

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM - I-ACGR**

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

1. For the fiscal year ended  
Dec 31, 2017
2. SEC Identification Number  
AS093-8127
3. BIR Tax Identification Number  
002-834-075
4. Exact name of issuer as specified in its charter  
APC Group Inc.
5. Province, country or other jurisdiction of incorporation  
Philippines
6. Industry Classification Code(SEC Use Only)
  
7. Address of principal office  
G/F MyTown New York Bldg., General E. Jacinto St. corner Capas St., Brgy. Guadalupe  
Nuevo, Makati City.  
Postal Code  
1212
  
8. Issuer's telephone number, including area code  
(632) 662-8888
  
9. Former name, former address, and former fiscal year, if changed since last report  
8th Floor Philcom Building 8755 Paseo de Roxas, Makati City

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*



# APC Group, Inc.

## APC

**PSE Disclosure Form I-ACGR - Integrated Annual Corporate Governance Report**  
**Reference: SEC Code of Corporate Governance for Publicly-Listed Companies, PSE**  
**Corporate Governance Guidelines, and ASEAN Corporate Governance Scorecard**

### Description of the Disclosure

In compliance with SEC Memorandum Circular No. 15 series of 2017, attached is the Integrated Annual Corporate Governance Report (I-ACGR) of APC Group Inc. for the year ended 2017.

### Filed on behalf by:

<b>Name</b>	JACKSON ONGSIP
<b>Designation</b>	President and CEO

COVER SHEET

A S 0 9 3 - 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 R A L E . J A C I N T O S T . C O R N E R C A P A S S T . B R G Y . G U A D A L U P E N U E V O M A K A T I C I T Y

(Business Address: No. Street City/Town/province)

JACKSON T. ONGSIP

Contact Person

662-8888

Company's 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 Number of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

LCU

Cashier

Cashier

STAMPS

Remarks = Pls. use black ink for scanning purposes



APC GROUP INC.

May 30, 2018

**Securities and Exchange Commission**  
G/F Secretariat Building, PICC Complex,  
Roxas Boulevard, Pasay City, 1700

Attention: Atty. Rachel Esther J. Gumtang-Remalante  
OIC, Corporate Governance and Finance Department

**Philippine Stock Exchange, Inc.**  
6/F PSE Tower  
5<sup>th</sup> Avenue corner 28<sup>th</sup> Street  
Bonifacio Global City, Taguig City

Attention: Mr. Jose Valeriano B. Zuño III  
OIC-Head, Disclosure Department

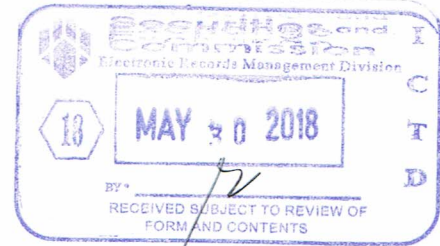
Re: Submission of the 2017 Integrated Annual Corporate Governance Report (I-ACGR)

Gentlemen:

In compliance with the SEC Memorandum Circular No. 15 Series of 2017, we submit herewith the Integrated Annual Corporate Governance Report (I-ACGR) of APC Group Inc.

Very truly yours,

IAN JASON R. AGUIRRE  
Compliance Officer



**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM - I-ACGR\***

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

1. For the fiscal year ended December 31, 2017
2. SEC Identification Number AS093-8127      3. BIR Tax Identification No. 002-834-075-000
4. Exact name of issuer as specified in its charter APC Group Inc.
5. Philippines  
Province, Country or other jurisdiction of incorporation or organization
6.  (SEC Use Only)  
Industry Classification Code:
7. G/F MyTown New York Bldg. Gen. E. Jacinto St. coner Capas St. Brgy. Guadalupe Nuevo, Makati City  
Address of principal office  
1212  
Postal Code
8. (632) 662-8888  
Issuer's telephone number, including area code
9. 8<sup>th</sup> Floor, Philcom Building 8755 Paseo de Roxas, Makati City  
Former name, former address, and former fiscal year, if changed since last report.



**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<b>The Board's Governance Responsibilities</b>			
<p><b>Principle 1:</b> 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.</p>			
<b>Recommendation 1.1</b>			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	<b>COMPLIANT</b>	Refer to item 2.4 on page 13 of the Company's Manual on Corporate Governance (MCG) for the qualification standards for nominated directors:	
2. Board has an appropriate mix of competence and expertise.	<b>COMPLIANT</b>	<a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
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.	<b>COMPLIANT</b>	Qualification and other information of the directors: <a href="http://www.apcaragorn.net/index.php/home/our-company/7-board-of-directors-management-team-and-executive-officers">http://www.apcaragorn.net/index.php/home/our-company/7-board-of-directors-management-team-and-executive-officers</a>	
<b>Recommendation 1.2</b>			
1. Board is composed of a majority of non-executive directors.	<b>COMPLIANT</b>	Refer to page 3 of General Information Sheet (GIS): <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/83-general-information-sheet-2017/294-gis-2017-amended?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/83-general-information-sheet-2017/294-gis-2017-amended?Itemid=0</a>	
<b>Recommendation 1.3</b>			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	<b>COMPLIANT</b>	Refer to item 1.2 on page 7 of MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	



2. Company has an orientation program for first time directors.	COMPLIANT	Refer to link below for the trainings attended by the directors for 2017: <a href="http://www.apcaragorn.net/index.php/component/jdownloads/category/87-sec-misc-letters-disclosures-2017?Itemid=-1">http://www.apcaragorn.net/index.php/component/jdownloads/category/87-sec-misc-letters-disclosures-2017?Itemid=-1</a>	
3. Company has relevant annual continuing training for all directors.	COMPLIANT	<a href="http://www.apcaragorn.net/index.php/component/jdownloads/category/87-sec-misc-letters-disclosures-2017?Itemid=-1">http://www.apcaragorn.net/index.php/component/jdownloads/category/87-sec-misc-letters-disclosures-2017?Itemid=-1</a>	
<b>Recommendation 1.4</b>			
1. Board has a policy on board diversity.	COMPLIANT	Refer to item 1.3 on page 7 of MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>  Refer to page 3 of GIS for the gender composition of the Board: <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/83-general-information-sheet-2017/294-gis-2017-amended?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/83-general-information-sheet-2017/294-gis-2017-amended?Itemid=0</a>	
<b>Optional: Recommendation 1.4</b>			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.			
<b>Recommendation 1.5</b>			
1. Board is assisted by a Corporate Secretary.	COMPLIANT	The Corporate Secretary is Atty. Richard Alcazar from Tan Acut Lopez & Pison Law Offices. He is a separate individual from the Company's Compliance Officers and is not a member of the Board of Directors.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT	Refer to item 1.4 on page 7 of MCG for the duties and responsibilities of the corporate	



<p>3. Corporate Secretary is not a member of the Board of Directors.</p>	<p><b>COMPLIANT</b></p>	<p>secretary:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a></p> <p>Refer to the link for the qualification and other information of the current corporate secretary:  <a href="http://www.apcaragorn.net/index.php/home/our-company/7-board-of-directors-management-team-and-executive-officers">http://www.apcaragorn.net/index.php/home/our-company/7-board-of-directors-management-team-and-executive-officers</a></p>	
<p>4. Corporate Secretary attends training/s on corporate governance.</p>	<p><b>COMPLIANT</b></p>	<p>The Corporate Secretary attends training on corporate governance at least annually. For 2017, the Corporate Secretary attended a 4-hour training seminar on November 8, 2017 provided by the Institute of Corporate Directors with the following topics:</p> <ol style="list-style-type: none"> <li>1. Data Privacy</li> <li>2. Related Party Transactions</li> <li>3. Dragonfly perspective: Improving decision-making at board level</li> </ol> <p>Refer to the link for the certificate of attendance:  <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/87-sec-misc-letters-disclosures-2017/270-2017-sec-disclosures-certificate-of-attendance?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/87-sec-misc-letters-disclosures-2017/270-2017-sec-disclosures-certificate-of-attendance?Itemid=0</a></p>	
<b>Optional: Recommendation 1.5</b>			
<p>1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.</p>	<p><b>COMPLIANT</b></p>	<p>The Corporate Secretary sent out the materials on December 8, 2018 for the BOD meeting to be held on December 13, 2017. Please see Annex 1 and 2 for the email sending out the notice of the meeting and materials, respectively.</p>	
<b>Recommendation 1.6</b>			
<p>1. Board is assisted by a Compliance Officer.</p>	<p><b>COMPLIANT</b></p>	<p>The Compliance Officer of the Company, Mr. Jason Aguirre, is an Executive Vice President as well as the Chief Financial Officer of the Company. He is not a member of the Board.</p>	
<p>2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and</p>	<p><b>COMPLIANT</b></p>		





<p>authority in the corporation.</p>		<p>Refer to item 1.5 on page 8 of MCG for the Compliance Officer's duties and responsibilities:</p>	
<p>3. Compliance Officer is not a member of the board.</p>	<p><b>COMPLIANT</b></p>	<p><a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a></p> <p>Refer to the link for the qualification of Compliance Officer:</p> <p><a href="http://www.apcaragorn.net/index.php/home/our-company/7-board-of-directors-management-team-and-executive-officers">http://www.apcaragorn.net/index.php/home/our-company/7-board-of-directors-management-team-and-executive-officers</a></p>	
<p>4. Compliance Officer attends training/s on corporate governance.</p>	<p><b>COMPLIANT</b></p>	<p>The Compliance Officer attended a 4-hour training on November 29, 2018 provided by Risks, Opportunities, Assessment and Management (ROAM), Inc. with the following topics:</p> <ol style="list-style-type: none"> <li>1. 2016 SEC Code of Corporate Governance for publicly-listed companies and IC Corporate Governance principles and leading practices</li> <li>2. SEC Financial Reporting Bulletin no. 20, Revised Statement of Management Responsibility</li> <li>3. Global and regional trends in corporate governance for 2017</li> <li>4. Enterprise Risk Management (ERM) &amp; Corporate Governance</li> <li>5. Corporate Governance Cases.</li> </ol> <p>Refer to the link for the certificate of attendance of the Compliance Officer.</p> <p><a href="http://www.apcaragorn.net/index.php/component/downloads/send/87-sec-misc-letters-disclosures-2017/273-2017-cg-certificate-of-attendance-of-ijra?Itemid=0">http://www.apcaragorn.net/index.php/component/downloads/send/87-sec-misc-letters-disclosures-2017/273-2017-cg-certificate-of-attendance-of-ijra?Itemid=0</a></p>	

**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><b>COMPLIANT</b></p>	<p>Please refer to item 2 on page 9 of MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a></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>Please refer to link for a sample approval of a decision made by the directors: <a href="http://www.apcaragorn.net/index.php/component/downloads/send/75-pse-disclosures-2017/316-quasi-reorganization?Itemid=0">http://www.apcaragorn.net/index.php/component/downloads/send/75-pse-disclosures-2017/316-quasi-reorganization?Itemid=0</a></p>	
Recommendation 2.2			
<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p>	<p><b>COMPLIANT</b></p>	<p>Please refer to item 2 on page 9 of MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a></p>	
<p>2. Board oversees and monitors the implementation of the company's business objectives and strategy.</p>	<p><b>COMPLIANT</b></p>	<p>The Board approved the setting of the date of the Annual Stockholders' Meeting for 2017, including the Company's 2018 Plan of Operations included in the Company's Definitive 20-IS. Please refer to below links: <a href="http://www.apcaragorn.net/index.php/component/downloads/send/84-notice-of-meetings-2017/317-2017-notice-of-annual-or-special-stockholders-meeting?Itemid=0">http://www.apcaragorn.net/index.php/component/downloads/send/84-notice-of-meetings-2017/317-2017-notice-of-annual-or-special-stockholders-meeting?Itemid=0</a></p> <p>The Board oversees and monitors the implementation of the Company's business objectives and strategy at least quarterly. Please refer to the link for 17Q filed by the Company</p>	



		that has been approved by the BOD: <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/81-sec-form-17-q-quarterly-report-2017/257-apc-17q-3q2017?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/81-sec-form-17-q-quarterly-report-2017/257-apc-17q-3q2017?Itemid=0</a>	
<b>Supplement to Recommendation 2.2</b>			
1. Board has a clearly defined and updated vision, mission and core values.	<b>COMPLIANT</b>	The Board, with management, discussed, defined and finalized the Company's vision, mission and core values according to how they envision the Company to be. After discussions and several revisions throughout the year, the final vision, mission and core values have been approved in a board meeting on May 9, 2018.  Refer to the link below: <a href="http://www.apcaragorn.net/index.php/home/our-company/30-mission">http://www.apcaragorn.net/index.php/home/our-company/30-mission</a>  The vision, mission and core values will be reviewed annually by the Board of Directors.	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	<b>COMPLIANT</b>	Please refer to item 2 on page 9 of MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>  The Board of Directors discuss key strategies and overall direction of the Company. Through the CEO as the head of management, these strategies and direction are cascaded to 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.	
<b>Recommendation 2.3</b>			
1. Board is headed by a competent and qualified Chairperson.	<b>COMPLIANT</b>	Mr. Willy N. Ocier is Chairman of the Board of APC Group Inc. and has been a Director of the Company since 1999. He is also the Chairman of the Board and Director of Premium Leisure Corp and PremiumLeisure and Amusement, Inc. He is	

		<p>one of the Co-Vice Chairman of Belle Corporation since June 1999. He is also the Vice Chairman of Highlands Prime, Inc. and Tagaytay Highlands International Golf Club, Inc. He is the Chairman, Chief Executive Officer and President of Philippine Global Communications, Inc. and likewise the Chairman and President of Pacific Online Systems Corporation. He is also the Chairman of Tagaytay Midlands Golf Club, Inc., The Country Club at Tagaytay Highlands, Inc. and The Spa and Lodge Inc. He sits as Director of Leisure and Resorts World Corporation, IVantage Equities, and Toyota Corporation Batangas. He was the former President and Chief Operating Officer of Eastern Securities Development Corporation. He graduated from Ateneo de Manila University with a Bachelor of Arts degree in Economics.</p> <p><a href="http://www.apcaragorn.net/index.php/home/our-company/7-board-of-directors-management-team-and-executive-officers">http://www.apcaragorn.net/index.php/home/our-company/7-board-of-directors-management-team-and-executive-officers</a></p> <p>Please also refer to item 2.2 on page 11 of MCG for the responsibilities of the Chairman of the Board: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a></p>	
<b>Recommendation 2.4</b>			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	<b>COMPLIANT</b>	<p>Refer to Article VI of the Corporation's By-Laws for the succession planning program of each officer: <a href="http://www.apcaragorn.net/index.php/component/downloads/send/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0">http://www.apcaragorn.net/index.php/component/downloads/send/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0</a></p>	
2. Board adopts a policy on the retirement for directors and key officers.	<b>COMPLIANT</b>	<p>Please also refer to item 2.1.h on page 9 of MCG:</p>	



		<a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
<b>Recommendation 2.5</b>			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	<b>COMPLIANT</b>	Refer to Section 12 of Article IV and Section 13 of Article VI of the Corporation's By-Laws for the remuneration of board members and key officers of the Corporation: <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0</a>	
2. Board adopts a policy specifying the relationship between remuneration and performance.	<b>COMPLIANT</b>		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	<b>COMPLIANT</b>		Please also refer to 2.8 on page 16 of MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>
<b>Optional: Recommendation 2.5</b>			
1. Board approves the remuneration of senior executives.	<b>COMPLIANT</b>	Refer to Section 13 in relation to Section 10, Article VI of the Corporation's By-Laws: <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0</a>	
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.			
<b>Recommendation 2.6</b>			
1. Board has a formal and transparent board nomination and election policy.	<b>COMPLIANT</b>	Refer to item 2.3 on page 12 of MCG for nomination and election policy of the Corporation:	

2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT	<a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	COMPLIANT	Refer also to item 3.3 on page 20 of MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
4. Board nomination and election policy includes how the board shortlists candidates.	COMPLIANT		
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		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	COMPLIANT		
<b>Optional: Recommendation to 2.6</b>			
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.	COMPLIANT	Please refer to item 2.3.5 on page 12 of MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
<b>Recommendation 2.7</b>			
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	Refer to item 8.5 of page 31 and Item 2.1.k of page 10 of MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	NON-COMPLIANT	Refer to Item 16 page 35 of the Company's 17A Audited Financial Statement: <a href="http://www.apcaragorn.net/index.php/component/downloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0">http://www.apcaragorn.net/index.php/component/downloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0</a>	The RPT policy of the Company was still being formulated and worked on in 2017. It has been finalized and approved by its Board of Directors Meeting during its meeting on May 9, 2018 and is now available in the Company's website: <a href="http://www.apcaragorn.net/index.php/corporate-governance/company-policies/33-related-party-transactions">http://www.apcaragorn.net/index.php/corporate-governance/company-policies/33-related-party-transactions</a>



<p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>	<p><b>NON-COMPLIANT</b></p>		<p>The RPT policy of the Company was still being formulated and worked on in 2017. It has been finalized and approved by its Board of Directors Meeting during its meeting on May 9, 2018 and is now available in the Company's website:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/company-policies/33-related-party-transactions">http://www.apcaragorn.net/index.php/corporate-governance/company-policies/33-related-party-transactions</a></p>
<b>Supplement to Recommendations 2.7</b>			
<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>	<p><b>NON-COMPLIANT</b></p>		<p>The Company formed a Related Party Transactions Committee pursuant to best practices. This move was approved on May 9, 2018 by the Board of Directors. The revised MCG of the Company also states the following:</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. 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 Related Party Transactions 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 25 of MCG:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a></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><b>NON-COMPLIANT</b></p>		<p>The Company formed a Related Party Transactions Committee pursuant to best practices. This move was approved on May 9, 2018 by the Board of Directors. The revised MCG of the Company also states the following:</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. 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 Related Party Transactions 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 25 of MCG:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a></p>
<b>Recommendation 2.8</b>			
<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><b>COMPLIANT</b></p>	<p>Refer to item 2.1.1 on page 10 of MCG:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a></p> <p>Please refer to the Annual report, Item 9: Directors and Executive Officers on page 19 for the management team appointed:  <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0</a></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><b>COMPLIANT</b></p>	<p>Assessments are to be done annually. Assessments for 2017 were done during the BOD meeting on May 9, 2018.</p>	
<b>Recommendation 2.9</b>			





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	Performances of management and personnel are assessed annually, implemented manually	
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	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.  Also please refer to item 2.1.13. on page 10 of MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
<b>Recommendation 2.10</b>			
1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	Refer to item 2.1.m on page 10 of MCG for board's responsibility over internal control system and item 12.1 on page 33 of MCG for its 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	<a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>  Refer to the Company policy on Conflict of Interest: <a href="http://www.apcaragorn.net/index.php/corporate-governance/company-policies/34-conflict-of-interest">http://www.apcaragorn.net/index.php/corporate-governance/company-policies/34-conflict-of-interest</a>	
3. Board approves the Internal Audit Charter.	NON-COMPLIANT		In 2017, due to the small volume of transactions, and as the Company is still non-operational, an Internal Audit function was not formally set in place. However, strict controls are in place, and the Controller has the responsibility of ensure that proper review and documentation is being done, and subject to the review of the CFO. The President also oversees over all controls and operational needs of the Company.



			<p>In 2018, the Company obtained the services of an Internal Audit team. The Internal Audit team is in-house and seconded from Belle, its parent company.</p> <p>The Internal Audit Charter was also formulated and approved by the BOD during its meeting on May 9, 2018.</p>
<b>Recommendation 2.11</b>			
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.	<b>COMPLIANT</b>	Refer to item 2.1.o on page 10 of MCG for board's responsibility over establishment of ERM and item 12.4 of page 34 of MCG for the ERM 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.	<b>COMPLIANT</b>	<a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
<b>Recommendation 2.12</b>			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	<b>NON-COMPLIANT</b>		<p>The Board Charter was finalized and formally set in place only in 2018. It is now available in the Company's website. Refer to link below:  <a href="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">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</a></p>
2. Board Charter serves as a guide to the directors in the performance of their functions.	<b>NON-COMPLIANT</b>		
3. Board Charter is publicly available and posted on the company's website.	<b>NON-COMPLIANT</b>		
<b>Additional Recommendation to Principle 2</b>			
1. Board has a clear insider trading policy.	<b>COMPLIANT</b>	Please refer to Company's Insider Trading Policy: <a href="http://www.apcaragorn.net/index.php/corporate-governance/company-policies/22-insider-trading-policy">http://www.apcaragorn.net/index.php/corporate-governance/company-policies/22-insider-trading-policy</a>	
<b>Optional: Principle 2</b>			
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.	<b>COMPLIANT</b>	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.	
		Please refer to Company's policy on Conflict of Interest item number 5.5: <a href="http://www.apcaragorn.net/index.php/corporate-governance/company-policies/34-conflict-of-interest">http://www.apcaragorn.net/index.php/corporate-governance/company-policies/34-conflict-of-interest</a>	
2. Company discloses the types of decision requiring board of directors' approval.			
<b>Principle 3:</b> 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.			
<b>Recommendation 3.1</b>			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	<b>COMPLIANT</b>	<a href="http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committees-and-members">http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committees-and-members</a>	
<b>Recommendation 3.2</b>			
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.	<b>COMPLIANT</b>	Refer to item 3.2 on page 19 of MCG for information on Audit Committee including its functions: <a href="http://www.apcaragorn.net/index.php/corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>  It is the responsibility of the Audit Committee to recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the Corporation, and provides an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders.	



<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><b>COMPLIANT</b></p>	<p>Members of Audit Committee:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committees-and-members">http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committees-and-members</a></p> <p>Type of directorship:  <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/83-general-information-sheet-2017/294-gis-2017-amended?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/83-general-information-sheet-2017/294-gis-2017-amended?Itemid=0</a></p> <p>Refer to item 3.2 of page 19 of MCG for the qualification of the members:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a></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><b>COMPLIANT</b></p>	<p>Please refer to link below for the background, competencies and experiences of the Company's Audit Committee members:  <a href="http://www.apcaragorn.net/index.php/our-company/7-board-of-directors-management-team-and-executive-officers">http://www.apcaragorn.net/index.php/our-company/7-board-of-directors-management-team-and-executive-officers</a></p>	
<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p><b>COMPLIANT</b></p>	<p>The Chairman of APC Group, Inc. (Mr Willy N. Ocier) is not the same as the Audit Committee chairman, Mr. Laurito Serrano. Please refer to link for the director memberships in the board committees.  <a href="http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committees-and-members">http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committees-and-members</a></p>	
<p><b>Supplement to Recommendation 3.2</b></p>			
<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	<p><b>COMPLIANT</b></p>	<p>As of 2017, there were no non-audit services conducted by the external auditor.</p>	
<p>2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p><b>NON-COMPLIANT</b></p>		<p>The audit committee held regular meetings with the external audit team on March 31, 2017 and October 18, 2017 for the results of audit of year ended 2016 and planning meeting for year-end 2017, respectively.</p>



			<p>However, management has been present during these meetings.</p> <p>For the next meeting, the Company will schedule meetings between the Audit Committee and the external audit team without the management present.</p>
<b>Optional: Recommendation 3.2</b>			
1. Audit Committee meet at least four times during the year.			
2. Audit Committee approves the appointment and removal of the internal auditor.			
<b>Recommendation 3.3</b>			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	<b>COMPLIANT</b>	Refer to item 3.4 on page 22 of MCG for the information including the functions of the Corporate Governance Committee (CGCOM): <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	<b>NON-COMPLIANT</b>		<p>The Company has 2 independent directors pursuant to the requirements of the Corporation Code, and both are members of the Corporate Governance Committee. Due to the limitation in the Company's number of independent directors, the other member of the CG Committee is a non-independent director.</p> <p>Despite this, 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>In addition, the Company is considering and taking steps to be able to comply with the recommendation to have three independent</p>



			<p>directors.</p> <p>Refer to page 3 of the GIS for the members and type of directorship of the CGCom members:  <a href="http://www.apcaragorn.net/index.php/component/downloads/send/83-general-information-sheet-2017/294-gis-2017-amended?Itemid=0">http://www.apcaragorn.net/index.php/component/downloads/send/83-general-information-sheet-2017/294-gis-2017-amended?Itemid=0</a></p>
3. Chairman of the Corporate Governance Committee is an independent director.	<b>COMPLIANT</b>	<p>Refer to page 3 of GIS for the information on the Chairman of the CGCOM:  <a href="http://www.apcaragorn.net/index.php/component/downloads/send/83-general-information-sheet-2017/294-gis-2017-amended?Itemid=0">http://www.apcaragorn.net/index.php/component/downloads/send/83-general-information-sheet-2017/294-gis-2017-amended?Itemid=0</a></p>	
<b>Optional: Recommendation 3.3.</b>			
1. Corporate Governance Committee meet at least twice during the year.			
<b>Recommendation 3.4</b>			
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.	<b>COMPLIANT</b>	<p>Refer to item 12.4 of page 34 of MCG for the information including the function of the Risk Management Committee (RMC):  <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a></p> <p>Refer to the link below for the Risk Management Committee/BROC charter:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/send/95-board-committee-charters/291-apc-risk-management-committee">http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/send/95-board-committee-charters/291-apc-risk-management-committee</a></p>	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	<b>NON-COMPLIANT</b>		<p>Refer to the link for the composition of the BROC:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committees-and-members">http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committees-and-members</a></p> <p>Majority of the member of the BROC are independent directors. However, due to the limit in the number of independent directors, the</p>



			chairman of the BROC is not an independent director. The Company decided to prioritize giving the chairmanship of the Audit and CG Committees to its 2 independent directors. In addition, Mr. Bernardo Lim, the chairman of the BROC, has a wide experience in Finance, Treasury and Controllership, making him very qualified to chair the BROC committee.
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	<b>COMPLIANT</b>	Refer to the link for the list of members of the RMC: <a href="http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committees-and-members">http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committees-and-members</a>	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	<b>COMPLIANT</b>	Members of the RMC: <a href="http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committees-and-members">http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committees-and-members</a>  In addition to the qualifications of the BROC chairman stated above, Mr. Laurito Serrano, a member of the BROC, also has ample experience in risk and risk management especially as he sits in the Risk Management Committee also of Atlas Mining Development Corporation.  Please refer to the link for the Information/credentials of the members of the BROC: <a href="http://www.apcaragorn.net/index.php/home/our-company/7-board-of-directors-management-team-and-executive-officers">http://www.apcaragorn.net/index.php/home/our-company/7-board-of-directors-management-team-and-executive-officers</a>	
<b>Recommendation 3.5</b>			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	<b>NON-COMPLIANT</b>		In 2017, due to the low volume of transactions and the non-operational state that the Company is in, a Related Party Transactions Committee has not yet been established. However, all material related party transactions of the Company are presented to the Board, are discussed, decided on and approved in meetings. Please refer to Item 2.1.k on page 10 of the MCG in relation to RPTs:
3. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	<b>NON-COMPLIANT</b>		

			<p><a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a></p> <p>In a Board of Directors meeting on May 9, 2018, the Board approved the creation of an RPT committee pursuant to best practices.</p> <p>Please refer to the link below for the membership of the Company's Related Party Transactions Committee:</p> <p><a href="http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committees-and-members">http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committees-and-members</a></p> <p>Please refer to the link for the Related Party Transactions Committee Charter:</p> <p><a href="http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/send/95-board-committee-charters/290-apc-related-party-committee-charter">http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/send/95-board-committee-charters/290-apc-related-party-committee-charter</a></p> <p>Please see attached GIS for the directorships of the members of the RPT Committee:</p> <p><a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/83-general-information-sheet-2017/294-gis-2017-amended?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/83-general-information-sheet-2017/294-gis-2017-amended?Itemid=0</a></p> <p>Please refer to the link for the qualifications of the directors:</p> <p><a href="http://www.apcaragorn.net/index.php/home/our-company/7-board-of-directors-management-team-and-executive-officers">http://www.apcaragorn.net/index.php/home/our-company/7-board-of-directors-management-team-and-executive-officers</a></p>
<p><b>Recommendation 3.6</b></p>			
<p>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.</p>	<p><b>NON-COMPLIANT</b></p>		<p>In 2017, only the Audit Committee has a formal charter, uploaded on the Company's website.</p>





2. Committee Charters provide standards for evaluating the performance of the Committees.	<b>NON-COMPLIANT</b>		During 2017, the Company formulated and finalized the charters of the other Committees. On May 9, 2018, the BOD approved during a meeting the Committee charters of the following committees: Risk Oversight/Risk Management Committee, Related Party Transactions Committee, Executive Committee, Corporate Governance Committee, Compensation and Remuneration Committee and Audit Committee (amended charter).
3. Committee Charters were fully disclosed on the company's website.	<b>NON-COMPLIANT</b>		Please refer to the link for the Board Committee charters fully disclosed on the Company's website: <a href="http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters">http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters</a>

**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.

**Recommendation 4.1**

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.	<b>COMPLIANT</b>	Refer to item 2.7.1 of page 16 of MCG for the information on the process and procedure for tele/ videoconferencing for board/ committee meetings: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>  Please refer to link below for the board attendance: <a href="http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-attendance">http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-attendance</a>	
2. The directors review meeting materials for all Board and Committee meetings.	<b>COMPLIANT</b>	The minutes of the previous meeting 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 and ready, often with discussion questions in mind that they raise	



		during the meetings.  Please refer to Annex 2 for the email message of the advance BOD materials.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	<b>COMPLIANT</b>	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.  The following is an excerpt from the BOD meeting minutes held on May 31, 2017, documenting a discussion on a matter that was approved:  "APPOINTMENT OF A NEW COMPLIANCE OFFICER OF THE COMPANY Discussion on the appointment of a new compliance officer ensued. It was pointed out that a compliance officer must have the rank of a senior vice president or an equivalent position with adequate stature and authority in the Company and who shall have a direct responsibility to the Chairman of the Board. A compliance officer is tasked to monitor the progress and status of the Company's corporate governance activities. Upon motion duly made and seconded, the Board approved the appointment of Mr. Ian Jason Aguirre as the Compliance Officer of the Company effective at the close of business hour of 31 May 2017"	
<b>Recommendation 4.2</b>			
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.	<b>COMPLIANT</b>	Refer to link for the qualifications of directors, including their directorships: <a href="http://www.apcaragorn.net/index.php/home/our-company/7-board-of-directors-management-team-and-executive-officers">http://www.apcaragorn.net/index.php/home/our-company/7-board-of-directors-management-team-and-executive-officers</a>  Furthermore, Item 4.2.1 of page 27 of the MCG states that a director shall exercise due discretion in accepting and holding directorships outside of the Company. They may hold	



		<p>directorship outside the Company provided that these positions do not retract their capacity to diligently perform his duties as the Company's director.</p> <p>Please refer to link to MCG:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a></p>	
<b>Recommendation 4.3</b>			
<p>1. The directors notify the company's board before accepting a directorship in another company.</p>	<b>COMPLIANT</b>	<p>Item 4.2.2 of page 27 of the MCG states that a director shall notify his incumbent Board before accepting a directorship in another company.</p> <p>Please refer to link to MCG:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a></p>	
<b>Optional: Principle 4</b>			
<p>1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.</p>			
<p>2. Company schedules board of directors' meetings before the start of the financial year.</p>	<b>COMPLIANT</b>	<p>On the regular board meeting held on December 13, 2017, the schedule of the BOD meetings for year 2018 was presented to the board of directors. Refer to minutes of the BOD meeting dated 13 December 2017 for this.</p>	
<p>3. Board of directors meet at least six times during the year.</p>	<b>COMPLIANT</b>	<p>There were seven (7) BOD meetings held during the year. Please refer to link below for the BOD attendance to these meetings:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-attendance">http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-attendance</a></p>	



4. Company requires as minimum quorum of at least 2/3 for board decisions.			
<b>Principle 5:</b> The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
<b>Recommendation 5.1</b>			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	<b>NON-COMPLIANT</b>		<p>The Board is composed of 7 directors with 2 independent directors.</p> <p>Despite this, 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>
<b>Recommendation 5.2</b>			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	<b>COMPLIANT</b>	<p>Refer to item 5.1.2 of page 27 of MCG for the qualification of the independent directors:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a></p> <p>Please see Annex 3 for the certificates of independent director.</p>	
<b>Supplement to Recommendation 5.2</b>			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	<b>COMPLIANT</b>	There is no provision in the by-laws or in any agreements that states that there is a constraint on the ability to vote of the directors independently.	
<b>Recommendation 5.3</b>			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	<b>COMPLIANT</b>	Tomas D. Santos, independent director, served 5 years as independent director as of year 2017. First elected on June 6, 2012.	



		<p>Laurito E. Serrano, independent director, served 4 years as independent director as of 2017. First elected on June 18, 2013.</p> <p>Refer to 'Item 9: Directors and Executive Officers of the Issuer' on page 19 of Company's 17A for the dates when the independent directors started to serve as such.  <a href="http://www.apcaragorn.net/index.php/component/downloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0">http://www.apcaragorn.net/index.php/component/downloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0</a></p> <p>Please see Annex 2 for the certificates of independent director.</p>	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	<b>COMPLIANT</b>	<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. Please refer to Item 2.5.i of page 15 of the MCG:</p> <p><a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a></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.	<b>COMPLIANT</b>	<p>The Company's independent directors as of 2017 have not served for more than 5 years, thus, no justification nor approval from the shareholders were obtained in the annual shareholders' meeting.</p>	
<b>Recommendation 5.4</b>			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	<b>COMPLIANT</b>	<p>Mr. Willy N. Ocier is the Chairman of the Board while Mr. Jackson T. Ongsip is the President and Chief Executive Officer.</p>	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	<b>COMPLIANT</b>	<p>Refer to item 2.2 on page 11 of MCG and item 5.2 on page 28 of MCG for the responsibilities of the Chairman and President/CEO, respectively:</p>	



		<a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
<b>Recommendation 5.5</b>			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	<b>COMPLIANT</b>	In the Board of Directors Meeting held on May 31, 2017, Mr. Laurito E. Serrano was appointed as the Lead Director of the independent directors. The Chairman of the Board, Mr. Willy N. Ocier is not an independent director.  Refer to item 5.3 on page 29 of MCG for the roles and responsibilities of the lead director: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
<b>Recommendation 5.6</b>			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	<b>COMPLIANT</b>	Item 5.4 of page 30 of MCG states that a director with a material interest in any transaction affecting the Company shall abstain from taking part in the deliberations of the same.  <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>  No such transaction occurred during the year.	
<b>Recommendation 5.7</b>			
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.	<b>COMPLIANT</b>	Refer to item 5.5 of page 30 of MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
2. The meetings are chaired by the lead independent director.	<b>COMPLIANT</b>	<a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	



		There were no meetings held for 2017; however, for 2018, the Company will schedule a meeting among the NEDs, external auditors and internal auditors without any of the executives present.	
<b>Optional: Principle 5</b>			
1. None of the directors is a former CEO of the company in the past 2 years.	<b>COMPLIANT</b>	The following are the names of the CEOs of the Company for the past 2 years: 2016 – Jackson T. Ongsip (present CEO) 2015 – Frederic C. DyBuncio	
<b>Principle 6:</b> 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.			
<b>Recommendation 6.1</b>			
1. Board conducts an annual self-assessment of its performance as a whole.	<b>COMPLIANT</b>	Refer to Item No. 6, page 30 of the MCG for the Assessment of Board Performance. <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
2. The Chairman conducts a self-assessment of his performance.	<b>COMPLIANT</b>		
3. The individual members conduct a self-assessment of their performance.	<b>COMPLIANT</b>		
4. Each committee conducts a self-assessment of its performance.	<b>COMPLIANT</b>	The Board conducted assessments for 2017 performance during its Board Meeting on May 9, 2018. Refer to the minutes of meeting on said date.	
5. Every three years, the assessments are supported by an external facilitator.	<b>COMPLIANT</b>	Refer to Item 6.1.1 on page 30 of MCG that states that every three years, the board’s performance assessment shall be supported by an external facilitator.  <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>  The Company intends to obtain the services of a facilitator for the assessments on the third year, 2019.	

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	The Board assesses performance (both self-assessment and collective board rating) using the following criteria:	
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT	<p>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.</p> <p>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> <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>The President, Chief Risk Officer, Chief Compliance Officer and Chief Audit Officer are assessed based on leadership, integrity and diligence.</p>	





<b>Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.</b>			
<b>Recommendation 7.1</b>			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	<b>COMPLIANT</b>	Refer to the link below: <a href="http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics">http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</a>	
2. The Code is properly disseminated to the Board, senior management and employees.	<b>COMPLIANT</b>	The Code of Conduct 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. <a href="http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics">http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</a>	
3. The Code is disclosed and made available to the public through the company website.	<b>COMPLIANT</b>	Refer to link: <a href="http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics">http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</a>	
<b>Supplement to Recommendation 7.1</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	<b>COMPLIANT</b>	Please refer to the Company policy on Acceptance of Gifts: <a href="http://www.apcaragorn.net/index.php/corporate-governance/company-policies/21-guidelines-on-acceptance-of-gifts">http://www.apcaragorn.net/index.php/corporate-governance/company-policies/21-guidelines-on-acceptance-of-gifts</a>	
<b>Recommendation 7.2</b>			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	<b>COMPLIANT</b>	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.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	<b>COMPLIANT</b>	All directors, officers, employees and contract workers are expected to observe the Code of Conduct and Ethics at all times inside and outside the Company.  There is no reported non-compliance of this Code during the year.	



		<a href="http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics">www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</a>	
<b>Disclosure and Transparency</b>			
<b>Principle 8:</b> The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
<b>Recommendation 8.1</b>			
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.	<b>COMPLIANT</b>	Refer to item 8 on page 31 of MCG for the Company's disclosure policies and procedures: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
<b>Supplement to Recommendations 8.1</b>			
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.	<b>COMPLIANT</b>	All interim reports are published within forty-five (45) days from the end of the reporting period: 2017 3 <sup>rd</sup> Quarter Report – 40 days 2017 2 <sup>nd</sup> Quarter Report – 45 days 2017 1 <sup>st</sup> Quarter Report – 42 days	The annual report was published 103 days after the end of the reporting period, within the deadline of filing the Company's income tax return along with its audited financial statements.  In 2018, the Company will endeavor to file and publish its annual report within 90 days after the end of the reporting period to meet this recommendation.



<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><b>COMPLIANT</b></p>	<p>The MCG expressly provides for the protection of its stockholders' rights and minority interests.</p> <p>Refer to Item 13 on page 35 of the MCG:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a></p> <p>Please refer to Item 11 on page 23 of the SEC17-A (Annual Report):  <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0</a></p> <p>Please refer to Item 4 on page 5 of the SEC Form 20-IS (Definitive Information Statement):  <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/89-sec-form-20-is-information-statement-2017/277-aug-31-2017-2016-apc-group-inc-definitive-20-is?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/89-sec-form-20-is-information-statement-2017/277-aug-31-2017-2016-apc-group-inc-definitive-20-is?Itemid=0</a></p>	
<p><b>Recommendation 8.2</b></p>			
<p>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.</p>	<p><b>COMPLIANT</b></p>	<p>Refer to Insider Trading Policy:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/company-policies/22-insider-trading-policy">http://www.apcaragorn.net/index.php/corporate-governance/company-policies/22-insider-trading-policy</a></p>	
<p>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.</p>	<p><b>COMPLIANT</b></p>	<p>There are no actual dealings of directors involving the corporation's shares during the year.</p>	
<p><b>Supplement to Recommendation 8.2</b></p>			
<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><b>COMPLIANT</b></p>	<p>Public Ownership Report:  <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/75-pse-disclosures-2017/310-public-ownership-report-12-31-17?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/75-pse-disclosures-2017/310-public-ownership-report-12-31-17?Itemid=0</a></p> <p>List of Top 100 Shareholders:  <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/75-pse-disclosures-2017/308-list-of-top-100-stockholders-12-31-17?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/75-pse-disclosures-2017/308-list-of-top-100-stockholders-12-31-17?Itemid=0</a></p>	



		Conglomerate Map: <a href="http://www.apcaragorn.net/index.php/home/our-company/25-conglomerate-map">http://www.apcaragorn.net/index.php/home/our-company/25-conglomerate-map</a>	
<b>Recommendation 8.3</b>			
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.	<b>COMPLIANT</b>	Academic Qualifications and experiences of directors and key officers: <a href="http://www.apcaragorn.net/index.php/home/our-company/7-board-of-directors-management-team-and-executive-officers">http://www.apcaragorn.net/index.php/home/our-company/7-board-of-directors-management-team-and-executive-officers</a>	
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.	<b>COMPLIANT</b>	Share ownership of directors and key officers (page 23): <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0</a>  Membership in other boards (page 7-9): <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/89-sec-form-20-is-information-statement-2017/277-aug-31-2017-2016-apc-group-inc-definitive-20-is?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/89-sec-form-20-is-information-statement-2017/277-aug-31-2017-2016-apc-group-inc-definitive-20-is?Itemid=0</a>  Relevant trainings attended: <a href="http://www.apcaragorn.net/index.php/component/jdownloads/category/87-sec-misc-letters-disclosures-2017?Itemid=-1">http://www.apcaragorn.net/index.php/component/jdownloads/category/87-sec-misc-letters-disclosures-2017?Itemid=-1</a>	
<b>Recommendation 8.4</b>			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	<b>COMPLIANT</b>	Refer to Article IV Section 12 of page 5 of the Amended By-laws: <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0</a>  Refer to Item 2.1.1 on page 10, Item 3.5 on page 23 and Item 8.4 on page 31 of the MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	



<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><b>COMPLIANT</b></p>	<p>Refer to Article VI Section 13 of page 7 of the Amended By-laws:  <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0</a></p> <p>Refer to Item 2.1.1 of page 10, Item 3.5.2 on page 24 and Item 8.4 of page 31 of the MCG:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a></p>	
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p><b>NON-COMPLIANT</b></p>		<p>In adherence to the Data Privacy Act, for security reasons and to avoid poaching of the Company's executives, the Company does not disclose the remuneration on an individual basis. However, the collective remuneration and retirement provisions of the key officers are disclosed in page 36 of the notes to financial statements and page 11 of 2017 SEC 20-IS.</p> <p>Notes to financial statements:  <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0</a></p> <p>SEC 20-IS:  <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/89-sec-form-20-is-information-statement-2017/277-aug-31-2017-2016-apc-group-inc-definitive-20-is?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/89-sec-form-20-is-information-statement-2017/277-aug-31-2017-2016-apc-group-inc-definitive-20-is?Itemid=0</a></p>
<p><b>Recommendation 8.5</b></p>			
<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>	<p><b>COMPLIANT</b></p>	<p>Refer to RPT policy:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/company-policies/33-related-part-transactions">http://www.apcaragorn.net/index.php/corporate-governance/company-policies/33-related-part-transactions</a></p> <p>There was no director with any conflict of interest in 2017.</p>	



<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p><b>COMPLIANT</b></p>	<p>Page 35 of the notes to consolidated financial statement:  <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0</a></p> <p>Company's transaction with related parties for year 2017 pertains only to the transactions with its shareholder (Belle Corp) and Company's subsidiaries. There are no material or significant RPTs that requires board approval during the year.</p>	
<p><b>Supplement to Recommendation 8.5</b></p>			
<p>1. Company requires directors to disclose their interests in transactions or any other conflict of interests.</p>	<p><b>COMPLIANT</b></p>	<p>No director had a conflict of interest with the related parties.</p>	
<p><b>Optional : Recommendation 8.5</b></p>			
<p>1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.</p>	<p><b>COMPLIANT</b></p>	<p>Refer to RPT policy:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/company-policies/33-related-part-transactions">http://www.apcaragorn.net/index.php/corporate-governance/company-policies/33-related-part-transactions</a></p>	
<p><b>Recommendation 8.6</b></p>			
<p>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.</p>	<p><b>COMPLIANT</b></p>	<p>Aside from the website, the Company discloses material information through the PSE Edge. One such example of a disclosure of a material information is the quasi-reorganization of the Company. Please refer to link below for the disclosure:  <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/75-pse-disclosures-2017/316-quasi-reorganization?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/75-pse-disclosures-2017/316-quasi-reorganization?Itemid=0</a></p>	
<p>2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p>	<p><b>COMPLIANT</b></p>	<p>Refer to item 8.6 of page 31 of MCG:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a></p> <p>The Company had no transactions during the year as to acquisition or disposal of assets.</p>	



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	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.  In case such agreements materialize, the Company will disclose their existence.	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	Please refer to the link to the Company's MCG posted on the Company's website: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
2. Company's MCG is submitted to the SEC and PSE.	COMPLIANT		
3. Company's MCG is posted on its company website.	COMPLIANT		Please refer to the link below for the disclosure in the PSE Edge: <a href="http://edge.pse.com.ph/openDiscViewer.do?edg_no=7f0f1e7ed7f16c7e43ca035510b6ec2b#sthash.SsKGSkvH.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edg_no=7f0f1e7ed7f16c7e43ca035510b6ec2b#sthash.SsKGSkvH.dpbs</a>
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	Please refer to the link below for the disclosure in the PSE Edge: <a href="http://edge.pse.com.ph/openDiscViewer.do?edg_no=7f0f1e7ed7f16c7e43ca035510b6ec2b#sthash.SsKGSkvH.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edg_no=7f0f1e7ed7f16c7e43ca035510b6ec2b#sthash.SsKGSkvH.dpbs</a>	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	COMPLIANT	Please refer to the link below for the Company's SEC 17-A (Annual Report): <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0</a>	
a. Corporate Objectives	COMPLIANT	Corporate Objectives: <a href="http://www.apcaragorn.net/index.php/home/our-company/31-corporate-objectives">http://www.apcaragorn.net/index.php/home/our-company/31-corporate-objectives</a>	

b. Financial performance indicators	<b>COMPLIANT</b>	Please refer to the discussion on Key Performance Indicators on page 14-15 of the Annual Report. <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0</a>	
c. Non-financial performance indicators	<b>COMPLIANT</b>	Non-financial performance indicators includes trends, seasonality, material commitments, etc. that may have an impact to the Company. Please refer to page 14 of the Annual Report: <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0</a>	
d. Dividend Policy	<b>COMPLIANT</b>	Please refer to page 6 of the Annual Report. <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0</a>	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	<b>COMPLIANT</b>	Please refer to Part III, Item 9 of pages 19-21 of the Annual Report. <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0</a>	
f. Attendance details of each director in all directors meetings held during the year	<b>COMPLIANT</b>	Board Attendance: <a href="http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-attendance">http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-attendance</a>	
g. Total remuneration of each member of the board of directors	<b>COMPLIANT</b>	Please refer to Part III, Item 10 of page 21-22 of the Annual Report. <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0</a>	
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.	<b>NON-COMPLIANT</b>		The Company will include a portion on this in its 2018 Annual Report.





<p>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.</p>	<p><b>COMPLIANT</b></p>	<p>Please refer to Item No. 18 on page 36 of the Audited Financial Statements included with the Annual Report:  <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0</a></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>	<p><b>COMPLIANT</b></p>	<p>Please refer to Item No. 8 on page 17 Annual Report:  <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0</a></p>	
<p>5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).</p>	<p><b>COMPLIANT</b></p>	<p>Please refer to Item No. 18 on pages 36-39 of the Audited Financial Statements included with the Annual Report:  <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0</a></p>	

**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><b>COMPLIANT</b></p>	<p>Please refer to Item 5.4 of the Audit Committee charter:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/send/95-board-committee-charters/286-apc-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</a></p>	
<p>2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.</p>	<p><b>COMPLIANT</b></p>	<p>In the Stockholders' Meeting held on September 27, 2017, SGV &amp; Co. was retained as the Company's external auditor for YE 2017. This was ratified by 68.2368% of the shareholders present in person or by proxy. Please refer to the link below for the 2017 Annual Stockholders' Meeting minutes:</p>	



		<a href="http://www.apcaragorn.net/index.php/component/downloads/send/90-minutes-of-all-general-or-special-stockholders-meetings-2017/279-september-27-2017-minutes-of-the-stockholders-meeting?Itemid=0">http://www.apcaragorn.net/index.php/component/downloads/send/90-minutes-of-all-general-or-special-stockholders-meetings-2017/279-september-27-2017-minutes-of-the-stockholders-meeting?Itemid=0</a>	
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.	<b>COMPLIANT</b>	Refer to item 9.1.3 of page 32 of the MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>  The Company re-appointed SGV & Co. as its external auditor for the coming year.	
<b>Supplement to Recommendation 9.1</b>			
1. Company has a policy of rotating the lead audit partner every five years.	<b>COMPLIANT</b>	Refer to item 9.1.5 of page 32 of the MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
<b>Recommendation 9.2</b>			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> <li>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul>	<b>COMPLIANT</b>	Please refer to the Audit Committee charter: <a href="http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/send/95-board-committee-charters/286-apc-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</a>	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	<b>COMPLIANT</b>		



Supplement to Recommendations 9.2			
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.	COMPLIANT	Please refer to the Audit Committee charter: <a href="http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/send/95-board-committee-charters/286-apc-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</a>	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	COMPLIANT		
Recommendation 9.3			
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.	COMPLIANT	Item 3.2.i on page 20 of MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>  The Company did not have non-audit services from the external auditors during the current year.	
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.	COMPLIANT	Item 3.2.i on page 20 of MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>  The Company did not have non-audit services from the external auditors during the current year.	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	COMPLIANT	There are no non-audit services rendered in 2017. The Company will ensure this in case a non-audit service materializes.	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	COMPLIANT	Details of External Auditor:  Partner Name: Sherwin V. Yason SEC Accreditation No.: 1514-A October 6, 2015 valid until October 5, 2018	



		<p>SyCip Gorres Velayo &amp; Co. 6760 Ayala Avenue, Makati City 1226 Metro Manila, Philippines Tel: (632) 891-0307</p> <p>Refer to link: <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/91-sec-form-17-a-annual-report-2017/281-17a-2017?Itemid=0</a></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).	<b>COMPLIANT</b>	Company's external auditor, SyCip Gorres Velayo & Co., agreed to be subjected to SOAR. As of the end of year 2017, the audit firm was not yet inspected by SEC.	
<b>Principle 10:</b> The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
<b>Recommendation 10.1</b>			
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.	<b>COMPLIANT</b>	Refer to item 10 of page 32 of MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	<b>NON-COMPLIANT</b>		There is an ongoing coordination with parent company to have this in place
<b>Principle 11:</b> 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.			
<b>Recommendation 11.1</b>			
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.	<b>NON-COMPLIANT</b>		The Company does not provide materials in briefings to analysts and media, instead, it uses other means of disseminating information like quarterly financial statements, annual report and SEC form 20-IS. The Company's website and disclosures to PSE are the Company's means of disseminating information and that is cost-efficient for the Company.



Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	COMPLIANT	Below is the link to the Company's website <a href="http://www.apcaragorn.net/">http://www.apcaragorn.net/</a>	
a. Financial statements/reports (latest quarterly)	COMPLIANT	FS Quarterly Reports: <a href="http://www.apcaragorn.net/index.php/component/jdownloads/category/81-sec-form-17-q-quarterly-report-2017?Itemid=-1">http://www.apcaragorn.net/index.php/component/jdownloads/category/81-sec-form-17-q-quarterly-report-2017?Itemid=-1</a>	The Company does not provide materials in briefings to analysts and media, instead, it uses other means of disseminating information like quarterly financial statements, annual report and SEC form 20-IS. The Company's website and disclosures to PSE are the Company's means of disseminating information and that is cost-efficient for the Company.
b. Materials provided in briefings to analysts and media	NON-COMPLIANT	Annual Report: <a href="http://www.apcaragorn.net/index.php/component/jdownloads/category/91-sec-form-17-a-annual-report-2017?Itemid=-1">http://www.apcaragorn.net/index.php/component/jdownloads/category/91-sec-form-17-a-annual-report-2017?Itemid=-1</a>	
c. Downloadable annual report	COMPLIANT	Notice of ASM: <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/89-sec-form-20-is-information-statement-2017/277-aug-31-2017-2016-apc-group-inc-definitive-20-is?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/89-sec-form-20-is-information-statement-2017/277-aug-31-2017-2016-apc-group-inc-definitive-20-is?Itemid=0</a>	
d. Notice of ASM and/or SSM	COMPLIANT		
e. Minutes of ASM and/or SSM	COMPLIANT	Minutes of ASM: <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/90-minutes-of-all-general-or-special-stockholders-meetings-2017/279-september-27-2017-minutes-of-the-stockholders-meeting?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/90-minutes-of-all-general-or-special-stockholders-meetings-2017/279-september-27-2017-minutes-of-the-stockholders-meeting?Itemid=0</a>	
f. Company's Articles of Incorporation and By-Laws	COMPLIANT	Articles of Incorporation: <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/247-amended-aoi-of-apc-group-inc-2014?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/247-amended-aoi-of-apc-group-inc-2014?Itemid=0</a>  By-Laws: <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0</a>	
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. <a href="http://www.apcaragorn.net/">http://www.apcaragorn.net/</a>	



**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**

<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p align="center"><b>COMPLIANT</b></p>	<p>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:</p> <ul style="list-style-type: none"> <li>• Risks are appropriately identified and managed.</li> <li>• Interaction with the various corporate governance groups occurs as needed.</li> <li>• Significant financial, managerial, and operating information are accurate, reliable, and timely.</li> <li>• Employee's actions are in compliance with policies, standards, procedures and applicable laws and regulations.</li> <li>• Assets and resources are economically acquired, efficiently used, and adequately protected.</li> <li>• Programs, plans, and objectives are achieved.</li> <li>• Quality and continuous improvement are fostered in the control processes of the Company.</li> <li>• Significant legislative or regulatory issues impacting the Company are recognized and addressed appropriately.</li> </ul> <p>Refer to items 12.1-12.3 on pages 33-34 of MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a></p> <p>The Audit Committee reviews annually the effectiveness of the Company's internal control system, including information technology security and controls.</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><b>COMPLIANT</b></p>	<p>Refer to item 12.4 of page 34 of the MCG:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a></p> <p>The Risk Management Committee reviews annually the effectiveness and adequacy of the Company's risk management system.</p>	
<p><b>Supplement to Recommendations 12.1</b></p>			
<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><b>COMPLIANT</b></p>	<p>The Compliance Officer is constantly in coordination with the Legal Counsel and the Corporate Secretary and the Finance Dept. is continuously updated by the external auditors with the new issuances related to the Company 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 review of compliance is continuous.</p>	
<p><b>Optional: Recommendation 12.1</b></p>			
<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><b>Recommendation 12.2</b></p>			
<p>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.</p>	<p><b>NON-COMPLIANT</b></p>		<p>In 2017, due to the small volume of transactions, and as the Company is still non-operational, an Internal Audit function was not formally set up. However, strict controls are in place, and the Controller has the responsibility to ensure that proper review and documentation is being done, and subject to the review of the CFO. The President also oversees over all controls and operational needs of the Company.</p> <p>In 2018, the Company already obtained the services of an in-house Internal Audit team.</p>



Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	NON-COMPLIANT		<p>In 2017, due to the small volume of transactions, and as the Company is still non-operational, an Internal Audit function was not formally set in place, and a Chief Audit Executive has not been appointed. However, strict controls are in place, and the Controller has the responsibility to ensure that proper review and documentation is being done, and subject to the review of the CFO. The President also oversees over all controls and operational needs of the Company.</p> <p>In 2018, the Company's Board of Directors appointed a Chief Audit Executive. Please refer to link:  <a href="http://www.apcaragorn.net/iPleasndex.php/home/our-company/7-board-of-directors-management-team-and-executive-officers">http://www.apcaragorn.net/iPleasndex.php/home/our-company/7-board-of-directors-management-team-and-executive-officers</a></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.	NON-COMPLIANT		
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.	NON-COMPLIANT		
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	<p>The Risk Management Committee reviews annually the effectiveness of the Company's risk management system. The Committee reviews the adequacy and effectiveness of the Company's policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks, including management's reduction and mitigation plan to sufficiently and swiftly manage major financial and business risk exposures.</p> <p>Please refer to the Risk Management Committee Charter:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/send/95-board-committee-charters/291-apc-risk-management-committee">http://www.apcaragorn.net/index.php/corporate-governance/board-committees/board-committee-charters/send/95-board-committee-charters/291-apc-risk-management-committee</a></p>	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	COMPLIANT	The Chief Risk Officer shall seek external technical support if and when required.	





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><b>COMPLIANT</b></p>	<p>Mr. Jackson T. Ongsip, APC's President and CEO, is the Chief Risk Officer of the Company.</p> <p>Refer to item 12.5 of page 35 of the MCG for the responsibilities of CRO:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a></p> <p>Qualification and background of CRO:            Mr. Jackson T. Ongsip is a Director and appointed as the President and CEO of the Company effective August 13, 2015. He is a Certified Public Accountant with an extensive audit and finance background accumulated from 5 years in external audit with Sycip, Gorres, Velayo &amp; Co. (SGV) and 11 years with Globe Telecom. He concurrently holds the position of Vice President for Portfolio Investments of SM Investments Corporation, CFO of Belle Corporation and CFO of Premium Leisure Corp. He graduated from the University of Santo Tomas with a Bachelor of Science in Accountancy.</p> <p>Please refer to link:  <a href="http://www.apcaragorn.net/index.php/home/our-company/7-board-of-directors-management-team-and-executive-officers">http://www.apcaragorn.net/index.php/home/our-company/7-board-of-directors-management-team-and-executive-officers</a></p>	
<p>2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.</p>	<p><b>COMPLIANT</b></p>	<p>Mr. Jackson Ongsip is the President and CEO of the Company, thereby owning adequate authority stature and resources to fulfill his responsibilities.</p>	
Additional Recommendation to Principle 12			
<p>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.</p>	<p><b>COMPLIANT</b></p>	<p>Refer to Annex 4 for the attestation that a sound internal audit, control and compliance system is in place and working effectively.</p>	



**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.	<b>COMPLIANT</b>	Refer to item 13.4 on page 36 of the MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	<b>COMPLIANT</b>	Refer to item 13.4 on page 36 of the MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	

**Supplement to Recommendation 13.1**

1. Company's common share has one vote for one share.	<b>COMPLIANT</b>	Article III Section 7 of By-Laws states that each stockholder shall have one vote for each share of stock. Please refer to link: <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0</a>	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	<b>COMPLIANT</b>	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.  <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/247-amended-aoi-of-apc-group-inc-2014?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/247-amended-aoi-of-apc-group-inc-2014?Itemid=0</a>	
3. Board has an effective, secure, and efficient voting system.	<b>COMPLIANT</b>	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. <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0</a>	
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.	<b>COMPLIANT</b>	Cumulative voting process is in place.  Refer to pages 13-14 of the SEC Form 20-IS for 2017: <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/89-sec-form-20-is-information-statement-2017/277-aug-31-2017-2016-apc-group-inc-definitive-20-is?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/89-sec-form-20-is-information-statement-2017/277-aug-31-2017-2016-apc-group-inc-definitive-20-is?Itemid=0</a>	
5. Board allows shareholders to call a special shareholders’ meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	<b>COMPLIANT</b>	Refer to Article III Section 3 of the By-Laws for special meetings called by the stockholders: <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/80-articles-of-incorporation-and-by-laws/249-amended-by-laws?Itemid=0</a>  There were no special shareholders’ meetings proposed during the year.	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	<b>COMPLIANT</b>	Refer to item 13.4 on page 36 of MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
7. Company has a transparent and specific dividend policy.	<b>COMPLIANT</b>	Refer to page 19 of SEC Form 20-IS for 2017: <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/89-sec-form-20-is-information-statement-2017/277-aug-31-2017-2016-apc-group-inc-definitive-20-is?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/89-sec-form-20-is-information-statement-2017/277-aug-31-2017-2016-apc-group-inc-definitive-20-is?Itemid=0</a>  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.	



Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.			
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	<b>NON-COMPLIANT</b>		<p>For 2017, the Company sent the agenda and notices of the annual stockholders' meeting twenty-two (22) days before the annual stockholders' meeting. This is earlier than the SEC requirement of sending out notices at least two (2) weeks prior to the meeting and the required period of ten (10) days before the meeting as stated in the Company's by-laws.</p> <p>Refer to page 2 of the 2017 Information Statement (SEC Form 20-IS):  <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/89-sec-form-20-is-information-statement-2017/277-aug-31-2017-2016-apc-group-inc-definitive-20-is?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/89-sec-form-20-is-information-statement-2017/277-aug-31-2017-2016-apc-group-inc-definitive-20-is?Itemid=0</a></p> <p>For 2018, the Company will strive to send out notices at least twenty-eight (28) days prior to the stockholders' meeting.</p>
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	<b>COMPLIANT</b>	Refer to the link for the Company's Notice (Definitive 20-IS) <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/89-sec-form-20-is-information-statement-2017/277-aug-31-2017-2016-apc-group-inc-definitive-20-is?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/89-sec-form-20-is-information-statement-2017/277-aug-31-2017-2016-apc-group-inc-definitive-20-is?Itemid=0</a>	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	<b>COMPLIANT</b>	Refer to Item 5 on pages 6-9 of SEC Form 20-IS: <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/89-sec-form-20-is-information-statement-2017/277-aug-31-2017-2016-apc-group-inc-definitive-20-is?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/89-sec-form-20-is-information-statement-2017/277-aug-31-2017-2016-apc-group-inc-definitive-20-is?Itemid=0</a>	



b. Auditors seeking appointment/re-appointment	COMPLIANT	Refer to page 12 of SEC Form 20-IS: <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/89-sec-form-20-is-information-statement-2017/277-aug-31-2017-2016-apc-group-inc-definitive-20-is?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/89-sec-form-20-is-information-statement-2017/277-aug-31-2017-2016-apc-group-inc-definitive-20-is?Itemid=0</a>	
c. Proxy documents	NON-COMPLIANT		The Definitive 20-IS Notice indicates that if a stockholder is unable to attend the meeting in person, he can accomplish a proxy for which need not be notarized and submit the same to the Company's Corporate Secretary several days before the meeting.  For the meeting to be held in 2018, the Company will include a proxy form.
<b>Optional: Recommendation 13.2</b>			
1. Company provides rationale for the agenda items for the annual stockholders meeting	NON-COMPLIANT		The agenda of the Annual Stockholders' Meeting is clearly stated in the Notice.  The Company will include the rationale for the agenda items in the Notice for the 2018 stockholders' meeting.
<b>Recommendation 13.3</b>			
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.	COMPLIANT	Refer to link: <a href="http://edge.pse.com.ph/openDiscViewer.do?edqe_no=34122555a3c46b6f3318251c9257320d#sthash.4CRBKVBM.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edqe_no=34122555a3c46b6f3318251c9257320d#sthash.4CRBKVBM.dpbs</a>	
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.	COMPLIANT	Refer to link: <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/90-minutes-of-all-general-or-special-stockholders-meetings-2017/279-september-27-2017-minutes-of-the-stockholders-meeting?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/90-minutes-of-all-general-or-special-stockholders-meetings-2017/279-september-27-2017-minutes-of-the-stockholders-meeting?Itemid=0</a>	
<b>Supplement to Recommendation 13.3</b>			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	COMPLIANT	The external auditors, directors and the relevant officials such as the CFO and the Corporate Secretary are present during the ASM to answer any questions that may be posed.	



Recommendation 13.4			
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.	COMPLIANT	Refer to item 13.5 on page 39 and Item 2.1.e on page 9 of MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT	Refer to item 13.5 of page 39 of MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	NON-COMPLIANT		As of 2017, due to the small volume of transactions and as the Company is not yet in operation, the Company has no appointed Investor Relations Officer.  In Company's Board Meeting held last May 9, 2018, the Board of Directors approved the appointment of the Company's Investor Relations Officer. <a href="http://www.apcaragorn.net/index.php/home/contact-us">http://www.apcaragorn.net/index.php/home/contact-us</a>
2. IRO is present at every shareholder's meeting.	NON-COMPLIANT		As of 2017, due to the small volume of transactions and as the Company is not yet in operation, the Company has no appointed Investor Relations Officer.  The Company will ensure that the IRO is present during the 2018 ASM.



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	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	The Company's public float as of December 31, 2017 is 51.12% <a href="http://www.apcaragorn.net/index.php/component/jdownloads/send/75-pse-disclosures-2017/310-public-ownership-report-12-31-17?Itemid=0">http://www.apcaragorn.net/index.php/component/jdownloads/send/75-pse-disclosures-2017/310-public-ownership-report-12-31-17?Itemid=0</a>	
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	COMPLIANT	Refer to items 13.1 to 13.3 on page 35 of MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.			
Duties to Stakeholders			
<b>Principle 14:</b> 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			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	Refer to items 14-16 on page 39 of the MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	Refer to item 14.2 in page 39 of the MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	



Recommendation 14.3			
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.	COMPLIANT	<p>The Contact Us portion of the Company's website provides contact information on the Company's contact for stakeholder concerns. Please refer to link below:  <a href="http://www.apcaragorn.net/index.php/home/contact-us">http://www.apcaragorn.net/index.php/home/contact-us</a></p> <p>Please also refer to the Company's whistle-blowing policy:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/company-policies/28-policy-on-accountability-integrity-and-vigilance">http://www.apcaragorn.net/index.php/corporate-governance/company-policies/28-policy-on-accountability-integrity-and-vigilance</a></p>	
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>Refer to item 13.5 of page 39 of MCG:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a></p> <p>Refer to the Alternative Dispute Resolution System policy of the Company:  <a href="http://www.apcaragorn.net/index.php/corporate-governance/company-policies/36-alternative-dispute-resolution-system">http://www.apcaragorn.net/index.php/corporate-governance/company-policies/36-alternative-dispute-resolution-system</a></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	The Company adheres to the applicable laws, rules and regulations for domestic corporations incorporated in the Philippines. The Company does not seek exemption to the rule.	
2. Company respects intellectual property rights.	COMPLIANT	Company does not disclose to third parties intellectual property rights (i.e., processes, design, technical know-how, etc.) of its and its subsidiaries' contractors and service providers.	





Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	COMPLIANT	Refer to item 3 (c) of Code of Business Conduct and Ethics: <a href="http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics">http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</a>	
2. Company discloses its policies and practices that address supplier/contractor selection procedures			
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	Refer to item 15 of page 39 of the MCG: <a href="http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance">http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/315-2018-manual-on-corporate-governance</a>	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	NON-COMPLIANT		This is under consideration by the Company.
2. Company has policies and practices on health, safety and welfare of its employees.	COMPLIANT	Refer to item 3(b) of Code of Business Conduct and Ethics: <a href="http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics">http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</a>  Refer to the policy on Employees' Health, Safety and Welfare: <a href="http://www.apcaragorn.net/index.php/corporate-governance/company-policies/32-employees-safety-health-and-welfare">http://www.apcaragorn.net/index.php/corporate-governance/company-policies/32-employees-safety-health-and-welfare</a>	
3. Company has policies and practices on training and development of its employees.	COMPLIANT	Refer to item 3(c) of Code of Business Conduct and Ethics: <a href="http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics">http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</a>  Refer to the policy on Employees' Health, Safety and Welfare:	




		<a href="http://www.apcaragorn.net/index.php/corporate-governance/company-policies/32-employees-safety-health-and-welfare">http://www.apcaragorn.net/index.php/corporate-governance/company-policies/32-employees-safety-health-and-welfare</a>	
<b>Recommendation 15.2</b>			
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.	<b>COMPLIANT</b>	Refer to item 1 of Code of Business Conduct and Ethics: <a href="http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics">http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</a>	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	<b>COMPLIANT</b>	Policies and programs of the Company are disseminated during the orientation of the employees and if there were changes in the policy.  Code of Business Conduct and Ethics and other Company policies are readily available in the Company's website.	
<b>Supplement to Recommendation 15.2</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	<b>COMPLIANT</b>	Refer to the policy on Acceptance of Gifts: <a href="http://www.apcaragorn.net/index.php/corporate-governance/company-policies/21-guidelines-on-acceptance-of-gifts">http://www.apcaragorn.net/index.php/corporate-governance/company-policies/21-guidelines-on-acceptance-of-gifts</a>  During the year, there were no identified violation on the said policy.	
<b>Recommendation 15.3</b>			
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	<b>COMPLIANT</b>	Refer to Accountability Integrity and Vigilance Policy: <a href="http://www.apcaragorn.net/index.php/corporate-governance/company-policies/28-policy-on-accountability-integrity-and-vigilance">http://www.apcaragorn.net/index.php/corporate-governance/company-policies/28-policy-on-accountability-integrity-and-vigilance</a>	
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.	<b>COMPLIANT</b>	Refer to Accountability Integrity and Vigilance Policy: <a href="http://www.apcaragorn.net/index.php/corporate-governance/company-policies/28-policy-on-accountability-integrity-and-vigilance">http://www.apcaragorn.net/index.php/corporate-governance/company-policies/28-policy-on-accountability-integrity-and-vigilance</a>	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	<b>COMPLIANT</b>	The whistleblowing policy is available in the Company website.	



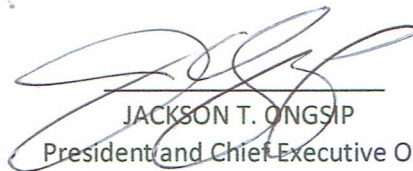
		There are no reports on any illegal or unethical behavior of the directors and the management received in 2017.	
<b>Principle 16:</b> The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
<b>Recommendation 16.1</b>			
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.	<b>COMPLIANT</b>	Refer to CSR initiatives of the Company: <a href="http://www.apcaragorn.net/index.php/corporate-governance/corporate-social-responsibility">http://www.apcaragorn.net/index.php/corporate-governance/corporate-social-responsibility</a>	
<b>Optional: Principle 16</b>			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	<b>COMPLIANT</b>	The Company's community development projects involve the development on infrastructure, livelihood, academics and welfare of the ancestral domains where the geothermal project area is located.	
2. Company exerts effort to interact positively with the communities in which it operates	<b>COMPLIANT</b>	The Company exerts effort to have a positive communication in the community thru their community development projects and scholarship programs to the residents of the geothermal area. <a href="http://www.apcaragorn.net/index.php/corporate-governance/corporate-social-responsibility">http://www.apcaragorn.net/index.php/corporate-governance/corporate-social-responsibility</a>	

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 MAKATI CITY on MAY 15 2018, 2018.

**SIGNATURES**



WILLY N. OCIER  
Chairman of the Board



JACKSON T. ONGSIP  
President and Chief Executive Officer



LAURITO E. SERRANO  
Independent Director



TOMAS D. SANTOS  
Independent Director



IAN JASON R. AGUIRRE  
Compliance Officer



RICHARD ANTHONY D. ALCAZAR  
Corporate Secretary

SUBSCRIBED AND SWORN to before me on this MAY 15 2018 day of MAY 15 2018, 2018, affiant(s) exhibiting to me their tax identification number, as follows:

NAME	TAX IDENTIFICATION NUMBER
Willy N. Ocier	101-934-954-000
Jackson T. Ongsip	178-486-617-000
Laurito E. Serrano	102-097-361-000
Tomas D. Santos	100-061-178-000
Ian Jason R. Aguirre	198-468-821-000
Richard Anthony D. Alcazar	178-486-310-000

Doc No.  
Page No.  
Book No.  
Series of

139  
128  
V  
2018

NOTARY PUBLIC  
~~ATTY. GERVAZIO B. ORTIZ, JR.~~  
~~NOTARY PUBLIC FOR MAKATI CITY~~  
~~UNTIL DECEMBER 31, 2018~~  
~~PTR NO 5989514 / 01-03-2017 / MAKATI~~  
~~IBP NO 659155 LIFETIME MEMBER~~  
~~APPT. NO. M104 / 2017 / ROLL NO. 4009~~  
~~MCLE COMPLIANCE NO. V-0006934~~  
~~UNIT 102 PENINSULA COURT BLDG~~  
~~8785 MAKATI AVE., MAKATI CITY~~



**NOTICE/AGENDA of the Meeting of the Board of Directors to be held on 13 December 2017**

4 messages

ELT2 [redacted] Tue, Dec 5, 2017 at 6:22 PM  
To: [redacted]

[redacted]  
[redacted]

Gentlemen:

Per Atty. Alcazar's instruction, please see attached scanned copy of Notice of Meeting of the Board of Directors of APC Group, Inc. to be held on 13 December 2017 (Wednesday) at 12 12:30 in the afternoon at Peking Garden, Greenbelt 5, Makati City.

Thank you.

NILDA D. FRANCO  
Secretary to Atty. E. L. Tan

**TAN ACUT LOPEZ & PISÓN**

L A W O F F I C E S

23<sup>rd</sup> Floor, Philippine Stock Exchange Centre, East Tower, Exchange Road

Ortigas Center, 1604 Pasig City, Philippines

Tel No. (632) 6353671-78 \*Fax No. (632) 6321876 \* Ortigas P.O. Box 13014

E-mail: [talfirm@talfirm.com](mailto:talfirm@talfirm.com)

website: <http://www.talfirm.com>

**13 December 2017 Notice.pdf**  
295K





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**NOTICE/AGENDA of the Meeting of the Board of Directors to be held on 13 December 2017**

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Ainee Banaria <[redacted]>

Fri, Dec 8, 2017 at 3:04 PM

To: [redacted]  
Cc: [redacted]  
[redacted]

Good afternoon,

Please see attached file for the advance materials for APC's BOD meeting on December 13, 2017.

Thank you very much,  
Ainee

[Quoted text hidden]

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Thank you,

**Ainee**  
Maria Neriza C. Banaria  
Controller  
APC Group, Inc.

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**2 attachments**

 **2017.12.13 APC BOD Meeting initial draft v3.pptx**  
106K

 **APC Group External Planning Meeting.pdf**  
198K

**CERTIFICATE OF INDEPENDENT DIRECTOR**


I, **TOMAS D. SANTOS**, Filipino, of legal age and a resident of No. 8, Harding Street, San Juan City, after having been duly sworn to in accordance with law do hereby declare that:

- 1. I am a nominee for independent director of **APC Group Inc.** and have been its independent director since June 6, 2012.
- 2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Irvine Construction Corporation	President	1994 to present
Shamu Marketing	Owner	1990 to present

- 3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of APC Group Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
- 4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
- 5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
- 6. I shall inform the Corporate Secretary of APC Group, Inc. of any changes in the above mentioned information within five days from its occurrence.

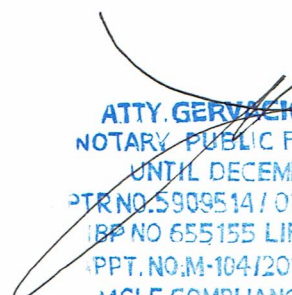
Done, this JUL 26 2017 day of MAKATI CITY.

  
**TOMAS D. SANTOS**  
 Affiant

JUL 26 2017  
MAKATI CITY

SUBSCRIBED AND SWORN to before me this \_\_\_ day of \_\_\_ at \_\_\_, Affiant personally appeared before me and exhibited to me his/her \_\_\_ Issued at \_\_\_ on \_\_\_

Doc. No. 19 ;  
 Page No. 5 ;  
 Book No. XI ;  
 Series of 2017 ;

  
**ATTY. GERVAICIO B. ORTIZ, JR.**  
 NOTARY PUBLIC FOR MAKATI CITY  
 UNTIL DECEMBER 31/2018  
 PTR NO. 5909514 / 01-03-2017/MAKATI  
 IBP NO 655155 LIFETIME MEMBER  
 PPT. NO. M-104/2017/ROLL NO. 4009  
 MCLE COMPLIANCE NO. V-0006934  
 UNIT 102 PENINSULA COURT BLDG  
 1735 MAKATI AVE., MAKATI CITY

### CERTIFICATE OF INDEPENDENT DIRECTOR

I, **LAURITO E. SERRANO**, Filipino, of legal age and a resident of 4205C Madras St., Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **APC Group Inc.** and have been its independent director since June 18, 2013.
2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Philippine Veterans Bank	Director	Since June 2012
Atlas Consolidated Mining and Development Corporation	Independent Director	Since August 2012
Pacific Online Systems Corp.	Independent Director	Since May 2014
Travellers Intl. Hotel Group, Inc.	Independent Director	Since November 2013
MJC Investments Corporation	Independent Director	Since May 2014
MRT Dev. Corporation	Director	Since July 2013
United Paragon Mining Corporation	Independent Director	Since November 2016
Axelum Resources Corp.	Director	Since April 2017
Negros Navigation Co. Inc.	Director	Since April 2017
2GO Group, Inc.	Independent Director	Since April 2017

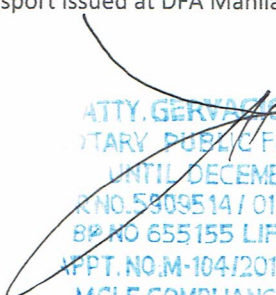
3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of APC Group Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
6. I shall inform the Corporate Secretary of APC Group, Inc. of any changes in the above mentioned information within five days from its occurrence.

Done, this JUL 26 2017 day of \_\_\_\_\_ at MAKATI CITY.

  
**LAURITO E. SERRANO**  
 Affiant

SUBSCRIBED AND SWORN to before me this JUL 26 2017 day of \_\_\_\_\_ at MAKATI CITY. Affiant personally appeared before me and exhibited to me his Philippine passport issued at DFA Manila on January 27, 2017.

Doc. No. 18;  
 Page No. 3;  
 Book No. XI;  
 Series of 2017.

  
**ATTY. GERVACIO B. ORTIZ, JR.**  
 CLERK OF COURT  
 CLERK PUBLIC FOR MAKATI CITY  
 UNTIL DECEMBER 31/2018  
 RNO. 5809514 / 01-03-2017/MAKATI  
 BR NO 655155 LIFETIME MEMBER  
 APPT. NO. M-104/2017/ROLL NO. 4009  
 MCLE COMPLIANCE NO. V-0006934  
 UNIT 102 PENINSULA COURT BLDG  
 735 MAKATI AVE., MAKATI CITY





APC GROUP INC.

DATE: MAY 9, 2018  
TO: CORPORATE GOVERNANCE COMMITTEE  
FROM: JACKSON T. ONGSIP  
SUBJECT: ANNUAL CONFIRMATION OF INTERNAL AUDIT/CONTROL ADEQUACY

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I attest to the overall adequacy and effectivity of the internal audit, internal control and compliance systems APC Group Inc., taking into consideration the Company's size, risk profile and complexity of operations.

This is in accordance with APC Group Inc.'s corporate governance and compliance related policies and programs, prevailing best practices in corporate governance and on the basis of the procedures performed in accordance with the annual audit plan, which was reviewed by the Audit Committee.

  
JACKSON T. ONGSIP

President and Chief Executive Officer