



APC GROUP INC.

August 28, 2020

Securities and Exchange Commission

Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City

Attention : **Mr. Vicente Graciano P. Felizmenio, Jr.**
Director, Markets and Securities Regulation Department

Philippine Stock Exchange, Inc.

PSE Tower, 5th Avenue corner 28th Street,
Bonifacio Global City, Taguig City

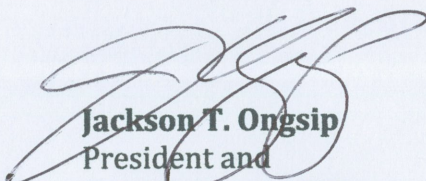
Attention : **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Gentlemen :

In compliance with SEC Memorandum Circular No. 15, series of 2017 directing all publicly listed companies (PLCs) to submit the Integrated Annual Corporate Governance Report (I-ACGR) pursuant to the 2016 Code of Corporate Governance for PLCs, we are submitting herewith the 2019 I-ACGR of APC Group, Inc.

Thank you.

Very truly yours,


Jackson T. Ongsip
President and
Chief Executive Officer

G/F MyTown New York Building
General E. Jacinto St. corner Capas St.,
Baranagay Guadalupe Nuevo, Makati City 1212
Tel.: (632) 8662-8888 local 2101
Fax No.: (632) 8662-8898

COVER SHEET

A S 9 3 0 0 8 1 2 7

S.E.C. Registration Number

A P C G R O U P , I N C .

(Company's Full Name)

G / F , M Y T O W N N E W Y O R K B L D G .

G E N . E . J A C I N T O S T . C O R . C A P A S S T .

B G Y G U A D A L U P E N U E V O , M A K A T I

MR. JACKSON T. ONGSIP

Contact Person

(632) 8662-8888

Company Telephone Number

1 2 3 1

Month Day

Fiscal Year

I-ACGR

FORM TYPE

Month Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be Accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **December 31, 2019**
2. SEC Identification Number **AS93008127** 3. BIR Tax Identification No. **002-834-075**
4. Exact name of issuer as specified in its charter **APC Group, Inc.**
5. **Metro Manila, Philippines**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **G/F MyTown New York Building, General E. Jacinto**
corner Capas Streets, Brgy. Guadalupe Nuevo, Makati City **1226**
Address of principal office Postal Code
8. **(+632) 8662 8888**
Issuer's telephone number, including area code
9. **Not applicable**
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	Provide information or link/reference to a document containing information on the following:	
2. Board has an appropriate mix of competence and expertise.	Compliant	1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors	
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant	<p>APC Group Inc. Website/Our Company/Board of Directors, Management Team and Executive Officers http://www.apcaragorn.net/index.php/home/our-company/7board-of-directors-management-team-and-executive-officers</p> <p>Item 9 and Board Matrix of SEC Form 17-A (Annual Report), pp. 29-31 http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p> <p>Item 5 and Board Matrix of SEC Form 20-IS/Information Statement, pp. 14-17</p>	

		<p>http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p> <p>2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance</p> <p>Qualification standards for nominated directors November 2018 Revised Manual on Corporate Governance (MCG) - Item 2.4 on pp. 12-13 on the qualification standards for nominated directors: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p>	
Recommendation 1.2			
<p>1. Board is composed of a majority of non-executive directors.</p>	<p>Compliant</p>	<p>Identify or provide link/reference to a document identifying the directors and the type of their directorships</p> <p>Out of seven (7) directors of the Company, six (6) are non-executive directors.</p> <p>APC Group Inc. Website</p>	

		<p>http://www.apcaragorn.net/index.php/home/our-company/7board-of-directors-management-team-and-executive-officers</p> <p>Item 9 and Board Matrix of SEC Form 17-A (Annual Report), pp. 29-30 http://www.apcaragorn.net/index.php/component/downloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p> <p>Item 5 and Board Matrix of SEC Form 20-IS/Information Statement, pp. 14-16 http://www.apcaragorn.net/index.php/component/downloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p> <p>Charter of the Board of Directors http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/send/95-board-committee-charters/293-apc-board-of-directors-committee-charter</p>	
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Recommendation 1.3			
<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p>Compliant</p>	<p>Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.</p> <p>Refer to item 9.2 on page 8 of Board Charter: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/send/95-board-committee-charters/293-apc-board-of-directors-committee-charter</p> <p>Refer to item 1.2 on page 7 of MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p>	
<p>2. Company has an orientation program for first time directors.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.</p>	
<p>3. Company has relevant annual continuing training for all directors.</p>	<p>Compliant</p>	<p>Attendance to corporate governance training</p> <p>Refer to link below for the trainings attended by the directors and officers in 2019: http://www.apcaragorn.net/index.php/component/jdownloads/category/110-pse-and-sec-disclosures-2019?Itemid=-1</p>	

		<p>http://www.apcaragorn.net/index.php/component/jdownloads/send/110-pse-and-sec-disclosures-2019/426-certificate-of-attendance-of-ms-virginia-a-yap-non-executive-director-in-continuing-education-program-for-2019?Itemid=0</p> <p>http://www.apcaragorn.net/index.php/component/jdownloads/send/104-sec-form-17-c-current-report-2019/409-08-22-2019-certificate-of-attendance-on-corporate-governance-seminar?Itemid=0</p>	
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	<p>Provide information on or link/reference to a document containing information on the company's board diversity policy.</p> <p>Indicate gender composition of the board.</p> <p>Refer to item 1.3 on page 7 of MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>The Company has 1 female director out of 7 directors.</p> <p>Refer to page 3 of GIS for the gender composition of the Board.</p>	

		<p>http://www.apcaragorn.net/index.php/component/jdownloads/send/107-general-information-sheet-2019/405-07-19-2019-general-information-sheet-2019?Itemid=0</p> <p>http://www.apcaragorn.net/index.php/disclosures/sec-filings/general-information-sheet</p> <p>Item 3.A of the Code of Business Conduct and Ethics</p> <p>http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</p>	
Optional: Recommendation 1.4			
<p>1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity.</p> <p>Provide link or reference to a progress report in achieving its objectives.</p> <p>As stated in the Manual on Corporate Governance, the Corporation values diversity in its Board of Directors.</p>	

		<p>Board Diversity in SEC Form 17-A (Annual Report), pp. 37-38 http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p> <p>Board Diversity in SEC Form 20-IS/Information Statement, pp. 54-56 http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p>	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	<p>Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.</p> <p>Board is assisted by its Corporate Secretary, Atty. Richard Anthony D. Alcazar, from Tan Acut Lopez and Pison Law Offices. He is neither the Company's Compliance Officer nor a member of the Board of Directors.</p> <p>Refer to item 1.4.3 on pages 7-8 of MCG for the duties and responsibilities of the corporate secretary:</p>	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		

		<p>http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>Item 5 of SEC Form 20-IS (Information Statement), p. 17 http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p> <p>Item 9 of SEC Form 17-A (Annual Report), pp. 30-31 http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p>	
<p>4. Corporate Secretary attends training/s on corporate governance.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered</p> <p>The Corporate Secretary attends training on corporate governance at least annually. For 2019, the Corporate Secretary attended at least 4-hour training seminar.</p>	

		<p>Refer to the link below for the certificate of attendance:</p> <p>http://www.apcaragorn.net/index.php/component/jdownloads/send/104-sec-form-17-c-current-report-2019/409-08-22-2019-certificate-of-attendance-on-corporate-governance-seminar?Itemid=0</p> <p>http://www.apcaragorn.net/index.php/component/jdownloads/category/110-pse-and-sec-disclosures-2019?Itemid=-1</p>	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Compliant	<p>Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting</p> <p>The Corporate Secretary sends the materials to the Board through electronic mail at least five days prior to the meetings. Printed copies are distributed on the day of the meeting.</p>	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	<p>Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.</p> <p>The Board is assisted by Mr. Ian Jason R. Aguirre, Company's Compliance Officer. He is the Company's Executive Vice President and Chief Financial Officer. He is not a member of the board.</p>	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant		
3. Compliance Officer is not a member of the board.	Compliant		

	<p>Refer to the company website link below for the qualification and other information of the Compliance Officer: http://www.apcaragorn.net/index.php/home/our-company/7board-of-directors-management-team-and-executive-officers</p> <p>Item 5 of SEC Form 20-IS (Information Statement), p. 17 http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p> <p>Item 9 of SEC Form 17-A (Annual Report), p. 31 http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p> <p>Results of 2020 Organizational Meeting of the Board of Directors http://www.apcaragorn.net/index.php/component/jdownloads/send/115-sec-form-17-c-current-report-2020/482-results-of-2020-organizational-meeting-of-the-board-of-directors-amended?Itemid=0</p>	
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<p>4. Compliance Officer attends training/s on corporate governance.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered</p> <p>The Compliance Officer attends training on corporate governance at least annually. For 2019, the Compliance Officer attended at least 4-hour training seminar.</p> <p>Refer to the link below for the certificate of attendance: http://www.apcaragorn.net/index.php/component/jdownloads/send/104-sec-form-17-c-current-report-2019/409-08-22-2019-certificate-of-attendance-on-corporate-governance-seminar?Itemid=0</p> <p>http://www.apcaragorn.net/index.php/component/jdownloads/category/110-pse-and-sec-disclosures-2019?Itemid=-1</p>	
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Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

Recommendation 2.1

<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>Compliant</p>	<p>Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)</p>	
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		<p>Refer to item 2.1 on pages 9-10 of MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>The directors discuss, clarify, confirm and make informed decisions on matters with the best interest of the Company in mind. They address concerns and decide on appropriate courses of action. These are duly recorded in the minutes of the meetings, copies of which are kept by the Office of the Corporate Secretary.</p> <p>Refer to the link in the company website for the summary of board activities for 2019. http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i</p> <p>Summary of 2019 Activities of the Board of Directors and its Committees http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i/send/111-board-matters/481-summary-of-2019-activities-of-the-board-of-directors-and-its-committees</p>	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	Provide information or link/reference to a document containing information on how the directors performed this function	

<p>2. Board oversees and monitors the implementation of the company's business objectives and strategy.</p>	<p>Compliant</p>	<p>(can include board resolutions, minutes of meeting)</p> <p>Indicate frequency of review of business objectives and strategy</p> <p>Refer to item 2.1f on pages 9-10 of MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>The Board of Directors leads the overall company's business direction by developing strategy and identifying targets for the coming years. The CEO's role is to ensure delivery of these targets within the general business environment, with quarterly business reviews with his Management Team as well as the Board of Directors. The Management Team then cascades the objectives and deliverables to the employees, for timely and appropriate implementation, evaluation and corrective courses of action, if required.</p>	
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	<p>The Board approved the setting of the date of the Annual Stockholders' Meeting for 2019 and 2020, including the Company's 2019 and 2020 Plan of Operations included in the Company's Definitive 20-IS:</p> <p>http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p> <p>2019 Annual Report (SEC Form 17A) http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p> <p><i>Indicate frequency of review of business objectives and strategy</i></p> <p>The Board oversees and monitors the implementation of the Company's business objectives and strategy at least annually. Please refer to the link below for SEC form 17Q filed by the Company that has been approved by BOD:</p> <p>http://www.apcaragorn.net/index.php/disclosures/sec-filings/sec-form-17-q-quarterly-report</p>	
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		<p>Mission Vision and Core Values, and Corporate Objectives</p> <p>http://www.apcaragorn.net/index.php/home/our-company</p> <p>http://www.apcaragorn.net/index.php/home/our-company/30-mission</p> <p>http://www.apcaragorn.net/index.php/home/our-company/31-corporate-objectives</p>	
Supplement to Recommendation 2.2			
<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p>Compliant</p>	<p>Indicate or provide link/reference to a document containing the company's vision, mission and core values.</p> <p>Indicate frequency of review of the vision, mission and core values.</p> <p>Refer to the company website link below for the Company's vision, mission and core values: http://www.apcaragorn.net/index.php/home/our-company/30mission</p> <p>The vision, mission and core values are reviewed annually by the Board of Directors. In one of its meetings during 2019, the Board reviewed and approved the company's vision, mission, core values and corporate objectives.</p>	
<p>2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to a document containing information on the strategy execution process.</p> <p>Please refer to item 2 on page 9 of MCG:</p>	

		<p>http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>The Board of Directors discuss key strategies and overall direction of the Company. Through the CEO as the head of management and to the employees for proper execution. The CEO oversees the operations and execution of the plans and keeps the BOD abreast of the progress.</p> <p>SEC Form 17-A (Annual Report) with Sustainability Report http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p>	
Recommendation 2.3			
<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>Compliant</p>	<p>Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications</p> <p>Mr. Willy N. Ocier is the Chairman of the Board.</p>	

	<p>Refer to item 2.2 on pages 10-11 of MCG for the responsibilities of the Chairman of the Board: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>Refer to the company website link below for the qualification and other information of the Chairman of the Board. http://www.apcaragorn.net/index.php/home/our-company/7board-of-directors-management-team-and-executive-officers</p> <p>Item 5 of SEC Form 20-IS (Information Statement), p. 14 http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p> <p>Item 9 of SEC Form 17-A (Annual Report), p. 29 http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p>	
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Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant	<p>Refer to Article IV and Article VI of the Corporation's By-Laws for the succession planning for directors and officers.</p> <p>http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0</p> <p>Refer to item 2.1.h on page 9 of MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>A fundamental responsibility of the Board of Directors is to ensure that effective processes are in place to provide continuity of Board and executive leadership. The Board ensures that such leadership possesses sufficient depth, talent and conviction for effective Board oversight and execution of long-term strategies, consistent with the Company's vision and mission statements. Hence, a process for identifying and assessing potential internal candidates, periodic review and assessment of readiness, contingency planning for temporary</p>	

		<p>absences of the key positions due to disability or any other unexpected event, should be in place.</p> <p>The Board will review and assess said processes on an annual basis. A succession planning process shall be established to include:</p> <ul style="list-style-type: none"> a) Identification of critical positions, b) Identifying potential successors, and behavior, c) Readiness of successors, d) Possession of necessary knowledge, skills e) Tracking the progress. <p>In a meeting on May 9, 2018, the Board has adopted a policy on the retirement age of directors and key officers, which has been set at the maximum age of 80 years old.</p>	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant	Refer to item 2.1.i on page 9 and 2.8 on page 16 of MCG :	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporategovernance	

		<p>Refer to Section 12 of Article IV and Section 13 of Article VI of the Corporation's By-Laws for the remuneration of directors and key officers.</p> <p>http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0</p> <p>The Board of Directors values its management team and employees and recognizes the need of commensurate pay with corporate and individual performance. In order to deliver its long-term vision and mission, the Board of Directors espouses meritocracy and integrity within and loyalty to the organization. In terms of compensation of key officers and board members, all discussions are maintained in the strictest confidence.</p> <p>The Directors are prohibited from deciding their own remuneration.</p>	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.		Provide proof of board approval	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.		Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Provide information or reference to a document containing information on the company's nomination and election	

2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders.	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant	Provide proof if minority shareholders have a right to nominate candidates to the board	
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant	Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant	Refer to item 2.1.j on page 9 of MCG for the policy for formal and transparent board nomination and election policy.	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant	<p>http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>Refer to item 2.3-2.6 on pages 11-16 of MCG for nomination and election policy, qualifications, temporary and permanent disqualifications for the Board of Directors of the Corporation:</p> <p>http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p>	

		<p>Refer to item 3.3 on pages 20-21 of MCG for the responsibilities of the Nominations Committee, responsibilities of which were merged with the Corporate Governance Committee in May 2018: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>Item 13.4.1.1 on pages 34-35 of MCG states that the minority shareholders shall have the right to nominate candidates for election to the Board during the Corporation's Annual Stockholders' Meetings, in accordance with the Corporation's By-laws. http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>Board Diversity in SEC Form 17-A (Annual Report), p. 38 http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p>	
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		<p>Board Diversity in SEC Form 20-IS/Information Statement, p.55 http://www.apcaragorn.net/index.php/component/downloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p> <p>Board Skills set Matrix http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i/send/111-board-matters/487-board-skill-set-matrix</p>	
Optional: Recommendation to 2.6			
<p>1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.</p>	<p>Compliant</p>	<p>Identify the professional search firm used or other external sources of candidates</p> <p>Refer to Item 2.3.5 of page 12 of the Company's MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>This is not applicable at the moment as there are no vacancies. The Company however endeavors to make use of professional search firms in the event of a vacancy in its Board of Directors, as per company policy and as practiced within the Belle Group, of which APC Group Inc.</p>	

		is a subsidiary. In the case of Belle Corporation, it sought the assistance of the Institute of Corporate Directors for candidates who will replace its Independent Director, Mr. Washington Sycip.	
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	Identify transactions that were approved pursuant to the policy.	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant	<p>Refer to item 8.5 of page 30 and item 2.1k of page 10 of MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>Refer to the company website links below for the Related Party Transactions Policies: http://www.apcaragorn.net/index.php/component/jdownloads/send/110-pse-and-sec-disclosures-2019/421-october-25-2019-policy-on-material-related-party-transactions-as-of-october-25-2019?Itemid=0</p> http://www.apcaragorn.net/index.php/corporate-governance/company-policies/33-related-part-transactions	

		<p>Related Party Transactions under SEC Form 17-A (Annual Report), Item 12, pp. 34 and Note 16 of the AFS, p. 32</p> <p>http://www.apcaragorn.net/index.php/component/downloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p>	
Supplement to Recommendations 2.7			
<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	Compliant	<p>Provide information on a materiality threshold for RPT disclosure and approval, if any.</p> <p>Provide information on RPT categories</p> <p>All related party transactions which are not in the usual course of business and which are equal or greater than the materiality threshold of Php50 million, shall be subject for review by the Related Party Transactions Committee.</p> <p>All other RPT which are considered usual course of business need not be reviewed by the RPT Committee. However, the RPT Committee may, at any time, ask for a review of any of the transactions. The Board of Directors reviews and approves all material RPTs endorsed by the RPT Committee. All Board-approved material RPTs may be subject to ratification by a vote of the majority of the minority shareholders</p>	

		<p>Refer to item 3.6.2 of page 24 of MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>Refer to the company website links below for the Related Party Transactions Policies: http://www.apcaragorn.net/index.php/component/jdownloads/send/110-pse-and-sec-disclosures-2019/421-october-25-2019-policy-on-material-related-party-transactions-as-of-october-25-2019?Itemid=0</p> <p>http://www.apcaragorn.net/index.php/corporate-governance/company-policies/33-related-part-transactions</p> <p>Related Party Transactions under SEC Form 17-A (Annual Report), Item 12, p. 34, and Note 16 of APS, p. 32 http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>Compliant</p>	<p>Provide information on voting system, if any.</p> <p>All related party transactions which are not in the usual course of business and which are equal or greater than the materiality threshold of Php50 million,</p>	

		<p>shall be subject for review by the Related Party Transactions Committee. All other RPT which are considered usual course of business need not be reviewed by the RPT Committee. The RPT Committee may, at any time, ask for a review of any of the transactions. The Board of Directors reviews and approves all material RPTs endorsed by the RPT Committee. All Board-approved material RPTs may be subject to ratification by a vote of the majority of the minority shareholders Refer to item 3.6.2 of page 24 of MCG:</p> <p>http://www.apcaragorn.net/index.php/http://apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance</p> <p>Please also refer to the Approval of the MRPTs in the Policy of MRPTs:</p> <p>http://www.apcaragorn.net/index.php/component/jdownloads/send/110-pse-and-sec-disclosures-2019/421-october-25-2019-policy-on-material-related-party-transactions-as-of-october-25-2019?Itemid=0</p> <p>The approval of MRPT Policy and the acts of the Board and Management from July 1, 2019 until the date of the 2020 ASM</p>	
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		<p>were also ratified by the stockholders during their August 10, 2020 meeting: http://www.apcaragorn.net/index.php/component/downloads/send/118-minutes-of-2020-stockholder-s-meeting-s/478-minutes-of-2020-annual-stockholders-meeting-draft?Itemid=0</p>	
Recommendation 2.8			
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Compliant</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management.</p> <p>Identify the Management team appointed</p> <p>Refer to item 2.1.I of page 10 of MCG:</p> <p>http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>Refer to the results of the organizational meeting http://www.apcaragorn.net/index.php/component/downloads/send/115-sec-form-17-c-current-report-2020/482-results-of-2020-organizational-meeting-of-the-board-of-directors-amended?Itemid=0</p>	

		<p>Refer to the company website link for the background and qualifications of APC's management team: http://www.apcaragorn.net/index.php/home/our-company/7board-of-directors-management-team-and-executive-officers</p>	
<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Compliant</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>Provide information on the assessment process and indicate frequency of assessment of performance.</p> <p>Refer to item 2.1.I on page 10 of MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>Performances of management and personnel are assessed annually and implemented manually.</p> <p>The Board on May 14, 2019 and February 14, 2020 did self-assessments as well as appraised its individual members, Committees, Chairman, CEO, Chief Compliance Officer, Chief Risk Officer and Chief Audit Executive for the period 2018 and 2019, respectively.</p>	

		<p>Board Evaluation Form for 2019 http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i/send/111-board-matters/483-annual-performance-evaluation-form-2019</p>	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	<p>Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.</p> <p>Refer to item 2.1.m on page 10 of MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporategovernance</p>	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant	<p>Performances of management and personnel are assessed annually and implemented manually. Performance evaluation criteria includes accomplishment of defined goals in line with Company strategies and objectives as well as core values set out by the Company and its parent companies, among others.</p>	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant		

		<p>Refer to item 2.1.n on page 10 of MCG for board's responsibility over internal control system and item 12.1 on page 32 of MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>Audit Committee Charter http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters</p> <p>Internal Audit and Compliance Attestation for 2019 http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i/send/111-board-matters/449-internal-audit-and-compliance-attestation-for-the-year-ended-december-31-2019</p>	
<p>3. Board approves the Internal Audit Charter.</p>	<p>Compliant</p>	<p>Provide reference or link to the company's Internal Audit Charter</p> <p>The Board of Directors approved the Internal Audit Charter: http://apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/summary/95-board-committee-charters/370-internal-audit-charter</p>	

		<p>Summary of 2019 Activities of the Board and its Committees</p> <p>http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i/send/111-board-matters/481-summary-of-2019-activities-of-the-board-of-directors-and-its-committees</p>	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	<p>Provide proof of effectiveness of risk management strategies, if any.</p> <p>Refer to item 2.1.o on page 10 of MCG for board's responsibility over establishment of ERM and item 12.4 on page 33 of MCG for the ERM framework: http://apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance</p> <p><i>Provide proof of effectiveness of risk management strategies, if any.</i></p>	

	<p>Refer to item 3.5 on pages 22-23 of MCG for the Risk Management Committee: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>The Enterprise Risk Management (ERM) matrices are prepared annually by the Company. This process includes identification, rationalization and assessment/prioritizing of risks. Development and implementation of risk management strategies then follow which involve avoidance, reduction, transfer or acceptance.</p> <p>Thereafter, these are presented to the Management Committee for discussion. The Chief Risk Officer chairs the meetings and provides direction as necessary. The ERM matrices are then presented to the Risk Oversight Committee to ensure the integrity and quality of the Company's risk management system.</p> <p>The matrices used by the Company include the risks' descriptions and information on how they are mitigated. They are also categorized based on "Impact" and "likelihood of occurrence." Effectiveness of the strategies employed to manage the risk may be determined if the risk items from the previous year are considered "closed" or "moved to issue" or "open" with provisions on how they may be mitigated.</p>	
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Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	Provide link to the company's website where the Board Charter is disclosed.	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant	Board Charter of the Company: http://apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/summary/95-board-committee-charters/293-apc-board-of-directors-committee-charter The Board Charter was reviewed and approved in February 2019 and February 2020: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i/send/111-board-matters/481-summary-of-2019-activities-of-the-board-of-directors-and-its-committees	
3. Board Charter is publicly available and posted on the company's website.	Compliant		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	Provide information on or link/reference to a document showing company's insider trading policy. Insider Trading Policy: http://www.apcaragorn.net/index.php/corporategovernance/company-policies/22-insider-trading-policy	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	Compliant	Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.	

		<p>The Company's policy on Conflict of Interest item no. 5.5 states the following: The Company shall not extend loans to Directors and Officers unless these grants are conducted at arms-length basis and at prevailing market rates.</p> <p>Conflict of Interest Policy: http://www.apcaragorn.net/index.php/corporategovernance/company-policies/34-conflict-of-interest</p> <p>Conflict of Interest under the Code of Business Conduct and Ethics: http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</p>	
<p>2. Company discloses the types of decision requiring board of directors' approval.</p>	<p>Compliant</p>	<p>Indicate the types of decision requiring board of directors' approval and where there are disclosed.</p> <p>The Board is responsible for approving the amendments to the By-Laws and Articles of Incorporation, dividend declarations, audited financial statements, quarterly financial reports, annual corporate governance report, manual on corporate governance and code of business conduct and ethics, among others. These are regularly disclosed to the PSE and SEC.</p> <p>Quarterly financial reports may be viewed in the company website through the following link: http://www.apcaragorn.net/index.php/disclosures/sec-filings/sec-form-17-q-quarterly-report</p>	

		<p>Matters approved by the Board in 2019 are also available in the company website through this link:</p> <p>http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i/send/111-board-matters/481-summary-of-2019-activities-of-the-board-of-directors-and-its-committees</p>	
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Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

Recommendation 3.1

<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	Compliant	<p>Provide information or link/reference to a document containing information on all the board committees established by the company.</p> <p>Refer to company website link below for the list of Company's board committees and its members:</p> <p>http://apcaragorn.net/index.php/corporate-governance/board-committees/board-committees-and-members</p>	
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Recommendation 3.2

<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>	Compliant	<p>Provide information or link/reference to a document containing information on the Audit Committee, including its functions.</p> <p>Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.</p>	
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		<p>Refer to Item 3.2 pages 18-20 of the MCG for the Audit Committee functions, duties and responsibilities http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>Refer to link below for the Audit Committee Charter: http://apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/send/95-board-committee-charters/286-apc-audit-committee-charter</p> <p>http://www.apcaragorn.net/index.php/component/downloads/send/118-minutes-of-2020-stockholder-s-meeting-s/478-minutes-of-2020-annual-stockholders-meeting-draft?Itemid=0</p>	
<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.</p> <p>The Audit Committee Members from July 1, 2019 were:</p> <ol style="list-style-type: none"> 1. Laurito E. Serrano (Chairman/ID) – independent, non-executive 	

		<p>2. Tomas D. Santos (Member/ID) – independent, non-executive</p> <p>3. Bernardo D. Lim (Member) – non-executive</p> <p>Upon the approval of the Board during its August 10, 2020 Organizational meeting, Mr. Rafael M. Alunan III (ID) was appointed as the Chairman of the Audit Committee, replacing the Corporation's former director, Mr. Serrano.</p> <p>Profiles, Qualification, and Type of Directorship: http://www.apcaragorn.net/index.php/home/our-company/7board-of-directors-management-team-and-executive-officers</p>	
<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.</p> <p>Members of Audit Committee:</p> <p>http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committees-and-members</p> <p>Background and Experience of Directors: http://www.apcaragorn.net/index.php/home/our-company/7board-of-directors-management-team-and-executive-officers</p>	

		<p>Board Diversity under SEC Form 17-A (Annual Report), p. 38 http://www.apcaragorn.net/index.php/component/downloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p> <p>Board Diversity under SEC Form 20-IS (Information Statement), pp. 7-9 http://www.apcaragorn.net/index.php/component/downloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p>	
<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the Audit Committee</p> <p>Following the July 1, 2019 Annual Stockholders' Meeting (ASM) and the Organizational Meeting thereafter, Mr. Laurito E. Serrano, was appointed as the Audit Committee Chairman and Lead Independent Director. He was neither the Chairman of the Board nor of any other committee.</p> <p>Upon the approval of the Board during its Organizational meeting on August 10, 2020 right after the 2020 ASM, Mr. Rafael M. Alunan III (ID) was appointed as the Chairman of the Audit Committee,</p>	

		<p>replacing the Corporation's former director, Mr. Serrano. Mr. Alunan is not a Chairman of any other board committees.</p> <p>Background and Experience of Directors: http://www.apcaragorn.net/index.php/home/our-company/7board-of-directors-management-team-and-executive-officers</p> <p>Item 9 and Board Matrix of SEC Form 17-A (Annual Report), pp. 30 and 38 http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p> <p>Item 5 and Board Matrix of SEC Form 20-IS/Information Statement, pp. 14-17 http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p>	
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		<p>Results of 2020 Organizational Board meetings: http://www.apcaragorn.net/index.php/component/jdownloads/send/115-sec-form-17-c-current-report-2020/482-results-of-2020-organizational-meeting-of-the-board-of-directors-amended?Itemid=0</p> <p>Members of Board Committees: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committees-and-members</p>	
Supplement to Recommendation 3.2			
<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	<p>Compliant</p>	<p>Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.</p> <p>For 2019, there were no non-audit services conducted by the external auditors.</p> <p>Item 7.f of SEC Form 20-IS/Information Statement, p. 20 http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p>	

<p>2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p>Compliant</p>	<p>Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present.</p> <p>Summary of Board and Committee Activities in 2019 (included NED meetings) http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i/send/111-board-matters/481-summary-of-2019-activities-of-the-board-of-directors-and-its-committees</p>	
<p>Optional: Recommendation 3.2</p>			
<p>1. Audit Committee meet at least four times during the year.</p>	<p>Compliant</p>	<p>Indicate the number of Audit Committee meetings during the year and provide proof</p> <p>The Company's Audit Committee conducted four (4) meetings during in 2019.</p> <p>Summary of Board and Committee Activities in 2019 (included NED meetings) http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i/send/111-board-matters/481-summary-of-2019-activities-of-the-board-of-directors-and-its-committees</p>	
<p>2. Audit Committee approves the appointment and removal of the internal auditor.</p>	<p>Compliant</p>	<p>Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.</p>	

		<p>It is the Audit Committee's responsibility to recommend the appointment and removal of the company's internal auditor. Please refer to No. 5.3 on Page 3 the Audit Committee Charter</p> <p>http://apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/send/95-board-committee-charters/286-apc-audit-committee-charter</p> <p>http://www.apcaragorn.net/index.php/component/jdownloads/send/115-sec-form-17-c-current-report-2020/482-results-of-2020-organizational-meeting-of-the-board-of-directors-amended?Itemid=0</p> <p>Summary of Board and Committee Activities in 2019 (included NED meetings)</p> <p>http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i/send/111-board-matters/481-summary-of-2019-activities-of-the-board-of-directors-and-its-committees</p>	
Recommendation 3.3			
<p>1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that</p>	<p>Compliant</p>	<p>Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions</p>	

<p>were formerly assigned to a Nomination and Remuneration Committee.</p>		<p>Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.</p> <p>Corporate Governance Committee Charter: http://apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/send/95-board-committee-charters/288-apc-corporate-governance-committee-charter</p> <p>The Corporate Governance Committee undertakes the process of identifying the quality of directors aligned with the Company's strategies. Refer to item 3.3.2 and 3.3.3 on page 20 of MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>Board Diversity in SEC Form 17-A (Annual Report), p. 38 http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p>	
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		<p>Board Diversity in SEC Form 20- IS/Information Statement http://www.apcaragorn.net/index.php/component/downloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p>	
<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	Non-compliant	<p>Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.</p>	<p>The Company has 2 independent directors, and both are members of the Corporate Governance Committee.</p> <p>Despite this and since the Company is still in its pre-operating stage, the objective is still being achieved as the three directors ensure that they are acting in good faith, with due diligence and care and in the best interest of the Company and all shareholders. The qualifications and credentials of the directors are very much satisfactory.</p> <p>Qualification and Type of Directorship: http://apcaragorn.net/index.php/home/our-company/7-board-of-directors-management-team-and-executive-officers</p>
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	Compliant	<p>Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.</p> <p>The Chairman of the Corporate Governance Committee is Mr. Tomas D. Santos, Independent Director of the Company.</p>	

		<p>Profile, Qualification, and Type of Directorships: http://www.apcaragorn.net/index.php/home/our-company/7board-of-directors-management-team-and-executive-officers</p> <p>Item 9 and Board Matrix of SEC Form 17-A (Annual Report), pp. 29-30 http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p> <p>Item 5 and Board Matrix of SEC Form 20-IS/Information Statement, pp. 14-17 http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p> <p>Results of the 2020 Organizational Board: http://www.apcaragorn.net/index.php/component/jdownloads/send/115-sec-form-17-c-current-report-2020/482-results-of-2020-organizational-meeting-of-the-board-of-directors-amended?Itemid=0</p>	
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Optional: Recommendation 3.3.			
<p>1. Corporate Governance Committee meet at least twice during the year.</p>	<p>Compliant</p>	<p>Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.</p> <p>The Corporate Governance Committee had three (3) meetings during 2019.</p> <p>Summary of Board and Committee Activities in 2019 (included NED meetings) http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i/send/111-board-matters/481-summary-of-2019-activities-of-the-board-of-directors-and-its-committees</p>	
Recommendation 3.4			
<p>1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions</p> <p>Risk Oversight Committee (ROC) Charter: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters</p>	

		<p>November 2018 Manual on Corporate Governance, pp. 22-23</p> <p>http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance</p>	
<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	Non-compliant	<p>Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship</p>	<p>Majority of the members of the ROC are independent directors. However, due to the limit in the number of independent directors, the chairman of the Risk Management is not an independent director. Chairmanship of the Audit and CG Committees were accorded to its two independent directors. In addition, Mr. Bernardo D. Lim, the Chairman of ROC, has a wide experience in Finance, Treasury and Controllershship, making him very qualified to chair the ROC.</p> <p>Qualification and Type of Directorship: http://apcaragorn.net/index.php/home/our-company/7-board-of-directors-management-team-and-executive-officers</p>
<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	Compliant	<p>Provide information or link/reference to a document containing information on the Chairman of the BROC</p> <p>The Chairman of the ROC is Mr. Bernardo D. Lim. He is not the Chairman of the Board nor of the other committees.</p>	

		<p>Profiles, Qualifications, and Types of Directorships: http://www.apcaragorn.net/index.php/home/our-company/7board-of-directors-management-team-and-executive-officers</p> <p>Item 9 and Board Matrix of SEC Form 17-A (Annual Report), pp. 29-30 http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p> <p>Item 5 and Board Matrix of SEC Form 20-IS/Information Statement, pp. 14-17 http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p>	
<p>4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.</p> <p>Members of ROC : http://apcaragorn.net/index.php/corporate-governance/board-committees/board-committees-and-members</p>	

		<p>http://www.apcaragorn.net/index.php/home/our-company/7board-of-directors-management-team-and-executive-officers</p> <p>Board Diversity in SEC Form 17-A (Annual Report), p. 38 http://www.apcaragorn.net/index.php/component/downloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p> <p>Board Diversity in SEC Form 20-IS/Information Statement http://www.apcaragorn.net/index.php/component/downloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p>	
Recommendation 3.5			
<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.</p> <p>Related Party Transactions Committee (RPT Com) Charter: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-</p>	

		charters/send/95-board-committee-charters/290-apc-related-party-committee-charter http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant	<p>Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.</p> <p>Members of RPT Com: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committees-and-members http://www.apcaragorn.net/index.php/home/our-company/7board-of-directors-management-team-and-executive-officers </p>	
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant		

		<p>Committee Charters of the Company: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters</p> <p>November 2018 Manual on Corporate Governance, pp. 17-25 http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance</p>	
3. Committee Charters were fully disclosed on the company's website.	Compliant	<p>Provide link to company's website where the Committee Charters are disclosed.</p> <p>Refer to the Committee Charters of the Company in the company website: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters</p>	
<p>Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.</p>			
<p>Recommendation 4.1</p>			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	<p>Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.</p> <p>Provide information or link/reference to a document containing information on the attendance and participation of</p>	

		<p>directors to Board, Committee and shareholders' meetings.</p> <p>Refer to item 2.7.1 on page 15 of MCG for the information on the process and procedure for tele/videoconferencing for board/committee meetings: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>If a Director is not able to personally attend the meeting, subject to the existing rules, he may be able to participate thru the use of modern technology such as but not limited to telephone or video conference. This is on the premise that said Director is able to participate actively in the discussions. Prior advice to the Corporate Secretary is required so arrangements for the tools for communication and recording that may be used may be made. Prior to the start of the actual meeting, it is important to determine if all Directors present can hear one another as well as the other participants who will present matters before the Board or Committee meetings.</p> <p>Refer to link below for the Board of Directors' meeting attendance: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-attendance</p>	
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<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>Compliant</p>	<p>Please refer to the Company's MCG, No. 2.9.2, page 16: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>In addition, the minutes of the previous meetings as well as the agenda and materials of upcoming meetings are distributed to the directors one week in advance to give them ample time to review and prepare for the meeting. They come to the meetings prepared</p>	

		and ready, often with discussion questions in mind that they raise during the meetings.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	<p>Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors</p> <p>Please refer to the Company's MCG, No. 4.2 of page 26: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>All questions and clarifications are raised during committee and board meetings. Discussions are lively and energetic, giving rise to several options and insights that help direct the Company's actions.</p> <p>Summary of Board Activities in 2019 http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i/send/111-board-matters/481-summary-of-2019-activities-of-the-board-of-directors-and-its-committees</p>	
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Non-compliant	Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.	As of December 31, 2019, a non-executive Director, serves in more than five (5) publicly-listed companies. Nonetheless, the NED ensures a sufficient time to oversee each company and that all meetings of the Boards are attended.

		<p>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies</p> <p>Please refer to 4.2 of the MCG http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance</p> <p>Directorship in other Publicly-listed Companies in the DIS, p. 18: http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p> <p>Item 9 in SEC Form 17-A (Annual Report), pp. 29-30: http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p>	
Recommendation 4.3			
<p>1. The directors notify the company's board before accepting a directorship in another company.</p>	<p>Compliant</p>	<p>Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.</p>	

		<p>Item 4.2.2 on page 26 of MCG states that a director shall notify his incumbent Board thru the Corporate Governance Committee before accepting a directorship in another company.</p> <p>http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporategovernance</p>	
Optional: Principle 4			
<p>1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.</p>	Compliant	<p>Mr. Jackson T. Ongsip is the only executive director of the Company. He does not serve as a director in any other board of listed companies.</p> <p>Types of directorships: http://www.apcaragorn.net/index.php/home/our-company/7board-of-directors-management-team-and-executive-officers</p>	
<p>2. Company schedules board of directors' meetings before the start of the financial year.</p>	Compliant	<p>During the regular board meetings held on November 7, 2018 and December 18, 2019, the schedule of the BOD meetings for year 2019 and 2020, respectively, were presented to and approved by the board of directors.</p> <p>Refer to the summary of board matters for the matters taken up on the BOD meeting on: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i/send/111-board-matters/481-summary-of-2019-activities-of-the-board-of-directors-and-its-committees</p>	

		http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance	
<p>3. Board of directors meet at least six times during the year.</p>	<p>Compliant</p>	<p>Indicate the number of board meetings during the year and provide proof</p> <p>APC Group Inc. held seven (7) BOD meetings held in 2019.</p> <p>BOD Meeting Attendance: http://apcaragorn.net/index.php/corporate-governance/board-committees/board-attendance</p> <p>Summary of Board Activities http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i/send/111-board-matters/481-summary-of-2019-activities-of-the-board-of-directors-and-its-committees</p>	

		<p>Board Attendance in the DIS, p. 20: http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p> <p>Board Attendance in SEC Form 17-A (Annual Report), p. 35: http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p>	
<p>4. Company requires as minimum quorum of at least 2/3 for board decisions.</p>	<p>Compliant</p>	<p>Indicate the required minimum quorum for board decisions</p> <p>Refer to Item 2.7.6 of page 15 of the Company's MCG. Presence of 2/3 of the directors are required to determine quorum of the meeting. http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p>	

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs

Recommendation 5.1

<p>1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.</p>	<p>Non-compliant</p>	<p>Provide information or link/reference to a document containing information on the number of independent directors in the board</p>	<p>The Board is composed of 7 directors with 2 independent directors, pursuant to the requirements of the Corporation Code.</p> <p>Despite this not having at least 3 independent directors, the Company's board endeavors to exercise objective and independent judgment on all corporate affairs. Moreover, each director contributes valuable inputs and brings to the table essential background and experience that propels the progress of the Company.</p> <p>The Company is considering possible options on how to be able to comply with this recommendation.</p>
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Recommendation 5.2

<p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the qualifications of the independent directors.</p> <p>Refer to item 5.1.2 on pages 26-27 of MCG for the qualification of the Independent Directors: http://www.apcaragom.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>Refer to the Certifications of the Independent Directors in the Definitive Information Statements for:</p>	
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	<p>http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p> <p>Article IV of the By-laws: http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0</p> <p>Board Diversity in SEC Form 17-A (Annual Report), p. 38 http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p> <p>Board Diversity in SEC Form 20-IS/Information Statement http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p>	
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Supplement to Recommendation 5.2			
<p>1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.</p>	Compliant	<p>Provide link/reference to a document containing information that directors are not constrained to vote independently.</p> <p>APC Group Inc. has no shareholder agreements, or any provisions in the by-laws or in any agreements that states that there is a constraint on the ability to vote of the directors independently.</p>	
Recommendation 5.3			
<p>1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).</p>	Compliant	<p>Provide information or link/reference to a document showing the years IDs have served as such.</p> <p>The Company has two independent directors.</p> <p>Mr. Tomas D. Santos was first appointed on June 2012 and is serving for eight (8) years to date.</p> <p>Mr. Laurito E. Serrano was first appointed on June 2013, and served for seven (7) years until August 10, 2020.</p> <p>While Mr. Alunan was elected on August 10, 2020.</p>	

		<p>Item 5 of SEC Form 20-IS (Information Statement), p. 16 http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p> <p>Item 9 of SEC Form 17-A (Annual Report), p. 30 http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p>	
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director</p> <p>An Independent Director who has served on the Board for a maximum cumulative term of nine (9) years shall no longer be allowed to serve as an Independent Director.</p> <p>Refer to item 2.5.10 on page 14 of MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p>	

<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.</p>	<p>Compliant</p>	<p>Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.</p> <p>The Company's Independent Directors as of 2019 have not served for more than 9 years, thus no justification nor approval from the shareholders were obtained in the Annual Stockholders' Meeting. In the future, if the board decides to retain an independent director in the same capacity, the board shall provide meritorious justification and shall seek shareholder approval during the ASM.</p>	
<p>Recommendation 5.4</p>			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>Compliant</p>	<p>Identify the company's Chairman of the Board and Chief Executive Officer</p> <p>The Chairman of the Board is Mr. Willy N. Ocier, while the President and the CEO of the Company is Mr. Jackson T. Ongsip. http://www.apcaragom.net/index.php/home/our-company/7board-of-directors-management-team-and-executive-officers</p>	
<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.</p> <p>Identify the relationship of Chairman and CEO.</p> <p>Refer to item 2.2.1 on pages 10-11 and item 5.2 on pages 27-28 of MCG for the responsibilities of the Chairman and President/CEO, respectively:</p>	

		http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Compliant	<p>Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.</p> <p>Indicate if Chairman is independent.</p> <p>The Chairman of the Board, Mr. Willy N. Ocier, is not an Independent Director.</p> <p>In the Organizational meeting held on July 1, 2019, Mr. Laurito E. Serrano was re-appointed as the Lead Independent Director. Please refer to the results of the organizational meeting: http://www.apcaragorn.net/index.php/component/jdownloads/category/104-sec-form-17-c-current-report-2019?Itemid=-1</p> <p>While on August 10, 2020, the Board appointed Mr. Alunan as the new Lead Independent Director: http://www.apcaragorn.net/index.php/component/jdownloads/send/115-sec-form-17-c-current-report-2020/482-results-of-2020-organizational-meeting-of-the-board-of-directors-amended?Itemid=0</p>	

		http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	<p>Provide proof of abstention, if this was the case</p> <p>Item 5.4 on page 29 of MCG states that a director with a material interest in any transaction affecting the Corporation shall abstain from taking part in the deliberations of the same.</p> <p>http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>Approval of MRPTs under the MRPT Policy:</p> <p>http://www.apcaragorn.net/index.php/component/jdownloads/send/110-pse-and-sec-disclosures-2019/421-october-25-2019-policy-on-material-related-party-transactions-as-of-october-25-2019?Itemid=0</p> <p>No transaction occurred during the year that required this. A policy is in place and shall be adhered to in case this happens.</p>	
Recommendation 5.7			

<p>1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.</p>	<p>Compliant</p>	<p>Provide proof and details of said meeting, if any.</p> <p>Provide information on the frequency and attendees of meetings.</p>	
<p>2. The meetings are chaired by the lead independent director.</p>	<p>Compliant</p>	<p>Refer to item 5.5 on page 29 of MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>The non-executive directors (NEDs) held separate meetings in February 2019 with the external auditor, Chief Audit Executive, Chief Risk Officer, without any executive present.</p> <p>The meetings were chaired by Mr. Laurito Serrano, the Company's Lead Independent Director.</p> <p>Refer to the summary of board matters for 2019 for the NEDs meetings held: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i</p>	
<p>Optional: Principle 5</p>			
<p>1. None of the directors is a former CEO of the company in the past 2 years.</p>	<p>Compliant</p>	<p>Provide name/s of company CEO for the past 2 years</p> <p>The current CEO, Mr. Jackson T. Ongsip, is the CEO since 2016. There are no directors in the Company who served as CEO in the previous years.</p>	

Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

Recommendation 6.1

1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees	
2. The Chairman conducts a self-assessment of his performance.	Compliant		
3. The individual members conduct a self-assessment of their performance.	Compliant	The Board conducts an annual self-assessment of its collective and individual performance, and that of the Board Committees, the Chairman, President, Chief Compliance Officer (CCO), Chief Risk Officer (CRO) and Chief Audit Executive (CAE).	
4. Each committee conducts a self-assessment of its performance.	Compliant	<p>The 2018 and 2019 assessments of the Board, its members, Committees, Chairman, Chief Executive Office, Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive were done on May 14, 2019 and February 14, 2020, respectively.</p> <p>View Forms for Board Evaluation for 2018 and 2019: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i/send/111-board-matters/483-annual-performance-evaluation-form-2019 http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i/send/111-board-matters/387-annual-performance-evaluation-form-2018</p>	

		http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i	
5. Every three years, the assessments are supported by an external facilitator.	Compliant	Identify the external facilitator and provide proof of use of an external facilitator. Not yet applicable, as the Code or Corporate Governance became effective starting 2017. The third-year falls on 2019, with evaluation to be done within 2020, to be supported by an external facilitator, which shall be engaged by the Company at that time.	
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders	
2. The system allows for a feedback mechanism from the shareholders.	Compliant	The Board assesses performance (both self-assessment and collective board rating) using the following criteria: 1. Independence – the exercise of independent judgment and objectivity when viewing problems or situations. This also includes supporting plans and ideas which he/she believes are beneficial to the Company. 2. Leadership – the ability to provide sound advice, counsel and direction on the Company's plans and strategies. This includes leadership in directing the Company towards sustained progress over the long term.	

		<p>3. Expertise – the grasp of a working knowledge of the statutory and regulatory requirements affecting the Company. This includes a firm knowledge of the requirements of regulatory agencies for the conduct of the Company's business.</p> <p>4. Corporate governance – the ability act in the best interests of the Company, its shareholders and other stakeholders, in a manner characterized by transparency, accountability and fairness. He is responsible for ensuring the presence and adequacy of internal control mechanisms for good governance.</p> <p>Directors are also asked to rate the information that they receive as a Board as well as the conduct of meetings and trainings.</p> <p>Refer to the criteria used for assessment: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i/send/111-board-matters/483-annual-performance-evaluation-form-2019</p> <p>http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i/send/111-board-matters/387-annual-performance-evaluation-form-2018</p>	
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		<p>http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i</p> <p>The President, Chief Risk Officer, Chief Compliance Officer and Chief Audit Officer are assessed based on leadership, integrity and diligence.</p> <p>In order to promote transparency and accountability, the Corporation has a dedicated contact information, where shareholders and stakeholders alike may communicate with the Board of Directors thru the Governance Department on concerns they may have.</p> <p>http://www.apcaragorn.net/index.php/home/contact-us</p> <p>TRISTAN B. CHOA Vice President – Investor Relations Investor Relations Contact Email: tristan.choa@bellec corp.com Tel. No.: (632)8662.8888</p> <p>MICHELLE T. HERNANDEZ Vice President for Governance and Corporate Affairs Shareholders' Concerns Contact Email: michelle.hernandez@bellec corp.com Tel. No.: (632)8662.8888</p>	
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Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

Recommendation 7.1

1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate	Compliant	Provide information on or link/reference to the company's Code of Business Conduct and Ethics.	
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<p>acceptable and unacceptable conduct and practices in internal and external dealings of the company.</p>		<p>Code of Business Conduct and Ethics: http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</p>	
<p>2. The Code is properly disseminated to the Board, senior management and employees.</p>	<p>Compliant</p>	<p>Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.</p> <p>The Code of Business Conduct and Ethics (CBCE) is disseminated properly to the Board, senior management and employees upon entry into the Company. It is also uploaded to the Company website for easy reference. http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</p>	
<p>3. The Code is disclosed and made available to the public through the company website.</p>	<p>Compliant</p>	<p>Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.</p> <p>Code of Business Conduct and Ethics: http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</p>	
<p>Supplement to Recommendation 7.1</p>			
<p>1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery</p>	

		<p>Acceptance of Gifts Policy: http://www.apcaragorn.net/index.php/corporate-governance/company-policies/21-guidelines-on-acceptance-of-gifts</p> <p>This is further supported by the Company's Policy on Accountability, Integrity and Vigilance whereby employees are encouraged to report violations or suspected violations of the CBCE without fear of retaliation. http://www.apcaragorn.net/index.php/corporategovernance/company-policies/28-policy-on-accountabilityintegrity-and-vigilance</p>	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	<p>Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.</p> <p>The Company's Ethics Committee shall be accountable for the publication of the Code, ensure a confidential investigation is immediately undertaken to determine the veracity of the report, gather pertinent data and recommend appropriate sanctions.</p> <p>All directors, officers, employees and contract workers are expected to observe the Code of Business Conduct</p>	

		<p>and Ethics (CBCE) at all times inside and outside the Company.</p> <p>Since it was released, there are no reported violations of the CBCE.</p> <p>http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</p>	
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Disclosure and Transparency

Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

Recommendation 8.1

<p>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders</p> <p>Refer to item 8 on page 30 of MCG for the Company's disclosure policies and procedures: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>Policy on Company Disclosures http://www.apcaragorn.net/index.php/corporate-governance/company-policies/46-corporate-disclosures</p>	
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		<p>SEC Form 17-A and Audited Financial Statements http://www.apcaragorn.net/index.php/component/downloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p> <p>2019 Definitive Information Statement: http://www.apcaragorn.net/index.php/component/downloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p>	
Supplement to Recommendations 8.1			
<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	Compliant	<p>Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.</p> <p>All interim reports are disclosed within forty-five (45) days from the end of the reporting period and the annual report is published within ninety (90) days from the end of the fiscal year: 2019 1st Quarter Report – 41 days 2019 2nd Quarter Report – 39 days 2019 3rd Quarter Report – 37 days 2019 Consolidated Financial Statements – 59 days</p>	

		<p>http://www.apcaragorn.net/index.php/disclosures/sec-filings/sec-form-17-q-quarterly-report</p> <p>http://www.apcaragorn.net/index.php/disclosures/sec-filings/sec-form-17-a-annual-report</p> <p>http://www.apcaragorn.net/index.php/disclosures/sec-filings/sec-form-17-a-annual-report</p>	
<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>Compliant</p>	<p>Provide link or reference to the company's annual report where the following are disclosed:</p> <ol style="list-style-type: none"> 1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders; 2. cross-holdings among company affiliates; and 3. any imbalances between the controlling shareholders' voting power and overall equity position in the company. <p>2019 Annual Report (SEC Form 17A), pp. 6-7</p> <p>http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p> <p>The Company discloses in its annual definitive information statement, the</p>	

		<p>principal risks associated with the identity of the Company's shareholders, the degree of ownership concentration, cross-holdings among company affiliates and other pertinent information on equity position in the Company.</p> <p>http://www.apcaragorn.net/index.php/disclosures/sec-filings/sec-form-20-is-information-statement</p> <p>http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p>	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	<p>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.</p> <p>Insider Trading Policy: http://www.apcaragorn.net/index.php/corporategovernance/company-policies/22-insider-trading-policy</p> <p><i>Indicate actual dealings of directors involving the corporation's shares</i></p>	

		<p>including their nature, number/percentage and date of transaction.</p> <p>There are no actual dealings of directors involving the Company's shares during the year.</p> <p>Trading Summary of Directors under SEC Form 17-A, p.38 http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p> <p>Trading Summary of Directors under Definitive Information Statement, p.55 http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p>	
Supplement to Recommendation 8.2			
<p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p>	<p>Compliant</p>	<p>Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders.</p> <p>Provide link or reference to the company's Conglomerate Map.</p>	

	<p>Public Ownership Report: http://www.apcaragorn.net/index.php/disclosures/other-disclosures</p> <p>http://www.apcaragorn.net/index.php/component/downloads/send/114-pse-and-sec-disclosures-2020/468-public-ownership-report-as-of-june-30-2020?Itemid=0</p> <p>List of Top 100 Shareholders: http://www.apcaragorn.net/index.php/disclosures/other-disclosures</p> <p>http://www.apcaragorn.net/index.php/component/downloads/send/114-pse-and-sec-disclosures-2020/469-list-of-top-100-stockholders-as-of-june-30-2020?Itemid=0</p> <p>Conglomerate Map: http://www.apcaragorn.net/index.php/home/our-company/25conglomerate-map</p> <p>2019 Definitive Information Statement, p.13 http://www.apcaragorn.net/index.php/component/downloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p>	
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Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	<p>Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p> <p>Academic qualifications and experiences of directors and key officers: http://www.apcaragorn.net/index.php/home/our-company/7board-of-directors-management-team-and-executive-officers</p> <p>Item 5 of SEC Form 20-IS (Information Statement), pp.14-17 http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p>	

		<p>Item 9 and Board Matrix of SEC Form 17-A (Annual Report), pp.29-31 http://www.apcaragorn.net/index.php/component/downloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p> <p>Relevant Trainings attended: http://www.apcaragorn.net/index.php/component/downloads/send/110-pse-and-sec-disclosures-2019/426-certificate-of-attendance-of-ms-virginia-a-yap-non-executive-director-in-continuing-education-program-for-2019?Itemid=0</p> <p>http://www.apcaragorn.net/index.php/component/downloads/send/110-pse-and-sec-disclosures-2019/409-08-22-2019-certificate-of-attendance-on-corporate-governance-seminar?Itemid=0</p> <p>http://www.apcaragorn.net/index.php/disclosures/sec-filings/sec-form-17-c-current-report</p>	
Recommendation 8.4			
<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p>	<p>Compliant</p>	<p>Disclose or provide link/reference to the company policy and practice for setting board remuneration</p>	

	<p>Refer to Article IV Section 12 on page 5 of the Amended By-Laws: http://www.apcaragorn.net/index.php/component/jdownloads/s_end/80-articles-of-incorporation-and-by-laws/249-amended-bylaws?Itemid=0</p> <p>Item 3.7.5 page 25 of the Company MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance</p> <p>Item 6 of the SEC Form 20-IS states the compensation of directors and executive officers. http://www.apcaragorn.net/index.php/disclosures/sec-filings/sec-form-20-is-information-statement</p> <p>Each director is entitled to a per diem of P5,000 per board meeting attended to cover transportation expenses.</p> <p>The Company has a Compensation and Remuneration Committee that from time to time, recommends an increase in per diem that a director receives for attendance in Board and Committee meetings which the Board may approve should they find them just and reasonable. Any Director is prohibited from participating in discussions involving his own remuneration.</p>	
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<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	<p>Compliant</p>	<p>Disclose or provide link/reference to the company policy and practice for determining executive remuneration</p> <p>Refer to Article VI Section 13 on page 7 of the Amended By-Laws: http://www.apcaragorn.net/index.php/component/jdownloads/s_end/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0</p> <p>Refer to item 2.1.i on page 9 and item 8.4 on page 30 of MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance</p> <p>The Compensation and Remuneration Committee recommends compensation scheme proposals for the CEO and Management Team, which the Board approves should they find them just and reasonable.</p>	
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>Non-compliant</p>	<p>Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.</p> <p>http://www.apcaragorn.net/index.php/disclosures/sec-filings/sec-form-20-is-information-statement</p>	<p>For security reasons, only the aggregate compensation of the CEO and four (4) most highly compensated executives is disclosed. Disclosing the individual remuneration is being discussed within the Group. Nonetheless, remuneration of each director can be computed using the remuneration of directors per Board meeting and the number of meetings attended for the year which can be found in the Definitive Information Statement</p>
<p>Recommendation 8.5</p>			
<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other</p>	<p>Compliant</p>	<p>Disclose or provide reference/link to company's RPT policies</p>	

<p>unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>		<p>Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.</p> <p>Please refer to: http://www.apcaragorn.net/index.php/corporate-governance/company-policies</p> <p>Conflict of Interest Policy http://www.apcaragorn.net/index.php/corporate-governance/company-policies/34-conflict-of-interest</p> <p>RPT Policy: http://www.apcaragorn.net/index.php/corporate-governance/company-policies/33-related-part-transactions</p> <p>MRPT Policy: http://www.apcaragorn.net/index.php/component/downloads/send/110-pse-and-sec-disclosures-2019/421-october-25-2019-policy-on-material-related-party-transactions-as-of-october-25-2019?Itemid=0</p> <p>There is no conflict of interest between a director and a particular transaction in 2019.</p>	
<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p>Compliant</p>	<p>Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:</p> <ol style="list-style-type: none"> 1. name of the related counterparty; 	

		<ol style="list-style-type: none"> 2. relationship with the party; 3. transaction date; 4. type/nature of transaction; 5. amount or contract price; 6. terms of the transaction; 7. rationale for entering into the transaction; 8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and 9. other terms and conditions <p>Refer to Note 16 of the Consolidated Notes to the Financial Statement: http://www.apcaragorn.net/index.php/component/jdownloads/category/115-sec-form-17-c-current-report-2020?Itemid=-1</p> <p>Company's transaction with related parties for year 2019 pertains only to the transactions with its shareholder (Belle Corp) and Company's subsidiaries, which were done at current market rates and on arms-length basis. There are no material or significant RPTs that requires board approval during the year.</p>	
Supplement to Recommendation 8.5			
<ol style="list-style-type: none"> 1. Company requires directors to disclose their interests in transactions or any other conflict of interests. 	Compliant	<p>Indicate where and when directors disclose their interests in transactions or any other conflict of interests.</p> <p>RPT Policy: http://www.apcaragorn.net/index.php/corporate-governance/company-policies/33-related-part-transactions</p>	

		<p>MRPT Policy: http://www.apcaragorn.net/index.php/component/downloads/send/110-pse-and-sec-disclosures-2019/421-october-25-2019-policy-on-material-related-party-transactions-as-of-october-25-2019?Itemid=0</p> <p>Conflict of Interest Policy http://www.apcaragorn.net/index.php/corporategovernance/company-policies/34-conflict-of-interest</p> <p>No director had conflict of interest with the related parties.</p>	
Optional : Recommendation 8.5			
<p>1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.</p>	<p>Compliant</p>	<p>Provide link or reference where this is disclosed, if any</p> <p>Refer to the Company's MCG, Item No. 2.1.k, page 9 http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>It states in SEC Form 17-A-Annual Report, p.36 that it is the Board and Related Party Transactions Committee's responsibility to ensure that the RPT are conducted at market rates and on an arms-length basis.</p>	

		http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0 Conflict of Interest Policy: http://www.apcaragorn.net/index.php/corporategovernance/company-policies/34-conflict-of-interest	
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	Provide link or reference where this is disclosed Refer to item 8.6 on page 30 of MCG : http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance Corporate Disclosures of APC website: http://www.apcaragorn.net/ Corporate Disclosures Policy http://www.apcaragorn.net/index.php/corporate-governance/company-policies/46-corporate-disclosures	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	Identify independent party appointed to evaluate the fairness of the transaction price Disclose the rules and procedures for evaluating the fairness of the transaction price, if any.	

		Refer to item 8.6 on page 30 of MCG : http://www.apcaragom.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	Provide link or reference where these are disclosed. There are currently no shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company. These shall be disclosed if and when the agreements materialize.	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Provide link to the company's website where the Manual on Corporate Governance is posted.	
2. Company's MCG is submitted to the SEC and PSE.	Compliant	MCG : http://www.apcaragom.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance	
3. Company's MCG is posted on its company website.	Compliant	The Revised Manual on Corporate Governance was submitted to the SEC and PSE on November 15, 2018.	
Supplement to Recommendation 8.7			

1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	Provide proof of submission. Refer to page 1 for the filing confirmation for the submission in PSE Edge and to page 2 for the receiving sheet for the submission in SEC Head Office. http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:		Provide link or reference to the company's Annual Report containing the said information.	
a. Corporate Objectives	Compliant	Corporate Objectives, p. 37 of 2019 SEC Form 17A	
b. Financial performance indicators	Compliant	Financial Performance Indicators, pp. 22-23 of 2019 SEC Form 17A	
c. Non-financial performance indicators	Compliant	Non-financial performance indicators, p. 39, and Sustainability Report for 2019	
d. Dividend Policy	Compliant	Biographical details, pp. 29-30	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant	Attendance to 2019 meetings, p. 35	
f. Attendance details of each director in all directors meetings held during the year	Compliant	SEC Form 17-A (Annual Report including the Board Attendance and Profiles, Dividend Policy and Non-financial Indicators in the Sustainability Report)	
g. Total remuneration of each member of the board of directors	Non-compliant		

		http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0 SEC Form 17-Q (Quarterly Report) http://www.apcaragorn.net/index.php/disclosures/sec-filings/sec-form-17-q-quarterly-report	
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Compliant	Provide link or reference to where this is contained in the Annual Report Refer to Part IV-Corporate Governance of SEC Form 17-A. http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0 The Company remains committed to align and comply with the best corporate governance practices following the release of the 2016 Code of Corporate Governance for Publicly Listed Companies.	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	Compliant	Provide link or reference to where this is contained in the Annual Report	

		<p>Refer to note 18 of the Notes to the Financial Statements attached to the Sec Form 17-A</p> <p>http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p> <p>For 2019, the Board of Directors, through the Risk Oversight Committee, has reviewed the Company's material controls and risk management system and has found the same effective and adequate.</p>	
<p>4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.</p>	Compliant	<p>Provide link or reference to where this is contained in the Annual Report</p> <p>Refer to note 18 of the Notes to the Financial Statements attached to the Sec Form 17-A</p> <p>http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p> <p>For 2019, the Board of Directors, through the Audit Committee, has reviewed the effectivity of Company's internal control system, including the information technology security controls. Effective and adequate internal control mechanisms were in place, implemented and properly complied with.</p>	
<p>5. The company discloses in the Annual Report the key risks to which the company is materially</p>	Compliant	<p>Provide link or reference to where these are contained in the Annual Report</p>	

<p>exposed to (i.e. financial, operational including IT, environmental, social, economic).</p>		<p>The Company is exposed to credit risk, liquidity risk and equity price risk as disclosed in the Annual Report.</p> <p>Refer to note 18 of the Notes to the Financial Statements attached to the SEC Form 17-A http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p>	
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Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p>Compliant</p>	<p>Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.</p> <p>The Audit Committee is in charge of recommending the appointment, reappointment, removal and fees of the Company's external auditor to the Board. The Board is then tasked to endorse the same to the shareholders during the ASM. The shareholders then approve the same via poll.</p> <p>The partners of the external auditor follows a rotation cycle to ensure the impartiality and integrity of reporting business results.</p>	
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		<p>Refer to item 5.4 of the Audit Committee Charter: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/send/95-board-committee-charters/286-apc-audit-committee-charter</p> <p>Refer to the results of the ASM meeting last July 1, 2019 when the appointment of the external auditor was approved: http://www.apcaragorn.net/index.php/component/jdownloads/send/104-sec-form-17-c-current-report-2019/402-july-1-2019-results-of-the-annual-stockholders-meeting-2019?Itemid=0</p> <p>http://www.apcaragorn.net/index.php/component/jdownloads/category/104-sec-form-17-c-current-report-2019?Itemid=-1</p> <p>Results of 2020 ASM and Org. Board meetings: http://www.apcaragorn.net/index.php/component/jdownloads/send/115-sec-form-17-c-current-report-2020/482-results-of-2020-organizational-meeting-of-the-board-of-directors-amended?Itemid=0</p>	
<p>2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee,</p>	<p>Compliant</p>	<p>Indicate the percentage of shareholders that ratified the appointment,</p>	

<p>approved by the Board and ratified by the shareholders.</p>		<p>reappointment, removal and fees of the external auditor.</p> <p>In the Stockholders' Meeting held on July 1, 2019, SGV & Co. was retained as the Company's external auditor for YE 2019. This was ratified by the shareholders present in person or by proxy. Please refer to the link below for the 2019 Annual Stockholders' Meeting minutes: http://www.apcaragorn.net/index.php/component/jdownloads/send/109-minutes-of-all-general-or-special-stockholders-meetings-2019/401-july-1-2019-minutes-of-the-annual-stockholders-meeting-2019?Itemid=0</p> <p>http://www.apcaragorn.net/index.php/disclosures/minutes-of-meetings</p> <p>Draft Minutes of August 10, 2020 Annual Stockholders' Meeting: http://www.apcaragorn.net/index.php/component/jdownloads/send/118-minutes-of-2020-stockholder-s-meeting-s/478-minutes-of-2020-annual-stockholders-meeting-draft?Itemid=0</p>	
<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.</p>	

		<p>Refer to 9.1.3 on page 31 of MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>No such removal or change so far. The Company re-appointed SGV & Co. as its external auditor for the current year.</p>	
Supplement to Recommendation 9.1			
<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	Compliant	<p>Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years.</p> <p>The Corporation's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier.</p> <p>Refer to item 9.1.5 on page 31 of MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance</p>	
Recommendation 9.2			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and 	Compliant	Provide link/reference to the company's Audit Committee Charter	

<p>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</p>		<p>Audit Committee Charter: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/send/95-board-committee-charters/286-apc-audit-committee-charter</p>	
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	<p>Compliant</p>	<p>Provide link/reference to the company's Audit Committee Charter</p> <p>Audit Committee Charter: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/send/95-board-committee-charters/286-apc-audit-committee-charter</p>	
Supplement to Recommendations 9.2			
<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	<p>Compliant</p>	<p>Provide link/reference to the company's Audit Committee Charter</p> <p>Audit Committee Charter: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/send/95-board-committee-charters/286-apc-audit-committee-charter</p>	
<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	<p>Compliant</p>	<p>Provide link/reference to the company's Audit Committee Charter</p>	

		<p>Audit Committee Charter: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/send/95-board-committee-charters/286-apc-audit-committee-charter</p>	
Recommendation 9.3			
<p>1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.</p>	Compliant	<p>Disclose the nature of non-audit services performed by the external auditor, if any.</p> <p>Refer to item 3.2.1.9 on page 19 of MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>The Company did not have non-audit services from the external auditors during the current year.</p> <p>Refer to Item 8 of SEC Form 17-A, p. 26 http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p>	
<p>2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.</p>	Compliant	<p>Provide link or reference to guidelines or policies on non-audit services</p>	

		<p>Refer to item 3.2.1.9 on page 19 of MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance</p> <p>The Company did not have non-audit services from the external auditors during the current year.</p>	
Supplement to Recommendation 9.3			
<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	Compliant	<p>Provide information on audit and non-audit fees paid.</p> <p>Refer to External Audit Fees and Services of SEC Form 17-A, p. 26: http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p> <p>There are no non-audit services rendered in 2019.</p>	
Additional Recommendation to Principle 9			
<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	Compliant	<p>Provide information on company's external auditor, such as:</p> <ol style="list-style-type: none"> 1. Name of the audit engagement partner; 2. Accreditation number; 3. Date Accredited; 4. Expiry date of accreditation; and 5. Name, address, contact number of the audit firm. 	

		<p>Details of External Auditor:</p> <ol style="list-style-type: none"> 1. Audit Engagement Partner: Johnny F. Ang 2. SEC Accreditation No.: 1284-AR-2 (Group A) 3. Accreditation Validity: May 16, 2019, valid until May 15, 2022 4. Audit Firm: SyCip Gorres Velayo & Co. 6760 Ayala Avenue, Makati City 1226 Metro Manila, Philippines Tel: (632) 8891-0307 <p>Refer to link for the accreditation of the partner in the auditor's opinion in the SEC Form 17-A, p. 26: http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p>	
<p>2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).</p>	<p>Compliant</p>	<p>Provide information on the following:</p> <ol style="list-style-type: none"> 1. Date it was subjected to SOAR inspection, if subjected; 2. Name of the Audit firm; and 3. Members of the engagement team inspected by the SEC. <ol style="list-style-type: none"> 1. Date it was subjected to SOAR inspection, if subjected: November 12-23, 2018. 2. Name of the Audit firm – SGV & Co. Members of the engagement team inspected by the SEC. The names of the members of the engagement team were provided to the SEC during the SOAR inspection. 	

Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

Recommendation 10.1

<p>1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.</p>	<p>Compliant</p>	<p>Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.</p> <p>Refer to item 10 of page 31 of MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>Corporate Disclosures in APC website: http://www.apcaragorn.net/</p> <p>http://www.apcaragorn.net/index.php/corporate-governance/company-policies/46-corporate-disclosures</p> <p>Sustainability Report in SEC Form 17-A (Annual Report): http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p>	
<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>Compliant</p>	<p>Provide link to Sustainability Report, if any. Disclose the standards used.</p> <p>Please refer to the Annual and Sustainability Reports:</p>	

		http://www.apcaragorn.net/index.php/disclosures/sec-filings/sec-form-17-a-annual-report	
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			
1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	<p>Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.</p> <p>Please refer to the following links for the Company's website, and annual, quarterly and current reports: http://www.apcaragorn.net/; http://www.apcaragorn.net/index.php/disclosures/sec-filings/sec-form-17-a-annual-report; http://www.apcaragorn.net/index.php/disclosures/sec-filings/sec-form-17-a-quarterly-report; http://www.apcaragorn.net/index.php/disclosures/sec-filings/sec-form-17-c-current-report; and http://www.apcaragorn.net/index.php/news</p>	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:		Provide link to company website http://www.apcaragorn.net/	
a. Financial statements/reports (latest quarterly)	Compliant		
b. Materials provided in briefings to analysts and media	Non-compliant	http://www.apcaragorn.net/index.php/disclosures/sec-filings/sec-form-17-a-quarterly-report	The Company uses other means of disseminating information like quarterly financial statements, annual report and SEC form 20-IS. The Company's website and

		http://www.apcaragorn.net/index.php/disclosures/sec-filings/sec-form-17-a-annual-report	disclosures to PSE are the Company's means of disseminating information and that is cost-efficient for the Company.
c. Downloadable annual report	Compliant		
d. Notice of ASM and/or SSM	Compliant	http://www.apcaragorn.net/index.php/disclosures/notice-of-meetings	
e. Minutes of ASM and/or SSM	Compliant		
f. Company's Articles of Incorporation and By-Laws	Compliant	http://www.apcaragorn.net/index.php/disclosures/minutes-of-meetings http://www.apcaragorn.net/index.php/home/our-company/27-articles-of-incorporation-and-by-laws	
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Compliant	The Company is in compliance with SEC Memorandum Circular No. 11, Series of 2014. http://www.apcaragorn.net/	
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	List quality service programs for the internal audit functions. Indicate frequency of review of the internal control system The scope of work of Internal Audit is to determine whether the company's network of risk management, control, and corporate governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure: • Risks are appropriately identified and managed.	

		<ul style="list-style-type: none"> • Interaction with the various corporate governance groups occurs as needed. • Significant financial, managerial, and operating information are accurate, reliable, and timely. • Employee's actions are in compliance with policies, standards, procedures and applicable laws and regulations. • Assets and resources are economically acquired, efficiently used, 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>Refer to items 12.1-12.3 on pages 32-33 of MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>The Audit Committee reviews annually the effectiveness of the Company's internal control system, including information technology security and controls.</p> <p>The Internal Audit reviews the controls of the company on an ongoing basis.</p>	
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<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>Compliant</p>	<p>Identify international framework used for Enterprise Risk Management</p> <p>Provide information or reference to a document containing information on:</p> <ol style="list-style-type: none"> 1. Company's risk management procedures and processes 2. Key risks the company is currently facing 3. How the company manages the key risks <p>Indicate frequency of review of the enterprise risk management framework.</p> <p>Refer to item 12.4 of page 33 of the MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>The Risk Oversight Committee reviews annually the effectiveness and adequacy of the Company's risk management system.</p>	
Supplement to Recommendations 12.1			
<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	<p>Compliant</p>	<p>Provide information on or link/ reference to a document containing the company's compliance program covering compliance with laws and relevant regulations.</p> <p>Indicate frequency of review.</p> <p>The Compliance Officer is constantly in coordination with the Legal Counsel and</p>	

		<p>the Corporate Secretary, Governance Dept., Finance Dept. and external auditors to keep abreast with relevant laws and regulations. New issuances are circulated to all affected departments to ensure the Company's compliance.</p> <p>The enterprise risk management framework is reviewed annually.</p> <p>MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance</p>	
Optional: Recommendation 12.1			
<p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p>	<p>Compliant</p>	<p>Provide information on IT governance process</p> <p>With the current business environment, Information Technology risks are ever increasing. These cover unauthorized access to confidential data, loss or release of critical information, corruption of data, regulatory violations, and possible increase in costs and inefficiencies.</p> <p>In order to address these risks, APC may adapt a co-location arrangement with redundant capability and automatic fail-over set-up for disaster recovery. It continues to implement enterprise security solutions to manage external and internal threats. Annual review of technology roadmap to ensure the</p>	

		<p>alignment between the business and information technology is performed.</p> <p>Please refer to page 5 of SEC Form 17-A: http://www.apcaragorn.net/index.php/component/downloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p> <p>Summary of 2019 Board Activities: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i/send/111-board-matters/481-summary-of-2019-activities-of-the-board-of-directors-and-its-committees</p>	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	<p>Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.</p> <p>The internal audit function is in-house.</p>	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	<p>Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.</p> <p>The Company's Internal Audit Head is Anna Josefina G. Esteban. http://www.apcaragorn.net/index.php/home/our-company/7-board-of-directors-management-team-and-executive-officers</p>	

		<p>Results of the 2020 Organizational Meeting http://www.apcaragorn.net/index.php/component/downloads/send/115-sec-form-17-c-current-report-2020/482-results-of-2020-organizational-meeting-of-the-board-of-directors-amended?Itemid=0</p> <p>Refer to item 5 of the Internal Audit Charter for the responsibilities of the CAE/Internal Audit Head: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/send/95-board-committee-charters/370-internal-audit-charter</p>	
<p>2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.</p>	<p>Compliant</p>	<p>The CAE oversees the internal audit activity of the organization. The CAE ensures that the internal audit activity remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner.</p> <p>There is no outsourced internal audit activity.</p> <p>Refer to item 5 of the Internal Audit Charter for the responsibilities of the CAE/Internal Audit Head: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/send/95-board-committee-charters/370-internal-audit-charter</p>	

		charters/send/95-board-committee-charters/370-internal-audit-charter	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Compliant	Identify qualified independent executive or senior management personnel, if applicable. Not applicable as there is no internal audit activity being outsourced.	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	Provide information on company's risk management function. Risk Oversight Committee Charter: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/send/95-board-committee-charters/291-apc-risk-management-committee Manual on Corporate Governance, pp.22-23: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	Identify source of external technical support, if any. The Chief Risk Officer shall seek external technical support if and when required.	

		<p>Risk Oversight Committee Charter: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/send/95-board-committee-charters/291-apc-risk-management-committee</p>	
Recommendation 12.5			
<p>1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).</p>	<p>Compliant</p>	<p>Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.</p> <p>Mr. Jackson T. Ongsip, APC's President and CEO, is the Chief Risk Officer (CRO) of the Company until August 10, 2020, while Mr. Ian Jason R. Aguirre was appointed as the new CRO during the Organizational meeting held the same day: http://www.apcaragorn.net/index.php/home/our-company/7-board-of-directors-management-team-and-executive-officers</p> <p>Refer to link below for the information about the Company's CRO: http://www.apcaragorn.net/index.php/home/our-company/7board-of-directors-management-team-and-executive-officers</p>	

		Refer to item 12.5 on page 33 of MCG for the responsibilities of the CRO. http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	Mr. Jackson T. Ongsip is the President and CEO of the Company. He was the Chief Risk Officer until August 9, 2020. This position was assumed by Mr. Ian Jason Aguirre on August 10, 2020. Both have adequate authority stature and resources which allow them to fulfill their responsibilities.	
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Compliant	Provide link to CEO and CAE's attestation Internal Audit and Compliance Attestation: http://www.apcaragorn.net/index.php/corporate-governance/board-committees/bm-i/send/111-board-matters/449-internal-audit-and-compliance-attestation-for-the-year-ended-december-31-2019	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.	

		Refer to item 13.4 on page 34 of MCG : http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Provide link to company's website Refer to item 13.4 on page 34 of MCG : http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	Article III Section 7 of By-Laws states that each stockholder shall have one vote for each share of stock. http://www.apcaragorn.net/index.php/component/jdownloads/s_end/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0 Refer to item 18. Voting Procedures of the Information Statements: http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0	

<p>2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.</p>	<p>Compliant</p>	<p>Provide information on all classes of shares, including their voting rights if any.</p> <p>The Company has common shares and preferred shares. Please refer to Article 7 of page 6 of the Articles of Incorporation for the designation and powers, preferences and rights, conversions, limitations, or restrictions in respect of each class of stock.</p> <p>http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/247-amended-aoiof-apc-group-inc-</p> <p>Revised MCG as of November 2018, item 13.4.1, pp. 34-37</p> <p>http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance</p>	
<p>3. Board has an effective, secure, and efficient voting system.</p>	<p>Compliant</p>	<p>Provide link to voting procedure. Indicate if voting is by poll or show of hands.</p> <p>Article III Section 7 of By-Laws states that the vote on any question need not be by ballot. On a vote by ballot, each ballot shall be signed by the stockholder voting, or in his name by proxy if there be such proxy and shall state the number of shares voted by him.</p>	

		http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0 Refer to item 18. Voting Procedures of the Information Statements: http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Compliant	Provide information on shareholder voting mechanisms such as supermajority or "majority of minority", if any. Cumulative voting process is in place Refer to item 18. Voting Procedures of the Information Statements: http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0	
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal	Compliant	Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)	

<p>for consideration or agenda item at the AGM or special meeting.</p>		<p>Refer to Article III Section 3 of the By-Laws for special meetings called by the stockholders: http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/249-amended-bylaws?Itemid=0</p> <p>Revised MCG as of November 2018, item 13.4.4.4, p. 36 http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>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 items are for legitimate business purposes, and in accordance with law, jurisprudence and best practice.</p> <p>There were no special shareholders' meetings proposed during the year.</p>	
<p>6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.</p>	<p>Compliant</p>	<p>Provide information or link/reference to the policies on treatment of minority shareholders</p>	

		<p>Refer to item 13.4 on page 34 of MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporategovernance</p>	
<p>7. Company has a transparent and specific dividend policy.</p>	<p>Compliant</p>	<p>Provide information on or link/reference to the company's dividend Policy.</p> <p>November 2018 Manual on Corporate Governance, pp. 36-37 http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance</p> <p>Indicate if company declared dividends. If yes, indicate the number of days within which the dividends were paid after declaration. In case the company has offered scrip-dividends, indicate if the company paid the dividends within 60 days from declaration</p>	

		<p>Refer to dividend disclosures of the SEC Form 20-IS, p. 28: http://www.apcaragorn.net/index.php/component/downloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p> <p>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 deficit.</p>	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Compliant	<p>Identify the independent party that counted/validated the votes at the ASM, if any.</p> <p>Ms. Cristina Naguit was engaged as independent party vote validator for 2020 ASM.</p> <p>Minutes of ASM: http://www.apcaragorn.net/index.php/component/downloads/send/118-minutes-of-2020-stockholder-s-meeting-s/478-minutes-of-2020-annual-stockholders-meeting-draft?Itemid=0</p>	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual	Compliant	Indicate the number of days before the annual stockholders' meeting or special	

<p>and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.</p>		<p>stockholders' meeting when the notice and agenda were sent out</p> <p>The 2020 ASM notices were sent out on July 10, 2020.</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS)</p> <p>Please refer to the Notice and Agenda of the Information Statements: http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p>	
Supplemental to Recommendation 13.2			
<p>1. Company's Notice of Annual Stockholders' Meeting contains the following information:</p>		<p>Provide link or reference to the company's notice of Annual Shareholders' Meeting</p>	
<p>a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)</p>	<p>Compliant</p>	<p>Please refer to the Notice, Agenda, and Proxy Form of the Information Statements:</p>	
<p>b. Auditors seeking appointment/re-appointment</p>	<p>Compliant</p>		
<p>c. Proxy documents</p>	<p>Compliant</p>		

		<p>http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0</p> <p>Minutes of ASMs: http://www.apcaragorn.net/index.php/component/jdownloads/send/109-minutes-of-all-general-or-special-stockholders-meetings-2019/401-july-1-2019-minutes-of-the-annual-stockholders-meeting-2019?Itemid=0</p> <p>http://www.apcaragorn.net/index.php/component/jdownloads/send/118-minutes-of-2020-stockholder-s-meeting-s/478-minutes-of-2020-annual-stockholders-meeting-draft?Itemid=0</p> <p>http://www.apcaragorn.net/index.php/disclosures/minutes-of-meetings</p>	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	<p>Provide link or reference to the rationale for the agenda items</p> <p>Please refer to the rationale of ASM Agenda items of the Information Statements:</p>	

		http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0	
Recommendation 13.3			
<p>1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.</p>	Compliant	<p>Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.</p> <p>Results/Minutes of Annual Stockholders' Meeting: http://www.apcaragorn.net/index.php/component/jdownloads/send/109-minutes-of-all-general-or-special-stockholders-meetings-2019/401-july-1-2019-minutes-of-the-annual-stockholders-meeting-2019?Itemid=0</p> <p>http://www.apcaragorn.net/index.php/component/jdownloads/send/118-minutes-of-2020-stockholder-s-meeting-s/478-minutes-of-2020-annual-stockholders-meeting-draft?Itemid=0</p> <p>http://www.apcaragorn.net/index.php/disclosures/minutes-of-meetings</p>	

<p>2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.</p>	<p>Compliant</p>	<p>Provide link to minutes of meeting in the company website.</p> <p>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</p> <p>Indicate also if the voting on resolutions was by poll.</p> <p>Include whether there was opportunity to ask question and the answers given, if any</p> <p>Results/Minutes of Annual Stockholders' Meeting: http://www.apcaragorn.net/index.php/component/jdownloads/send/109-minutes-of-all-general-or-special-stockholders-meetings-2019/401-july-1-2019-minutes-of-the-annual-stockholders-meeting-2019?Itemid=0</p> <p>http://www.apcaragorn.net/index.php/component/jdownloads/send/118-minutes-of-2020-stockholder-s-meeting-s/478-minutes-of-2020-annual-stockholders-meeting-draft?Itemid=0</p> <p>http://www.apcaragorn.net/index.php/disclosures/minutes-of-meetings</p>	
Supplement to Recommendation 13.3			
<p>1. Board ensures the attendance of the external auditor and other relevant individuals to</p>	<p>Compliant</p>	<p>Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting</p>	

<p>answer shareholders questions during the ASM and SSM.</p>		<p>The external auditors, directors and relevant officials such as the Corporate Secretary, Chief Audit Executive and Controller are present during the ASM to answer any questions that may be posed.</p> <p>Results/Minutes of Annual Stockholders' Meeting: http://www.apcaragorn.net/index.php/component/jdownloads/send/109-minutes-of-all-general-or-special-stockholders-meetings-2019/401-july-1-2019-minutes-of-the-annual-stockholders-meeting-2019?Itemid=0</p> <p>http://www.apcaragorn.net/index.php/component/jdownloads/send/118-minutes-of-2020-stockholder-s-meeting-s/478-minutes-of-2020-annual-stockholders-meeting-draft?Itemid=0</p> <p>http://www.apcaragorn.net/index.php/disclosures/minutes-of-meetings</p>	
Recommendation 13.4			
<p>1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.</p>	<p>Compliant</p>	<p>Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes</p>	

		Refer to item 13.5 of page 37 of MCG : http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	Provide link/reference to where it is found in the Manual on Corporate Governance Refer to item 13.5 of page 37 of MCG : http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	Disclose the contact details of the officer/office responsible for investor relations, such as: <ol style="list-style-type: none"> 1. Name of the person 2. Telephone number 3. Fax number 4. E-mail address Investor Relations Officer: Name: Tristan B. Choa Email: tristan.choa@bellecorp.com Tel. No.: (632)8662-8888 http://www.apcaragorn.net/index.php/home/our-company/7board-of-directors-management-team-and-executive-officers	
2. IRO is present at every shareholder's meeting.	Compliant	Indicate if the IRO was present during the ASM. Draft Minutes of 2020 ASM:	

		http://www.apcaragorn.net/index.php/component/jdownloads/send/118-minutes-of-2020-stockholder-s-meeting-s/478-minutes-of-2020-annual-stockholders-meeting-draft?Itemid=0	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	Provide information on how anti-takeover measures or similar devices were avoided by the board, if any. The Company has no anti-takeover measures or similar devices that may entrench ineffective management or existing controlling shareholder group.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Compliant	Indicate the company's public float. The Company's public float as of December 31, 2019 is 51.12% http://www.apcaragorn.net/index.php/component/jdownloads/send/114-pse-and-sec-disclosures-2020/431-january-9-2020-public-ownership-report-as-of-december-31-2019?Itemid=0	
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Compliant	Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM Refer to item 13 on page 34 of MCG : http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance	

		<p>The Company has indicated in its corporate website the contact information of those in charge of Investor Relations and Shareholders' Concerns whom the shareholders may get in touch with.</p> <p>TRISTAN B. CHOA Vice President – Investor Relations Investor Relations Contact Email: tristan.choa@bellocorp.com Tel. No.: (632)8662.8888</p> <p>MICHELLE T. HERNANDEZ Vice President for Governance and Corporate Affairs Shareholders' Concerns Contact Email: michelle.hernandez@bellocorp.com Tel. No.: (632)8662.8888</p> <p>The Company website also has a "Contact Us" section which allows the shareholders to communicate their requests such as but not limited to updating contact information, transfer of ownership due to shareholder's death, and the like.</p> <p>http://www.apcaragorn.net/index.php/home/contact-us</p>	
<p>2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.</p>	<p>Compliant</p>	<p>Disclose the process and procedure for secure electronic voting in absentia, if any.</p> <p>Please refer to ASM e-voting procedure under the DIS:</p>	

		http://www.apcaragorn.net/index.php/component/jdownloads/send/117-sec-form-20-is-information-statement-for-the-2020-annual-stockholders-meeting/467-definitive-20-is-information-statement-for-the-2020-annual-stockholders-meeting?Itemid=0	
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Duties to Stakeholders

Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

<p>1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.</p>	<p>Compliant</p>	<p>Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.</p> <p>Refer to item 14-16 on page 37 of MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>Refer to the Company's Code of Business Conduct and Ethics: http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</p> <p>Corporate Social Responsibility: http://www.apcaragorn.net/index.php/corporate-governance/corporate-social-responsibility</p>	
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		<p>Sustainability Report under SEC Form 17-A: http://www.apcaragorn.net/index.php/component/downloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p>	
Recommendation 14.2			
<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	Compliant	<p>Identify policies and programs for the protection and fair treatment of company's stakeholders</p> <p>Refer to item 14.2 in page 38 of the MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance</p> <p>Refer to the Company's Code of Business Conduct and Ethics: http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</p>	
Recommendation 14.3			
<p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>	Compliant	<p>Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</p> <p>Provide information on whistleblowing policy, practices and procedures for stakeholders</p>	

		<p>Stakeholders' Concerns Contact: Name: Michelle T. Hernandez Email: michelle.hernandez@bellocorp.com Tel. No.: (632)8662-8888 http://www.apcaragorn.net/index.php/home/contact-us</p> <p>The Company uses a whistle-blowing policy, which employees, customers, shareholders and stakeholders can make use of to report questionable activities, unethical conduct, fraud or malpractice by mail, phone or electronic mail in strictest confidentiality to allay fears of retaliation. The Company's Head of Corporate Governance (CG) shall establish the materiality and validity of all whistle-blower reports. Reports may also be submitted to any Department Head of the Company. The Head of CG shall endorse the report to the Ethics Committee (Management level) for further investigation if the report is deemed well-substantiated. On the other hand, if the report is deemed unsupported, the Head of CG shall inform the whistleblower of the status of the report within 24 hours from receipt of the assessment. All disclosures, statuses and resolutions shall be regularly reported to the CG Committee.</p> <p>Refer to link below for the whistleblowing policy: http://www.apcaragorn.net/index.php/corporategovernance/company-policies/28-policy-on-accountabilityintegrity-and-vigilance</p>	
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Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Compliant	<p>Provide information on the alternative dispute resolution system established by the company.</p> <p>Refer to item 13.5 on page 37 of MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>Refer to the link below for the policy on Alternative Dispute Resolution System http://www.apcaragorn.net/index.php/corporate-governance/company-policies/36-alternative-dispute-resolutionsystem</p>	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	<p>Disclose any requests for exemption by the company and the reason for the request.</p> <p>The Company adheres to the applicable laws, rule and regulations for domestic corporations incorporated in the Philippines. The Company does not seek exemption to the rule.</p>	
2. Company respects intellectual property rights.	Compliant	<p>Provide specific instances, if any.</p> <p>The Company keeps confidential any and all third-party knowledge and trade secrets that it comes across in its dealings with suppliers, contractors and service providers.</p>	
Optional: Principle 14			

1. Company discloses its policies and practices that address customers' welfare	Compliant	<p>Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.</p> <p>Refer to item III.C of the Code of Business Conduct and Ethics: http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</p>	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	Compliant	<p>Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.</p> <p>Refer to the link below for the policy on Vendor Accreditation and Selection and Purchase of Goods and Services http://www.apcaragorn.net/index.php/corporategovernance/company-policies/35-vendor-accreditation-andselection-and-purchase-of-goods-and-services</p>	

Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

Recommendation 15.1

1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.	
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		<p>Refer to item 15 of page 38 of the MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manualon-corporate-governance/335-nov-2018-manual-on-corporategovernance</p> <p>Code of Business Conduct and Ethics: http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</p>	
Supplement to Recommendation 15.1			
<p>1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.</p>	Non-compliant	<p>Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.</p>	<p>On an annual basis, performance is measured against defined targets, which are based on both financial and nonfinancial indicators of progress towards the short and long-term goals of the Company.</p> <p>Employee compensation and rewards are determined based on the individual performance of the employee and overall Company performance.</p>
<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	Compliant	<p>Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any.</p> <p>Refer to item 3(D) of Code of Business Conduct and Ethics for the Employees Welfare: http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</p> <p>Refer to the link below for the Employees' Health, Safety and Welfare Policy:</p>	

		<p>http://www.apcaragorn.net/index.php/corporate-governance/company-policies/32-employees-safety-health-and-welfare</p> <p>Sustainability Report under SEC Form 17-A: http://www.apcaragorn.net/index.php/component/downloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p>	
<p>3. Company has policies and practices on training and development of its employees.</p>	<p>Compliant</p>	<p>Disclose and provide information on policies and practices on training and development of employees. Include information on any training conducted or attended.</p> <p>Refer to item 4.3 of the Employees' Safety, Health and Welfare Policy http://www.apcaragorn.net/index.php/corporate-governance/company-policies/32-employees-safety-health-and-welfare</p> <p>The Company's employees are given training allowance yearly. Those who have professional license are encouraged to earn its required Continuing Professional Development units.</p> <p>Refer to item3(D) of Code of Business Conduct and Ethics for the Employees Welfare:</p>	

		http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	<p>Identify or provide link/reference to the company's policies, programs and practices on anti-corruption</p> <p>Refer to item I of the Code of Business Conduct and Ethics: http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</p> <p>Accountability, Integrity Vigilance (Whistle Blowing Policy) http://www.apcaragorn.net/index.php/corporategovernance/company-policies</p> <p>MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance</p>	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	<p>Identify how the board disseminated the policy and program to employees across the organization</p> <p>Policies and programs of the Company are disseminated during the orientation of the employees and if there were changes in the policy.</p> <p>Code of Business Conduct and Ethics and other Company policies are</p>	

		<p>available in the Company's website. http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</p> <p>November 2018 Manual on Corporate Governance, p. 38 http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance</p>	
Supplement to Recommendation 15.2			
<p>1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.</p>	<p>Compliant</p>	<p>Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices.</p> <p>Include any finding of violations of the company policy.</p> <p>Refer to the Policy on Acceptance of Gifts: http://www.apcaragorn.net/index.php/corporate-governance/company-policies/21-guidelines-on-acceptance-of-gifts</p> <p>Code of Business Conduct and Ethics and other Company policies are available in the Company's website. http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</p>	

		<p>Conflict of Interest http://www.apcaragorn.net/index.php/corporate-governance/company-policies/34-conflict-of-interest</p> <p>During the year, there were no identified violation on the said policy.</p>	
Recommendation 15.3			
<p>1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation</p>	<p>Compliant</p>	<p>Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.</p> <p>Indicate if the framework includes procedures to protect the employees from retaliation.</p> <p>Provide contact details to report any illegal or unethical behavior.</p> <p>Refer to Accountability Integrity and Vigilance Policy: http://www.apcaragorn.net/index.php/corporategovernance/company-policies/28-policy-on-accountabilityintegrity-and-vigilance</p> <p>Code of Business Conduct and Ethics and other Company policies are available in the Company's website. http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</p> <p>Under Guidelines 5.3 of the Accountability Integrity and Vigilance Policy, the Company expressly disapproves the acts of retaliation, intimidation and other harmful actions.</p>	

		<p>Anyone who is in good faith reports a violation of the policy, shall not be retaliated upon or suffer harassment or adverse employment consequence.</p> <p>Violations or suspected violations can be escalated to any of the following members of the Ethics Committee: Admin Officer Chief Audit Executive Compliance Officer President</p> <p>Address: 5th Floor Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City</p> <p>Tel. No.: 86628888</p>	
<p>2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.</p>	<p>Compliant</p>	<p>Accountability Integrity and Vigilance Policy: http://www.apcaragorn.net/index.php/corporate-governance/company-policies/28-policy-on-accountability-integrity-and-vigilance</p> <p>The Code of Business Conduct and Ethics and other relevant rules and regulations shall serve as guide in determining the penalties and sanctions to be imposed by Human Resources. The principle of due process shall be observed when handling such cases.</p> <p>The Corporate Governance Committee, as it is in charge of monitoring compliance with the CBCE, applicable laws, rules and regulations, shall be informed of such complaints or reports</p>	

		and their status to be rendered by the Ethics Committee which is tasked to further investigate reports if such are well substantiated.	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	<p>Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.</p> <p>The Board through the Corporate Governance Committee thru the Ethics Committee supervises and ensures enforcement of the whistle-blowing framework.</p> <p>Reports of violation are sent to the Ethics Committee, which is tasked to conduct investigations of the said allegation. It has also been mandated to acknowledge reports within a reasonable period of time. All reports shall be submitted to the Corporate Governance Committee which includes sanctions recommended by the Ethics Committee.</p> <p>The whistleblowing policy is available in the Company website. http://www.apcaragorn.net/index.php/corporate-governance/company-policies/28-policy-on-accountability-integrity-and-vigilance</p> <p>There are no reports on any illegal or unethical behavior of the directors and the management received in 2019.</p>	

Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

Recommendation 16.1

<p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p>Compliant</p>	<p>Provide information or reference to a document containing information on the company's community involvement and environment-related programs.</p> <p>Refer to CSR initiatives of the Company: http://www.apcaragorn.net/index.php/corporate-governance/corporate-social-responsibility</p> <p>Annual and Sustainability reports: http://www.apcaragorn.net/index.php/disclosures/sec-filings/sec-form-17-a-annual-report</p>	
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Optional: Principle 16

<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>Compliant</p>	<p>Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.</p> <p>The Company's community development projects involve development on infrastructure, livelihood, academics and welfare of the ancestral domains where geothermal project area is located.</p> <p>Refer to the link below for the summary of the community development programs in geothermal area. http://www.apcaragorn.net/index.php/corporate-governance/corporate-social-responsibility</p>	
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		<p>MCG: http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance</p> <p>Sustainability Report under SEC Form 17-A: http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p>	
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p>Compliant</p>	<p>Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.</p> <p>The Company exerts effort to have a positive communication in the community thru their community development programs to the residents of the geothermal area.</p> <p>Refer to the link below for the summary of the community development programs in geothermal area. http://www.apcaragorn.net/index.php/corporate-governance/corporate-social-responsibility</p> <p>MCG:</p>	

	<p>http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/335-nov-2018-manual-on-corporate-governance</p> <p>Sustainability Report under SEC Form 17-A:</p> <p>http://www.apcaragorn.net/index.php/component/jdownloads/send/103-sec-form-17-a-annual-report-2019/454-2019-annual-report-sec-form-17-a?Itemid=0</p>	
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Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _____ on _____, 2020.

SIGNATURE

A handwritten signature in black ink, appearing to be 'Richard Alcazar', written in a cursive style.

Richard Anthony D. Alcazar
Corporate Secretary

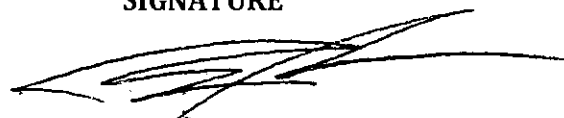
Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _____ on _____, 2020.

SIGNATURE


Ian Jason R. Aguirre
Compliance Officer

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _____ on _____, 2020.

SIGNATURE

A handwritten signature in black ink, appearing to read 'Tomas D. Santos', with a long horizontal flourish extending to the right.

Tomas D. Santos
Independent Director

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _____ on _____, 2020.

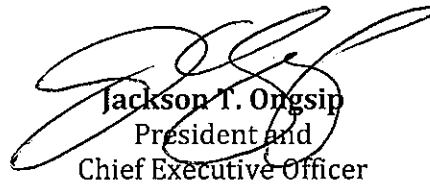
SIGNATURE

A handwritten signature in black ink, appearing to read 'Rafael M. Alunan III', written over a circular stamp or mark.

Rafael M. Alunan III
Lead Independent Director

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _____ on _____, 2020.

SIGNATURE



Jackson T. Ongsip
President and
Chief Executive Officer

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _____ on _____, 2020.

SIGNATURE

A handwritten signature in black ink, appearing to be 'Willy N. Ocler', written over the word 'SIGNATURE'.

Willy N. Ocler
Chairman

MAKATI CITY

AUG 28 2020

Subscribed and sworn to before me this ____ day of _____ 2020, affiants exhibiting to me their identification cards, as follows:

Name	Identification Card and Number
Willy N. Ocier	TIN [REDACTED]
Jackson T. Ongsip	TIN [REDACTED]
Rafael M. Alunan III	TIN [REDACTED]
Tomas D. Santos	TIN [REDACTED]
Ian Jason R. Aguirre	TIN [REDACTED]
Richard Anthony D. Alcazar	TIN [REDACTED]

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Book No. NJ
Series of 2020

ATTY. JOSHUA P. LAPUZ
Notary Public for and in Makati City
Appointment No. M/66 until 12/31/2021
PTK No. [REDACTED], Jan. 2, 2020, Makati City
Roll No. [REDACTED], IBP, Lifetime N. [REDACTED]
MCLE No. VI-0016565 / Jan. 14, 2019
G/F Fedman Suites, 199 Salcedo Street,
Legaspi Village, Makati City