

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT


1. Report is Filed for the Year **2015**
2. Exact Name of Registrant as Specified in its Charter **APC GROUP, INC.**
3. **8th 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	June 11, 2015	Annual Meeting	17
Jackson T. Ongsip*	ED		Frederic C. DyBuncio	Aug. 13, 2015	Aug. 13, 2015	Special Meeting	0
Bernardo D. Lim	NED		David Kho	2000	June 11, 2015	Annual Meeting	15
Edmundo L. Tan	NED		Paul Mar C. Arias	2000	June 11, 2015	Annual Meeting	15
Virginia A. Yap	NED		Sabino E. Acut	June 6, 2012	June 11, 2015	Annual Meeting	3
Tomas D. Santos	ID		Maritoni Z. Liwanag (no relation to the nominee)	June 6, 2012	June 11, 2015	Annual Meeting	3
Laurito E. Serrano	ID		Martin Israel L. Pison (no relation to the nominee)	June 18, 2013	June 11, 2015	Annual Meeting	2

*Elected on August 13, 2015 to replace Mr. Frederic C. Dybuncio

- (a) 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 June 22, 2015 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 Group¹

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
	APC Energy Resources, Inc.	Executive, Chairman
	APC Mining Corporation	Executive, Chairman
	APC Cement Corporation	Executive, Chairman
	PRC Magma Energy Resources, Inc.	Executive, Chairman
Jackson T. Ongsip	Aragorn Power and Energy Corporation	Executive
	APC Energy Resources, Inc.	Executive
	APC Mining Corporation	Executive
	APC Cement Corporation	Executive
	PRC Magma Energy Resources, Inc.	Executive
Virginia A. Yap	Belle Corporation	Non-Executive
Edmundo L. Tan	Aragorn Power and Energy Corporation	Non-Executive
	PRC-Magma Energy Resources, Inc.	Non-Executive
Tomas D. Santos		
Laurito E. Serrano		
Bernardo D. Lim		

(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.
Willy N. Ocier	Belle Bay Plaza Corporation	Non-Executive Director (Chairman)

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

	Metropolitan Leisure & Tourism Corp	Executive Director (Chairman)
	Parallax Resources, Inc.	Non-Executive Director (Chairman)
	SLW Development Corporation	Non-Executive Director (Chairman)
	PremiumLeisure and Amusement, Inc.	Non-Executive Director (Chairman)
	Highland Gardens Corporation	Executive Director (Chairman)
	Woodland Development Corporation	Executive Director
	Belle Bay City Corporation	Non-Executive Director (Chairman)
	Pacific Online Systems Corporation	Executive Director (Chairman)
	Highlands Prime, Inc.	Non-Executive Director (Vice-Chair)
	Premium Leisure Corp	Executive Director (Chairman)
	Sinophil Leisure and Resorts Corp.	Non-Executive Director (Chairman)
	Foundation Capital Resources, Inc.	Non-Executive Director (Chairman)
	Tagaytay Highlands Intl Golf Club, Inc.	Non-Executive Director (Vice-Chair)
	The Country Club Tagaytay Highlands	Non-Executive Director (Chairman)
	Tagaytay Midlands Golf Club, Inc.	Non-Executive Director (Chairman)
	The Spa and Lodge, Inc.	Non-Executive Director (Chairman)
	Leisure & Resorts World Corp.	Non-Executive Director
	Vantage Equities, Inc.	Non-Executive Director
Edmundo L. Tan	Concrete Aggregates Corporation	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
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
Executive Director	NO. The Company has not set a limit on the number of board seats in other companies that an individual director or CEO may hold simultaneously.	
Non-Executive Director		
CEO		

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%
Jackson T. Ongsip	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
TOTAL	321,006	2,131,700	0.03%

NOTE: In compliance with the Securities Regulation Code (Chapter VI – Protection of Shareholders, under Section 23 – Transactions of Directors, Officers and Principal Stockholders), the Company’s Directors and Officers shall file a statement with the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE) within ten (10) days after any change in ownership of securities.

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	Jackson T. Ongsip

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	<ul style="list-style-type: none"> ▪ Preside at all meetings of the Board of Directors and stockholders and ensure that all meetings are held in accordance with the By-Laws 	<ul style="list-style-type: none"> ▪ Supervise and control all of the business and affairs of the Company
Accountabilities		
Deliverables	<ul style="list-style-type: none"> ▪ Identify areas for improvement of the members of the Board, such as training/continuing education programs or any other form of assistance that the directors may need in the performance of their duties 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 	<ul style="list-style-type: none"> ▪ Ensure that the goals and objectives of the Company which were agreed upon during the Annual Strategic Planning are met. ▪ Stress further on our core values of leadership, integrity, hard work, innovation, sustainability and accountability across all business units. ▪ Update and align our Corporate Governance Manual towards best practice. ▪ Implementation of matters approved by the Board of Directors and shareholders.

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

The Company's Amended By-Laws state that:

- 1) In the absence or disability of the President, the Executive Vice-President shall perform the duties and exercise the powers of the President.
- 2) In the absence or disability of both the President and Executive Vice-President, the Vice-President (or in the event that there be more than one Vice-President, the Vice-Presidents in the order designated at the time of the election) shall perform the duties and exercise the powers of the President.

Succession plan for top key management positions will be monitored and addressed by the Company's Nomination Committee as part of its committee programs to improve effective governance for the coming year. The Committee shall adhere to the "Fit and Proper Rule" standards to determine whether an individual is fit and proper to hold key management positions within the Company, which shall include, but not be limited to, standards on integrity, experience, education, training and competence.

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. All candidates nominated to become a member of the Board shall be assessed and evaluated by the Nomination Committee in accordance with the qualifications provided for in the Corporation Code, the Securities Regulation Code, and other relevant laws. The Nomination Committee shall also consider the following factors, among others, in determining the fitness of a nominee to the Board:

- a) college education or equivalent academic degree;
- b) practical understanding of the business of the Company;
- c) membership in good standing in relevant industry, business, or professional organizations; and,
- d) previous business experience.

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

	Executive	Non-Executive	Independent Director
Role			
Accountabilities	<ul style="list-style-type: none"> ▪ Oversee the management of the Company and be responsible for the Company's finances, goals and policies ▪ Foster the long-term success of the Company and sustain its competitiveness and profitability 	<ul style="list-style-type: none"> ▪ Monitor compliance with policies and achievement against objectives through regular reports to the Board by management ▪ Constructively challenge and contribute to the development of strategy 	<ul style="list-style-type: none"> ▪ Monitor compliance with policies and achievement against objectives through regular reports to the Board by management ▪ Constructively challenge and contribute to the development of strategy
Deliverables	<ul style="list-style-type: none"> ▪ Periodically review the Company's vision, mission, strategies, plans, and annual budget and continuously monitor 	<ul style="list-style-type: none"> ▪ Ensure annual performance appraisal of individual directors, the board as a whole, board committees and the President, and 	<ul style="list-style-type: none"> ▪ Implement the action plans made based on the results of the self-assessment conducted following the guideline set forth by SEC

	Executive	Non-Executive	Independent Director
	<p>the implementation of such policies and strategies</p> <ul style="list-style-type: none"> ▪ Institutionalize the risk management assessment process and continuously monitor key risk areas and performance indicators with due diligence ▪ Institute good corporate governance practices and ensure effective communication with all employees for acknowledgment and strict compliance ▪ 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 	<p>periodically review the criteria used in assessing such performance</p> <ul style="list-style-type: none"> ▪ Formulate succession plans for top key management positions and review such plan on a regular basis ▪ 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 ▪ Meet at least once a year without the presence of executive directors and senior management 	<p>Memorandum Circular No. 4</p> <ul style="list-style-type: none"> ▪ Review and assess the effectiveness of the Company's risk management system in the mitigation of financial and non-financial risks ▪ Review the Company's continual process of good corporate governance and update the Company's Manual on Corporate Governance ▪ Meet at least once a year without the presence of executive directors and senior management

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

The Company defines independence as "independence from management, substantial shareholdings and material relations, whether it be business or otherwise, which could reasonably be perceived to impede the performance of independent judgment."

In addition, in accordance with SEC Securities Regulation Code (SRC) Rule 38, an independent director is any person who:

- a) Is not a director or officer of the company or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;
- b) Does not own more than two percent (2%) of the shares of the covered company and/or its related companies or any of its substantial shareholders;
- c) Is not related to any director, officer or substantial shareholder of the covered company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- d) Is not acting as a nominee or representative of any director or substantial shareholder of the company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;
- e) Has not been employed in any executive capacity by the company, any of its related companies and/or by any of its substantial shareholders within the last five (5) years;
- f) Is not retained, either personally or through his firm or any similar entity, as professional adviser, by the company, any of its related companies and/or any of its substantial shareholders, within the last five (5) years; or
- g) Has not engaged and does not engage in any transaction with the company and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial

shareholder, other than transactions which are conducted at arm's length and are immaterial.

The nomination, pre-screening and election of independent directors were made in compliance with the Company's definition and the requirements of the Code of Corporate Governance and SRC Rule 38. The Nomination Committee has determined that the nominees for independent directors possess all of the qualifications and none of the disqualifications for independent directors.

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

The Company follows the rules regarding term limits for Independent Directors as provided under SEC Memorandum Circular No. 9, Series of 2011.

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:

Name	Position	Date of Cessation	Reason
Frederic C. DyBuncio	Director/President & CEO	August 13, 2015	Resigned due to personal reasons

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

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

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	Members of the Board of Directors are nominated by the 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. 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.	The Company's Amended By-Laws mandate that each director shall possess all of the following qualifications: (a) a holder of at least one (1) share of stock of the Company; (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; (c) of legal age; and (d) shall have proven to possess integrity and probity. 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: (a) college education or equivalent academic degree; (b) practical understanding of the business of the Company; (c) membership in good standing in
(ii) Non-Executive Directors		

Procedure	Process Adopted	Criteria
		<p>relevant industry, business, or professional organizations; and, (d) previous business experience.</p>
(iii) Independent Directors		<p>In addition to the foregoing qualifications, a director nominated and elected as independent shall likewise meet the following requirements:</p> <ul style="list-style-type: none"> (i) He is not a director or officer of the Company or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing. (ii) He does not own more than two percent (2%) of the shares of the Company and/or its related companies or any of its substantial shareholders. (iii) He is not a relative to any director, officer or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister. (iv) He is not acting as a nominee or representative of any director or substantial shareholder of the Company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement. (v) He has not been employed in any executive capacity by the Company, any of its related companies, and/or any of its substantial shareholders within the last five (5) years. (vi) He is not retained as professional adviser by the Company, and/or any of its related companies and/or any of its substantial shareholders within the last five (5) years. (vii) He is not retained, either personally or through his firm or any similar entity, as professional adviser, by the Company, any of its related

Procedure	Process Adopted	Criteria
		<p>companies and/or any of its substantial shareholders, either personally or through his firm.</p> <p>(viii) He has not engaged and does not engage in any transaction with the Company and /or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial.</p>
b. Re-appointment		
(i) Executive Directors	Same process and criteria as Selection/Appointment	
(ii) Non-Executive Directors		
(iii) Independent Directors		
c. Permanent Disqualification		
(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>Under the Revised Manual on Corporate Governance, 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)</p>	
(ii) Non-Executive Directors		
(iii) Independent Directors		

Procedure	Process Adopted	Criteria
		<p>acting as underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in 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,</p>

Procedure	Process Adopted	Criteria
		<p>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 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>
d. Temporary Disqualification		
(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, as stated in the Revised Manual on Corporate Governance, provides 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</p>
(ii) Non-Executive Directors		
(iii) Independent Directors		

Procedure	Process Adopted	Criteria
		<p>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>
e. Removal		
(i) Executive Directors	The same process and criteria are used in the permanent disqualification of Executive Directors, Non-executive Directors and Independent Directors, respectively, for their removal.	
(ii) Non-Executive Directors		
(iii) Independent Directors		
f. Re-instatement		
(i) Executive Directors	The same process and criteria are used in the appointment of Executive Directors, Non-executive Directors and Independent Directors, respectively, for their re-instatement.	
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	The same process and criteria are used in the temporary disqualification of Executive Directors, Non-executive Directors and Independent Directors, respectively, for their suspension.	
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual General Meeting

Name of Director	Votes in Favor	% to Total Voting Shares	Votes Against	Abstain
Willy N. Ocier	5,035,049,618	67.10%	0	0
Frederic C. DyBuncio	5,035,049,618	67.10%	0	0
Bernardo D. Lim	5,035,049,618	67.10%	0	0
Edmundo L. Tan	5,035,049,618	67.10%	0	0
Virginia A. Yap	5,035,049,618	67.10%	0	0
Tomas D. Santos	5,035,049,618	67.10%	0	0
Laurito E. Serrano	5,035,049,618	67.10%	0	0

5. Orientation and Education Program

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

Under Section 2.2.5 of the Revised Manual on Corporate Governance, all newly-elected members of the Board of Directors shall, before assuming as such, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute, provided that they have not previously attended such seminar. Thereafter, all members of the Board of Directors and key officers of the Company shall attend a program on corporate governance at least once a year, as required by SEC.

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

None

- iii. 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
WILLY N. OCIER	Aug. 5, 2015	Corporate Governance Training Program	The Institute of Corporate Directors
JACKSON T. ONGSIP	Aug. 5, 2015	Corporate Governance Training Program	The Institute of Corporate Directors
BERNARDO D. LIM	Sept. 8, 2015	Corporate Governance	Center for Global Best Practices
EDMUNDO L. TAN	Aug 28, 2015	Corporate Governance	ROAM
VIRGINIA A. YAP	Aug. 5, 2015	Corporate Governance Training Program	The Institute of Corporate Directors
LAURITO E. SERRANO	April 21, 2015	Corporate Governance	ROAM
TOMAS D. SANTOS	Sept. 8, 2015	Corporate Governance	Center for Global Best Practices

B. CODE OF BUSINESS CONDUCT & ETHICS

1. Policies

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	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 Company or even after separation from it.	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.	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.
(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>* Probationary- 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>*Regular- 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>1. Employee are classified according to status.</p> <p>* Probationary- 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>*Regular- 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>

		*Class C- Office / Technical Staff	
(h) Disciplinary action	<p>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 purpose.</p>	<p>Breach of trust & Confidence, Dishonesty *Manipulating Company funds /first offense / Dismissal *Misappropriation, malversation, withholding of funds /first offense / Dismissal *Theft / robbery of Company property & co- employee’s personal / first offense / Dismissal *Giving false testimony during investigation /first offense / Dismissal or forced resignation *Falsifying official documents including daily time records, employment application forms, etc. / first offense / Suspension 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>Breach of trust & Confidence, Dishonesty *Manipulating Company funds /first offense / Dismissal *Misappropriation, malversation, withholding of funds /first offense / Dismissal *Theft / robbery of Company property & co- employee’s personal / first offense / Dismissal *Giving false testimony during investigation /first offense / Dismissal or forced resignation *Falsifying official documents including daily time records, employment application forms, etc. / first offense / Suspension 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>Violation of Operating Procedure *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>Negligence of work</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</p> <p>* Gross negligence resulting in damage or loss the Company. / first offense /Suspension to dismissal</p> <p>*Losing Company record that cause prejudice to the Company. / first offense / written reprimand to dismissal</p> <p>*Willful slowing down or limiting work output. / first offense / 10 days suspension / 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>
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		<p>*Frequently receiving visitors during office hours for personal business or excessive use of telephone for personal calls. *sleeping while on duty.</p> <p>Improper Conduct and Behavior</p> <p>*Acts of threat, intimidation, coercion, harassment, or using profane language on co-employees orally or in writing. *Quarreling with co-employees, exchanging of strong and violent word or challenging to fights. *Fighting inside the Company premises *Committing acts of threats, coercion, harassment, etc. on superior or officer or clients. *Disrespectful, discourteous, insulting, unbecoming, slanderous/ libelous language towards superior officer or client. *Committing physical force or violence or inflicting bodily harm to superior or officer or to clients. /first offense / Dismissal *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 *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 *Vandalism in any form or intentional destruction of Company property. / first offense / suspension to dismissal *Any act of disrespect, insult, or any unbecoming language or behavior towards clients or the general public. / first offense / suspension to dismissal</p> <p>Against High Moral Standards</p> <p>*Conviction of a crime involving</p>
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			<p>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>Insubordination/ disobedience</p> <p>*Failure to carry out lawful verbal or written orders/ instruction of a superior or officer. / first offense/ Suspension to dismissal</p> <p>Acts Against Company's Interest</p> <p>*Soliciting or receiving fees, 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>Tardiness</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</p>
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			<p>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	N/A	<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 of their duties and responsibilities at all times inside and outside the Company.</p> <p>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.</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 of their duties and responsibilities at all times inside and outside the Company.</p> <p>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.</p>
(j) Conflict Resolution	<p>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.</p>	<p>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.</p>	<p>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.</p>

2. Dissemination of Code

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

Yes

3. Compliance with Code

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

Directors, officers and employees of the Company commit to comply with both the letter and spirit of the Code to

preserve the goodwill and reputation of the Company. The Human Resources Department and the Governance and Corporate Affairs Department are responsible for monitoring compliance with the Code.

4. Related Party Transactions

a. Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, 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:
(7) Directors including spouse/children/siblings/parents	
(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</p>

	<p>personal interest in any transaction involving the Company to ensure that potential conflicts of interest are brought to the attention of management.</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> <p>In addition, 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. The financial statements and reports are also available in the Company website and readily accessible to the public.</p> <p>Management regularly presents the details of transactions entered into by the Company with related parties at the meetings of the Audit Committee and the Risk Management Committee.</p>
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5. Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,³ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

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		

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	There were no conflicts between the corporation and

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

Corporation & Third Parties	its stockholders, the corporation and third parties, and the corporation and regulatory authorities, for the last three years.
Corporation & Regulatory Authorities	

C. BOARD MEETINGS & ATTENDANCE

1. Schedule of meetings

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	June 11, 2015	9	9	100%
Member	FREDERIC C. DYBUNCIO*	June 11, 2015	9	7	78%
Member	BERNARDO D. LIM	June 11, 2015	9	9	100%
Member	EDMUNDO C. TAN	June 11, 2015	9	9	100%
Member	JACKSON T. ONGSIP**	August 13, 2015	9	2	22%
Member	VIRGINIA A. YAP	June 11, 2015	9	9	100%
Independent	TOMAS D. SANTOS	June 11, 2015	9	9	100%
Independent	LAURITO E. SERRANO	June 11, 2015	9	9	100%

*Ceased to be director effective 13 August 2015.

** Elected as director on 13 August 2015 to replace Mr. Frederic C. DyBuncio

3. Separate Meeting of Non-Executive Directors

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 papers⁴ for board of directors meetings provided to the board?

⁴ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

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. Board members have independent access to management and the Corporate Secretary as per the Company's Revised Manual on Corporate Governance (2.2.4).

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?

Under the Company's Revised Manual on Corporate Governance, the Corporate Secretary has the following duties and responsibilities:

- 1) Be responsible for the safekeeping and preservation of the integrity of minutes of the meeting of the Board and its committees, as well as other official records of the Company.
- 2) Work fairly and objectively with the Board, management and stockholders.
- 3) Have appropriate administrative and interpersonal skills.
- 4) If he is not at the same time the Company's legal counsel, to be aware of the laws, rules, and regulations necessary in the performance of his duties and responsibilities.
- 5) Have a working knowledge of the operations of the Company.
- 6) Inform that members of the Board, or of the committees of the Board, as the case may be, 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.
- 7) Attend all Board meetings except when justifiable causes, such as illness, death in the immediate family and serious accidents prevent him from doing so.
- 8) Ensure that all Board and Committee procedures, rules and regulations are strictly followed by members.
- 9) If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in the SEC's Code of Corporate Governance.

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	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 and they can freely communicate with them through email or telephone.
Audit	
Nomination	
Remuneration	
Risk Management	

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
NONE. There were no changes introduced by the Board of Directors on existing policies that may have an effect on the business of the Company.		

D. REMUNERATION MATTERS

1. Remuneration Process

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

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	<p>The Compensation and Remuneration Committee determines the amount of remuneration which shall be in a level sufficient to attract directors, executives and other key senior personnel needed to run the Company successfully.</p> <p>Executive compensation is composed of salaries, bonuses and other annual compensation, plus fixed per diem for every board meeting attended.</p>	
(2) Variable remuneration		
(3) Per diem allowance		
(4) Bonus		
(5) Stock Options and other financial instruments		
(6) Others (specify)		

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

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

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	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: (2015)

Remuneration Item	Executive Directors 2	Non-Executive Directors (other than independent directors)3	Independent Directors 2
(a) Fixed Remuneration	3,318,000	N/A	N/A
(b) Variable Remuneration	N/A	N/A	N/A
(c) Per diem Allowance	30,000	45,000	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
Total	3,348,000	45,000	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	58,800	N/A
Total	151,934	58,800	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
NONE. There are no option grants outstanding held by directors and officers as of December 31, 2015.				

(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
NONE. There are no amendments and/or discontinuation of any incentive programs in 2015.		

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: (2015)

Name of Officer/Position	Total Remuneration
Jackson T. Ongsip/ CFO (until August 13, 2015)	1,300,000
Ian Jason R. Aguirre/CFO (current)	

**Became an executive director effective August 13, 2015*

E. BOARD COMMITTEES

1. Number of Members, Functions and Responsibilities

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	2	1	0	None. Refer to Manual on Corporate Governance submitted on February 15, 2011. And Article V of the	The executive committee may act, by majority vote of all its members, on such specific matters within the	The executive committee may act, by majority vote of all its members, on such specific matters within the competence of the board, as may be	The executive committee may act, by majority vote of all its members, on such specific matters within the competence of

				Company's By-laws	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.	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 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 reporting, auditing	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 8. Assessment of Committee	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 employees

					practices, risk management and internal control system and adherence to over-all corporate governance best practices.	Charter, evaluation of committee members, and perform activities as delegated by the board.	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	0	2	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	1	2	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 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 culture, strategy and the	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 culture, strategy and

					culture, strategy and the business environment in which it operates.	business environment in which it operates.	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	June 11, 2015	None	None		1 year
Member (ED)	Jackson T. Ongsip	August 13, 2015	None	None		Less than 1 year
Member (NED)	Virginia A. Yap	June 11, 2015	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)	Laurito E. Serrano	June 11, 2015	1	1	100	1 year
Member (NED)	Virginia A. Yap	June 11, 2015	1	1	100	1 year
Member (NED)	Bernardo D. Lim	June 11, 2015	1	1	100	1 year

Disclose the profile or qualifications of the Audit Committee members.

LAURITO E. SERRANO

Mr. Laurito E. Serrano, Filipino, is a Certified Public Accountant with a Masters in Business Administration degree from the Harvard Graduate School of Business. His area of specialization is Financial Advisory and Corporate Finance. Mr. Serrano currently serves as independent director and Chairman of the Audit and Risk Management Committee of Atlas Consolidated Mining Development Corporation. He also serves as a director at Philippine Veterans Bank and a member of its Credit, Corporate Governance, and Audit Committees; an independent director of Travellers International Hotel Group and MJC Investments, Inc.; and a director of MRT Development Corporation, among others. Mr. Serrano is also a former partner of the Corporate Finance Consulting Group of SGV & Co.

VIRGINIA A. YAP

Ms. Yap, Filipino, is also a director of Belle Corporation. Ms. Yap holds key positions in the SM Group of Companies including being Treasurer of SM Development Corporation, 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 the Treasurer of the Highlands Prime, Inc. since August 22, 2002, a member of the Board of Directors since January 25, 2010, and a member of Executive, Compensation and Remuneration, and Audit

Committees of Highlands Prime Inc. She holds a Bachelor of Science in Commerce (Major in Accounting) degree from the University of Mindanao. She has been connected with the SM Group of Companies for the last twenty-five years.

BERNARDO D. LIM

Mr. Bernardo D. Lim, Filipino, 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 has the primary responsibility on the appointment, re-appointment and removal of the external auditors. The Board, through the Audit Committee, recommends to the stockholders a duly accredited external auditor who shall undertake the independent audit and shall provide and perform an objective assurance on the preparation and presentation of financial statements.

The Audit Committee also:

- Performs oversight functions of the Company's external auditors. It ensures that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit function.
- Prior to the commencement of the audit, discusses with the external auditor the nature, scope and expenses of the audit and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.
- Reviews the reports submitted by the external auditors.
- Evaluates and determines the non-audit work, if any, of the external auditor, and reviews periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with the duties of the external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Edmundo L. Tan	June 11, 2015	1	1	100	1 year
Member (ID)	Tomas D. Santos	June 11, 2015	1	1	100	1 year
Member (NED)	Virginia A. Yap	June 11, 2015	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
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						Committee
Chairman (ED)	Williy N. Ocier	June 11, 2015	None	None	0	1 year
Member (NED)	Edmundo L. Tan	June 11, 2015	None	None	0	1 year
Member (NED)	Virginia A. Yap	June 11, 2015	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)	Laurito E. Serrano	June 11, 2015	None	None	0	Less than 1 year
Member (NED)	Virginia A. Yap	June 11, 2015	None	None	0	1 year
Member (NED)	Bernardo D. Lim	June 11, 2015	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	Jackson T. Ongsip	Resignation of Mr. Frederic DyBuncio as Director of the Company
Audit	Laurito E. Serrano	Appointment during the organizational meeting after the annual meeting
Nomination	NA	
Remuneration	NA	
Risk Management	Laurito E. Serrano	Appointment during the organizational meeting after the annual meeting

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	Oversee the management of the Company, which includes, among others: <ul style="list-style-type: none"> – Financial matters – Legal matters Discussed relevant matters in achieving company's strategic goals are implemented and issues were resolved in Directors' meetings.	No significant issues
Audit	Assisted and advised the 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 over-all corporate governance best practice Reviewed significant accounting and reporting issues, and endorsed to the Board for approval the financial statements of the Company Reviewed the external auditors' audit scope and approach and the results of the audit	Same as above
Nomination	Review and evaluation of the qualifications of	Same as above

	directors.	
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	<ul style="list-style-type: none"> ▪ Foster the long-term success of the Company and sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders through sound strategic policies, guidelines and programs that can sustain the Company's long-term viability and strength ▪ 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 ▪ 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 ▪ Institute good corporate governance practices and ensure effective communication with all employees for acknowledgment and strict compliance 	
Audit	<ul style="list-style-type: none"> ▪ 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, which includes, among others: <ul style="list-style-type: none"> – Develop a succession plan for its members and Chair – Reporting to the Board and issuance of certifications on critical compliance issues – Review and approval of management representation letter before submission to external auditor – Obtaining management's assurance on the state of internal controls – Promotion of risk awareness in the organization – Evaluation of compliance with the Code of Conduct for management <p>Review and approval of fees of external auditor</p>	
Nomination	<ul style="list-style-type: none"> ▪ Review and assess the effectiveness of the Company's risk management system in the mitigation of financial and non-financial risks ▪ 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 to see what other enhancements can be properly pursued <p>Oversee the effectiveness of the Company's whistleblower policy, so that the whistleblower has the confidence that the Company has the required and appropriate independent procedure to effectively investigate and resolve such possible wrong-doings and non-compliance issues</p>	
Remuneration	<ul style="list-style-type: none"> ▪ Enhance the process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies, and appoint competent, professional, honest and highly-motivated management officers ▪ Ensure annual performance appraisal of individual directors, the board as a whole, board committees and the President, and periodically review the criteria used in assessing such performance ▪ Formulate succession plans for top key management positions and review such plan on a regular basis <p>Identify areas for improvement of the members of the Board, such as training/continuing education programs or any other form of assistance that</p>	

	directors may need in the performance of their duties
Risk Management	<ul style="list-style-type: none"> ▪ Periodically review the compensation method for directors, officers and employees so that they are equitable and appropriately corresponds to the respective assigned duties and responsibilities, current business environment and performance results of the Company <p>Define goals and evaluate the performance of top management to set reasonable compensation</p>

F. RISK MANAGEMENT SYSTEM

1. Statement on Effectiveness of 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 Risk Management 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, 2015, effective and adequate risk management mechanisms are in place, implemented and properly complied in all levels.

(c) Period covered by the review;

The Risk Management 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 Risk Management 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
Financial Risks <ul style="list-style-type: none"> ▪ Interest rate risk ▪ Foreign currency risk ▪ Credit risk ▪ Liquidity risk ▪ Equity price risk ▪ Capital management 	<ul style="list-style-type: none"> ▪ Manage interest cost by limiting borrowings ▪ Mitigate transactional currency exposure by maintaining costs at consistently low levels, regardless of upward or downward movement in the foreign currency exchange rates ▪ Maintain debt-to-equity ratio at manageable levels 	<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>
Performance / Completion Risks <ul style="list-style-type: none"> ▪ Suppliers ▪ Contractors 	<ul style="list-style-type: none"> ▪ Purchase only from accredited suppliers ▪ Performance bonds for contractors to ensure contractual arrangements meet the Company's performance standards 	
Regulatory Risks <ul style="list-style-type: none"> ▪ Government regulations ▪ Changes to Philippine laws and regulations 	<ul style="list-style-type: none"> ▪ Compliance with licensing and regulatory requirements necessary to operations 	
Hazard Risks <ul style="list-style-type: none"> ▪ Natural disasters 	<ul style="list-style-type: none"> ▪ Regular site inspections by Company personnel and consultants/experts ▪ Implement safety measures in the design plans ▪ Include in insurance coverage 	
IT Risks <ul style="list-style-type: none"> ▪ Mission critical business application risk ▪ Internet connection risk ▪ Hacking risk ▪ IT solution acquisition risk 	<ul style="list-style-type: none"> ▪ Implement enterprise security solutions to manage external and internal threats ▪ Annual review of technology roadmap to ensure alignment between business and IT 	

(b) Group

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

Risk Exposure	Risk Management Policy	Objective
Financial Risks <ul style="list-style-type: none"> ▪ Interest rate risk 	<ul style="list-style-type: none"> ▪ Manage interest cost by limiting borrowings 	<p>The Company has adopted a risk management policy that establishes a</p>

Risk Exposure	Risk Management Policy	Objective
<ul style="list-style-type: none"> ▪ Foreign currency risk ▪ Credit risk ▪ Liquidity risk ▪ Equity price risk ▪ Capital management 	<ul style="list-style-type: none"> ▪ Mitigate transactional currency exposure by maintaining costs at consistently low levels, regardless of upward or downward movement in the foreign currency exchange rates ▪ Maintain debt-to-equity ratio at manageable levels 	<p>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>Performance / Completion Risks</p> <ul style="list-style-type: none"> ▪ Suppliers ▪ Contractors 	<ul style="list-style-type: none"> ▪ Purchase only from accredited suppliers ▪ Performance bonds for contractors to ensure contractual arrangements meet the Company's performance standards 	
<p>Regulatory Risks</p> <ul style="list-style-type: none"> ▪ Government regulations ▪ Changes to Philippine laws and regulations 	<ul style="list-style-type: none"> ▪ Compliance with licensing and regulatory requirements necessary to operations 	
<p>Hazard Risks</p> <ul style="list-style-type: none"> ▪ Natural disasters 	<ul style="list-style-type: none"> ▪ Regular site inspections by Company personnel and consultants/experts ▪ Implement safety measures in the design plans ▪ Include in insurance coverage 	
<p>IT Risks</p> <ul style="list-style-type: none"> ▪ Mission critical business application risk ▪ Internet connection risk ▪ Hacking risk ▪ IT solution acquisition risk 	<ul style="list-style-type: none"> ▪ Implement enterprise security solutions to manage external and internal threats ▪ Annual review of technology roadmap to ensure alignment between business and IT 	

(c) Minority Shareholders

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

Risk to Minority Shareholders
<p>Principal risks of the exercise of controlling shareholders' voting power are as follows:</p> <ol style="list-style-type: none"> 1) Majority shareholders may dominate major Company decisions 2) Lack of transparency on the actions and decisions of majority shareholders 3) Abusive and inequitable conduct on the part of majority shareholders 4) Rights of minority shareholders may not be upheld and protected

The Company's Revised Manual on Corporate Governance expressly provides for the protection of its stockholders' rights and minority interests. The Board of Directors is committed to respect the rights of minority stockholders

3. Control System Set Up

(f) 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)
Economic and political conditions Changes to the Philippine laws and regulations	<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 Risk Management Committee is tasked to perform and carry out the following responsibilities related to Risk Management:</p> <ol style="list-style-type: none"> 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. 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. 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. 4) May engage a consultant for a more independent assessment of the risk management infrastructure and review different units' best practice. 5) Meet separately with the Chief Risk Officer to discuss any matters that the Committee or auditors believe should be discussed privately. 6) Review the details of the Company's related party transactions. 	

(g) 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)
Economic and political conditions Competition Changes in local and international interest rate	<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</p>	

Changes in the value of the peso	objectives.
Contractors and suppliers	In order to mitigate risk exposures, the Group continues to exercise fiscal prudence and adopt what it considers conservative financial and operational controls.
Government regulations	
Changes to the Philippine laws and regulations	In addition, the Risk Management Committee is tasked to perform and carry out the following responsibilities related to Risk Management: <ol style="list-style-type: none"> 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. 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. 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. 4. May engage a consultant for a more independent assessment of the risk management infrastructure and review different units' best practice. 5. Meet separately with the Chief Risk Officer to discuss any matters that the Committee or auditors believe should be discussed privately. 6. Review the details of the Group's related party transactions.

(h) 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
Risk Management Committee	The Committee is tasked to perform and carry out the following responsibilities related to Risk Management:	<ol style="list-style-type: none"> 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. 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. 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. 4) May engage a consultant for a more independent assessment of the risk management infrastructure and review different units' best practice. 5) Meet separately with the Chief Risk Officer to discuss any matters that the Committee or auditors believe should be discussed privately. 6) Review the details of the Company's related party transactions.

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 Company defines internal control as the system established by the Board of Directors and management

for the accomplishment of the Company's objectives, the efficient operation of its business, the reliability of its financial reporting, and faithful compliance with applicable laws, regulations and internal rules. The internal control system is the framework under which internal controls are developed and implemented to manage and control a particular risk or business activity, or a combination of risks or business activities, to which the Company is exposed.

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

The Board of Directors, through the Audit Committee, has reviewed the effectiveness of the Company's internal control system, including the information technology security controls. As of December 31, 2015, effective and adequate internal control mechanisms are in place, implemented and properly 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.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
To provide an independent, objective assurance and consulting activity designed to add value and improve the	To determine whether the Company's network of risk management, control and corporate governance processes, as designed and	In-house	Rhea Marie R. Abueg	The Internal Audit Head, in the discharge of her duties, shall be accountable to Audit Committee and the Senior

<p>Company's operations</p>	<p>represented by management, is adequate and functioning in a manner to ensure:</p> <ul style="list-style-type: none"> • Risk are appropriately identified and managed. • Interaction with the various corporate governance groups occurs as needed. • Significant financial, managerial and operating information are accurate, reliable and timely. • Employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations. • Resources are acquired economically, used efficiently and adequately protected. • Programs, plans and objectives are achieved. • Quality and continuous improvement are fostered in the control processes of the Company. • Significant legislative or regulatory issues impacting the Company are recognized and addressed appropriately. 			<p>Management to:</p> <ol style="list-style-type: none"> 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. 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. c. Periodically provide information on the status and results of the annual audit plan and the sufficiency of department resources. d. Coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, security, legal ethics, environmental, external audit)
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b. Appointment and/or removal of the Internal Auditor

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. Reporting Relationship with the Audit Committee

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?

As stated in the Revised Manual on Corporate Governance, the Internal Audit Head reports directly to the Audit Committee. In the performance of the internal audit function, the group is authorized to:

- 1) Have unrestricted access to all functions, records, property and personnel.
- 2) Have full and free access to communicate with the Audit Committee.
- 3) Allocate resources, set frequencies, select subjects, determine scopes of work and apply the techniques required to accomplish audit objectives.
- 4) Obtain the necessary assistance of personnel in units of the Company where they perform audits, as well as other specialized services from with or outside the Company.

d. Resignation, Re-assignment and Reasons

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

Name of Audit Staff	Reason
N/A	

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.

Progress Against Plans	Internal audit engagements are conducted in accordance with the audit plan and timetable approved by the Audit Committee.
Issues⁵	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.
Findings⁶	
Examination Trends	

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

⁶ “Findings” are those with concrete basis under the company’s policies and rules.

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

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

f. Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
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

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. Jackson T. Ongsip (CEO and President)

2. Willy N. Ocier (Chairman)

h. Role of Stakeholders

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

	Policy	Activities
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	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	

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

None.

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.

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.	2,174,221,165	28.94%	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.

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%
JACKSON T. ONGSIP	1	0	0
IAN JASON R. AGUIRRE	0	0	0
TOTAL	310,001	1,897,000	0.03%

b. 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.

c. External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
SGV & Co.	360,000	

d. Medium of Communication

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

The Company fully complies with the reporting and disclosure requirements of all relevant laws as well as regulations issued by the SEC and PSE. Annual reports, financial statements and other disclosures are readily available to the public. These reports and the accompanying press releases may be viewed and downloaded from the PSE or the Company website. The Company website is regularly updated to ensure prompt disclosures.

e. Date of release of audited financial report: 27 March 2015.

f. 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

g. Disclosure of RPT

RPT	Relationship	Nature	Value
ADVANCES FROM RELATED PARTIES			
Belle Corporation	Parent	Advances from Parent	79,629,961

To ensure that the Company conducts all related party transactions on an arm's length basis, it 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. The financial statements and reports are also available in the website and readily accessible to the public.

Management regularly presents the details of transactions entered into by the Company with related parties at the meetings of the Audit Committee.

H. RIGHTS OF STOCKHOLDERS

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

(a) Quorum

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

Quorum Required	Majority of the stock issued and outstanding
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Board Approval and Stockholders meeting
Description	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.

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
Voting Right <ul style="list-style-type: none"> ▪ Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code of the Philippines. ▪ Cumulative voting shall be used in the election of directors. 	
Power of Inspection <ul style="list-style-type: none"> ▪ The Company shall allow all stockholders to inspect books and records of the Company including minutes of Board meetings and stock registries in accordance with the Corporation Code, and during normal business hours. <p>Annual reports, including financial statements, shall be provided to stockholders, without cost or restrictions.</p>	
Right to Information <ul style="list-style-type: none"> ▪ The Board shall ensure that all material information about the Company which could adversely affect its viability or the interests of the shareholders shall be publicly and timely disclosed through established procedures of the stock exchange and SEC. <p>Upon request, the Company shall provide the stockholders with periodic reports and information about directors and officers, and certain other matters such as their holdings of the Company's shares, dealings with the Company, relationships among directors and key officers and the aggregate compensation of directors and officers.</p>	
Right to Dividends <p>Subject to the discretion of the Board, all stockholders shall have</p>	

the right to receive dividends.	
<p>Appraisal Right</p> <ul style="list-style-type: none"> ▪ The stockholders shall have appraisal right to dissent and demand payment of the fair value of their shares in the manner provided under Section 82 of the Corporation Code, under any of the following circumstances: <ul style="list-style-type: none"> a. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code. c. In case of merger or consolidation. 	

Dividends

Declaration Date	Record Date	Payment Date
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.

Measures Adopted	Communication Procedure
<p>Notice of the Annual Stockholders' Meeting was given to all stockholders at least 15 business days before the meeting to provide stockholders with enough time to examine the information. The Notice enclosed essential and adequate facts on 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>	<ul style="list-style-type: none"> • Notice of the Annual Stockholders' Meeting • SEC Form 20-IS
<p>To facilitate stockholders who cannot attend the meeting, they are encouraged to fill out, date, sign and send a proxy. For</p>	<ul style="list-style-type: none"> • Notice of the Annual Stockholders' Meeting

corporate stockholders, the proxies should be accompanied by a Secretary's Certificate on the appointment of the corporation's authorized signatory.	<ul style="list-style-type: none"> • SEC Form D20-IS
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.	<ul style="list-style-type: none"> • Notice of the Annual Stockholders' Meeting • SEC Form D20-IS

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? No. The Company sends notices as least fifteen (15) days before the actual annual meeting.
 - a. Date of sending out notices: May 21, 2015
 - b. Date of the Annual/Special Stockholders' Meeting: June 11, 2015

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 June 11, 2015.

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 2014 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. 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 June 11, 2015. The SEC was notified of the results of the elections of directors and appointment of officers on June 16, 2015.

(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
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	Willy N. Ocier Frederic C. DyBuncio Bernardo D. Lim Edmundo L. Tan Virginia A. Yap Tomas D. Santos Laurito E. Serrano	June 11, 2015	By votes cast	0.01%	67.09%	67.10%
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. Common shares-Full Voting Rights

(g) Proxy Voting Policies

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

Company's Policies	
Execution and acceptance of proxies	Article II Section 6 of the Revised Manual on Corporate Governance states that proxies of any stockholder entitled to vote at the meeting would be recognized, provided that the proxy shall have been appointed in writing by the stockholder himself or by his duly authorized attorney, and provided further that the proxy is filed with the Secretary of Corporation at least four (4) days before the meeting.

	Company's Policies
Notary	Notarization of proxy forms is not required to encourage stockholders to apply their right to vote through the proxy forms.
Submission of Proxy	All proxies should be received by the Corporation at least four (4) days before the meeting.
Several Proxies	If the stockholder intends to designate several proxies, the number of shares of stock to be represented by each proxy shall be specifically indicated in the proxy form. If some of the proxy forms do not indicate the number of shares, the total shareholding of the stockholder shall be tallied and the balance thereof, if any, shall be allotted to the holder of the proxy form without the number of shares. If all are in blank, the stocks shall be distributed equally among the proxies.
Validity of Proxy	Proxies of any stockholder entitled to vote at the meeting would be recognized, provided that the proxy shall have been appointed in writing by the stockholder himself or by his duly authorized attorney, and provided further that the proxy is filed with the Secretary of Corporation at least four (4) days before the meeting.
Proxies executed abroad	
Invalidated Proxy	
Validation of Proxy	
Violation of Proxy	
	Proxy is valid for five (5) years) from date of its execution.
	Two inspectors shall be appointed by the Board of Directors before or at each meeting of the stockholders of the corporation, at which an election of directors shall take place. The inspectors shall receive and take charge of all proxies and ballots and shall decide all questions touching upon the qualifications of voters, the validity of proxies, and the acceptance and rejection of votes.

(h) Sending of Notices

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

Policies	Procedure
Except as otherwise provided by law, written or printed notice of all annual and special meeting by stockholders, stating 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	<ul style="list-style-type: none"> • Board meeting to set record date • Notify PSE of the record date of the stockholders' meeting • Notify SEC re Board Meeting • Record date of Stockholders' meeting • Sent to PSE the list of stockholders entitled to attend and vote at the meeting. • Submit to the SEC the Preliminary Information Statement together with the notice. • Sent out the Definitive Information Statement (SEC Form 20-IS) together with the Notice, agenda, or other reports to the stockholders. • Submit Nominations/Minutes of the

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

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	603
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	May 21, 2015
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	May 21, 2015
State whether CD format or hard copies were distributed	CD Format
If yes, indicate whether requesting stockholders were provided hard copies	Yes

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

Each resolution to be taken up deals with only one item.	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.

Policies	Implementation
<p>Voting Right</p> <ul style="list-style-type: none"> ▪ Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code of the Philippines. ▪ Cumulative voting shall be used in the election of directors. ▪ A director shall not be removed without cause if it will deny minority shareholders representation in 	<ul style="list-style-type: none"> ▪ During the Annual Stockholders' Meeting held last June 11, 2015, members of the Company's Board of Directors were nominated and elected to serve for the year 2015-2016 and until their successors are duly elected and qualified.

the Board.	
<p>Power of Inspection</p> <ul style="list-style-type: none"> ▪ The Company shall allow all stockholders to inspect books and records of the Company including minutes of Board meetings and stock registries in accordance with the Corporation Code, and during normal business hours. ▪ Annual reports, including financial statements, shall be provided to stockholders, without cost or restrictions. 	<ul style="list-style-type: none"> ▪ The Company fully complies with the reporting and disclosure requirements of all relevant laws as well as regulations issued by the SEC and the PSE. ▪ Annual reports, financial statements and other disclosures are readily available to the public. These reports may be viewed and downloaded from the PSE or the Company website. The Company website is regularly updated to ensure prompt disclosures. ▪ The Company undertakes to provide printed copies of the Information Statement and Annual Report upon written request of any stockholder entitled to vote at the Annual Stockholders' Meeting without charge.
<p>Right to Information</p> <ul style="list-style-type: none"> ▪ The Board shall ensure that all material information about the Company which could adversely affect its viability or the interests of the shareholders shall be publicly and timely disclosed through established procedures of the stock exchange and SEC. ▪ Upon request, the Company shall provide the stockholders with periodic reports and information about directors and officers, and certain other matters such as their holdings of the Company's shares, dealings with the Company, relationships among directors and key officers and the aggregate compensation of directors and officers. ▪ The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes. ▪ The minority shareholders shall have access to all information relating matters for which the management is accountable and to those relating to matters for which the management should include in such information. If not included the minority shareholders can propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes". 	<ul style="list-style-type: none"> ▪ The Company fully complies with the reporting and disclosure requirements of all relevant laws as well as regulations issued by the SEC and the PSE. ▪ Annual reports, financial statements and other disclosures are readily available to the public. These reports may be viewed and downloaded from the PSE or the Company website. The Company website is regularly updated to ensure prompt disclosures. ▪ Information about directors and officers, and certain other matters such as their holdings of the Company's shares, dealings with the Company, relationships among directors and key officers and the aggregate compensation of directors and officers are disclosed in the Company's SEC Form 17-A.
<p>Right to Dividends</p> <ul style="list-style-type: none"> ▪ Subject to the discretion of the Board, all stockholders shall have the right to receive dividends. 	N/A
<p>Appraisal Right</p> <ul style="list-style-type: none"> ▪ The stockholders shall have appraisal right to dissent and demand payment of the fair value of their shares in the manner provided under Section 	<ul style="list-style-type: none"> ▪ The matters voted upon in the Annual Stockholders' Meeting held last June 11, 2015 are not among the instances whereby the right of appraisal, defined to

<p>82 of the Corporation Code, under any of the following circumstances:</p> <ol style="list-style-type: none"> a. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code. c. In case of merger or consolidation. 	<p>be the right of any stockholder to dissent and demand payment of the fair value of his shares, may be exercised.</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.

I. 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 or the Company website. The Company website is regularly updated to ensure prompt disclosures.

- 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"> ▪ To assist investors in making investment decisions with regards to their shareholdings in the Company ▪ To guide analysts in formulating their forecasts and recommendations with regard to the valuation and prospects of the Company ▪ 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 ▪ To handle enquiries and manage relations with investors, analysts, shareholders and the general public
(2) Principles	<ul style="list-style-type: none"> ▪ Transparency and accountability to all existing and potential investors ▪ Fairness and level playing field for all stakeholders
(3) Modes of Communications	<ul style="list-style-type: none"> ▪ Annual reports, financial statements and other disclosures may be viewed and downloaded from the

	<p>PSE.</p> <ul style="list-style-type: none"> ▪ 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.
(4) Investors Relations Officer	<p>Mr. Jackson T. Ongsip President and Chief Executive 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).

J. 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 2015 (167) Scholars	Balatoc, Bangad, Dalupa-Ableg, Dananao, Dangtalan, Guina-Ang, Tinglayan, Tulgao and Uma Ancestral Domain

K. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

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

	Process	Criteria
Board of Directors	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"> 1. Independence 2. Leadership 3. Expertise 4. Corporate Governance
Board Committees	Same as above	<ol style="list-style-type: none"> 1. Independence 2. Leadership 3. Expertise 4. Corporate Governance
Individual Directors	Same as above	<ol style="list-style-type: none"> 1. Independence 2. Leadership

		3. Expertise 4. Corporate Governance
CEO/President	Same as above	1. Leadership 2. Integrity 3. Diligence

L. 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.

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 8th 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 29 April 2015:

"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 11 June 2015. 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	LAURITO	E.	
SERRANO	MARITONI Z. LIWANAG	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.”

2.2 Minutes of the Annual Stockholders Meeting held on 11 June 2015:

“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 21 May 2015. Forthwith, the Assistant Corporate Secretary presented a *Certification* from Cavatas-MSI Express Services, 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 Four Million Two Hundred Three Thousand Nine Hundred Ninety Seven (7,504,203,997) shares of the total outstanding capital stock of the Corporation, there were present in person and by proxy Five Billion Thirty-Five Million Forty Nine Thousand Six

Hundred Eighteen (5,035,049,618)) shares, representing an attendance Sixty-Seven Percent Point Zero Nine Sixty Three (67.0963%) 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 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 2015-2016 in the order enumerated, until their successors shall have been duly elected and qualified.

8.0 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."

2.3 Minutes of the Organizational Meeting of the Board of Directors held on 11 June 2015:

"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 2015-2016 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 2015-2016:

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 2015-2016, and who are to serve until their successors are duly elected and qualified:

Willy N. Ocier	-	Chairman
Frederic C. DyBuncio	-	President & CEO
Jackson T. Ongsip	-	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 the various Committees of the Board. Upon motion duly made and seconded, the following were nominated and appointed as members of the Board Committees for the year 2015-2016 and who are to serve until their successors are duly elected and qualified:

Executive Committee:

Willy N. Ocier - Chairman
 Frederic C. DyBuncio
 Virginia A. Yap

Compensation and Remuneration Committee:

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

Audit Committee:

Laurito E. Serrano - Chairman
 Virginia A. Yap
 Bernardo D. Lim

Nomination Committee:

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

Risk Management Committee:

Laurito E. Serrano - Chairman
 Virginia A. Yap
 Bernardo D. Lim

Compliance Officer: Edmundo L. Tan and Riza G. Baliang”

2.4 Minutes of the Special Board Meeting held on 13 August 2015:

“5. OTHER MATERS

The Chairman announced to the Body the resignation of Mr. Frederic C. DyBuncio as director and President of the Corporation. However, he accepted the appointment of being the Advisor to the Board of the Corporation. Mr. Jackson T. Ongsip was elected as director to occupy the seat vacated by Mr. DyBuncio. He was likewise elected as President of the Corporation replacing Mr. DyBuncio. On the other hand, Mr. Jason Ian R. Aguirre was appointed as Executive Vice President/CFO/Treasurer of the Corporation.”

IN WITNESS WHEREOF, I have hereunto set my hand this 05 January 2016 at Pasig City.



RICHARD ANTHONY D. ALCAZAR
 Asst. Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME this JAN 05 day of 2016 2018 at Pasig City, affiant exhibiting to me his Comm. Tax Cert. No. 3452790/1 issued on January 13, 2015 Pasig City and SSS No. 33-3092814-7 as competent evidence of his identity.

Doc. No. 54;
 Page No. 12;
 Book No. 1;
 Series of 2016.

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



GIFANY TEN-TEN L. TONGOHAN

Notary Public for the Cities of Pasig, San Juan,
 Taguig and Municipality of Pateros
 Appointment No. 240 (2015-2016)
 Commission Expires on Dec 31, 2016

2303 A East Tower, PSE Centre, Exchange Road
 Ortigas Center, Pasig City, Metro Manila
 Roll No. 64436

PTR No. 0468494/05/08/2015; Pasig City

IBP No. 1006831/04/08/2015; RSM

Exempt from MCLE Compliance

MCLE Governing Board Order No. 1-2008(4 July 2008)