


**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM – ACGR**

**ANNUAL CORPORATE GOVERNANCE REPORT**

1. Report is Filed for the Year **2014**
2. Exact Name of Registrant as Specified in its Charter **APC GROUP, INC.**
3. **8<sup>th</sup> Floor PhilCom Building 8755 Paseo de Roxas, Makati City** **1226**  
Address of Principal Office Postal Code
4. SEC Identification Number: **AS093-8127** 5 (SEC Use Only)   
Industry Classification Code
6. BIR Tax Identification Number: **002-834-075**
7. **(632)845-0614**  
Issuer's Telephone number, including area code
8. **N/A**  
Former name or former address, if changed from the last report

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## A. BOARD MATTERS

### 1) Board of Directors

Number of Directors per Articles of Incorporation	7*
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Actual number of Directors for the year	7*
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\* On 14 December 2012, the SEC approved the amendment of Article VI of the Articles of Incorporation reducing the number of directors from 11 to 7.

#### (a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director
Willy N. Ocier	ED		Sabino E. Acut	1998	September 22, 2014	Annual Meeting	16
Frederic C. DyBuncio	ED		Maritoni Z. Liwanag (no relation to the nominee)	June 6, 2012	September 22, 2014	Annual Meeting	3
Bernardo D. Lim	ED		David Kho	2000	September 22, 2014	Annual Meeting	14
Edmundo L. Tan	NED		Paul Mar C. Arias	2000	September 22, 2014	Annual Meeting	14
Virginia A. Yap	NED		Sabino E. Acut	June 6, 2012	September 22, 2014	Annual Meeting	2
Tomas D. Santos	ID		Maritoni Z. Liwanag	June 6, 2012	September 22, 2014 (3 years)	Annual Meeting	3
Laurito E. Serrano	ID		Martin Israel L. Pison	June 18, 2013	September 22, 2014 (2 year)	Annual Meeting	2

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.

APC has been monitoring compliance with SEC Memorandum Circular No. 2 Series of 2002 as amended by SEC Memorandum Circular No. 6 Series of 2009, as well as other relevant SEC circulars and rules on good corporate governance. On 15 February 2011, APC submitted its Revised Corporate Governance Manual in compliance with SEC directive of 26 January 2011. It was further revised to include changes required pursuant to SEC Memorandum Circular No. 9 Series of 2014 and was filed on 31 July 2014. All directors, officers, and employees complied with all the leading practices and principles of good governance as embodied in the Company's Manual of Corporate Governance. The Company complied with the appropriate performance self-rating assessment and performance evaluation system to determine and measure compliance with the Manual of Corporate Governance.

The Company is unaware of any non-compliance with or deviation from its Manual of Corporate Governance by

any of its directors, officers and employees during the previous year. The Company will continue to monitor compliance with the SEC Rules of Corporate Governance, and shall remain committed in ensuring the adoption of other systems and practices good corporate governance to enhance its value to its shareholders.

In the Organizational Meeting of the duly elected Board of Directors held immediately after the Stockholders' Meeting on September 22, 2014 the members of the Executive Committee, Nomination Committee, Compensation and Remuneration Committee, Audit Committee and Risk Management Committee were elected. In compliance with SEC Memorandum Circular No. 12 date August 18, 2009, the Company submitted its Corporate Governance Scorecard on December 5, 2011.

How often does the Board review and approve the vision and mission? As needed

(b) Directorship in Other Companies

(i) Directorship in the Company's Group<sup>2</sup>

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Willy N. Ocier	Belle Corporation	Executive
	Aragorn Power and Energy Corporation	Executive, Chairman
	Aragorn Coal Resources Inc.	Executive, Chairman
	APC Mining Corporation	Executive, Chairman
	APC Cement Corporation	Executive, Chairman
	PRC Magma Energy Resources, Inc.	Executive, Chairman
Frederic C. DyBuncio	Highlands Prime, Inc.	Non-Executive
	Belle Corporation	Executive
Bernardo D. Lim	Highlands Prime, Inc.	Non-Executive
	Aragorn Power and Energy Corporation	Executive
	Aragorn Coal Resources Inc.	Executive
	APC Mining Corporation	Executive
	APC Cement Corporation	Executive
	PRC Magma Energy Resources, Inc.	Non-Executive
Virginia A. Yap	Belle Corporation	Non-Executive
	Highlands Prime Inc.	Executive
Edmundo L. Tan	Aragorn Power and Energy Corporation PRC-Magma Energy Resources, Inc.	Non-Executive
Tomas D. Santos		
Laurito E. Serrano		

(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.

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

Willy N. Ocier	Premium Leisure Corp.	Executive, Chairman
	Pacific Online Systems Corporation	Executive, Chairman
Frederic C. DyBuncio	Atlas Consolidated Mining and Development Corporation Development Corporation	Non-Executive
	Pacific Online Systems Corporation	Non-Executive
	Premium Leisure Corp.	Non-Executive
Edmundo L. Tan	Premium Leisure Corp.	Non-Executive
Virginia A. Yap	Premium Leisure Corp.	Non-Executive
Laurito E. Serrano	Atlas Consolidated Mining and Development Corporation	Non-Executive
	Travellers International Hotel Group Inc.	Non-Executive

(iii) Relationship within the Company and its Group.

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
Willy N. Ocier	Belle Corporation	Co-Vice Chairman
Frederic C. DyBuncio	Belle Corporation	President & CEO
Virginia A. Yap	Belle Corporation	Director

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

	Guidelines	Maximum Number of Directorships in other companies
<b>Executive Director</b>	Refer to Manual on Corporate Governance submitted on February 15, 2011.  The Board may consider the adoption of guidelines on the number of directorships that its member can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of director to diligently and efficiently perform his duties and responsibilities. Executive Directors may be covered by a lower indicative limit for membership in other boards. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised	None
<b>Non-Executive Director</b>	Refer to Manual on Corporate Governance submitted on February 15, 2011.  The Board may consider the adoption of guidelines on the number of directorships that its member can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of director to diligently and efficiently	None

	perform his duties and responsibilities. Non-Executive Directors may be covered by a lower indicative limit for membership in other boards. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised	
<b>CEO</b>	Refer to Manual on Corporate Governance submitted on February 15, 2011.  The Board may consider the adoption of guidelines on the number of directorships that its member can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of director to diligently and efficiently perform his duties and responsibilities. Chief Executive Officer may be covered by a lower indicative limit for membership in other boards. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.	None

(c) Shareholding in the Company

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Willy N. Ocier	310,001	1,897,000	0.03%
Frederic C. DyBuncio	1	0	0
Bernardo D. Lim	1,000	0	0
Edmundo L. Tan	1	234,700	0
Virginia A. Yap	10,001	0	0
Tomas D.Santos	1	0	0
Laurito E. Serrano	1	0	0
<b>TOTAL</b>	<b>321,006</b>	<b>2,131,700</b>	

2) Chairman and CEO

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

Yes  No

Identify the Chair and CEO:

Chairman of the Board	Willy N. Ocier
CEO/President	Frederic C. DyBuncio

(b) Roles, Accountabilities and Deliverables

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

	<b>Chairman</b>	<b>Chief Executive Officer</b>
<b>Role</b>	<ul style="list-style-type: none"> <li>▪ Preside at all meetings of the Board of Directors and stockholders and ensure that all meetings are held in accordance with the By-Laws</li> </ul>	<ul style="list-style-type: none"> <li>▪ Supervise and control all of the business and affairs of the Company</li> </ul>
<b>Accountabilities</b>		
<b>Deliverables</b>	<ul style="list-style-type: none"> <li>▪ Ensure regularity of meetings of the Board</li> <li>▪ Identify areas for improvement of the members of the Board, such as training/continuing education programs or any other form of assistance that directors may need in the performance of their duties</li> <li>▪ Evaluate and enhance the support services given to the Board, such as the quality and timeliness of information provided to them, the frequency and conduct of regular, special or committee meetings and their accessibility to management and the Corporate secretary</li> </ul>	<ul style="list-style-type: none"> <li>▪ Consider various opportunities relative to new business ventures, the implementation of which will depend on economic conditions in the future</li> <li>▪ Oversee the management of the Company and safeguard the Company's assets</li> </ul>

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

Succession planning is part of the Board of Directors strategic planning, the Board of Directors constantly identifies key leaders within the organization and potential candidates outside the company to hold key management positions in the eventuality that certain positions are vacated.

### 3) 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. Under the Company's Revised Manual on Corporate Governance, the Nomination Committee is tasked to ensure that the Board has an appropriate balance of required industry knowledge, expertise and skills needed to govern the Company towards achieving its intended goals and objectives.

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

Yes. Please see explanation above

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

	<b>Executive</b>	<b>Non-Executive</b>	<b>Independent Director</b>
<b>Role</b>	<p>It is the responsibility of the Board of Directors to foster the long-term success of the Company. In particular, the Board shall:</p> <ol style="list-style-type: none"> <li>a) Be responsible to the shareholders for the good standing of the Company, the management of its assets for optimum performance and the strategy for its future development.</li> <li>b) Set the strategic objectives of the Company, establish the Company's vision and mission, determine investment policy, agree on performance criteria and delegate to management the detailed planning and implementation of that policy, in accordance with appropriate risk parameters.</li> <li>c) Monitor compliance with policies, and achievement against objectives, by holding management accountable for its activity through the measurement and control of operations by regular reports to the Board, including monthly performance reporting and budget updates.</li> <li>d) Conduct itself with utmost honesty and integrity in the discharge of its duties and</li> </ol>		
<b>Accountabilities</b>			



	responsibilities, and shall act in a manner characterized by transparency, accountability and fairness.
Deliverables	<ul style="list-style-type: none"> <li>▪ Periodically review the Company's vision, mission, strategies, plans, and annual budget and continuously monitor the implementation of such policies and strategies, including management's overall performance</li> <li>▪ Implement the action plans made based on the results of the self-assessment conducted following the guideline set forth by SEC Memorandum Circular No. 4</li> <li>▪ Formulate succession plans for top key management positions and review such plan on a regular basis</li> <li>▪ Institutionalize the risk management assessment process to ensure standardization, effectiveness and efficiency, and continuously monitor key risk areas and performance indicators with due diligence to enable the Company to anticipate and prepare for possible threats to its operational and financial viability</li> <li>▪ Institute good corporate governance practices and ensure effective communication with all employees for acknowledgment and strict compliance</li> <li>▪ Review the Company's continual process of good corporate governance, as well as providing approaches and advices for development, and tasking management to look into the evolving ASEAN Corporate Governance initiative from the regulators and advocacy groups and see what other enhancements can be properly pursued</li> <li>▪ Define policies and plans regarding corporate social responsibility (CSR), including formulating an action plan for publicizing and promoting awareness of CSR among all officers and employees</li> </ul>

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

A person who, apart from his fees and shareholding, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director. The qualifications and disqualifications as provided by the Securities regulation Code as well as the Code of Corporate Governance are strictly implemented by the Nomination Committee in the selection and evaluation of all nominees for independent director.

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.

None. Each director shall serve for a term of one year. Eligibility for re-election shall be in accordance with the Articles of Incorporation of the Corporation and shall be elected at each Annual Meeting of the Stockholders.

4) 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:

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

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

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors	Members of the Board of Directors are nominated by stockholders through the	The Company's Amended By-Laws mandate that each director shall possess all of the following qualifications:
(ii) Non-Executive		

<p>Directors</p>	<p>Nomination Committee and elected at the annual meeting of the stockholders to serve for a term of one (1) year until their successors are duly elected and qualified.</p> <p>The Nomination Committee reviews and evaluates all candidates nominated to Officer positions in the Company that, under the Company's By-Laws, require Board approval prior to effectivity of such Officer appointments or promotions.</p>	<p>(a) a holder of at least one (1) share of stock of the Company;</p> <p>(b) at least a holder of a Bachelor's Degree, or to substitute for such formal education, must have adequate competency and understanding of business;</p> <p>(c) of legal age; and</p> <p>(d) shall have proven to possess integrity and probity.</p> <p>In addition, under the Company's Revised Manual on Corporate Governance, the Nomination Committee also considers the following factors in determining the fitness of a nominee to the Board:</p> <p>(a) college education or equivalent academic degree;</p> <p>(b) practical understanding of the business of the Company;</p> <p>(c) membership in good standing in relevant industry, business, or professional organizations; and,</p> <p>(d) previous business experience.</p>
<p>(iii) Independent Directors</p>	<p>In compliance with SEC SRC Rule 38, the Corporations' Nomination Committee of the Corporate Governance Committee has adopted the following rules governing the nomination and election of independent directors:</p> <p>1. <u>Period</u>. The Committee shall accept nominations for independent directors before the stockholders' meeting.</p> <p>2. <u>Form and Contents</u>. The nominations shall be in writing signed by the nominating stockholder with the acceptance and conformity of the would-be nominee. It shall indicate whether a nominee is intended to be an independent director, and must contain the nominee's age, educational attainment, work and/or business experience or affiliations.</p> <p>3. <u>Qualifications</u>. The nominee for independent director must meet the minimum requirements and qualifications prescribed by law.</p> <p>4. <u>Evaluation</u>. Copies of the nomination letters from the</p>	<p>The Company's Amended By-Laws mandate that each director shall possess all of the following qualifications:</p> <p>(a) a holder of at least one (1) share of stock of the Company;</p> <p>(b) at least a holder of a Bachelor's Degree, or to substitute for such formal education, must have adequate competency and understanding of business;</p> <p>(c) of legal age; and</p> <p>(d) shall have proven to possess integrity and probity.</p> <p>In addition, under the Company's Revised Manual on Corporate Governance, the Nomination Committee also considers the following factors in determining the fitness of a nominee to the Board:</p> <p>(a) college education or equivalent academic degree;</p> <p>(b) practical understanding of the business of the Company;</p> <p>(c) membership in good standing in relevant industry, business, or professional organizations; and,</p> <p>(d) previous business experience.</p>

	<p>shareholders are circulated to the members of the Committee. The Committee sets a meeting to evaluate the nominations in accordance with the qualifications of the nominees and set policies and parameters for screening.</p> <p>5. <u>List of Candidates.</u> The Committee prepares a final list of all candidates including a summary of relevant information about them. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Directors. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.</p>	
<b>b. Re-appointment</b>		
(i) Executive Directors	Same process and criteria as Selection/Appointment	
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>c. Permanent Disqualification</b>		
(i) Executive Directors	The Nomination Committee shortlists, assesses and evaluates all candidates nominated to become a member of the Board in accordance with the qualification and disqualification criteria set out in the Revised Manual on Corporate Governance.	<p>The following shall be grounds for the permanent disqualification of a director:</p> <p>(i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <p>(ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment</p>
(ii) Non-Executive Directors		
(iii) Independent Directors		

		<p>adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in the subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>(iii) The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking, or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member participant of the organization;</p> <p>(iv) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>(v) Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;</p> <p>(vi) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;</p> <p>(vii) Any person judicially declared to be insolvent;</p> <p>(viii) Any person found guilty by final judgment or order of a foreign court or</p>
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		<p>equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in subparagraphs (i) to (v) above;</p> <p>(ix) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation code committed within five (5) years prior to the date of his election or appointment.</p>
<b>d. Temporary Disqualification</b>		
(i) Executive Directors	<p>The Nomination Committee shortlists, assesses and evaluates all candidates nominated to become a member of the Board in accordance with the qualification and disqualification criteria set out in the Revised Manual on Corporate Governance.</p> <p>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>	<p>The Board may also provide for the temporary disqualification or suspension of a director for the following reasons:</p> <p>(i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists.</p> <p>(ii) Absence in more than fifty (50) percent of all regular and special meeting of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.</p> <p>(iii) Dismissal or termination for cause as director of any corporation covered by the SEC's Code of Corporate Governance. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.</p> <p>(iv) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.</p> <p>(v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.</p>
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>e. Removal</b>		
(i) Executive Directors	<p>Same process and criteria as Permanent/Temporary Disqualification</p>	
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>f. Re-instatement</b>		

(i) Executive Directors	Same process and criteria as Selection/Appointment
(ii) Non-Executive Directors	
(iii) Independent Directors	
<b>g. Suspension</b>	
(i) Executive Directors	Same process and criteria as Permanent/Temporary Disqualification
(ii) Non-Executive Directors	
(iii) Independent Directors	

#### Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Willy N. Ocier	5,177,617,616
Frederic C. DyBuncio	5,177,617,616
Bernardo D. Lim	5,177,617,616
Edmundo L. Tan	5,177,617,616
Virginia A. Yap	5,177,617,616
Tomas D. Santos	5,177,617,616

#### 5) Orientation and Education Program

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

None

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

None

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
<b>WILLY N. OCIER</b>	May 26, 2014	Exclusive Orientation Course on Corporate Governance	The Institute of Corporate Directors
	May 26, 2014	Exclusive Orientation Course on Corporate Governance	The Institute of Corporate Directors
<b>FREDERIC C. DYBUNCIO</b>	May 26, 2014	Exclusive Orientation Course on Corporate Governance	The Institute of Corporate Directors
<b>BERNARDO D. LIM</b>	May 26, 2014	Exclusive Orientation Course on Corporate Governance	The Institute of Corporate Directors

The Group is composed of the parent, subsidiaries, associates and joint ventures of the company. anning, directing and controlling the activities of the company.

<b>EDMUNDO L. TAN</b>	May 26, 2014	Exclusive Orientation Course on Corporate Governance	The Institute of Corporate Directors
<b>VIRGINIA A. YAP</b>	May 26, 2014	Exclusive Orientation Course on Corporate Governance	The Institute of Corporate Directors
<b>LAURITO E. SERRANO</b>	May 26, 2014	Exclusive Orientation Course on Corporate Governance	The Institute of Corporate Directors
<b>TOMAS D. SANTOS</b>	May 26, 2014	Exclusive Orientation Course on Corporate Governance	The Institute of Corporate Directors

## B. CODE OF BUSINESS CONDUCT & ETHICS

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

<b>Business Conduct &amp; Ethics</b>	<b>Directors</b>	<b>Senior Management</b>	<b>Employees</b>
(a) Conflict of Interest	Uphold the interest of the Company by not engaging in any competitive business.  Protect the interest of the Company by not allowing himself nor his relatives to engage in any business with the Company.	Uphold the interest of the Company by not engaging in any competitive business.  Protect the interest of the Company by not allowing himself nor his relatives to engage in any business with the Company.	Uphold the interest of the Company by not engaging in any competitive business.  Protect the interest of the Company by not allowing himself nor his relatives to engage in any business with the Company.
(b) Conduct of Business and Fair Dealings	Protect the interest of the Company by conducting business affairs fairly, honestly and according to law.	Protect the interest of the Company by conducting business affairs fairly, honestly and according to law.	Protect the interest of the Company by conducting business affairs fairly, honestly and according to law.
(c) Receipt of gifts from third parties	Uphold the interest of the Company by not granting nor receiving favors especially in matters dealing with hiring, purchasing, awarding of contracts or similar activities.	Uphold the interest of the Company by not granting nor receiving favors especially in matters dealing with hiring, purchasing, awarding of contracts or similar activities.	Uphold the interest of the Company by not granting nor receiving favors especially in matters dealing with hiring, purchasing, awarding of contracts or similar activities.
(d) Compliance with Laws & Regulations	Protect the interest of the Company by conducting business affairs fairly, honestly and according to law.	Protect the interest of the Company by conducting business affairs fairly, honestly and according to law.	Protect the interest of the Company by conducting business affairs fairly, honestly and according to law.
(e) Respect for Trade Secrets/Use of Non-public Information	Protect zealously and cautiously confidential information on APC business plans, strategies, systems, and products while employed in the Company in the	Protect zealously and cautiously confidential information on APC business plans, strategies, systems, and products while employed in the Company in the Company or even after separation	Protect zealously and cautiously confidential information on APC business plans, strategies, systems, and products while employed in the Company in the Company or even after separation from it.

	Company or even after separation from it.	from it.	
(f) Use of Company Funds, Assets and Information	Use wisely and judiciously Company funds, property, equipment, supplies and time for the purpose set by the Company.	Use wisely and judiciously Company funds, property, equipment, supplies and time for the purpose set by the Company.	Use wisely and judiciously Company funds, property, equipment, supplies and time for the purpose set by the Company.
(g) Employment & Labor Laws & Policies	N/A	<p>1. Employee are classified according to status.</p> <p>* <u>Probationary</u>- Those hired for a permanent position and are undergoing a trial period of no more than six (6) month to determine their suitability.</p> <p>*<u>Regular</u>- Those issued a permanent appointment after having satisfactorily complete the probationary period and fulfilled all the requirement for regular employment.</p> <p>2. An employee is further classified according to rank and class:</p> <p>*Class A- Assistant Manager -President</p> <p>*Class B- Managerial / Technical - Professional Group</p> <p>*Class C- Office / Technical Staff</p>	<p>1. Employee are classified according to status.</p> <p>* <u>Probationary</u>- Those hired for a permanent position and are undergoing a trial period of no more than six (6) month to determine their suitability.</p> <p>*<u>Regular</u>- Those issued a permanent appointment after having satisfactorily complete the probationary period and fulfilled all the requirement for regular employment.</p> <p>2. An employee is further classified according to rank and class:</p> <p>*Class A- Assistant Manager - President</p> <p>*Class B- Managerial / Technical - Professional Group</p> <p>*Class C- Office / Technical Staff</p>
(h) Disciplinary action	The permanent and temporary disqualifications of a director is provided for in Sections 2.4.4 .1 and 2.4.4.2 of the Manual on Corporate Governance submitted on February 15, 2011. The director may be removed by from the board by a vote of the stockholders holding at least two-thirds of the outstanding capital stock outstanding capital stock in a regular or special meeting called for such	<p><b>Breach of trust &amp; Confidence, Dishonesty</b></p> <p>*Manipulating Company funds /first offense / Dismissal</p> <p>*Misappropriation, malversation, withholding of funds /first offense / Dismissal</p>	<p><b>Breach of trust &amp; Confidence, Dishonesty</b></p> <p>*Manipulating Company funds /first offense / Dismissal</p> <p>*Misappropriation, malversation, withholding of funds /first offense / Dismissal</p> <p>*Theft / robbery of Company property &amp; co- employee's personal / first offense / Dismissal</p> <p>*Giving false testimony during investigation /first offense / Dismissal or forced resignation</p> <p>*Falsifying official documents including daily time records, employment application forms, etc. / first offense / Suspension</p>



	purpose.	<p>to dismissal  * Failure to inform higher authority or superior of any inducement, instruction or order from superior or other high ranking officer to commit any violation of rules or policies. / first offense/ 5 days suspension / second offense 15 suspension / third offense / Dismissal  *Failure to inform high ranking authority or superior of the wrongdoing of another staff or officer /first offense / 2 days suspension / second offense/ 3 days suspension / third offense / 5 days suspension/ fourth offense / longer suspension to dismissal</p> <p><b>Violation of Operating Procedure</b></p> <p>*willful non-observance of standard operating procedures in the handling of work assignment for purposes of personal gain, profit, advantage of another person. / first offense/ Dismissal  *Failure to observe a standard operating procedure tantamount to negligence. / first offense / Suspension to dismissal depending on the gravity of the offense</p> <p><b>Negligence of work</b></p> <p>*Negligence or inefficiency including delayed completion of work assignments, failure to meet deadline, improper discharge of instructions, inaccurate report. / first offense / Suspension to dismissal  * Gross negligence resulting in damage or loss the Company. / first offense /Suspension to dismissal  *Losing Company record that cause prejudice to the Company. / first offense / written reprimand to dismissal  *Willful slowing down or limiting work output. / first offense / 10 days suspension /</p>
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		<p>second offense /Dismissal</p> <p>*Unfitness for work due to excessive drinking of alcoholic drinks. / first offense/ 10 days suspension / second offense / Dismissal</p> <p>* Attending to personal matters at excessive periods during work hours, exceeding break periods, playing games, collecting debts, soliciting contributions or bets, cell texting. / first offense / written reprimand / second offense / 3 days suspension / third offense / 6 days suspension / fourth offense/ 10 days suspension /fifth offense 15 days suspension</p> <p>* Selling, soliciting, peddling, collecting contribution or soliciting order for any merchandise or distribution of unauthorized materials within the Company premises. / first offense / written reprimand / second offense / 3 days suspension /third offense 6 days suspension / fourth offense/ 10 days suspension / fifth offense /15 days suspension</p> <p>*Leaving work assignment or working place during working hours without prior notice, loitering, prolonging rest period or wandering about inside Company premises.</p> <p>*Frequently receiving visitors during office hours for personal business or excessive use of telephone for personal calls.</p> <p>*sleeping while on duty.</p> <p><b>Improper Conduct and Behavior</b></p> <p>*Acts of threat, intimidation, coercion, harassment, or using profane language on co-employees orally or in writing.</p> <p>*Quarreling with co-employees, exchanging of strong and violent word or challenging to fights.</p> <p>*Fighting inside the Company premises</p> <p>*Committing acts of threats, coercion, harassment, etc. on superior or officer or clients.</p>
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		<p>*Disrespectful, discourteous, insulting, unbecoming, slanderous/ libelous language towards superior officer or client.</p> <p>*Committing physical force or violence or inflicting bodily harm to superior or officer or to clients. /first offense / Dismissal</p> <p>*Making or spreading malicious, derogatory or false statement about any employee or officer rumor – mongering. / first offense / 15 days suspension / second offense/ longer suspension to dismissal</p> <p>*Engaging in horseplay, running scuffling or throwing things within the Company premises. / first offense / 5 days suspension / second offense / 15 days suspension /third offense/ longer suspension to dismissal</p> <p>*Vandalism in any form or intentional destruction of Company property. / first offense / suspension to dismissal</p> <p>*Any act of disrespect, insult, or any unbecoming language or behavior towards clients or the general public. / first offense / suspension to dismissal</p> <p><b>Against High Moral Standards</b></p> <p>*Conviction of a crime involving moral turpitude. / first offense / Dismissal</p> <p>*Acts of lasciviousness. / first offense /suspension to dismissal</p> <p>*Illicit relations in the proportion of scandal. / first offense / Suspension to dismissal</p> <p><b>Insubordination/ disobedience</b></p> <p>*Failure to carry out lawful verbal or written orders/ instruction of a superior or officer. / first offense/ Suspension to dismissal</p> <p><b>Acts Against Company's Interest</b></p> <p>*Soliciting or receiving fees,</p>
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			<p>commissions or kickback from client, suppliers, collections, etc. in exchange for considering or patronizing their products or services or for service rendered in connection with any Company transaction./ first offense/ Dismissal</p> <p>*Revelation of confidential matters, data or other information relative to Company transactions or communications or secrets of trade, including restricted information about the Company or client's account.</p> <p>*Making or spreading malicious, derogatory or false statements regarding the good name of the Company or its subsidiaries.</p> <p><b>Tardiness</b></p> <p>*First offense / first offense Verbal warning</p> <p>*Two tardiness during the weeks. /second offense / Verbal Reprimand</p> <p>*Three tardiness in a given week or five tardiness in any two consecutive weeks. /third offense / Written reprimand</p> <p>*Tardiness during a four-week period totaling two hours regardless of the number of times tardy. /fourth offense /Suspension for 2 days without pay</p> <p>*Tardiness during a four-week period totaling three hours regardless of the number of time tardy. / fifth offense / Suspension for 7 days without pay</p> <p>*Suspension for a total of 21 workdays within a six- month period may be grounds for dismissal.</p>
(i) Whistle Blower		<p>Consistent with APC GROUP, Inc.'s commitment to professional ethics and traditional values, the Company expects its directors, officers, employees and contract workers to observe high</p>	<p>Consistent with APC GROUP, Inc.'s commitment to professional ethics and traditional values, the Company expects its directors, officers, employees and contract workers to observe high standards of business and personal ethics in the conduct</p>

	N/A	standards of business and personal ethics in the conduct of their duties and responsibilities at all times inside and outside the Company. Everyone is expected to help and work towards creating an environment where concerns can be raised for possible violations of our Code of Discipline, policies and laws so they can be resolved sooner than later.	of their duties and responsibilities at all times inside and outside the Company. Everyone is expected to help and work towards creating an environment where concerns can be raised for possible violations of our Code of Discipline, policies and laws so they can be resolved sooner than later.
(j) Conflict Resolution	The Company has a conflict resolution policy to provide a quick effective and consistent method of presenting concerns to management and have those concerns resolved internally.	The Company has a conflict resolution policy to provide a quick effective and consistent method of presenting concerns to management and have those concerns resolved internally.	The Company has a conflict resolution policy to provide a quick effective and consistent method of presenting concerns to management and have those concerns resolved internally.

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

Yes

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

Annual Self Assessment

4) Related Party Transactions

(a) Policies and Procedures

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

Related Party Transactions	Policies and Procedures
(1) Parent Company	The Company practices full disclosure of details of related-party transactions. The nature, extent and all other material details of transactions with related parties are disclosed in the Company's financial statements and quarterly and annual reports to the SEC and PSE.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	The Company conducts all related party transactions on an arm's length basis. In addition, a periodic assessment is made on the following: <ul style="list-style-type: none"> <li>▪ Collectability of receivables from related parties and the necessity to provide allowance for doubtful accounts for such receivables</li> <li>▪ Market and financial risks faced by related parties</li> </ul>
(7) Directors including spouse/children/siblings/parents	

	<ul style="list-style-type: none"> <li>▪ Guarantees issued to or received from related parties</li> <li>▪ Financial and economic soundness of related party transactions (e.g., receivables and payables, cash placements and loans, investments in shares of stock, management/service fees, etc.)</li> </ul> <p>Management regularly presents the details of transactions entered into by the Company with related parties at the meetings of the Audit Committee.</p> <p>A contract of the corporation with one or more of its officers/Directors is:</p> <p>A. Voidable at the option of the corporation unless -</p> <ul style="list-style-type: none"> <li>• The presence of the director is not needed for a quorum (in a Board Meeting, AND</li> <li>• His vote is not necessary, AND</li> <li>• The contract is fair and reasonable, AND</li> <li>• The contract with the officer has been previously authorized by the Board</li> </ul> <p>B. Where the first 2 conditions are absent, the stockholders must ratify it –</p> <ul style="list-style-type: none"> <li>• By a vote of 2/3 of outstanding stock in a stockholders meeting</li> <li>• Full disclosure of the adverse interest of the officer involved in the contract must be made</li> <li>• The contract must be fair and reasonable</li> </ul>
(8) Interlocking director relationship of Board of Directors	<p>1.1 Contracts with another corporation with interlocking directors is valid provided:</p> <p>1.1.1 There is no fraud</p> <p>1.1.2 It is fair and reasonable</p> <p>1.2 Where the interest of the director is substantial (exceeds 20%) in one and nominal (20% or less) in another, the rules on dealing of directors in the immediately preceding item applies with respect to the corporation where the common director has nominal share</p> <p>1.2.1 If director interest is minimal in both or if substantial in both, the contract is valid.</p> <p>1.2.2 If minimal in one and substantial in the other, apply the rules on dealings of directors with the corporation.</p>

(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	<p>Directors, officers and significant shareholders may exercise significant influence over the Company in making financial and operational decisions that are not in the best interests of the Company and its stakeholders. Transactions with these related parties may not be on arm's length basis.</p> <p>Probable conflicts of interest would include:</p> <ul style="list-style-type: none"> <li>▪ When the director/officer/significant shareholder would use his/her position for personal financial gain</li> </ul>
Name of Officer/s	
Name of Significant Shareholders	

	<p>or to benefit a company in which the director/officer/significant shareholder has a financial interest</p> <ul style="list-style-type: none"> <li>▪ When outside financial or other interests may inappropriately influence the way in which the director/officer/significant shareholder carries out his/her responsibilities</li> <li>▪ When the director's/officer's/significant shareholder's outside interests otherwise may cause harm to the Company's reputation and its stakeholders</li> <li>▪ When there is an outside relationship that may deter the director/officer/significant shareholder from devoting an appropriate amount of time, energy, creativity, or other personal resources to his/her responsibilities</li> </ul>
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(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	The Board of Directors hold regular meetings during the year. Any matters related to conflict of interest maybe be discussed and appropriate resolutions are implemented.
Group	The Board of Directors hold regular meetings during the year. Any matters related to conflict of interest maybe be discussed and appropriate resolutions are implemented

5) Family, Commercial and Contractual Relations

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
None		

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description
None		

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

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

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

6) Alternative Dispute Resolution

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

	Alternative Dispute Resolution System
Corporation & Stockholders	None
Corporation & Third Parties	None
Corporation & Regulatory Authorities	None

**C. BOARD MEETINGS & ATTENDANCE**

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

Refer to Articles of Incorporation Section 7 on Regular Meeting which states “Regular meetings of the Board of Directors shall be held every fourth Thursday of each month or at such date, time and place as the Chairman, or in his absence, the President shall from time to time determine. If any day fixed for a regular meeting shall be a legal holiday at the place where the meeting is to be held, then the meeting which would otherwise be held on that day shall be held at the same hour on the next succeeding business day of legal holiday. Notice of regular meetings need not be given.”

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	WILLY N. OCIER	September 22, 2014	11	10	90.9%
Member	FREDERIC C. DYBUNCIO	September 22, 2014	11	10	90.9%
Member	BERNARDO D. LIM	September 22, 2014	11	11	100%
Member	EDMUNDO C. TAN	September 22, 2014	11	11	100%
Member	VIRGINIA A. YAP	September 22, 2014	11	11	100%
Independent	TOMAS D. SANTOS	September 22, 2014	11	11	100%
Independent	LAURITO E. SERRANO	September 22, 2014	11	11	100%

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

No

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

No. Refer to Section 4 of the Articles of Incorporation on Quorum and Manner of Acting states “Except as otherwise provided by statute, by the Articles of Incorporation or by these By-Laws, a majority of the number of directors specified in the Articles of Incorporation shall constitute a quorum for the transaction of business at any meeting, and the act of a majority of the directors present at any meeting at which there is a quorum shall be valid as a corporate act. In the absence of a quorum, a majority of the directors present may adjourn any meeting from time to time until a quorum be had. Notice of any adjourned meeting need not be given.”

4) Access to Information

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

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



The Board shall be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties and responsibilities.

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

Yes

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

The corporate secretary shall:

1. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees; as well as the official records of the corporation
2. Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval
3. Attend all Board meetings, except when justifiable causes, such as illness, death, in the immediate family and serious accidents, prevent him from doing so.
4. Ensure that all Board procedures, rules and regulations are strictly followed by the members

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

Yes

(e) Committee Procedures

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

Yes

No

Committee	Details of the procedures
Executive	The Committee shall be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties and responsibilities.
Audit	The Committee shall be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties and responsibilities.
Nomination	The Committee shall be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties and responsibilities.
Remuneration	The Committee shall be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties and responsibilities.
Others (specify)	

5) External Advice

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

Procedures	Details
	To enable the Board to properly fulfill their duties and responsibilities, they are provided with complete and timely information about the matters in the agenda of the meetings. Directors are given independent access to management and the Corporate Secretary, as well as to independent professional advice when the need arises.

6) Change/s in existing policies

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

Existing Policies	Changes	Reason
N/A		

**D. REMUNERATION MATTERS**

1) Remuneration Process

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

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Refer to the Revised Manual of the Corporate Governance. The Compensation and Remuneration Committee shall designate amount of remuneration which shall be in a level sufficient to attract directors, executives and other key senior personnel needed to run the Corporation successfully.	Refer to the Revised Manual of the Corporate Governance. The Compensation and Remuneration Committee shall designate amount of remuneration which shall be in a level sufficient to attract directors, executives and other key senior personnel needed to run the Corporation successfully
(2) Variable remuneration	N/A	N/A
(3) Per diem allowance	N/A	N/A
(4) Bonus	N/A	N/A
(5) Stock Options and other financial instruments	N/A	N/A
(6) Others (specify)	N/A	N/A

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	Each director is entitled to a transportation allowance of P5,000 per board meeting attended to cover transportation expenses.	None	NA
Non-Executive Directors	Each director is entitled to a transportation allowance of P5,000 per board meeting attended to cover transportation expenses.	None	NA

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

Remuneration Scheme	Date of Stockholders' Approval
None	NA

### 3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year: (2014)

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	2,205,000	N/A	N/A
(b) Variable Remuneration	N/A	N/A	N/A
(c) Per diem Allowance	40,000	20,000	30,000
(d) Bonuses	N/A	N/A	N/A
(e) Stock Options and/or other financial instruments	N/A	N/A	N/A
(f) Others (Specify)	N/A	N/A	N/A
<b>Total</b>	2,245,000	20,000	30,000

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	N/A	N/A	N/A
2) Credit granted	N/A	N/A	N/A
3) Pension Plan/s Contributions	N/A	N/A	N/A
(d) Pension Plans, Obligations incurred	N/A	N/A	N/A
(e) Life Insurance Premium	30,804	N/A	N/A
(f) Hospitalization Plan	11,591	N/A	N/A
(g) Car Plan	N/A	N/A	N/A
(h) Others (Specify) Dues and Subscription	109,539	N/A	N/A
<b>Total</b>	151,934	N/A	N/A

### 4) Stock Rights, Options and Warrants

#### (a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled

to stock rights, options or warrants over the company's shares:

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

NONE. There are no option grants outstanding held by directors and officers as of December 31, 2014.

(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
NA	NA	NA

NONE. There are no amendments and/or discontinuation of any incentive programs during the year.

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year: (2014)

Name of Officer/Position	Total Remuneration
Jackson T. Ongsip	91,000

**E. BOARD COMMITTEES**

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	3	1	0	None. Refer to Manual on Corporate Governance submitted on February 15, 2011.	The executive committee may act, by majority vote of all its members, on such specific	The executive committee may act, by majority vote of all its members, on such specific matters within the competence	The executive committee may act, by majority vote of all its members, on such specific matters within

				And Article V of the Company's By-laws	matters within the competence of the board, as may be delegated to it in the by-laws or on a majority vote of the board except with respect to: 1. Where stockholders approval is also needed 2. Fill vacancies in the board 3. Amend or repeal by-laws or adopt new by-laws 4. Amend or repeal resolutions of the Board where the resolution by express terms is not so amendable or repealable by the Committee 5. Distribution of cash dividends.	of the board, as may be delegated to it in the by-laws or on a majority vote of the board except with respect to: 1. Where stockholders approval is also needed 2. Fill vacancies in the board 3. Amend or repeal by-laws or adopt new by-laws 4. Amend or repeal resolutions of the Board where the resolution by express terms is not so amendable or repealable by the Committee 5. Distribution of cash dividends.	the competence of the board, as may be delegated to it in the by-laws or on a majority vote of the board except with respect to: 1. Where stockholders approval is also needed 2. Fill vacancies in the board 3. Amend or repeal by-laws or adopt new by-laws 4. Amend or repeal resolutions of the Board where the resolution by express terms is not so amendable or repealable by the Committee 5. Distribution of cash dividends.
Audit	0	2	1	Refer to Audit Committee Charter submitted on November 14, 2012	The Committee assists and advises the Board of Directors in fulfilling its oversight responsibilities to ensure the quality and integrity of the Company's accounting, financial	Oversight responsibility in 8 major domains: 1. Financial Statements and Reporting 2. Internal Control 3. Internal Audit 4. External audit 5. Compliance 6. Risk Management 7. Reporting Responsibilities	Appointment and evaluation of the performance of the external auditor, head of internal audit and Chief risk officer  Seek information it requires from Management and all other

					reporting, auditing practices, risk management and internal control system and adherence to over-all corporate governance best practices.	8. Assessment of Committee Charter, evaluation of committee members, and perform activities as delegated by the board.	employees Gain access to all records, properties, assets and personnel  Review of the scope of work of the auditors  Investigate any activities within its scope of responsibilities .
Nomination	1	1	1	None. Refer to Manual on Corporate Governance submitted on February 15, 2011	Review and Evaluation of the qualification of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election and replacement of officers	Review and Evaluation of the qualification of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election and replacement of officers	Review and Evaluation of the qualification of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election and replacement of officers
Remuneration	2	1	0	None. Refer to Manual on Corporate Governance submitted on February 15, 2011	Establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent	Establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the corporation's	Establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the corporation's

					with the corporation's culture, strategy and the business environment in which it operates.	culture, strategy and the business environment in which it operates.	culture, strategy and the business environment in which it operates.
Risk Management Committee	0	2	1				

## 2) Committee Members

### (a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Willy N. Ocier	September 22, 2014	None	None		1 year
Member (ED)	Frederic C. DyBuncio	September 22, 2014	None	None		1 year
Member (ED)	Bernardo D. Lim	September 22, 2014	None	None		1 year
Member (NED)	Virginia A. Yap	September 22, 2014	None	None		1 year

### (b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman(ID)	Tomas D. Santos	September 22, 2014	1	1	100	1 year
Member (NED)	Virginia A. Yap	September 22, 2014	1	1	100	1 year
Member (ED)	Bernardo D. Lim	September 22, 2014	1	1	100	1 year

Disclose the profile or qualifications of the Audit Committee members.

#### **TOMAS D. SANTOS**

Mr. Santos, a Filipino, is also the President of Irvine Construction Corporation from 1994 to present. He is the owner of Shamu Marketing and the President of Filipino Chinese Youth Volunteer Fire Department, Inc. from 2011 to present.

Mr. Santos holds a Bachelor of Science in Business Administration degree from the University of the East.

#### **VIRGINIA A. YAP**

Ms. Yap, Filipino, is also a director of Belle Corporation. She holds key positions in the SM Group of Companies including being Treasurer of SM Development Corporation (SMDC), and Vice President-Office of the Chairman of the Board of Directors of SM Investments Corporation, SM Land, Inc. (formerly Shoemart, Inc.) and SM Retail, Inc. She is also Treasurer of SMDC and Highlands Prime Inc. She has been connected with the SM Group of Companies for the last twenty-nine years. She holds a Bachelor of Science in

Commerce (Major in Accounting) degree from the University of Mindanao.

**BERNARDO D. LIM**

Mr. Bernardo D. Lim is a Director of Philippine Global Communications, Inc. (2005 up to present). Before he joined APC Group, Mr. Lim was General Manager for Finance of P.T. Bakrie Sumatra Plantations in Indonesia. He assumed various positions in the firms he joined earlier: Vice President for Finance and Administration of Westinghouse Asia Controls Corporation and Cellophil Resources Corporation; Vice President and Treasurer of Atlantic Gulf & Pacific Company of Manila and AG&P Industrial Corporation; Vice President for Finance of Trans-Philippines Investment Corporation; Treasurer of Fluor Daniel/AG&P, Inc., Technoserve International Corporation, and Wire Rope Corporation of the Philippines. Mr. Lim was also Controller of Philippine Iron Mines.

Mr. Lim holds a Bachelor of Science in Business Administration degree from the University of the Philippines. He is a Certified Public Accountant.

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

The Audit Committee assists and advises the Board of Directors (the “Board”) in fulfilling its oversight responsibilities to ensure the quality and integrity of the Company’s accounting, financial reporting, auditing practices, risk management and internal control system and adherence to over-all corporate governance best practices. It shall:

1. Review the external auditors’ proposed audit scope and approach
2. Review and confirm the independence of the external auditors by obtaining certification from the latter relative to overall relationship with the Company including non-audit services.
3. Resolve any disagreement between Management and the external auditors regarding financial reporting.
4. On a regular basis, meet separately with the external auditors to discuss any matter that the Committee or auditors believe should be discussed privately.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Edmundo L. Tan	September 22, 2014	1	1	100	1 year
Member (ID)	Tomas D. Santos	September 22, 2014	1	1	100	1 year
Member (NED)	Virginia A. Yap	September 22, 2014	1	1	100	1 year

(d) Compensation and Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	Williy N. Ocier	September 22, 2014	None	None	0	1 year
Member (NED)	Edmundo L. Tan	September 22, 2014	None	None	0	1 year
Member (NED)	Virginia A. Yap	September 22, 2014	None	None	0	1 year

(e) Risk Management Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Tomas D. Santos	September 22, 2014	None	None	0	1 year
Member (NED)	Virginia A. Yap	September 22, 2014	None	None	0	1 year
Member (NED)	Bernardo D. Lim	September 22, 2014	None	None	0	1 year



3) Changes in Committee Members

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

Name of Committee	Name	Reason
Executive	NA	
Audit	NA	
Nomination	NA	
Remuneration	NA	
Risk Management	NA	

4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Executive	Relevant matters in achieving company's strategic goals are implemented and any issues are resolved	No significant issues
Audit	Review of the financial statements	Same as above
Nomination	Review and evaluation of the qualifications of directors.	Same as above
Remuneration	None	Same as above
Risk Management	None	Same as above

5) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Adequate planning are conducted and strategies to address issues are made	No significant issues
Audit	Adequate planning are conducted and strategies to address issues are made	No significant issues
Nomination	Adequate planning are conducted and strategies to address issues are made	No significant issues
Remuneration	Adequate planning are conducted and strategies to address issues are made	No significant issues
Risk Management	Adequate planning are conducted and strategies to address issues are made	No significant issues

**F. RISK MANAGEMENT SYSTEM**

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Company has adopted a risk management policy that establishes a culture of disclosing, evaluating and managing risks, from the Board and throughout the organization toward achieving its goals and objectives, which include, among others, the protection and preservation its employees' and clients' safety and welfare, the value and condition of its properties and assets, and its local and global reputation. The Company aligns its risk appetite with its long-term strategic objectives.

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

The Audit Committee reviews annually the effectiveness of the Company's risk management system. The Committee reviews the adequacy and effectiveness of the Company's policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks, including management's reduction and mitigation plan to sufficiently and swiftly manage major financial and business risk exposures.

For the year ended December 31, 2014, effective and adequate risk management mechanisms are in place, implemented and properly complied in all levels.

- (c) Period covered by the review;

The Audit Committee reviews annually the effectiveness of the Company's risk management system.

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

The Audit Committee reviews annually the effectiveness of the Company's risk management system. The Committee reviews the adequacy and effectiveness of the Company's policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks, including management's reduction and mitigation plan to sufficiently and swiftly manage major financial and business risk exposures.

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

N/A

## 2) Risk Policy

- (a) Company

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

Risk Exposure	Risk Management Policy	Objective
<p><u>Economic and Political Conditions</u> The Company's business is mainly the acquisition of investments, which are generally influenced by Philippine political and economic conditions. Events and conditions that may have a negative impact on the Philippine economy as a whole may also adversely affect the Company's ability to acquire various investments.</p>	<p>The Company has adopted a risk management policy that establishes a culture of disclosing, evaluating and managing risks, from the Board and throughout the organization toward achieving its goals and objectives, which include, among others, the protection and preservation its employees' and clients' safety and welfare, the value and condition of its properties and assets, and its local and global reputation. The Company aligns its risk appetite with its long-term strategic objectives.</p> <p>In order to mitigate risk exposures, the Company continues to exercise fiscal prudence and adopt what it considers conservative financial and operational controls.</p> <p>In addition, the Audit Committee is tasked to perform and carry out the following responsibilities related to Risk Management:</p>	<p>The Company has adopted a risk management policy that establishes a culture of disclosing, evaluating and managing risks, from the Board and throughout the organization toward achieving its goals and objectives, which include, among others, the protection and preservation its employees' and clients' safety and welfare, the value and condition of its properties and assets, and its local and global reputation. The Company aligns its risk appetite with its long-term strategic objectives.</p>
<p><u>Changes to the Philippine Laws and Regulations</u> Although laws and</p>	<p>1) Review the adequacy and effectiveness of the Company's policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks.</p> <p>2) Ensure that management sufficiently and swiftly manages risks, (i.e. reduction and mitigation across operating units) especially those categorized as having high impact with high probability of occurring.</p>	<p>The Company has adopted a risk management policy that establishes a culture of disclosing, evaluating and managing risks, from the Board and throughout the organization toward achieving its goals and objectives, which include, among others, the protection and preservation its employees' and clients' safety and welfare, the value and condition of its properties and assets, and its local and global reputation. The Company aligns its risk appetite with its long-term strategic objectives.</p>

<p>regulations are enacted for the common benefit, changes to these laws and regulations may create negative effects to the operating and financial condition of the Company, including the subsidiaries and affiliates.</p>	<ol style="list-style-type: none"> <li>3) Advise the Board, in consultation with management, on the overall risk management program of the Company as it relates to its risk appetite and strategic direction.</li> <li>4) May engage a consultant for a more independent assessment of the risk management infrastructure and review different units' best practice.</li> <li>5) Meet separately with the Chief Risk Officer to discuss any matters that the Committee or auditors believe should be discussed privately.</li> <li>6) Review the details of the Company's related party transactions.</li> </ol>
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(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 Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
<p><b>Economic and political conditions</b></p> <p><b>Competition</b></p> <p><b>Changes in local and international interest rate</b></p> <p><b>Changes in the value of the peso</b></p> <p><b>Contractors and suppliers</b></p> <p><b>Government regulations</b></p> <p><b>Changes to the Philippine laws and regulations</b></p>	<p>The Group has adopted a risk management policy that establishes a culture of disclosing, evaluating and managing risks, from the Board and throughout the organization toward achieving its goals and objectives, which include, among others, the protection and preservation its employees' and clients' safety and welfare, the value and condition of its properties and assets, and its local and global reputation. The Group aligns its risk appetite with its long-term strategic objectives.</p> <p>In order to mitigate risk exposures, the Group continues to exercise fiscal prudence and adopt what it considers conservative financial and operational controls.</p> <p>In addition, the Audit Committee is tasked to perform and carry out the following responsibilities related to Risk Management:</p>	<ol style="list-style-type: none"> <li>1) Review the adequacy and effectiveness of the Group's policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks.</li> <li>2) Ensure that management sufficiently and swiftly manages risks, (i.e. reduction and mitigation across operating units) especially those categorized as having high impact with high probability of occurring.</li> <li>3) Advise the Board, in consultation with management, on the overall risk management program of the Group as it relates to its risk appetite and strategic direction.</li> <li>4) May engage a consultant for a more independent assessment of the risk management infrastructure and review different units' best practice.</li> <li>5) Meet separately with the Chief Risk Officer to discuss any matters that the Committee or auditors believe should be discussed privately.</li> <li>6) Review the details of the Group's related party transactions.</li> </ol>

(c) Minority Shareholders

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

Risk to Minority Shareholders
Majority shareholders may dominate major Company decisions
Lack of transparency on the actions and decisions of majority shareholders
Abusive and inequitable conduct on the part of majority shareholders
Rights of minority shareholders may not be upheld and protected

3) Control System Set Up

(a) Company

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
<p><b>Economic and political conditions</b></p> <p><b>Changes to the Philippine laws and regulations</b></p>	<p>The Company has adopted a risk management policy that establishes a culture of disclosing, evaluating and managing risks, from the Board and throughout the organization toward achieving its goals and objectives, which include, among others, the protection and preservation its employees' and clients' safety and welfare, the value and condition of its properties and assets, and its local and global reputation. The Company aligns its risk appetite with its long-term strategic objectives.</p> <p>In order to mitigate risk exposures, the Company continues to exercise fiscal prudence and adopt what it considers conservative financial and operational controls.</p> <p>In addition, the Audit Committee is tasked to perform and carry out the following responsibilities related to Risk Management:</p>	<ol style="list-style-type: none"> <li>1) Review the adequacy and effectiveness of the Company's policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks.</li> <li>2) Ensure that management sufficiently and swiftly manages risks, (i.e. reduction and mitigation across operating units) especially those categorized as having high impact with high probability of occurring.</li> <li>3) Advise the Board, in consultation with management, on the overall risk management program of the Company as it relates to its risk appetite and strategic direction.</li> <li>4) May engage a consultant for a more independent assessment of the risk management infrastructure and review different units' best practice.</li> <li>5) Meet separately with the Chief Risk Officer to discuss any matters that the Committee or auditors believe should be discussed privately.</li> <li>6) Review the details of the Company's related party transactions.</li> </ol>

(b) Group

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
<p><b>Economic and political conditions</b></p> <p><b>Competition</b></p> <p><b>Changes in local and international interest rate</b></p> <p><b>Changes in the value of the peso</b></p> <p><b>Contractors and suppliers</b></p> <p><b>Government regulations</b></p> <p><b>Changes to the</b></p>	<p>The Group has adopted a risk management policy that establishes a culture of disclosing, evaluating and managing risks, from the Board and throughout the organization toward achieving its goals and objectives, which include, among others, the protection and preservation its employees' and clients' safety and welfare, the value and condition of its properties and assets, and its local and global reputation. The Group aligns its risk appetite with its long-term strategic objectives.</p> <p>In order to mitigate risk exposures, the Group continues to exercise fiscal prudence and adopt what it considers conservative financial and operational controls.</p> <p>In addition, the Audit Committee is tasked to perform and carry out the following responsibilities related to Risk Management:</p>	

<b>Philippine laws and regulations</b>	<ol style="list-style-type: none"> <li>1. Review the adequacy and effectiveness of the Group’s policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks.</li> <li>2. Ensure that management sufficiently and swiftly manages risks, (i.e. reduction and mitigation across operating units) especially those categorized as having high impact with high probability of occurring.</li> <li>3. Advise the Board, in consultation with management, on the overall risk management program of the Group as it relates to its risk appetite and strategic direction.</li> <li>4. May engage a consultant for a more independent assessment of the risk management infrastructure and review different units’ best practice.</li> <li>5. Meet separately with the Chief Risk Officer to discuss any matters that the Committee or auditors believe should be discussed privately.</li> <li>6. Review the details of the Group’s related party transactions.</li> </ol>
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(c) Committee

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

Committee/Unit	Control Mechanism	Details of its Functions
<b>Audit Committee</b>		<p>The Committee is tasked to perform and carry out the following responsibilities related to Risk Management:</p> <ol style="list-style-type: none"> <li>1) Review the adequacy and effectiveness of the Company’s policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks.</li> <li>2) Ensure that Management sufficiently and swiftly manages risks, (i.e. reduction and mitigation across operating units) especially those categorized as having high impact with high probability of occurring.</li> <li>3) Advise the Board, in consultation with Management, on the overall risk management program of the Company as it relates to its risk appetite and strategic direction.</li> <li>4) May engage a consultant for a more independent assessment of the risk management infrastructure and review different units’ best practice.</li> <li>5) Meet separately with the Chief Risk Officer to discuss any matters that the Committee or auditors believe should be discussed privately.</li> <li>6) Review the details of the Company’s related party transactions.</li> </ol>

**G. INTERNAL AUDIT AND CONTROL**

1) Internal Control System

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

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

The control environment of the corporation consists of (a) the Board which ensures that the corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems, and (d) an independent audit

mechanism to monitor the adequacy and effectiveness of the corporation's governance, operation, and information system, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and controls.

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

The Audit Committee reviews annually the effectiveness of the Company's internal control system, including information technology security and controls. To facilitate their review, the Committee understands and evaluates the scope of the internal and external auditors' review of internal controls over financial reporting, and obtains regular reports on significant findings and recommendations, together with management's responses, to obtain reasonable assurance that the Company's key organizational and procedural controls are effective, appropriate and complied with.

- (c) Period covered by the review;

The Audit Committee reviews annually the effectiveness of the Company's internal control system, including information technology security and controls.

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

The Audit Committee reviews annually the effectiveness of the Company's internal control system, including information technology security and controls. To facilitate their review, the Committee understands and evaluates the scope of the internal and external auditors' review of internal controls over financial reporting, and obtains regular reports on significant findings and recommendations, together with management's responses, to obtain reasonable assurance that the Company's key organizational and procedural controls are effective, appropriate and complied with.

The scope and the particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of business and the business culture; the volume, size and complexity of transactions; the degree of risks; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

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

N/A

## 2) Internal Audit

- (a) Role, Scope and Internal Audit Function.

give a general description of the role, scope of internal audit work and other details of the internal audit function.

<b>Role</b>	<b>Scope</b>	<b>Indicate whether In-house or Outsource Internal Audit Function</b>	<b>Name of Chief Internal Auditor/Auditing Firm</b>	<b>Reporting process</b>
<b>The Audit Committee assists and advises the</b>	<b>The Audit Committee is duty-bound to perform and carry</b>	In-house	<b>Rhea Marie R. Abueg</b>	<b>The Internal Audit Head, in the discharge of her</b>

<p>Board of Directors in fulfilling its oversight responsibilities to ensure the quality and integrity of the Company's accounting, financial reporting, auditing practices, risk management and internal control systems and adherence to overall corporate governance best practice. The Committee also oversees the Company's process for monitoring compliance with laws, regulations, the Code of Discipline, and performs other duties as the Board may require.</p>	<p>out the following responsibilities, categorized under the following major domains:</p> <ul style="list-style-type: none"> <li>a. Financial Statements and Reporting;</li> <li>b. Internal Control;</li> <li>c. Internal Audit;</li> <li>d. External Audit;</li> <li>e. Compliance;</li> <li>f. Risk Management;</li> <li>h. Reporting Responsibilities</li> <li>i. Other responsibilities such as, 1) perform other activities related to the Audit Charter as required by the Board; 2) Review and assess the adequacy of the Committee Charter annually, requesting Board approval for any proposed changes, and ensure appropriate disclosure as may be required by law or regulation; 3) Evaluate the Committee's and individual members' performance on a regular basis.</li> </ul>			<p>duties, shall be accountable to Audit Committee and the Senior Management to:</p> <ul style="list-style-type: none"> <li>a. Provide annually an assessment on the adequacy and effectiveness of the organization's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.</li> <li>b. Report significant issues related to the processes for controlling the activities of the organization and its subsidiaries, including potential improvements to those processes and provide information concerning such issues through resolution.</li> <li>c. Periodically provide information on the status and results of the annual audit plan and the sufficiency of department resources.</li> <li>d. Coordinate with and provide oversight of other control and monitoring functions (risk management,</li> </ul>
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				<b>compliance, security, legal ethics, environmental, external audit)</b>
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- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

YES. Under the Company’s Revised Manual on Corporate Governance, the Audit Committee is tasked to organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagements and removal.

- (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?

Yes, the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel.

- (d) Resignation, Re-assignment and Reasons

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

<b>Name of Audit Staff</b>	<b>Reason</b>
N/A	

NONE. There were no resignations/reassignment of internal audit staff during the period.

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

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

<b>Progress Against Plans</b>	Internal audit engagements are conducted in accordance with the audit plan and timetable approved by the Audit Committee.
<b>Issues<sup>6</sup></b>	Issues and findings noted during the audit were given appropriate attention by management and recommendations were implemented accordingly. Significant findings and recommendations, together with management’s responses, are reported to the Audit Committee to enable the Committee to obtain reasonable assurance that the Company’s key organizational and procedural controls are effective, appropriate and complied with.
<b>Findings<sup>7</sup></b>	
<b>Examination Trends</b>	

[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;

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

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



- 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
Internal controls over financial reporting	Implemented
Segregation of duties	Implemented
Authorization of transactions	Implemented
Retention of records	Implemented
Supervision or monitoring of operations	Implemented
Physical safeguards	Implemented
IT general and application controls	Implemented

(g) Mechanism and Safeguards

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<p>External auditor should be rotated or change every five years or earlier, or the signing partner of the external auditing firm assigned to the corporation should be change with the same frequency.</p> <p>The internal auditor directly report to the audit committee.</p>	<p>The Company aims to conduct business in accordance with the highest standards of business ethics. To this end, all business dealings should be compliant with all applicable laws and must not in any way compromise the good name and reputation of the Company.</p> <p>All directors, officers and employees shall act with utmost integrity and shall not engage in unfair dealing practices. The Company prohibits any conflict of interest, unfair competition, breach of trust, insider trading, or any other act inimical to the Company’s interest.</p>		N/A

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

1. Frederic C. DyBuncio (CEO and President)
2. Willy N. Ocier (Chairman)

**H. ROLE OF STAKEHOLDERS**

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

	<b>Policy</b>	<b>Activities</b>
Customers' welfare	N/A	
Supplier/contractor selection practice	The Company observes propriety and acts with fairness and transparency in dealing with business partners (i.e., contractors, suppliers, creditors and other entities that engage in business with the Company). The Company adheres to its principles of healthy competition, equal opportunity and fair treatment of business partners.	
Environmentally friendly value-chain	The Company ensures the environmental friendliness of its operations, and contributes to the overall sustainability of the physical environment where the Company operates. The Company is committed to the protection of the environment and complies with all applicable environmental laws and regulations.	
Community interaction	The Company respects relevant laws and/or regulations in the community where the Company operates. Compliance with those laws and regulations is strictly monitored to prevent any damage to the quality of life of society, surrounding communities and the environment.	
Anti-corruption programmers and procedures?	The Company's whistle blower policy was adopted to create an environment where concerns and issues, made in good faith, may be raised freely within the organization. Under the policy, any stakeholder may submit an incident report on suspected or actual violations of the Code of Ethics and Discipline or any other applicable law or regulation. Upon receipt of an incident report, management is tasked to conduct an investigation on its merit, subject to due process and applicable penalties and sanctions thereafter. Anyone who in good faith reports a violation of the Code or policies or law shall not be retaliated upon or suffer harassment or adverse employment consequence.	
Safeguarding creditors' rights	<p>The Company observes propriety and acts with fairness and transparency in dealing with business partners (i.e., contractors, suppliers, creditors and other entities that engage in business with the Company). The Company adheres to its principles of healthy competition, equal opportunity and fair treatment of business partners.</p> <p>The Company strictly respects agreements with creditors, manages loans according to lending objectives, ensures timely repayment of loans and interests, thoroughly honors loan conditions as agreed and competently operates the business to assure creditors about the Company's healthy</p>	

	financial standing and loan repayment capabilities.	
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2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

None.

3) Performance-enhancing mechanisms for employee participation.

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

The company grants health care benefits which includes hospitalization, medical and dental care, and group term life insurance cover which pays a benefit in case of death or permanent disability.

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

	No. of Employees Covered	Total coverage	Name of Insurer
Healthcare Insurance	5	900,000	Valucare
Life Insurance	5	2,500,000	Generali Philippines

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

The Company grants an annual budget for each employee to attend training and 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 does not have a reward compensation policy beyond what is mandated by law.

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

Consistent with APC GROUP, Inc.’s commitment to professional ethics and traditional values, the Company expects its directors, officers, employees and contract workers to observe high standards of business and personal ethics in the conduct of their duties and responsibilities at all times inside and outside the Company.

Everyone is expected to help and work towards creating an environment where concerns can be raised for possible violations of our Code of Discipline, policies and laws so they can be resolved sooner than later.

It is the responsibility of all directors, officers, employees and contract workers to comply with and to report violations of the Code of Discipline, policies, or laws. Violations or suspected violations of Company policies can be escalated to any of the following:

1. The Head of Human Resources
2. The Compliance Officer
3. The Head of Internal Audit

Anyone who in good faith reports a violation of the Code or polices, or law shall not be retaliated upon or suffer harassment of adverse employment consequences. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

**I. DISCLOSURE AND TRANSPARENCY**

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Belle Corporation	3,500,000,000	46.59%	
PCD Nominee Corp. (Filipino)	1,777,456,702	23.66%	The beneficial owners of the shares registered under the name of PCDN are Philippine Central Depository (PCD) participants who hold shares in their own behalf or in behalf of their clients.
PCD Nominee Corp. (Non-Filipino)	396,329,463	5.28%	Same as above

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
WILLY N. OCIER	310,001	1,897,000	0.03%
FREDERIC C. DYBUCIO	1	0	0
BERNARDO D. LIM	1,000	0	0
<b>TOTAL</b>	<b>311,002</b>	<b>1,897,000</b>	<b>0.03%</b>

2) Does the Annual Report disclose the following:

Key risks	YES
Corporate objectives	YES
Financial performance indicators	YES
Non-financial performance indicators	YES
Dividend policy	YES
Details of whistle-blowing policy	YES
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	YES
Number of board of directors/commissioners meetings held during the year	NO
Attendance details of each director/commissioner in respect of meetings held	NO
Details of remuneration of the CEO and each member of the board of directors/commissioners	YES

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

Items not disclosed above were not included in the annual report but have been separately submitted to the SEC.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
SGV & Co.	420,000	

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**4) Medium of Communication**

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

Email / odisy / telephone / fax / letter / correspondence

**5) Date of release of audited financial report:** 28 March 2014.

**6) Company Website:** www.apcaragorn.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.

N/A

**7) Disclosure of RPT**

RPT	Relationship	Nature	Value
<b><u>ADVANCES FROM RELATED PARTIES</u></b>			
Belle Corporation	Parent	Advances from Parent	79,406,947

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

The Company practices full disclosure of details of related-party transactions. The nature, extent and all other material details of transactions with related parties are disclosed in the Company's financial statements and quarterly and annual reports to the SEC and PSE.

Management regularly presents the details of transactions entered into by the Company with related parties at the meetings of the Audit Committee. This is to ensure that the Company conducts all related party transactions on an arm's length basis.

**J. RIGHTS OF STOCKHOLDERS**

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

(a) Quorum

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

<b>Quorum Required</b>	51%
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

<b>System Used</b>	Board Approval and Stockholders meeting
<b>Description</b>	Initially, a particular corporate act (requiring stockholders approval) has to be approved by the majority of the members of the Board. Then, the corresponding board resolution is ratified by the stockholders through either a simple majority or 2/3 of the outstanding capital stock, depending on the nature of the corporate act involved.

(c) Stockholders' Rights

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

<b>Stockholders' Rights under The Corporation Code</b>	<b>Stockholders' Rights <u>not</u> in The Corporation Code</b>
Right to vote on all matters that require their consent or approval	N/A
Pre-emptive right to all stock issuances of the corporation	
Right to inspect corporate books and records	
Right to information	
Right to dividends	
Appraisal right	

Dividends

<b>Declaration Date</b>	<b>Record Date</b>	<b>Payment Date</b>
Dividends shall be declared only from the surplus profit and shall be payable at such time and in such manner and in such amounts amount as the Board of Directors shall determine. No dividends shall be declared which would impair the capital of the Corporation. The Company has not declared any dividends on common stock since the time it was incorporated. The Company is not in a position to declare cash dividends because of its huge deficit.	N/A	N/A

(d) Stockholders' Participation

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

<b>Measures Adopted</b>	<b>Communication Procedure</b>
Notice of the Annual Stockholders' Meeting was given to all stockholders at least 21 business days before the meeting to provide stockholders with enough time to examine the information. The Notice enclosed essential and adequate facts on	<ul style="list-style-type: none"> <li>• Notice of the Annual Stockholders' Meeting</li> <li>• SEC Form 20-IS</li> </ul>

<p>all items on the agenda for consideration and approval of the stockholders.</p> <p>As provided for in the Company's Revised Manual on Corporate Governance, minority stockholders have the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.</p>	
<p>To facilitate stockholders who cannot attend the meeting, they are encouraged to fill out, date, sign and send a proxy. For corporate stockholders, the proxies should be accompanied by a Secretary's Certificate on the appointment of the corporation's authorized signatory.</p>	<ul style="list-style-type: none"> <li>• Notice of the Annual Stockholders' Meeting</li> <li>• SEC Form D20-IS</li> </ul>
<p>To ensure that all stockholders' concerns are properly addressed, the Chairman of the Board, Board Directors, the President, Board Committee Chairmen and Members, Senior Management, Corporate Secretary and the Independent Auditors are always present during the Annual Stockholders' Meeting. The meeting agenda provides an opportunity for stockholders to freely express their views and raise their concerns at the meeting.</p>	<ul style="list-style-type: none"> <li>• Notice of the Annual Stockholders' Meeting</li> <li>• SEC Form D20-IS</li> </ul>

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
  - a. Amendments to the company's constitution  
The vote or assent of the stockholders representing at least 2/3 of outstanding capital stock is needed to pass the amendment.
  - b. Authorization of additional shares  
The vote of 2/3 of the stockholders representing at least 2/3 of outstanding capital stock is needed to pass the amendment.
  - c. Transfer of all or substantially all assets, which in effect results in the sale of the company  
The vote of 2/3 of the stockholders representing at least 2/3 of outstanding capital stock is needed to pass the amendment.
3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? Yes
  - a. Date of sending out notices: September 1, 2014
  - b. Date of the Annual/Special Stockholders' Meeting: September 22, 2014
4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

To ensure that all stockholders' concerns are properly addressed, the Chairman of the Board, Board Directors, the President, Board Committee Chairmen and Members, Senior Management, Corporate Secretary and the Independent Auditors are always present during the Annual Stockholders' Meeting. The meeting agenda provides an opportunity for stockholders to freely express their views and raise their concerns at the meeting.

There were no questions raised by the stockholders during the Annual Stockholders' Meeting last September 22, 2014.

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

Resolution	Approving	Dissenting	Abstaining
1. Approval of the minutes of the previous Meeting	100%	None	None
2. Approval of Year 2013 Operations and Financial Reports	100%	None	None

3. Ratification of All Acts and Proceedings of the Board of Directors, Executive Committee and Management	100%	None	None
4. Amendment of Third Article of the Articles of Incorporation pursuant to SEC Memorandum Circular No. 6 Series of 2014	100%	None	None
5. Appointment of External Auditors	100%	None	None

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:  
The results of the vote are immediately available during the meeting. The results of the votes taken on all resolutions were disclosed to the PSE before the close of the business day on September 22, 2014. The SEC was notified of the results of the elections of directors and appointment of officers on September 23, 2014.

(e) Modifications

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

Modifications	Reason for Modification
N/A	

NONE. There were no modifications made in the Annual Stockholders' Meeting regulations during the recent year.

(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	Bernardo D. Lim Edmundo L. Tan Virginia A. Yap Tomas D. Santos Laurito E. Serrano	Sept. 22, 2014	By votes cast	0.01%	68.90%	68.91%
Special	N/A					

- (ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs? Yes
- (iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares. Yes

(g) Proxy Voting Policies

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



Meeting.

	<b>Company's Policies</b>
Execution and acceptance of proxies	Any stockholder not present at any annual or special meeting of the stockholders may vote the share or shares standing in his name on the stock transfer books of the Corporation by proxy, such proxy to be dated, signed and designate the person or persons named as proxy, and these proxies must be filed with the Secretary three (3) days before the date of the stockholders' meeting.
Notary	Not required
Submission of Proxy	3 days before the date of the stockholder's meeting
Several Proxies	Where a proxy is given to several persons, they must agree upon the vote and in case of conflict, the rule of the majority of the three governs.
Validity of Proxy	The Proxy shall be valid only for the meeting for which it is intended, but no proxy shall be valid and effective for a period longer than five (5) years at any one time.
Proxies executed abroad	Must be consularized in the nearest Philippine embassy or Consulate abroad
Invalidated Proxy	Invalidation of proxies will not disenfranchise the stockholders who authorized proxy s they can personally vote after the invalidation of their proxies.
Validation of Proxy	The proxies submitted shall be validated by a Committee of Inspectors at the Office of the Corporation's, stock and transfer agent, Professional Stock Transfer, Inc.
Violation of Proxy	

(h) Sending of Notices

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

<b>Policies</b>	<b>Procedure</b>
Except as otherwise provided by law, written or printed notice of all annual and special meeting by stockholders, starting the place and time of the meeting and, if necessary, the general nature of the business to be considered, shall be transmitted by personal delivery, mail, telegraph, facsimile or cable to each stockholder of record entitled to vote thereat at his address last known to the Secretary of the Corporation, at least ten (10) days before the date of the meeting, if an annual meeting, or at least (5) days before the date of the meeting, if a special meeting. Except where expressly required by law, no publication of any notice of a meeting of the stockholders shall be required. If any stockholder shall in person or by attorney-in-fact authorized in writing or by telegraph, cable or facsimile, waive notice of any meeting, whether before or after the holding of such meeting, notice need not be given to him. Notice of any adjourned meeting of the	<ul style="list-style-type: none"> <li>• Board meeting to set record date</li> <li>• Notify PSE of the record date of the stockholders' meeting</li> <li>• Notify SEC re Board Meeting</li> <li>• Record date of Stockholders' meeting</li> <li>• Sent to PSE the list of stockholders entitled to attend and vote at the meeting.</li> <li>• Submit to the SEC the Preliminary Information Statement together with the notice.</li> <li>• Sent out the Definitive Information Statement (SEC Form 20-IS) together with the Notice, agenda, or other reports to the stockholders.</li> <li>• Submit Nominations/Minutes of the Nomination Committee.</li> <li>• Notify PSE on the date of the annual stockholders meeting.</li> </ul>

stockholders shall not be given, except when expressly required by law. No failure or irregularity of notices of any regular meeting shall invalidate.	<ul style="list-style-type: none"> <li>• Last day of receipt of proxy.</li> <li>• Annual Stockholders' Meeting.</li> </ul>
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(i) Definitive Information Statements and Management Report

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	613
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	September 1, 2014
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	September 1, 2014
<b>State whether CD format or hard copies were distributed</b>	Hard Copies only
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	N/A

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

Each resolution to be taken up deals with only one item.	Yes
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.	N/A
Documents required for proxy vote.	Yes

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

2) Treatment of Minority Stockholders

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

<b>Policies</b>	<b>Implementation</b>
<p>The Board shall respect the right of the stockholders as provided for in the Corporation Code; namely;</p> <ul style="list-style-type: none"> <li>(i) Right to vote on all matter that require their consent or approval.</li> <li>(ii) Pre-emptive right to all stock issuances of the corporation.</li> <li>(iii) Right to inspect corporate books and record;</li> <li>(iv) Right to information</li> <li>(v) Right to dividends; and</li> <li>(vi) Appraisal right.</li> </ul> <p>The Board should be transparent and fair in the conduct of the annual and special stockholders' meeting of the corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they</p>	Implemented

<p>should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of the 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>It is the duty of the Board to promote the right of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their right.</p> <p>The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.</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>	
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(b) Do minority stockholders have a right to nominate candidates for board of directors?

YES. Minority stockholders have a right to nominate candidates for the board of directors as provided for in the Revised Manual on Corporate Governance.

**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.

Financial statements and results of operations are disclosed quarterly. Before submission to the PSE and SEC, these reports are presented to the Audit Committee and the Board of Directors for their review and approval. The Corporate Information Officer approves all disclosures that will be made available to the public.

Annual reports, financial statements and other disclosures may be viewed and downloaded from the PSE.

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	<ul style="list-style-type: none"> <li>▪ To assist investors in making investment decisions with regards to their shareholdings in the Company</li> <li>▪ To guide analysts in formulating their forecasts and recommendations with regard to the valuation and prospects of the Company</li> <li>▪ To provide the regulators, the media and the general public with the most current information about the Company, which will have a material impact on the company's overall growth and profitability</li> <li>▪ To handle enquiries and manage relations with investors, analysts, shareholders and the general public</li> </ul>

(2) Principles	<ul style="list-style-type: none"> <li>▪ Transparency and accountability to all existing and potential investors</li> <li>▪ Fairness and level playing field for all stakeholders</li> </ul>
(3) Modes of Communications	<ul style="list-style-type: none"> <li>▪ Annual reports, financial statements and other disclosures may be viewed and downloaded from the PSE.</li> <li>▪ The Company conducts briefings and meetings with investors, analysts and the press to keep them updated on the Company's various projects and financial and operational results.</li> </ul>
(4) Investors Relations Officer	<p>Mr. Jackson T. Ongsip  Executive Vice President and Chief Finance Officer  Email: Jackson.ongsip@sminvestments.com  Telephone no.: 845-0614  Fax no.: 845-0259</p>

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

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

Before any extraordinary transaction is finalized, the Company performs due diligence, benchmarking and cost-benefit analysis procedures to ensure that the transaction is in line with the long-term sustainability of the business and within the core competency of the Group. In addition, Board, stockholder and regulatory approvals are obtained first before such transaction is finalized.

The independent party to be appointed may vary depending on the type of the transaction (e.g., investment banks, external auditors, third party appraisers and legal and tax consultants).

#### L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
Kalinga Geothermal Scholarship Program for School year 2014 (160) Scholars	Balatoc, Bangad, Dalupa-Ableg, Dananao, Dangtalan, Guina-Ang, Tinglayan, Tulgao and Uma Ancestral Domain

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

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

	Process	Criteria
<b>Board of Directors</b>	An independent party oversees the appraisal process which is conducted annually during one of the meetings of the Board of Directors. Appraisal forms are distributed to the directors to evaluate the performance of (1) individual directors, (2) the board as a whole, (3) board committees, and (4) the CEO/President. The independent party then collates and summarizes the appraisal forms and a summary report is presented to the Board.	<ol style="list-style-type: none"> <li>1. Independence</li> <li>2. Leadership</li> <li>3. Expertise</li> <li>4. Corporate Governance</li> </ol>
<b>Board Committees</b>	Same as above	<ol style="list-style-type: none"> <li>1. Independence</li> </ol>

		<ul style="list-style-type: none"> <li>2. Leadership</li> <li>3. Expertise</li> <li>4. Corporate Governance</li> </ul>
<b>Individual Directors</b>	Same as above	<ul style="list-style-type: none"> <li>1. Independence</li> <li>2. Leadership</li> <li>3. Expertise</li> <li>4. Corporate Governance</li> </ul>
<b>CEO/President</b>	Same as above	<ul style="list-style-type: none"> <li>1. Leadership</li> <li>2. Integrity</li> <li>3. Diligence</li> </ul>

**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
First Violation	The subject person shall be warned, reprimanded or suspended depending on the severity of the violation. Any first violation that results in any notable financial loss for the Company shall be at least reprimanded or suspended.
Second Violation	A second violation may require suspension depending on the gravity of violation.
Third Violation	The maximum penalty of removal from office may be imposed. When removed, the subject directors, officers, or staff of the Company or its subsidiaries and affiliates, shall not be granted additional benefits except those required by law.

REPUBLIC OF THE PHILIPPINES)  
**PASIG CITY** ) S.S.

**SECRETARY'S CERTIFICATE**

I, **RICHARD ANTHONY D. ALCAZAR**, of legal age, Filipino and with office address at 2303A PSE Centre, East Tower, Exchange Road, Ortigas Center, Pasig City, after being duly sworn, hereby depose and state:

1. I am the Assistant Corporate Secretary of **APC GROUP, INC.** (the "Corporation"), a corporation duly organized and existing under Philippine laws and with office address at the 8<sup>th</sup> Floor, PhilCom Building, 8755 Paseo de Roxas, Makati City, Metro Manila.

2. In compliance with SEC Memorandum Circular No. 12, Series of 2014, the excerpts of the Board Resolutions and Minutes of Meetings producing the changes and updates in the Annual Corporate Governance Report for the calendar year 2014, are as follows:

2.1 Minutes of the Nomination Committee Meeting of 04 August 2014:

**NOMINATION OF INDEPENDENT DIRECTORS**

The Chairman explained that the meeting was called, in compliance with the requirements of the Code of Corporate Governance, Section 38 of the Securities Regulations Code, as amended, and the Securities and Exchange Commission's Guidelines on the Nomination and Election of Independent Directors (SEC Memorandum Circular No. 16, Series of 2002), to consider and evaluate the nominations received from certain shareholders of the Company in favor of possible candidates for election as independent director of the Company during the annual meeting of shareholders scheduled on 22 September 2014. Copies of the nomination letters from shareholders were, accordingly, circulated to the members of the Committee.

The following shareholders gave their nominations for independent directors:

Nominating Shareholder

Nominee

MARTIN ISRAEL L. PISON  
MARITONI Z. LIWANAG

LAURITO E. SERRANO  
TOMAS D. SANTOS

Acting on the nomination of Mr. Laurito E. Serrano, the Committee also took cognizance of his established reputation for probity, integrity, and competence, and agreed, upon motion duly made and seconded, to endorse his nomination to be elected as director.

Acting on the nomination of Mr. Tomas D. Santos, the Committee likewise, noting his unquestionable reputation for probity, integrity, competence, agreed, upon motion duly made and seconded, to endorse his nomination to be re-elected as Director. Mr. Santos did not take part in the voting and during the deliberation of his nomination.

#### **NOMINATION OF OTHER DIRECTORS**

The Committee likewise received nominations from several stockholders. The following were nominated for re-election as Directors of the Corporation:

WILLY N. OCIER  
 BERNARDO D. LIM  
 FREDERIC C. DYBUNCIO  
 EDMUNDO L. TAN  
 VIRGINIA A. YAP

Acting on the nominations, the Committee, likewise noting the nominees' unquestionable reputation for probity, integrity, and competence, agreed, upon motion duly made and seconded, to endorse the nominations of Mr. Willy N. Ocier, Bernardo D. Lim, Edmundo L. Tan, Frederic C. DyBuncio, and Virginia A. Yap, to be re-elected as Directors. Mr. Tan did not take part in the voting and during the deliberation of his nomination.

The nominees have accepted their respective nominations.

#### 2.3 Minutes of the Annual Stockholders Meeting held on 22 September 2014:

##### **"2.0 PROOF OF NOTICE OF MEETING**

The Chairman of the Meeting called upon Atty. Richard Anthony D. Alcazar, the Assistant Corporate Secretary, to show proof that notices of the meeting had been sent to the stockholders of record as of 07 August 2014. Forthwith, the Assistant Corporate Secretary presented a *Certification* from Cavatas MSI Express Service, Inc. showing that the notices of the meeting were sent to the stockholders of record in accordance with the Corporation's By-Laws. Upon the instruction of the Chairman of the Meeting, the *Certification* attesting to the delivery of the notices was appended to the original copy of the Minutes of the Meeting.

##### **3.0 CERTIFICATION OF QUORUM**

The Assistant Corporate Secretary certified that out of SEVEN Billion Five Hundred Eleven Million Eight Hundred Nine Thousand Nine Hundred Ninety Seven (7,511,809,997) shares of the total outstanding

capital stock of the Corporation, there were present in person and by proxy Five Billion One Hundred Seventy-Seven Million Six Million Six Hundred Seventeen Thousand Six Hundred Sixteen (5,177,617,616) shares, representing an attendance Sixty-Eight Percent Point Ninety One (68.91%) of the total outstanding capital stock of the Corporation. Accordingly, the Assistant Corporate Secretary certified that a quorum existed for the transaction of the business at hand.

**7.0 AMENDMENT OF THIRD ARTICLE OF THE ARTICLES OF INCORPORATION PURSUANT TO SEC MEMORANDUM CIRCULAR NO. 6 SERIES OF 2014**

The Chairman of the Meeting announced that the next item in the agenda is the approval of the Amendment of Third Article of the Company's Articles of Incorporation pursuant to SEC Memorandum Circular No. 6, Series of 2014, to specify the complete address of the principal office, which shall include street number, street name, barangay, city or municipality and, if applicable, building/unit name and number.

Upon motion duly made and seconded, the following resolution of the Board was approved and ratified by the stockholders:

RESOLVED, that the THIRD Article of the Articles of Incorporation be amended, to read as follows:

***THIRD.*** – That the place where the principal office of the corporation is to be established or located is at the 8<sup>th</sup> Floor, PhilCom Building, 8755 Paseo de Roxas, Makati City,

**8.0 ELECTION OF DIRECTORS**

The Chairman of the Meeting announced that the next item in the agenda is the election of the members of the Board of Directors for the ensuing year.

The Assistant Corporate Secretary explained that under Section 2, Article IV of the Corporation's By-Laws, the "directors of the Corporation numbering seven (7) shall be elected annually and each director shall hold office for the ensuing year and until his successor shall have been elected and qualified. The Nomination Committee received nominations in favor of the following stockholders as Directors of the Corporation for the ensuing year:



Willy N. Ocier  
 Frederic C. DyBuncio  
 Bernardo D. Lim  
 Tomas D. Santos (*Independent*)  
 Laurito E. Serrano (*Independent*)  
 Edmundo L. Tan  
 Virginia A. Yap

Since there were no other nominations, and there were as many nominees as there were seats to be filled, the Chairman of the Meeting instructed the Asst. Corporate Secretary to cast all votes in favor of the stockholders duly nominated who were therefore deemed elected as Directors of the Corporation for the year 2014-2015 in the order enumerated, until their successors shall have been duly elected and qualified.

#### 9.0 APPOINTMENT OF EXTERNAL AUDITOR

Upon motion duly made and seconded, the auditing firm of Sycip Gorres Velayo & Company was retained as the Corporation's external auditor."

- 2.4 Minutes of the Organizational Meeting of the Board of Directors held on 22 September 2014:

#### "3.0 ELECTION OF OFFICERS

The Chairman stated that the purpose of the meeting is to elect the officers of the Corporation who would serve for the year 2014-2015 and until their successors are duly elected and qualified. It was pointed out that at the just concluded annual stockholders' meeting, the following were elected directors for the year 2014-2015:

Willy N. Ocier  
 Frederic C. Dybuncio  
 Bernardo D. Lim  
 Tomas D. Santos (*Independent Director*)  
 Edmundo L. Tan  
 Laurito E. Serrano (*Independent Director*)  
 Virginia A. Yap

Upon motion duly made and seconded, the following were nominated and elected as officers of the Corporation for the year 2013-2015, and who are to serve until their successors are duly elected and qualified:

Willy N. Ocier	-	Chairman
Frederic Dybuncio	-	President & CEO

Bernardo D. Lim	-	Executive Vice President/ Chief Finance Officer
Edmundo L. Tan	-	Corporate Secretary
Richard Anthony D. Alcazar	-	Asst. Corporate Secretary

#### 4.0 CREATION OF BOARD COMMITTEES

The Board also proceeded to organize an Executive Committee which would directly manage the operations of the Corporation and act on specific matters within the competence of the Board, as may be delegated to it by the Board or in the By-Laws. Upon motion duly made and seconded, the following were nominated and appointed as members of the Executive Committee for the year 2014-2015 and who are to serve until their successors are duly elected and qualified:

##### Executive Committee:

Willy N. Ocier	-	Chairman
Frederic C. Dybuncio		
Bernardo D. Lim		
Virginia A. Yap		

##### Compensation and Remuneration Committee:

Willy N. Ocier	-	Chairman
Edmundo L. Tan		
Virginia A. Yap		

##### Audit Committee:

Tomas Santos	-	Chairman
Virginia A. Yap		
Bernardo D. Lim		

##### Nomination Committee:

Edmundo L. Tan	-	Chairman
Tomas Santos		
Virginia A. Yap		

##### Risk Mangement Committee:

Tomas Santos	-	Chairman
Virginia A. Yap		
Bernardo D. Lim		

Atty. Edmundo L. Tan and Riza G. Baliang were likewise appointed as Compliance Officers of the Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand this 09 January 2015 at Pasig City.

**RICHARD ANTHONY D. ALCAZAR**  
Asst. Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME JAN 09 2015 January 2015 at Pasig City, affiant exhibiting to me his Comm. Tax Cert. No. 27966294 issued on January 14, 2014 Pasig City and SSS No. 33-3092814-7 as competent evidence of his identity.

Doc. No. 175;  
Page No. 36;  
Book No. I;  
Series of 2015.

D on nilda/8.1.44/2014 SEC/ACGR 2013/Sec Cert for ACGR 1-9-15

**ARLENE C. ACEVEDA**  
Notary Public for the Cities of Pasig, San Juan,  
Taguig and Municipality of Patros  
Appointment No. 270 (2014-2015)  
Commission Expires on Dec 31, 2015  
2303A East Tower, PSE Centre, Exchange Road  
Ortigas Centre, Pasig City, Metro Manila  
Roll No. 63396  
PTR No. 9860455; 05/20/2014; Pasig City  
IBP No. 958329; 04/04/2014; RSM  
Exempt from MCLE Compliance  
MCLE Governing Board Order No. 1-2008(4 July 2008)