14	12	12	100%	>5

d. Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Gary C. Huang	10/13/14	12	10	83%	3 years
Member (ED)	Fred J. Elizalde	10/13/14	12	10	83%	>5 years
Member (ED)	Ruperto S. Nicdao, Jr.	10/13/14	12	12	100%	>5 years

e. Others (Specify)

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
-	-	-	-	-	-	-

7. Changes in Committee Members

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

Name of Committee	Name	Reasons
-	-	-

8. 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	<ul style="list-style-type: none"> - To ensure that the consideration of matters and decisions relating to strategy, performance and resources are consistent with the Company's wish to promote equality and eliminate discrimination. - To keep a watchful eye, and be prepared to advise, on the implementation of the medium to 	Strategic issues and follow-up on budget and forecasts

	<p>long-term strategy approved by the Company.</p> <ul style="list-style-type: none"> - To approve and recommend to the Board the Company's annual revenue and capital budgets, in order to achieve the objectives of the approved strategy. - To ensure the implementation of the approved budgets, including the monitoring of performance against budgets. - To consider, approve and keep under review the method by which resources are allocated within the Company and to receive regular reports from the Secretary on these matters. - To be a point of reference and advice about the overall day-to-day business of the Company as well as maintaining the appropriate balance between implementation of policy and the responsibilities of executive management. - To reflect in its decisions the risk strategy and risk management process approved by the Audit Committee. - To consider and determine such other matters as may be delegated or referred to it. - To report to each meeting of the stockholders on the work it has undertaken on its behalf. 	
Audit	<ul style="list-style-type: none"> - In charge of the financial reporting and disclosure. - Coordinated and assisted the Company's external auditors in their performance of the 2014 FS audit. 	<p>Reviewed and discussed quarterly unaudited financial statements, audited annual financial statements including Management's Discussion and analysis of financial condition and results of operations, adequacy of the company's enterprise risk management framework, and the effectiveness of the system for monitoring compliance with laws and regulations.</p> <p>Approved the overall scope and audit plans of Internal and external audits, effectiveness of the internal audit function and recommended for approval the reappointment of the current external auditors.</p> <p>Performed a self-evaluation of the Committee in terms of expectations set out in the Audit Committee Charter.</p>
Nomination	<ul style="list-style-type: none"> - Recommended the list of stockholder's eligible for being elected as Board of Directors for the fiscal year 2014. 	<p>Reviewed the qualifications of all nominees to the Board of directors, taking into consideration the relevant requirements of the Securities and Exchange Commission relative to qualifications and disqualifications of both regular</p>

		and independent director nominees.
Remuneration	<ul style="list-style-type: none"> - Ongoing oversight of the compensation policies and plans for all employees of the Company. - Perform the annual review of the Company's compensation strategy and ensure that it is aligned with stockholders' interests, supports the Company's business and strategic objectives and provides appropriate rewards and incentives to attract, retain and motivate employees to perform in the best interest of the Company and its stockholders. 	<p>Provided oversight over remuneration of senior management and other key personnel.</p> <p>No other resolution relating to director's remuneration has been adopted by the Board of Directors as the schedule of the amount of per diem for attendance in meetings of the Board of Directors/Committees remained unchanged.</p>
Others (specify)	Not Applicable	

9. Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
Audit	<ul style="list-style-type: none"> • Align existing charter with other Board Committee Charter • Deliver 2014-2015 Internal Audit Work Plan & 2014 Compliance Work Plan. • Conduct Board self-evaluation of the company's current and potential state of CG practices using existing CG scorecards and best practice guidelines. • Conduct learning sessions for the company-toward improving audit consciousness and compliance awareness throughout the organization. 	<ul style="list-style-type: none"> • Review Audit Committee Charters • Review financial reporting process, system of internal control and the company's process for monitoring compliance with laws and regulations and the code of conduct. • A more-focused compliance function will ensure that all regulatory requirements are generally complied as well as internal policies and procedures are implemented accordingly. • CG practices to evolve from mere compliance to performance improvement and consistent implementation. • Better understanding of roles, responsibilities, business policies, processes and procedures as well as laws, rules and good conduct lead to well-informed and more productive work force.
Nomination	<ul style="list-style-type: none"> • Formalize a Board Committee Charter • Pre-screen qualifications of all nominees to the Board of Directors 	<p>Defines the purpose, roles and responsibilities, membership, authority, frequency of meetings and other matters affecting the committee.</p> <p>Ensures all nominees to the Board both regular and independent directors possess all the qualifications and none of the disqualifications enumerated.</p>
Compensation		
Others (specify)	Not Applicable	

F. RISK MANAGEMENT SYSTEM

1. Disclose the following:

- a. Overall risk management philosophy of the company.

The identification and management of risk reduce the uncertainty associated with the execution of our business strategies allow the Company to maximize opportunities that may arise. Risk takes on many forms and can have material adverse impacts on the Company's ability to achieve our stated objectives, by potentially impacting our reputation, operation, human resources and financial performance.

The Board is overall responsible for determining the Company's risk profile, overseeing the Company's risk management framework, reviewing the Company's key risks and mitigation strategies, and ensuring the effectiveness of risk management policies and procedures. The Audit Committee review the management of these risks and effectiveness of mitigation strategies and controls.

The Management has the primary responsibility of identifying, managing and reporting the key risks faced by the Company to the Board. The Management is also responsible for ensuring that the risk management framework is effectively implemented within all areas of the respective business units. In addition, specialized areas such as Regulatory, Legal, Environment, Insurance, Treasury and Credit support the Company in the management of these risks.

The Company's philosophy and approach towards effective risk management are underpinned by three key principles:

Culture

We seek to build a strong risk management and control culture by setting the appropriate tone at the top, promoting awareness, ownership and proactive management of key risks, and promoting accountability. In short, we seek to promote a risk-conscious workforce across the Company.

Structure

We seek to put in place an appropriate organizational structure that promotes good corporate governance, provides for proper segregation of duties, defines clearly risk-taking responsibility and authority, and promotes ownership and accountability for risk taking.

Process

We seek to implement robust processes and systems for effective identification, quantification, monitoring, mitigation and management of risk. We seek to improve our risk management as well as internal control policies and procedures on an ongoing basis to ensure that they remain sound and relevant by benchmarking against global best practices.

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

The Board has reviewed the effectiveness of the risk management system the Company is currently implementing. An overall rating of the risk management function of the Company considers both its characteristics and the effectiveness of its performance in executing its mandate, in the context of the nature, scope, complexity and risk profile of the Company.

Based on the review performed by the board, the assessment reflects that the risk management system of the Company is at acceptable level. It means that the mandate, organization structure, resources, methodologies and practices of the risk management function met what is considered necessary, given the nature, scope, complexity, and risk profile of the Company. Risk management characteristics and performance meet generally accepted risk management practices.

- c. Period covered by the review;

The review of the Company's risk management system covers the entire fiscal year, 2014.

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

The Board review the Company's risk management system at least annually.

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

Not Applicable

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
Credit Risk	It is a company policy that all clients who wish to trade on credit terms are subjected to credit verification process.	To ensure that the Company's exposure to bad debts is not significant.
Liquidity Risk	Projected and actual cash flow information is regularly evaluated and funding sources are continuously assessed.	To finance capital expenditures, services and maturing obligations as scheduled.
Cash Flow Interest Rate Risk	Manage the interest rate exposure using a mix of fixed and variable rate debts	<ul style="list-style-type: none"> - Achieve a more efficient leverage ratio - Attain a reasonably lower effective cost based on market conditions
Investment Risk	All matters regarding acquisition and/or divestment of investments, businesses and ventures are subject to the review and approval of the Board	Increase shareholder value through: a) direct impact to net profit b) synergies in operation, c) Savings to the Company
Regulatory and Political Risk	<ul style="list-style-type: none"> - Proactive engagement with regulators and relevant agencies to align with recent developments - Systematic monitoring of compliance 	<ul style="list-style-type: none"> - Timely filing of substantive and sound arguments for cases filed with the court aimed towards positive decisions. - Maintain listening posts stationed in relevant government agencies to scout for plans or information which may potentially affect the Company.

b. Group

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

Risk Exposure	Risk Management Policy	Objective
Credit Risk	It is a company policy that all clients who wish to trade on credit terms are subjected to credit verification process.	To ensure that the Company's exposure to bad debts is not significant.
Liquidity Risk	Projected and actual cash flow information is regularly evaluated and funding sources are continuously assessed.	To finance capital expenditures, services and maturing obligations as scheduled.

c. Minority Shareholders

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

Risk to Minority Shareholders
The Company has no single controlling shareholder and therefore the risk to minority shareholders is non-existent.

d. 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 Management (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit Risk	Continuously review and evaluate ceding companies' financial capacity, payment history, other available credit information and compliance with IC's requirements such as capitalization, latest available certificate of authority and any relevant reports.	The management of credit risks comprises several process steps that cover various functions of risk management. These functions can be combined into three functional blocks to set up organizational units: <ul style="list-style-type: none"> - Strategic credit risk planning – typically includes planning and monitoring the credit risk level, defining the credit risk strategy, deriving the target level structure, and aligning the actual credit risk with guidelines of Company-wide capital allocation. - Operational credit risk analysis – comprises identifying, measuring, and aggregating the credit risk at acceptable level. The employees in charge of these activities apply the level risk models developed in the central credit staff and prepare reports based on their analysis. - Credit risk controlling in a narrow sense – covers, among other things, defining and monitoring limits, deriving recommendations for courses of action if limits are exceeded, and setting risk-adjusted prices.
Liquidity Risk	Established an Investment (Board) Committee to oversee investment performance relative to Company's adherence to approved investment policy /guidelines. Prepares an annual budget for investment income and related strategies involved is submitted for review and evaluation of the Investment committee prior to seeking final Board approval.	Renders regular investment report to the Investment Committee and the Board on the following: <ul style="list-style-type: none"> • Actual results vs. budgeted figures; • Monitoring of non-Philippine peso cash flows (foreign currency risk); • Maintaining investment limits per asset class (market price risk); • Establishing limits on the duration and average maturity of the variable investment income portfolio (interest rate risk); and • General adherence to established investment policy and guidelines.

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 Management (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Operational Risk	Annual Risk Identification through Risk and Control Assessment	<ol style="list-style-type: none"> 1. Interview with Risk owners 2. Filtering of Risks 3. Risk Rating and Ranking 4. Assignment of Risk Owner 5. Risk Owner Monitoring and Report

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	Assists the Board in fulfilling its oversight responsibilities for	Mainly responsible for recommending the appointment of

	financial reporting process, system of internal control, audit process and the Company's process for monitoring compliance with laws and regulations and the Code of Conduct.	external auditors whose report they review; monitor the system of internal controls and corporate compliance with laws, regulations and code of ethics; serve as a direct channel of communications to the Board for the internal and external auditor, officers and other concerned parties.
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G. INTERNAL AUDIT AND CONTROL

1. Internal Control System

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

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

Internal control system is the set of rules, procedures and organizational structures aimed at making possible a sound and correct management of the company consistent with the established goals, through adequate identification, measurement, management and monitoring of the main risks.

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

The Company's Board of Directors:

- Discussed and reviewed the results of the audit findings and recommendations of the internal and independent auditors and their assessment of the Company's internal controls and the overall quality of the financial reporting process
- Reviewed the reports of the internal auditors and regulatory agencies, where applicable, ensuring that management is taking timely and appropriate corrective actions, including those addressing internal control and compliance issues.

- c. Period covered by the review;

Year 2014

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

The review of the internal control system implemented by the company is done at least annually by the Board specifically the members of the Audit Committee.

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

A review was conducted in 2014.

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
Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.	All financial, managerial, and operating information and the means used to identify, measure, classify, and report such information is accurate,	In-house	George T. Goduco	Quarterly

	reliable and timely.			
Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.	Compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.	In-house	George T. Goduco	Annual
Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.	All Company assets	In-house	George T. Goduco	Annual
Evaluating the effectiveness and efficiency with which resources are employed.	All resources	In-house	George T. Goduco	As needed
Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.	All key operations or programs	In-house	George T. Goduco	As needed
Monitoring and evaluating governance processes.	Includes reviewing the quality and continuous improvement program fostered in the organization's control process and interacting with related groups as needed.	In-house	George T. Goduco	Annual
Monitoring and evaluating the effectiveness of the organization's risk management processes.	All risk management processes	In-house	George T. Goduco	Annual
Evaluating the quality of performance of external auditors and the degree of coordination with internal audit.	Based on the leading practices' criteria, as approved by Audit Committee	In-house	George T. Goduco	Annual
Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization.	Non-assurance services related to governance, risk management and control as appropriate for the organization.	In-house	George T. Goduco	As needed
Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.	Based on the leading practices' criteria, as approved by Audit Committee	In-house	George T. Goduco	Quarterly / Annually
Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Board.	All risk exposures and control issues including fraud risks, governance issues, and other matters needed or requested by the Board.	In-house	George T. Goduco	As needed

	Board.			
Monitoring all significant legislative and/or regulatory issues are properly recognized and addressed.	All impacting the organization	In-house	George T. Goduco	Quarterly
Evaluating specific operations at the request of the Board or management, as appropriate.	Based on the request of the sponsor	In-house	George T. Goduco	As needed

- b. Do the appointment and/or removal of the internal auditor or the accounting/auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

The appointment and/or removal of the internal auditor or the accounting/auditing firm or corporation requires the approval of the Audit Committee and confirmation by the Board of Directors.

- 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 Auditor reports functionally to the Audit Committee of the Board and administratively to the CEO. Internal Auditor has unrestricted access to all functions, records, property, and personnel for the specific purpose of the audit and has full access to the Audit Committee. The Internal Auditor has full and free access to the Audit 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 reasons/s for them.

Name of Audit Staff	Reason
Ms. Christine G. Vallejo (SGV & Co. CPAs), Partner-in-charge starting year 2014	Rotation of partner-in-charge in compliance with the requirements of SRC Rule 68, Paragraph 3 (b) (iv)
Ms. Catherine E. Lopez (SGV & Co. CPAs), Partner-in-charge until year 2013	
Ms. Aileen Saringan (SGV & Co. CPAs), Partner-in-charge until year 2009	
Ms. Cynthia Manlapig (SGV & Co. CPAs), Partner-in-charge until year 2004	

- 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	The plans and objectives for the year are substantially completed at year end.
Issues	No critical issues noted
Findings	No critical findings noted
Examination Trends	Continuous review of the Company's financial reports.

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

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

f. Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
Provide an objective and independent evaluation of the adequacy, efficiency, and effectiveness of management controls over the Company's financial, human and physical resources.	In order to make an objective assessment of the effectiveness and efficiency of internal controls, the Board and the Management developed a set of criteria that will serve as a basis for making judgements.
Monitor and evaluate risk management procedures and internal controls, and ensure financial and operational risks are understood and appropriately managed;	The Company's internal control system and risk management procedures are regularly monitored and evaluated. Management ensures that regular communication regarding the internal control systems, as well as the outcomes, takes place at all levels within the Company to make sure that the internal control principles are fully understood and correctly applied by all.
Advise stakeholders of findings and recommendations regarding significant risks, performance and governance issues. Also, identify business, finance and internal control/business system risks to key decision-makers;	Chairman of the Board will encourage discussion of risk management and internal control issues during board meeting, as appropriate as an additional item to the normal board agenda.
Determine the extent to which Company assets are accounted for and safeguarded from losses of all kinds and to verify the existence of assets;	Internal auditors will review the means of safeguarding assets and, as appropriate, verify the existence of such assets. - Internal auditors will review the means used to safeguard assets from various types of losses such as those resulting from theft, fire, improper or illegal activities, and exposure to elements. - Internal auditors, when verifying the existence of assets, will use appropriate audit procedures.
Monitor whether organizational units are operating in compliance with Company policies and procedures, national laws and regulations, contractual obligations and sound business practices;	Internal auditors will review the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations and reports, and should determine whether the organization is in compliance. - Management is responsible for establishing the systems designed to ensure compliance with such requirements as policies, plans, procedures, and applicable laws and regulations. Internal auditors are responsible for determining whether the systems are adequate and effective and whether the activities audited are complying with the appropriate requirements.
Review operations or programs to ascertain whether results are consistent with established objectives and goals and are being carried out as planned;	Internal auditors will ascertain whether such objectives and goals conform to those of the organization and whether they are being met.
Review the reliability, integrity and adequacy of financial and operating information and the means in use to identify, measure, classify and report information;	Internal auditors will review the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information. Information systems provide data for decision making, control, and compliance with external requirements. Therefore, internal auditors examine information systems and, as appropriate, ascertain whether: - Financial and operating records and reports contain accurate, reliable, timely, complete, and useful information. - Controls over record keeping and reporting are adequate and effective.
Execute audits of specific areas or functions in accordance with generally accepted auditing standards as required from time to time;	Internal auditor plans, conducts and reports results of an audit in accordance with generally accepted auditing standards. These standards provide a measure of audit

	quality and the objectives to be achieved in an audit.
Enhance the transparency and accountability of the Company's fiscal operations by making available the work of the Internal Auditor to external auditors in their examination of the Company's financial records and the annual financial statements.	Key information are appropriately disclosed to the Company's external auditors so that they have the necessary facts about the Company's performance and operations.

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
Ceiling on audit fees	Ceiling on professional fees	Independent appointing body	Ceiling on professional fees
Restrictions on other services	Restrictions on other services		Restrictions on other services
Rotation of auditors	Restriction on removal		Restriction on removal
Independent appointing body			
Restriction on removal			
Accounting standards / guidelines			
Peer review			
Audit committee			
User Education			

h. State the offices (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.

MBC Chairman and CEO, Mr. Fred J. Elizalde and MBC President Mr. Ruperto S. Nicdao, Jr. attest that the Company has fully complied with the requirements of the Code of Corporate Governance by the Securities and Exchange Commission (SEC).

Company directors, officers and employees are given proper instruction as to what are their respective roles, duties and responsibilities to be able to maintain the highest standards of ethical conduct, professionalism and quality in all activities in the Company. Thus, the Company is assured of their compliance with the mandates of the Code.

Rules are established, measures are implemented, and the situation is regularly being monitored, so that the Company's system continues to be compliant with the Code. Such compliance is ensured by a relevant mechanism put into place. Internal audits are regularly performed to assess the level of compliance and make sure that there is a mechanism in place to ensure consistent compliance.

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	It is the Company's policy to protect the interest of its costumers/clients, promote their general welfare and establish standards of conduct for business and industry.	<ul style="list-style-type: none"> • Encourage the customers to provide feedback to be able to learn what they really want • Provide a system that will suit the customers' needs • Provide an open channel of communication with customers and clients • Handle customers' complaints promptly and effectively

Supplier/contractor selection practice	Supplier/contractor selection is based on overall value for money. Whilst price is important, the Company will always consider quality, reliability, safety, good design, timely delivery/performance, maintenance and after sales support before arriving at a decision which is the most economically advantageous to the Company.	Supplier qualification screening process: <ul style="list-style-type: none"> • Reference checks • Financial status checks • Surge capacity availability • Indications of supplier quality • Ability to meet specifications
Environmentally friendly value-chain	The Company's unending goal is to reduce, mitigate or eliminate any harmful effects on the environment.	<ul style="list-style-type: none"> • comply with all local, relevant environmental legislation • apply best practices to manage disposal of wastes • actively promote internal recycling programs • encourage the efficient use of energy, utilities and natural resources • educate and train the Company's employees for awareness of the relevant environmental issues • organize several projects that will benefit the environment
Community interaction	Radio being one of the key part of media, plays an integral role to play in the community. The company is committed to be the conduits that improve social interaction, help develop citizens and promote their engagement in identifying and solving local, national, and international concerns.	<ul style="list-style-type: none"> • Information: Create awareness in society of what is currently happening around the globe • Education: Educate the listeners by creating radio programs that are informative, educational and will broaden the listener's knowledge about certain topic. • Watch dog and surveillance: Follow-up society to issues like religion, politics and education, crimes and security issues. • Agenda setting: Presents to society issues yet to become public debates. • Behavioral change agent: Represent and stand for society values, goals and culture. • Mobilization of society towards common goal: Can be used as mobilization campaign. Radio can be used to as early warning mechanism and then mobilize society for action during times of disasters. • Avenue for advertisement: Provide society with knowledge of products in the market. • Exposure: Connect the needy in society with the people or organizations who wish to help them deal with their problem. • Psychological support in society: Produce programs where people share problems with counsellors, doctors and get answers or solutions at no cost.
Anti-corruption programmes and procedures	Our Company's long-standing commitment to doing business with integrity means avoiding corruption in any form, including bribery, and	The Company's compliance program encompasses numerous reporting, monitoring and certification controls, as well as a critical education

	complying with the anti-corruption laws of every country in which we operate. The Company's Code of Conduct and Anti-Bribery Policy provide guidance on how to conduct business in a fair, ethical and legal manner. Anti-Bribery Policy provide guidance on how to conduct business in a fair, ethical and legal manner.	component comprising both web-based and in-person training.
Safeguarding creditors' rights	The Company recognizes its obligations to its creditors. The company plans to discharge the said obligation in the proper way in conformity with the terms of the obligation and with the requirements of the law and of the other legal acts, and in the absence of such terms and requirements – in conformity with the customs of the business turnover or with the other habitually presented demands of the creditors.	<ul style="list-style-type: none"> Respect creditors' right to information regarding the Company's financial status

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

Yes. There is a separate corporate responsibility section or sustainability report/section in the Company.

3. Performance-enhancing mechanisms for employee participation.

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

- The health, safety and welfare of all its employees while they are at work (in whatever operation or location, whether on site or in transit on authorised business), of visitors to Company premises and operations and of others who may be affected by its actions.
- The provision of safe systems of work that are without risks to health with necessary supervision and control mechanisms to ensure health & safety.
- The maintenance of a working environment that is safe and without risks to health and the provision of adequate facilities and arrangements for welfare at work.
- The provision of plant, machinery, equipment and vehicles, whether owned or hired in conditions that are safe and without risks to health and to provide systems for inspections and preventative maintenance to ensure safe conditions.
- Those arrangements are in place for ensuring safety and absence of risks to health in connection with the use, handling, storage and transportation of articles and substances.
- The provision of such information, instruction, training and supervision necessary to ensure the health & safety at work of employees, and information to contractors and others who may be affected by the Company's operation or products.
- The provision of a safe means of access to, movement within and egress from places of work.
- Co-operation with and involvement of employees in meeting health & safety objectives.

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

- Adequate facilities such as clinic, toilets, meal areas and first aid services are provided.
- The Company doctor and the company nurse are always on stand-by to attend the medical needs of employees or any emergency situation of employees while they are at work.
- Office equipments, machineries, appliances are well-maintained and always in a safe condition.
- Safety information, instruction, training and supervision necessary to ensure the safety of each employee from injury or any health risk are provided.
- The management is monitoring the working conditions of every employee at any workplace that is under the management's control.
- Safety instructions/signages and warning signs are installed in a conspicuous place around the work place.

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

The company is committed on the ongoing development of its employees in line with its business and corporate objectives and appreciates its employees' desire to acquire new knowledge and skills and master new technology. The Company sees it as its mission to create a continuous education system for employees and management personnel at all levels, from rank in file employees to top managers.

Training and development programs offered by the Company focus on three main areas:

- Professional training programs designed to improve knowledge and skills for specific positions and functions
- Corporate management competence development programs
- Business awareness development programs

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

The Company believes that it is the best interest of both the Company and the employees to fairly compensate the workforce for the value of the work provided. It is the Company's intention to use a compensation system that will determine the current market value of a position based on the skills, knowledge and behaviors required of a fully competent employee. The system used will be objective and non-discriminatory in theory, application and practice. The company has determined that this can best be accomplished by using a professional assessment and system recommended by executive/senior management and approved by the Board of Directors.

The Company has a clear and compelling strategy for implementing a well thought-out total reward/compensation plan to attract, retain and motivate key talent. This total reward strategy integrates key components including:

- Total compensation
- Benefits
- Work-life balance
- Training career and personal growth opportunities

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 procedure for handling complaints by employees concerning illegal (including corruption) and unethical behavior is part of the Company's whistle blowing policy.

Once the claim of illegal or unethical is made, the manager, senior manager or the designated executive will respond to the whistleblower within 10 working days setting out the intended investigation plan. An investigation may include internal reviews, reviews by the external auditors or lawyers or some other external body. If the claim of illegal or unethical behavior is substantiated, appropriate disciplinary action will be taken against the responsible individual(s) up to and including termination of employment. The malicious use of the whistle blowing policy will result in disciplinary action against the complainant, up to and including termination of employment.

All concerns raised will be treated in confidence and every effort will be made not to reveal the identity of the complainant if this is his/her wish. However, in certain cases, it may not be possible to maintain confidentiality if the complainant is required to come forward for further questioning.

I. DISCLOSURE AND TRANSPARENCY

1. Ownership Structure

- a. Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Elizalde Holdings Corporation	139,558,774	34.65%	Same as record owner
Elizalde Land, Inc.	87,000,000	21.60%	Same as record owner
Romulo, Mabanta, Buenaventura, Sayoc and delos Angeles Law Offices	69,910,993	17.36%	Same as record owner
Cebu Broadcasting Company	50,000,000	12.41%	Same as record owner
AQC Corporation	33,000,000	8.19%	Same as record owner

Name of Senior Management	Number of Direct Shares	Number of Indirect Shares/ Through (name of record owner)	% of Capital Stock
Fred J. Elizalde	94	NA	0.0000%
Ruperto S. Nicdao Jr.	129,200	NA	0.0321%
Eduardo G. Cordova	12,779	NA	0.0032%
Julio Manuel P. Macuja	36	NA	0.0000%
Rudolf Steve F. Jularbal	10,807	NA	0.0027%
Juan Manuel Elizalde	1,000	NA	0.0002%

Thalassa G. Elizalde	185	NA	0.0000%
George T. Goduco	1,000	NA	0.0000%
Gary C. Huang	36	NA	0.0000%
TOTAL	155,137		0.0387%

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

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

- Dividend policy: The Company's dividend policy is not disclosed in its 2014 Annual Report. However, matters relating to the Company's cash dividend declaration were disclosed in the SEC Form 17-C submitted last December 05, 2014.
- Details of whistle blowing policy: The details of whistle blowing policy of the company can be found in this form (SEC FORM – AGCR). Please refer to the Code of Business Conduct & Ethics part of this form.
- Training and/or continuing education programme attended by each director/commissioner: The details of the directors' training and/or continuing education can be found in this form (SEC FORM – AGCR). Please refer to the Orientation & Education Program part of this form.
- Number of board of directors meeting held during the year as well as the Attendance details of each director in respect of meetings held: Details of the directors' attendance were disclosed in the Certificate of Attendance by Members of the Board of Directors filed with the PSE last March 25, 2014.

3. External Auditor's Fee

Name of Auditor	Audit Fee	Non-audit Fee
Sycip, Gorres, Velayo & Co., CPAs (SGV & Co.)	680,000	-

4. Medium of Communication

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

External Modes of Communication

- Company Website
- Radio & TV Broadcasting
- SEC/PSE Disclosures
- Social Networking Media

Internal Modes of Communication

- Company Memorandum and other special publications which may be released internally within the Company
- Intranet (MBC mail)
- Social Networking Media (Facebook Group)

5. Date of release of audited financial report.

The Company's Audited Financial Statements were authorized for issuance by the Board of Directors on April 8, 2015, filed with the Bureau of Internal Revenue (BIR) on April 15, 2015 and to be submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) on April 29, 2015.

6. Company Website

Manila Broadcasting Company's official website: www.mbcradio.net

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

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

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

The Company's website discloses all the foregoing information as required in SEC Memorandum Circular No. 11 series of 2014.

7. Disclosure of RPT

RPT	Relationship	Nature	Value
Elizalde Holdings Corporation (EHC)	Entities under common control	Realty Company	
Cebu Broadcasting Company (CBC)	Entities under common control	Broadcasting Company	
Pacific Broadcasting System, Inc. (PBSI)	Entities under common control	Broadcasting Company	
Philippine Broadcasting Corporation (PBC)	Entities under common control	Broadcasting Company	

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 a particular of its minority shareholders and other stakeholders?

All related party transactions are fully disclosed to the Board of Directors. All transactions are treated to be done in the regular course of business and conducted on an arm's length basis, negotiated based on prevailing competitive commercial terms and approved by the Company's Board of Directors. None of the Company's related parties are granted special privileges or concessions.

J. RIGHTS OF STOCKHOLDERS

1. Right to participate effectively in and vote in Annual/Special Stockholders' Meeting

a. Quorum

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

Quorum Required	In all regular or special meeting, the presence of shareholders who represent a majority of the outstanding capital stock entitled to vote shall constitute a quorum and all decisions made by the majority shall be final, unless pertaining to resolutions which the laws require a greater number.
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b. System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Votation Method
Description	A meeting will be called for an electorate to gather and make a decision—often following discussions, debates, or election campaigns. The method by which votes shall be counted: Each outstanding common stock shall be entitled to one (1) vote.

c. Stockholders' Rights

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

Stockholders' Rights under the Corporation Code	Stockholders' Rights not in the Corporation Code
Right to vote	The Right to Transfer Ownership
Pre-emptive right	The Right to Sue for Wrongful Acts
Right to inspect	
Right to receive	
Right to dividends	
Appraisal right	

Dividends

Declaration Date	Record Date	Payment Date
December 05, 2014	December 19, 2014	December 29, 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
<p>The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation.</p> <p>Stockholders should be encouraged to personally attend subject meeting and if not possible, 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 a proxy should be resolved in the stockholder's favor.</p> <p>To promote stockholders participation in the Annual Stockholders' Meeting, 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.</p> <p>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.</p> <p>Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.</p>	<ol style="list-style-type: none"> 1. Shareholders are provided through public records, communication media, and the Company's website, the disclosures, announcements and reports filed with the SEC, PSE and other regulating agencies. 2. Shareholders are allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code. 3. Shareholders, upon request, are provided with periodic reports which disclose personal and professional information about the directors, officers and certain other matters such as their shareholdings, dealings with the Company, relationships among directors and key officers, and the aggregate compensation of directors and officers. 4. Stockholders are informed at least 10 business days before the scheduled date of the Annual Stockholders' Meeting. The Notice of Meeting includes the date, time, venue and agenda of the meeting, the record date of stockholders entitled to vote, and the date and place of proxy validation. 5. Each share entitles the holder to one vote that may be exercised in person or by proxy at shareholder meetings, including the Annual Stockholders' Meeting. Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. 6. Voting procedures on matters presented for

	<p>approval to the stockholders in the Annual Stockholders' Meeting are set out in the Definitive Information Statement, which is sent to all stockholders of record at least 15 days before the date of meeting.</p> <p>7. The Company has also designated relations officers to handle investor and shareholder queries and requests, and their contact information can easily be accessed through the Company's website.</p> <p>8. The Company continues to actively maintain its website to provide timely information updates on its governance, operational, and financial performance.</p>
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2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

a. Amendments to the company's constitution

The Company complies with Corporation Code which provides that any provision in the articles of incorporation may be amended by a majority vote of the board of directors and the vote or written assent of the stockholders representing at least 2/3 of the capital stock without prejudice to the appraisal right of dissenting stockholders. Accordingly, any proposed amendment to the Articles of Incorporation will be fully disclosed to the Company's shareholders through the Notice and Agenda and Information Statement for the stockholders' meeting in which such amendment will be presented for stockholders' approval.

b. Authorization of additional shares

The Company complies with the Corporation Code which provides, among others, that no corporation shall increase its capital stock unless approved by a majority vote of the board of directors and approved by 2/3 of the outstanding capital stock at a stockholders' meeting duly called for the purpose. Accordingly, any increase in authorized capital stock and issuance of additional shares from such increase in authorized capital stock will be fully disclosed to the Company's shareholders through the Notice and Agenda and Information Statement for the stockholders' meeting in which such increase in capital stock and corresponding amendment to the Articles of Incorporation will be presented for stockholders' approval.

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

The Company complies with the Corporation Code which provides, among others, that a corporation may sell, lease, exchange, mortgage, pledge or otherwise dispose all or substantially all of its property and assets upon such terms and conditions and for such consideration as its board of directors may deem expedient, when authorized by at least 2/3 of the outstanding capital stock at a stockholders' meeting duly called for the purpose. Accordingly, any transfer of all or substantially all of the assets of the Company will be fully disclosed to the Company's shareholders through the Notice and Agenda and Information Statement for the stockholders' meeting in which any sale or transfer of all or substantially all of the assets of the Company will be presented for stockholders' approval.

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?

As per Company's By-Laws, the regular meeting of stockholders may be held without prior notice. Notices for special meetings of stockholders may be sent at least ten (10) days prior to the date of the meeting.

a. Date of sending out notices: October 02, 2014

b. Date of the Annual/Special Stockholders' Meeting:

October 23, 2014 – 2014 Annual Stockholders' Meeting

The regular meeting of stockholders shall be held on the Second Thursday of June of each year. If the day fixed for the regular meeting falls on legal holiday, such meeting shall be held at the same time on the first working day following said date. The Board may, for good cause, postpone the regular meeting to a reasonable date.

Special meetings may be called by the Chairman, the Chief Executive Officer, on in his absence, by the President. They may also be called by a majority of the Board of Directors any time they may deem necessary to hold a stockholders' meeting.

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

Shareholders are given the opportunity to raise questions to the Board and propose resolutions, subject to reasonable limitations.

5. Result of Annual/Special Stockholders' Meeting Resolutions

Resolution	Approving	Dissenting	Abstaining
Approval of the 2013 Audited Financial Statements	100% of present	-	-
Ratification of all acts of the Board of Directors and Officers of the Corporation from the date of last stockholders' meeting up to October 23, 2014	100% of present	-	-
Election of Directors of the year 2014-2015	100% of present	-	-
Appointment of External Auditors	100% of present	-	-

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

The results of the annual stockholder's meeting were immediately disclosed to PSE's Edge Electronic Disclosure Generation Technology, minutes after the meeting was held.

e. Modifications

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

Modifications	Reason for Modification
-	-

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	Directors: Fred J. Elizalde Ruperto S. Nicdao, Jr. Eduardo G. Cordova Julio Manuel P. Macuja Rudolf Steve F. Jularbal Juan Manuel Elizalde Thalassa G. Elizalde George T. Goduco Gary C. Huang Officers: Jose M. Taruc, Jr. Robert A. Pua Irving A. Lisondra Ellen C. Fullido Carlea C. Miranda Jonathan E. Decena Elpidio Macalma Jose Ma. T. Parroco Wilfredo Espinosa	10/23/14	By poll			

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

No, the Company does not appoint any independent party to count and/or validate the votes during the ASM and SSMs, it is the Office of the Corporate Secretary who handles the counting of votes and the counting of proxies.

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

The Company issues only one class of shares which is Common shares and each share entitle the holder to one vote that may be exercised in person or by proxy at shareholders' meetings, including the Annual Stockholders' Meeting.

g. Proxy Voting Policies

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

	Company's Policies
Execution and acceptance of proxies	Stockholders may delegate in writing their right to vote and, unless otherwise expressed.
Notary	Proxies do not need to be notarized to be legal unless otherwise required by the corporate by-laws.
Submission of Proxy	All proxies must be in the hands of the Secretary of the Corporation not later than ten (10) working days before the time set for the meeting.
Several Proxies	If the stockholder intends to designate several proxies, the number of shares of stock to be represented by each proxy shall be specifically indicated in the proxy form. If some of the proxy forms do not indicate the number of shares, the total shareholdings of the stockholder shall be tallied and the balance thereof, if any, shall be allotted to the holder of the proxy form without the number of shares. If all are in blank, the stocks shall be distributed equally among the proxies. The number of persons to be designated as proxies may be limited by the By-Laws. If multiple proxies are issued by the same shareholder, the only valid one is that which was issued latest in time.
Validity of Proxy	Proxy shall be valid only for the meeting at which it has been presented to the Secretary.
Proxies executed abroad	Proxies executed abroad must be duly authenticated by the Philippine Embassy of Consular Office.
Invalidated Proxy	A proxy shall not be invalidated on the ground that the stockholder who executed the same has no signature card on file with the Corporate Secretary or Transfer Agent, unless it can be shown that he/she had refused to submit the signature card despite written demand to that effect duly received by the said stockholder at least ten (10) days before the annual stockholders' meeting. There shall be a presumption of regularity in the execution of proxies and shall be accepted if they have the appearance of prima facie authenticity in the absence of a timely and valid challenge.
Validation of Proxy	Validation of proxies shall be held at the date, time and place as may be stated in the Notice of the stockholders' meeting which in no case shall be less than five (5) calendar days prior to the date of stockholders meeting. In the validation of proxies, a special committee of inspectors shall be designated or appointed by the Board of Directors which shall be empowered to pass on the validity of proxies. Any dispute that may arise pertaining thereto shall be resolved by the Securities and Exchange Commission upon formal complaint filed by the aggrieved party, or by the SEC officer supervising the proxy validation process. All issues relative to proxies including their validation shall be resolved prior to the canvassing of votes for purposes of determining a quorum.
Violation of Proxy	Any violation of this Rule on Proxy shall be subject to the administrative sanctions provided for under Section 144 of the Corporation Code and Section 54 of the Securities Regulation Code, and shall render the proceedings null and void.

h. Sending of Notices

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

Policies	Procedure
Notices of Annual/Special Stockholders' Meeting, including proxy forms, detailed agenda and explanatory circulars, shall be released at least 10 business days prior to the fixed date of the meeting.	Notice of ASM are sent through courier service, disclosed to SEC and PSE and posted on the Company website

i. Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	605
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	October 02, 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	October 02, 2014
State whether CD format or hard copies were distributed	Only hard copies of the Definitive Information Statement were distributed
If yes, indicate whether requesting stockholders were provided hard copies	Yes, copies of the Definitive Information Statement were distributed to all requesting parties.

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.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	Yes

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

All the foregoing information are disclosed.

9. Treatment of Minority Stockholders

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

Policies	Implementation
<p>The Company's shareholders, including those in the minority, are given the opportunity to exercise their basic rights with respect to the following:</p> <ul style="list-style-type: none"> a. Changes and/or amendments to the company's Articles of Incorporation and By-laws; b. Sale, purchase and/or transfer of a significant share of corporate assets, that may result in a change in the character of the Company; c. Authorization for the issuance of additional shares of the Company; d. Opportunity to nominate candidates for membership in the BOD. e. Opportunity to elect individually the members of the BOD. The Notice of AGM, being sent to all shareholders include the profiles of all nominees for seats in the Board of Directors such as age, qualifications and experience, date of first appointment to the Board of the company, and directorships in other publicly listed corporations (or subsidiaries, whether listed or non-listed, within our group of companies) Non-controlling shareholders are also encouraged to exercise their right to vote and elect the Company's BOD. f. Approval of the remuneration of all non-executive Directors (members of the Board). g. Appointment of the external auditor. The Notice of AGM clearly identifies the external auditor seeking appointment and the same were duly appointed by the shareholders. <p>For the further protection of the rights of the minority shareholders, the</p>	Implemented according to the policy

following are also provided: - Pre-emptive right - Right of inspection - Appraisal right - Right to dividends	
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b. Do minority stockholders have a right to nominate candidates for board of directors?

Yes. The Company provides minority shareholders a right to nominate candidates for board of directors/commissioners, since the Company has no single controlling shareholders.

K. INVESTORS RELATIONS PROGRAM

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

The Company recognizes that active internal and external communications are integral part of good business and administration. In order to reach its overall goals for communication, the Company follows a set of guiding principles.

- Efficiency. The Company uses modern communication technologies in a timely manner to convey its messages to its target groups. The Company replies without unnecessary delay to information requests by the media and the public.
- Transparency. The Company strives in its communication to be as transparent and open as possible. This contributes to maintaining high level of accountability.
- Proactivity. The company proactively develops contacts with its target groups and identifies topics of possible mutual interest.
- Clarity. The Company aims at clarity, i.e., to send uniform and clear messages on key policy issues. It avoids unnecessary jargon in its communication. The company reinforces clarity by adhering to a well-defined visual identity in its external communication.
- Cultural awareness. The Company operates in a multicultural environment. While most of its communication material is provided only in English, the Company strives to communicate with its target groups to the extent possible in their own languages.
- Feedback. The Company actively and regularly seeks feedback on its image and communication activities both from the media as well as from its key target groups. This feedback is used to fine tune communication activities.

Atty. Rudolph Steve E. Jularbal is in-charge of the corporate communications. He reviews and approves the releases of the Company's information. He coordinates with concerned groups including the Board, the President and CEO and other Key Officers to get approval for the disclosure of the information pertaining to their group/office.

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	To disseminate information to shareholders, financial professionals, and potential investors about the Company's competencies, competitive advantages, strengths, weaknesses, strategies, vision and mission – the objective being to ensure that the Company will be accurately valued in the marketplace.
2. Principles	Excellence – to ensure that the information is relevant and communicated in a professional, clear and orderly manner Integrity – to ensure that the acts of the Company with regard to investor relations are performed within the rules and regulations of its governing bodies. (Company, SEC, PSE and government); and that the information communicated is accurate, relevant and timely
3. Modes of Communications	- Annual Stockholders Meeting - Regular Company Disclosures - Investor Relations Meetings - Responding to calls and emails
4. Investors Relations Officer	Eduardo G. Cordova SVP – CFO MBC Bldg., V. Sotto St., CCP Complex, Pasay City

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

The 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:

- Should be clearly articulated and disclosed so that investors understand their rights and are provided recourse
- Transactions should occur at transparent prices and under fair conditions that protect the rights of all shareholders according to their class.
- Anti-take-over devices shall not be used to shield management from accountability

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

Nothing to report. The Company does not have any transaction of this nature.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
Promote fair, just and equitable employment policies	Employees
Promote and be sensitive to the preservation and protection of the natural environment - Manila Bay Clean-up Run	General Citizens
Disaster Response and Emergency Preparedness - DZRH Operation Tulong	General Citizens
Medical & Dental Missions - DZRH Operation Tulong	General Citizens
Job Fairs - DZRH Operation Tulong	General Citizens
Promote different Filipino cultures & traditions - Aliwan Festival	General Citizens

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

The Board annually conducts a self-assessment of their performance individually, collectively and as members of the different Board Committees. The self assessment results are key factors in the enhancement of directors' performance and effectiveness in discharging their duties.

	Process	Criteria
CEO/President	Self-Assessment	A. Board Structure B. Board Duties and Responsibilities C. Duties and Responsibilities as an Individual Director The Performance is conducted using a rating system described as follows: 1 – Needs immediate attention 2 – Needs strengthening 3 – Satisfactory 4 – Good 5 – Very Good
Board of Directors		
Individual Directors		
Board of Committees		

N. INTERNAL BREACHES AND SANCTIONS

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

Violations	Sanctions
<p>Violations of Corporate Governance Rules</p>	<p>The Revised Manual of Corporate Governance provides for the following disciplinary actions for directors:</p> <ol style="list-style-type: none"> 1. Temporary disqualification – refusal to comply with Company’s disclosure requirements, unexcused absences of more than 50% of all regular and special meetings of the Board, dismissal or termination for a cause as director in any corporation covered by Governance Code, among others. 2. Permanent Disqualification – if convicted or adjudged guilty of any offenses or crimes, decree or order issued by a judicial or administrative body or the SEC or BSP. <p>Please refer to Section III-e Disqualification of a Director of the Company’s Revised Manual of Corporate Governance for details.</p>
<p>Violations on the following prescribed behavior:</p> <ol style="list-style-type: none"> 1. Attendance & Punctuality 2. Work Performance 3. Employee Behavior 4. Confidentiality of Work and Information 5. Conflict of Interest 6. Use of Company Property 7. Hiring and/or Assignment of Relatives 8. Voluntary Separation 	<p>For Officers/Senior Management and Employees:</p> <p>The Company’s Code of Business Conduct and Ethics prescribes the proper and correct conduct of employees and Senior Management of the Company.</p> <p>The policy includes a guide in imposing disciplinary actions to employees and Senior Management with sanctions and penalties ranging from verbal counseling, written reprimand, suspension or dismissal, depending on the gravity of the offense committed.</p>