



**THE PHILIPPINE STOCK
EXCHANGE, INC.**

**Corporate Governance Guidelines
for
Listed Companies
Disclosure Template**



| | COMPLY | EXPLAIN |
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| Guideline No. 1: DEVELOPS AND EXECUTES A SOUND BUSINESS STRATEGY | | |
| 1.1 Have a clearly defined vision, mission and core values. | | The vision, mission, and core values of the company are integrated in its execution and implementation of business strategies and company policies. |
| 1.2 Have a well-developed business strategy. | √ | |
| 1.3 Have a strategy execution process that facilitates effective performance management, and is attuned to the company's business environment, management style and culture. | √ | The Company's strategy execution is affiliated with its Risk Management System. Source: http://apcaragorn.net/images/corgov/Consolidated_Changes_in_the_ACGR_2015.pdf |
| 1.4 Have its board continually engaged in discussions of strategic business issues. | √ | |
| Guideline No. 2: ESTABLISHES A WELL-STRUCTURED AND FUNCTIONING BOARD | | |
| 2.1. Have a board composed of directors of proven competence and integrity. | √ | The Company's board of directors have proven competence and integrity. They were nominated based on the Qualification of Directors under the Company's Revised Manual on Corporate Governance July 23, 2014/Nomination Committee Source: http://apcaragorn.net/images/corgov/Revised%20Manual%20on%20Corporate%20Governance%20July%202014.PDF |
| 2.2. Be lead by a chairman who shall ensure that the board functions in an effective and collegial manner. | √ | The chairman shall ensure that the board functions in an effective and collegial manner is included in the Consolidated Changes in the ACGR 2015-Roles, accountabilities and deliverables-page 8 Source: http://apcaragorn.net/images/corgov/Consolidated_Changes_in_the_ACGR_2015.pdf |

CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: APC GROUP, INC.

Date: 28 March 2016

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| 2.3 | Have at least three (3) or thirty percent (30%) of its directors as independent directors. | | The Company's Board currently has two (2) independent members in compliance with legal requirements. |
| 2.4 | Have in place written manuals, guidelines and issuances that outline procedures and processes. | √ | The manuals, guidelines, and issuance that outline procedures and processes are included in APC's website Source: http://apcaragorn.net/index.php/2014-07-26-23-37-34/code-of-business-conduct-and-ethics |
| 2.5 | Have Audit, Risk, Governance and Nomination & Election Committees of the board. | √ | The Company have Audit, Risk and Nomination & Election Committees of the board Source: http://apcaragorn.net/index.php/2014-07-26-23-37-34/board-committees/72-board-committees-and-members |
| 2.6 | Have its Chairman and CEO positions held separately by individuals who are not related to each other. | √ | The Chairman and the CEO positions are held separately by individuals who are not related to each other. It is included in the Consolidated Changes in the ACGR 2015 –Chairman & CEO page 7 Source: http://apcaragorn.net/images/corgov/Consolidated_Changes_in_the_ACGR_2015.pdf |
| 2.7 | Have a director nomination and election process that ensures that all shareholders are given the opportunity to nominate and elect directors individually based on the number of shares voted. | √ | Under the Company's Revised Manual on Corporate Governance, the Nomination Committee is tasked to ensure that the Board has an appropriate balance of required industry knowledge, expertise and skills needed to govern the Company towards achieving its intended goals and objectives. Source: http://apcaragorn.net/images/corgov/Revised%20Manual%20on%20Corporate%20Governance%20July%202023,%202014.PDF |
| 2.8 | Have in place a formal board and director development program. | | The company is considering this in near future. |
| 2.9 | Have a corporate secretary. | √ | The Company has a corporate secretary. Source: |

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| | | http://apcaragorn.net/index.php/home/our-company/58-board-of-directors-management-team-and-executive-officers |
| 2.10 | Have no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently. | √ |
| Guideline No. 3: MAINTAINS A ROBUST INTERNAL AUDIT AND CONTROL SYSTEM | | |
| 3.1 | Establish the internal audit function as a separate unit in the company which would be overseen at the Board level. | √ The company's internal audit function is a separate unit which would be overseen at the Board level. This is in the Revised Manual on Corporate Governance of the Company page 15 Source: http://apcaragorn.net/images/corgov/Revised%20Manual%20on%20Corporate%20Governance%20July%202023,%202014.PDF |
| 3.2 | Have a comprehensive enterprise-wide compliance program that is annually reviewed. | The Board, through the Audit Committee, is responsible for ensuring compliance with the Company's policies on its internal control system. |
| 3.3 | Institutionalize quality service programs for the internal audit function. | The Board, through the Audit Committee, is responsible for ensuring compliance with the Company's policies on its internal control system. |
| 3.4 | Have in place a mechanism that allows employees, suppliers and other stakeholders to raise valid issues. | √ This is in the Company's ACGR, H. Role of Stakeholders. Source: http://apcaragorn.net/images/corgov/Consolidated_Changes_in_the_ACGR_2015.pdf |
| 3.5 | Have the 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. | The Board, through the Audit Committee, is responsible for ensuring compliance with the Company's policies on its internal control system. |
| Guideline No. 4: RECOGNIZES AND MANAGES ITS ENTERPRISE RISKS | | |
| 4.1 | Have its board oversee the company's risk management function. | √ This is included in the Company's Revised Manual |

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| | | on Corporate Governance, page 4 Source: http://apcaragorn.net/images/corgov/Revised%20Manual%20on%20Corporate%20Governance%20July%2023,%202014.PDF |
| 4.2 | Have a formal risk management policy that guides the company's risk management and compliance processes and procedures. | The Board continuously identifies the Company's key risk areas and monitors these factors with due diligence. |
| 4.3 | Design and undertake its Enterprise Risk Management (ERM) activities on the basis of, or in accordance with, internationally recognized frameworks such as but not limited to, COSO, (The Committee of Sponsoring Organizations of the Treadway Commission) I and II. | The Board continuously identifies the Company's key risk areas and monitors these factors with due diligence. |
| 4.4 | Have a unit at the management level, headed by a Risk Management Officer (RMO). | The Board continuously identifies the Company's key risk areas and monitors these factors with due diligence. |
| 4.5 | Disclose sufficient information about its risk management procedures and processes as well as the key risks the company is currently facing including how these are being managed. | √ This is included in the Company's Revised Manual on Corporate Governance, page 12 Source: http://apcaragorn.net/images/corgov/Revised%20Manual%20on%20Corporate%20Governance%20July%2023,%202014.PDF |
| 4.6 | Seek external technical support in risk management when such competence is not available internally. | √ Source: http://apcaragorn.net/images/corgov/Revised%20Manual%20on%20Corporate%20Governance%20July%2023,%202014.PDF |
| Guideline No. 5: ENSURES THE INTEGRITY OF FINANCIAL REPORTS AS WELL AS ITS EXTERNAL AUDITING FUNCTION | | |
| 5.1 | Have the board Audit Committee approve all non-audit services conducted by the external auditor. The Committee should ensure that the non-audit fees do not outweigh the fees earned from the external audit. | √ This is included in the tasks of the Company's Audit Committee. This is in the Company's Revised Manual on Corporate Governance Manual, page 11 Source: http://apcaragorn.net/images/corgov/Revised%20Manual%20on%20Corporate%20Governance%20July%2023,%202014.PDF |

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| 5.2 Ensure that the external auditor is credible, competent, and should have the ability to understand complex related party transactions, its counterparties, and valuations of such transactions. | √ | The audit committee, shall recommend to the stockholders a duly accredited external auditor who shall undertake an independent and shall provide and perform an objective assurance on the preparation and presentation of financial statements. This is in the Revised Manual on Corporate Governance, page 15 Source: http://apcaragorn.net/images/corgov/Revised%20Manual%20on%20Corporate%20Governance%20July%2023,%202014.PDF |
| 5.3 Ensure that the external auditor has adequate quality control procedures. | √ | This is in the Revised Manual on Corporate Governance, page 15 Source: http://apcaragorn.net/images/corgov/Revised%20Manual%20on%20Corporate%20Governance%20July%2023,%202014.PDF |
| 5.4 Disclose relevant information on the external auditors. | √ | The external auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions. This is in the Revised Manual on Corporate Governance of the Company. page 11 Source: http://apcaragorn.net/images/corgov/Revised%20Manual%20on%20Corporate%20Governance%20July%2023,%202014.PDF |
| 5.5 Ensures that the external audit firm is selected on the basis of a fair and transparent tender process. | √ | This is included in the Company's 20-IS, page 12 other matters, (9) Source: http://apcaragorn.net/index.php/psedisclosures/file/257-2015-definitive-information-statement-apc-group-inc |
| 5.6 Have its audit committee conduct regular meetings and dialogues with the external audit team without anyone from management present. | √ | |
| 5.7 Have the financial reports attested to by the Chief Executive Officer and Chief Financial Officer. | √ | |

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| 5.8 | Have a policy of rotating the lead audit partner every five years. | √ | This is in the Company's ACGR, G. Internal and Audit Control, Mechanism and Safeguards, page 45 Source: http://apcaragorn.net/images/corgov/Consolidated_Changes_in_the_ACGR_2015.pdf |
| Guideline No. 6: RESPECTS AND PROTECTS THE RIGHTS OF ITS SHAREHOLDERS, PARTICULARLY THOSE THAT BELONG TO THE MINORITY OR NON- CONTROLLING GROUP | | | |
| 6.1 | Adopt the principle of "one share, one vote." | √ | |
| 6.2 | Ensure that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights. | √ | This is in the Company's ACGR, Rights of Stockholders, page 50 Source: http://apcaragorn.net/images/corgov/Consolidated_Changes_in_the_ACGR_2015.pdf |
| 6.3 | Have an effective, secure and efficient voting system. | √ | |
| 6.4 | Have effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders. | | The Company's manual on corporate governance ensures that the rights of the minority stockholders are adequately protected. |
| 6.5 | Provide all shareholders with the notice and agenda of the annual general meeting (AGM) at least thirty (30) days before a regular meeting and twenty (20) days before a special meeting. | | In accordance with the IRR Securities Regulation Code, shareholders are provided with the notice and agenda of the annual/ general/special meeting at least two (2) weeks prior to the scheduled annual stockholders meeting. |
| 6.6 | Allow shareholders to call a special shareholders meeting, submit a proposal for consideration at the AGM or the special meeting, and ensure the attendance of the external auditor and other relevant individuals to answer shareholder questions in such meetings. | √ | |
| 6.7 | Ensure that all relevant questions during the AGM are answered. | √ | To ensure that all stockholders' concerns are properly addressed, the Chairman of the Board, Board Directors, the President, Board Committee Chairmen and Members, Senior Management, Corporate Secretary and the Independent Auditors are always present during the Annual Stockholders' Meeting. The meeting agenda provides an opportunity for stockholders to freely |

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| | | express their views and raise their concerns at the meeting, this is in the Company's ACGR, Rights of Stockholders, #4. Page52 Source: http://apcaragorn.net/images/corgov/Consolidated_Changes_in_the_ACGR_2015.pdf |
| 6.8 | Have clearly articulated and enforceable policies with respect to treatment of minority shareholders. | √ The company's policies with respect to the treatment of minority stockholders is in the ACGR, Treatment of Minority Stockholders, page 55 Source: http://apcaragorn.net/images/corgov/Consolidated_Changes_in_the_ACGR_2015.pdf |
| 6.9 | Avoid anti-takeover measures or similar devices that may entrench management or the existing controlling shareholder group. | √ |
| 6.10 | Provide all shareholders with accurate and timely information regarding the number of shares of all classes held by controlling shareholders and their affiliates. | √ |
| 6.11 | Have a communications strategy to promote effective communication with shareholders. | √ The Company has an effective communication with shareholders ACGR, Investors Relations Program, modes of communications, page 57 Source: http://apcaragorn.net/images/corgov/Consolidated_Changes_in_the_ACGR_2015.pdf |
| 6.12 | Have at least thirty percent (30%) public float to increase liquidity in the market. | √ |
| 6.13 | Have a transparent dividend policy. | √ |
| Guideline No. 7: ADOPTS AND IMPLEMENTS AN INTERNATIONALLY-ACCEPTED DISCLOSURE AND TRANSPARENCY REGIME | | |
| 7.1 | Have written policies and procedures designed to ensure compliance with the PSE and SEC disclosure rules, as well as other disclosure requirements under existing laws and regulations. | √ This is included in the Company's Revised Manual on Corporate Governance, Part IV, page 16 Source: http://apcaragorn.net/images/corgov/Revised%20Manual%20on%20Corporate%20Governance%20July%2023,%202014.PDF |
| 7.2 | Disclose the existence, justification, and details on shareholders agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company. | √ |
| 7.3 | Disclose its director and executive compensation policy. | √ This is in the Company's 17-A, summary |

CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: APC GROUP, INC.

Date: 28 March 2016

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| | | compensation table, page 21 Source: http://apcaragorn.net/index.php/psedisclosures/file/253-17-a-2014-pdf |
| 7.4 | Disclose names of groups or individuals who hold 5% or more ownership interest in the company, significant cross-shareholding relationship and cross guarantees, as well as the nature of the company's other companies if it belongs to a corporate group. | √ |
| 7.5 | Disclose annual and quarterly consolidated reports, cash flow statements and special audit revisions. Consolidated financial statements shall be published within 90 days from the end of the financial year, while interim reports shall be published within 45 days from the end of the reporting period. | √ |
| 7.6 | Disclose to shareholders and the Exchange any changes to its corporate governance manual and practices, and the extent to which such practices conform to the SEC and PSE CG Guidelines. | √ |
| 7.7 | Publish and/or deliver to its shareholders in a timely fashion all information and materials relevant to corporate actions that require shareholder approval. | √ |
| 7.8 | Disclose the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This shall also include the disclosure of the company's purchase of its shares from the market (e.g share buy-back program). | √ |
| 7.9 | Disclose in its annual report the principal risks to minority shareholders 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. | √ |
| Guideline No. 8: RESPECTS AND PROTECTS THE RIGHTS AND INTERESTS OF EMPLOYEES, COMMUNITY, ENVIRONMENT, AND OTHER STAKEHOLDERS | | |
| 8.1 | Establish and disclose a clear policy statement that articulates the company's recognition and protection of the rights and interests of key stakeholders specifically its employees, suppliers & customers, creditors, as well the community, environment and other key stakeholder groups. | √ |
| 8.2 | Have in place a workplace development program. | √ |

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| | | Source: http://apcaragorn.net/images/corgov/Consolidated_Changes_in_the_ACGR_2015.pdf |
| 8.3 | Have in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders. | APC adopts a policy of recognition and reward for an employee's efficiency, discipline, dedication to duty and responsibility |
| 8.4 | Have in place a community involvement program. | √ In the Geothermal Project of the Company in Kalinga, scholarships are granted to the members of the tribes and community development projects have been undertaken. This is in the company's ACGR, Corporate Social Responsibility, page 58 Source: http://apcaragorn.net/images/corgov/Consolidated_Changes_in_the_ACGR_2015.pdf |
| 8.5 | Have in place an environment-related program. | √ The Company ensures the environmental friendliness of its operations, and contributes to the overall sustainability of the physical environment where the Company operates. The Company is committed to the protection of the environment and complies with all applicable environmental laws and regulations. This is in the company's ACGR, page 46 Source: http://apcaragorn.net/images/corgov/Consolidated_Changes_in_the_ACGR_2015.pdf |
| 8.6 | Have clear policies that guide the company in its dealing with its suppliers, customers, creditors, analysts, market intermediaries and other market participants. | √ This is in the Company's Code of Business Conduct and Ethics Source: http://apcaragorn.net/index.php/2014-07-26-23-37-34/code-of-business-conduct-and-ethics |
| Guideline No. 9: DOES NOT ENGAGE IN ABUSIVE RELATED-PARTY TRANSACTIONS AND INSIDER | | |

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| 9.1 | Develop and disclose a policy governing the company's transactions with related parties. | √ This is in the Company ACGR. Source: http://apcaragorn.net/images/corgov/Consolidated_Changes_in_the_ACGR_2015.pdf |
| 9.2 | Clearly define the thresholds for disclosure and approval for RPTs and categorize 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 RPT within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval. | √ This is in the Company ACGR. Source: http://apcaragorn.net/images/corgov/Consolidated_Changes_in_the_ACGR_2015.pdf |
| 9.3 | Establish a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions in shareholders meetings. | √ This is in the Company ACGR. Source: http://apcaragorn.net/images/corgov/Consolidated_Changes_in_the_ACGR_2015.pdf |
| 9.4 | Have its independent directors or audit committee play an important role in reviewing significant RPTs. | √ This is in the Company ACGR. Source: http://apcaragorn.net/images/corgov/Consolidated_Changes_in_the_ACGR_2015.pdf |
| 9.5 | Be transparent and consistent in reporting its RPTs. A summary of such transactions shall be published in the company's annual report. | √ The company presents a summary of RPT transactions in its financial statements and annual report. |
| 9.6 | Have a clear policy in dealing with material non-public information by company insiders. | √ This is in the Company ACGR. Source: http://apcaragorn.net/images/corgov/Consolidated_Changes_in_the_ACGR_2015.pdf |
| 9.7 | Have a clear policy and practice of full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management. | √ This is in the Company ACGR. Source: http://apcaragorn.net/images/corgov/Consolidated_Changes_in_the_ACGR_2015.pdf |
| Guideline No. 10: DEVELOPS AND NURTURES A CULTURE OF ETHICS, COMPLIANCE, & ENFORCEMENT | | |
| 10.1 | Formally adopt a code of ethics and proper conduct that guides individual behavior and decision making, clarify responsibilities, and inform other stakeholders on the conduct expected from company personnel. | √ This is in the Company's Code of Business Conduct and Ethics Source: http://apcaragorn.net/index.php/2014-07-26-23- |

| | | 37-34/code-of-business-conduct-and-ethics |
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| 10.2 | Have a formal comprehensive compliance program covering compliance with laws and relevant regulations. The program should include appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances. | √ |
| 10.3 | Not seek exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. Should it do so, it has to disclose the reason for such action as well present the specific steps being taken to finally comply with the applicable law, rule or regulation. | √ |
| 10.4 | Have clear and stringent policies and procedures on curbing and penalizing company or employee involvement in offering, paying and receiving bribes. | √ This is in the Company ACGR. Source: http://apcaragorn.net/images/corgov/Consolidated_Changes_in_the_ACGR_2015.pdf |
| 10.5 | Have a designated officer responsible for ensuring compliance with all relevant laws, rules, and regulation, as well as all regulatory requirements. | √ |
| 10.6 | Respect intellectual property rights. | √ |
| 10.7 | Establish and commit itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner. | √ |

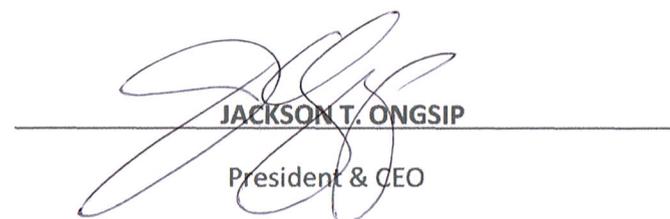
This is to certify that the undersigned reviewed the contents of this document and to the best of my knowledge and belief, the information contained set forth in this document is true, complete and correct.

Done this 28 March in Pasay City.



TOMAS D. SANTOS

Independent director



JACKSON T. ONGSIP

President & CEO