



Consolidated Resources & Holdings, Inc.

No. 28 N. Domingo St., near corner Gilmore St., New Manila, Quezon City

Tel. Nos. 724-3759 / 725-7875 / 724-5055; Fax No. 724-3290

1 July 2013

MS. JANET A. ENCARNACION

Head, Disclosure Department

The Philippine Stock Exchange, Inc.

3rd Floor Philippine Stock Exchange Plaza

Ayala Triangle, Ayala Ave., Makati City

Dear Ms. Encarnacion:

We are submitting herewith a copy of our company's Annual Corporate Governance Report pursuant to SEC Memorandum Circular No. 5, Series of 2013.

Very truly yours,

A handwritten signature in blue ink, reading "Joaquin E. San Diego", is positioned above the printed name and title.

JOAQUIN E. SAN DIEGO
Vice President and Corporate Secretary

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

Atty. Joaquin E. San Diego

Contact Person

7245055

Company Telephone Number

1 2

Month

3 1

Day

A C G R

FORM TYPE

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Month

2nd Thu

Day

Annual Meeting

Secondary License Type, If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

2. Exact Name of Registrant as Specified in its Charter **ABACUS CONSOLIDATED RESOURCES & HOLDINGS, INC.**

4. SEC Identification Number 98780

6. BIR Tax Identification Number 002-727-393

8. N/A
Former name or former address, if changed from the last report

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	15
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Actual number of Directors for the year	14
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(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
Jose V. Romero, Jr.	NED	N/A	BSDHI	2002	July 12, 2012	Annual Meeting	10
Manuel A. De Leon	NED	N/A	BSHDI	1989	July 12, 2012	Annual Meeting	13
Leonardo S. Gayao	ED	N/A	BSHDI	1989	July 12, 2012	Annual Meeting	13
Calixto Y. Laureano	NED	N/A	BSHDI	1989	July 12, 2012	Annual Meeting	13
Ricardo C. Leong	NED	N/A	BSHDI	1989	July 12, 2012	Annual Meeting	13
Willy Ocier	NED	N/A	BSHDI	2007	July 12, 2012	Annual Meeting	4
Martha R. Horrigan	NED	N/A	BSHDI	1989	July 12, 2012	Annual Meeting	13
William Y. Tieng	NED	N/A	BSHDI	2008	July 12, 2012	Annual Meeting	4
Joseph Delano M. Bernardo	ID	N/A	BSHDI –no relation	2012	July 12, 2012	Annual Meeting	1
Jose L. Carlos, Jr.	NED	N/A	BSHDI	2009	July 12, 2012	Annual Meeting	4
Arturo V. Magtibay	NED	N/A	BSHDI	2009	July 12, 2012	Annual Meeting	4
Manuel R. Moje	NED	N/A	BSHDI	2009	July 12, 2012	Annual Meeting	4
Antonio Victoriano F. Gregorio III	NED	N/A	BSHDI	2009	July 12, 2012	Annual Meeting	4

- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Board of Directors and Management has adopted a Manual on Corporate Governance as a guide in the attainment of its corporate goals. The Manual lays down the guidelines on the proper management of the operations of the business. Specifically, it sets forth the manner of selection, duties and responsibilities of the officers, members of the Board and the various committees created intended to ensure that proper checks and balance system is in place. An evaluation system has been established to determine compliance with the provisions

¹ Reckoned from the election immediately following January 2, 2012.

of the Manual.

The Manual contains a provision relative to the treatment of all shareholders specifically with respect to their rights which are: (1) right to vote on all matters that require the Board's consent or approval; (2) pre-emptive right to all stock issuances; (3) right to inspect the Corporation's books and records; (4) right to information; (5) right to dividends; and (6) appraisal right. The same rights are accorded to minority shareholders and other stakeholders.

(c) How often does the Board review and approve the vision and mission? Every year

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Jose V. Romero, Jr.	Abacus Global Technovisions, Inc., Vantage Realty, Inc., Kapuluan Properties, Inc., Abacus Goldmines Exp & Devt Corp., Philippine Reg Investment Dev Corp, Abacus Coal Exp & Dev Corp, Philippine International Infrastructure Fund, Omnicor Ind Estate & Realty Ctr, Inc.	Non-Executive
Manuel A. De Leon	Abacus Global Technovisions, Inc., Vantage Realty, Inc., Kapuluan Properties, Inc., Abacus Goldmines Exp & Devt Corp., Philippine Reg Investment Dev Corp, Abacus Coal Exp & Dev Corp, Philippine International Infrastructure Fund, Omnicor Ind Estate & Realty Ctr, Inc, Hedge Integrated Mgt Grp, Inc.	Non-Executive
Leonardo S. Gayao	Abacus Global Technovisions, Inc., Vantage Realty, Inc., Kapuluan Properties, Inc., Abacus Goldmines Exp & Devt Corp., Philippine Reg Investment Dev Corp, Abacus Coal Exp & Dev Corp, Philippine International Infrastructure Fund, Omnicor Ind Estate & Realty Ctr, Inc, Pride Star Devt Bank, Hedge Integrated Mgt Grp, Inc.	Non-Executive
William Y. Tieng	Abacus Global Technovisions, Inc., Philippine Reg Investment Dev Corp	Non-Executive
Joseph Delano M. Bernardo	Abacus Global Technovisions,	Independent

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

	Philippine Reg Investment Dev Corp, Philippine International Infrastructure Fund	
Manuel R. Moje	Abacus Global Technovisions, Inc., Vantage Realty, Inc., Kapuluan Properties, Inc., Abacus Goldmines Exp & Devt Corp., Philippine Reg Investment Dev Corp, Abacus Coal Exp & Dev Corp, Philippine International Infrastructure Fund, Omnicor Ind Estate & Realty Ctr, Inc, Pride Star Devt Bank	Non-Executive
Arturo V. Magtibay	Abacus Global Technovisions, Inc., Vantage Realty, Inc., Kapuluan Properties, Inc., Abacus Goldmines Exp & Devt Corp., Philippine Reg Investment Dev Corp, Abacus Coal Exp & Dev Corp, Philippine International Infrastructure Fund, Omnicor Ind Estate & Realty Ctr, Inc, Pride Star Devt Bank	Executive

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Ricardo C. Leong	Sinophil Corporation	Non-Executive
Willy N. Ocier	Pacific Online Systems Corporation, APC Group, Inc., Sinophil Corporation	Executive-Chairman
	Belle Corporation, Highlands, Prime, Inc., iVantage Corporation	Non-Executive
Manuel A. De Leon	Pacific Online Systems Corporation	Non-Executive
Leonardo S. Gayao	Pacific Online Systems Corporation	Non-Executive
Antonio Victoriano F. Gregorio III	Lodestar Investment Holdings Corporation, AGP Industrial Corporation	Non-Executive

(iii) Relationship within the Company and its Group

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
Leonardo S. Gayao	Blue Stock Development	President

	Holdings, Inc.	
	Hedge Integrated Management, Group, Inc.	Chairman and President
Manuel A. De Leon	Blue Stock Development Holdings, Inc.	Chairman

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

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	Not more than 5 seats in other companies	None
Non-Executive Director	Not more than 5 seats in other companies	None
CEO	Not more than 5 seats in other companies	None

(e) Shareholding in the Company

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Jose V. Romero, Jr.	1,860,010	N/A	.0701%
Calixto Y. Laureano	3,595,370	N/A	.1354%
Ricardo C. Leong	7,190,739	N/A	.2708%
Martha R. Horrigan	925,000	N/A	.0348%
TOTAL	13,571,119	N/A	0.5111%

2) Chairman and CEO

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

Yes ☒

No ☐

Identify the Chair and CEO:

Chairman of the Board	Jose V. Romero, Jr.
CEO/President	Leonardo S. Gayao

The position of Chairman of the Board was made separate from that of the CEO/President to foster an appropriate balance of power, increased accountability, and better capacity for independent decision making by the Board.

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	Preside at all meetings of the	Direct and active management of

	stockholders and directors	the business and operations of the company; exercise general supervision over employees
Accountabilities	Ensuring that all directors perform their functions as directors	Ensure maximum productivity of company's personnel and assets
Deliverables	Evaluation of performance of Board of Directors; setting agenda for Board meetings	Fair return to shareholders; pursuit of corporate mission and vision

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

Continuing training of officers within the company who has potential to occupy the above-stated positions.

- 4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

The company looks for directors who have expertise and background in the company's various businesses, i.e., financial services, real estate, mining and gaming.

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

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

	Executive	Non-Executive	Independent Director
Role	Design, develop and implement strategic plans for their organization in an efficient manner; responsible for the day-to-day operations of the company	Expected to contribute to the company by giving objective criticism and advice, given their breadth of experience	Ensure integrity of decision-making, unhampered by circumstances extraneous to the interests of the company
Accountabilities	Accountable to the Board of Directors and stockholders; Reports to the Board on a regular basis	Accountable to the Board of Directors and stockholders	Accountable to the Board of Directors and stockholders
Deliverables	Strategic planning; effective management of the company	Criticism, advice and suggestions for effective governance of the company	Independent advice to ensure good corporate governance

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

Independence connotes the avoidance of being unduly influenced by a vested interest and being free from any constraints that would prevent a proper course of action from being taken. It is the ability to act in an impartial manner, unfettered by inappropriate influences.

The independent directors are fully qualified to act as such. The company, ordinarily, has 2 independent directors.

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

more than four additional years? Please explain. Yes, re-appointment of an independent director after service of 5 years is limited to not more than 4 additional years.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
Gonzalo G. Puyat II	Independent Director	January 2013	death

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

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

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	Nomination committee screens nominees; Elected annually, Majority vote of Board of Directors	1. holder of at least 1 share; 2. at least a College graduate or has sufficient experience in managing a business; 3. practical understanding of the business of the corporation; 4. at least 21 years old; 5. proven integrity and probity; 6. assiduous in the performance of duties; 7. member in good standing in relevant industry, business or organization; and 8. has previous business experience
(ii) Non-Executive Directors	Nomination committee screens nominees; Elected annually; Majority vote of Board of Directors	-do-
(iii) Independent Directors	Nomination committee screens nominees; Elected annually; Majority vote of Board of Directors	-do- plus must be free from any business or other relationship with the corporation, which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the corporation
b. Re-appointment		

(i) Executive Directors	Nomination committee screens nominees; Elected annually; Majority vote of Board of Directors	No limit on re-appointment
(ii) Non-Executive Directors	Nomination committee screens nominees; Elected annually; Majority vote of Board of Directors	No limit on re-appointment
(iii) Independent Directors	Nomination committee screens nominees; Elected annually; Majority vote of Board of Directors	Must serve for not more than 5 consecutive years
c. Permanent Disqualification		
(i) Executive Directors	Review by Nomination Committee; final decision by the Board of Directors	<ol style="list-style-type: none"> 1. any person convicted by final judgment or order of competent judicial or administrative body of any crime that (1) involves the purchase or sale of securities; (b) arises out of the person's conduct as an underwriter, broker, dealer and the like; (c) arises out of his fiduciary relationship with a bank, quasi bank, company or investment house 2. any person who, by reason of any misconduct, after hearing, is permanently enjoined by final judgment or order of Commission from (a) acting as underwriter, broker, dealer and the like; (b) acting as director or officer of a bank, quasi bank, etc. (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in (a) and (b) 3. any person convicted by final judgment or order by a court of competent administrative body of any offense involving moral turpitude, fraud, embezzlement or other fraudulent acts 4. any person who has been adjudged by final judgment to have willfully violated or willfully aided or abetted the violation of the laws

		<p>5. any person elected as an independent director who becomes an employee, officer or consultant of the corporation</p> <p>6. any persons judicially declared to be insolvent</p> <p>7. any person found guilty of any of the acts mentioned in (1) to (6)</p> <p>8. conviction by final judgment of an offense punishable by imprisonment for more than 6 years or a violation of the Corporation Code committed within 5 years prior to the date of his election or appointment</p>
(ii) Non-Executive Directors	Review by Nomination Committee; final decision by the Board of Directors	-do-
(iii) Independent Directors	Review by Nomination Committee; final decision by the Board of Directors	<p>1.is not a director or officer of the corporation or any of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing)</p> <p>2.does not own more than two percent (2%) of the shares of the corporation and/or any of its related companies and/or any of its substantial shareholders</p> <p>3.is not a relative of any director, officer or substantial shareholder of the corporation, or any of its related companies or any of its substantial shareholders. For this purpose, "relatives" includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister</p> <p>4.is not acting as a nominee or representative of any director, or substantial shareholder of the corporation, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a deed of trust or under any contract or</p>

		<p>arrangement</p> <p>5. has not been employed in any executive capacity by the corporation, any of its related companies and/or any of its substantial shareholders within the last two (2) years</p> <p>6. is not retained, or within the last two (2) years has not been retained as a professional adviser by the corporation, or any of its related companies and/or any of its substantial shareholders, either personally or through his firm or any similar entity</p> <p>7. has not engaged and does not engage in any transaction with the corporation and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial</p>
d. Temporary Disqualification		
(i) Executive Directors	Review by Nomination Committee; final decision by the Board of Directors	<p>1. refusal to comply with disclosure requirements of the SRC and its IRR</p> <p>2. absence in more than 50% of all regular and special meetings of the Board during his incumbency or any 12-month period during said incumbency unless absence is due to illness, death in the immediate family or serious accident</p> <p>3. dismissal or termination for as cause</p> <p>4. if the beneficial equity ownership of an independent director in the corporation or its subsidiaries exceeds 2% of its subscribed capital stock</p> <p>5. if any of the</p>

		judgments or orders cited as grounds for permanent disqualification has not yet become final
(ii) Non-Executive Directors	Review by Nomination Committee; final decision by the Board of Directors	-do-
(iii) Independent Directors	Review by Nomination Committee; final decision by the Board of Directors	-do-
e. Removal		
(i) Executive Directors	Review by Nomination Committee; final decision by the Board of Directors	For cause of without cause
(ii) Non-Executive Directors	Review by Nomination Committee; final decision by the Board of Directors	For cause of without cause
(iii) Independent Directors	Review by Nomination Committee; final decision by the Board of Directors	<ol style="list-style-type: none"> 1. is not a director or officer of the corporation or any of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing) 2. does not own more than two percent (2%) of the shares of the corporation and/or any of its related companies and/or any of its substantial shareholders 3. is not a relative of any director, officer or substantial shareholder of the corporation, or any of its related companies or any of its substantial shareholders. For this purpose, "relatives" includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister 4. is not acting as a nominee or representative of any director, or substantial shareholder of the corporation, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a deed of trust or under any

		<p>contract or arrangement</p> <p>5. has not been employed in any executive capacity by the corporation, any of its related companies and/or any of its substantial shareholders within the last two (2) years</p> <p>6. is not retained, or within the last two (2) years has not been retained as a professional adviser by the corporation, or any of its related companies and/or any of its substantial shareholders, either personally or through his firm or any similar entity</p> <p>7. has not engaged and does not engage in any transaction with the corporation and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial</p>
f. Re-instatement		
(i) Executive Directors	N/A	No reinstatement
(ii) Non-Executive Directors	N/A	No reinstatement
(iii) Independent Directors	N/A	No reinstatement
g. Suspension		
(i) Executive Directors	N/A	N/A
(ii) Non-Executive Directors	N/A	N/A
(iii) Independent Directors	N/A	N/A

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Jose V. Romero, Jr.	1,696,269,228 [100% of those present; 63.89% of outstanding capital stock]
Manuel A. De Leon	-do-
Leonardo S. Gayao	-do-
Calixto Y. Laureano	-do-

Ricardo C. Leong	-do-
Willy N. Ocier	-do-
Martha R. Horrigan	-do-
William Y. Tieng	-do-
Joseph Delano M. Bernardo	-do-
Jose L. Carlos, Jr.	-do-
Arturo V. Magtibay	-do-
Manuel R. Moje	-do-
Antonio Victoriano F. Gregorio III	-do-

6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any. N/A
- (b) State any in-house training and external courses attended by Directors and Senior Management³ for the past three (3) years: N/A
- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year. N/A

Name of Director/Officer	Date of Training	Program	Name of Training Institution

B. CODE OF BUSINESS CONDUCT & ETHICS

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	1. Avoid any actual or apparent conflicts between personal or family and Company interest. Make full, accurate and timely disclosure of information that could give rise to conflict of interest; 2. Advance the Company's legitimate interests when the opportunity arises. Avoid competing with the Company on a business opportunity or acquiring an interest	1. Avoid any actual or apparent conflicts between personal or family and Company interest. Make full, accurate and timely disclosure of information that could give rise to conflict of interest; 2. Advance the Company's legitimate interests when the opportunity arises. Avoid competing with the Company on a business opportunity or acquiring an interest adverse to that of the Company's.	1. Avoid any actual or apparent conflicts between personal or family and Company interest. Make full, accurate and timely disclosure of information that could give rise to conflict of interest; 2. Advance the Company's legitimate interests when the opportunity arises. Avoid competing with the Company on a business opportunity or acquiring an interest adverse to that of the Company's. Refrain from taking advantage of Company property,

³ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

	<p>adverse to that of the Company's;</p> <p>3. Refrain from taking advantage of Company property, information or position, or opportunities arising from these, for personal gain, to compete with the Company, or act against the best interest of the Company;</p> <p>4. Members of the Board, officers and employees shall make a full disclosure of their business/financial interests which may now or in the future conflict with the interest of the company or its stockholders.</p> <p>5. Members of the Board, officers and employees shall make a full disclosure of their business/financial interests which may now or in the future conflict with the interest of the company or its stockholders;</p> <p>6. Any individual who is uncertain about a conflict of interest in any matter shall disclose such possible conflict to the appropriate person as stated above.</p>	<p>Refrain from taking advantage of Company property, information or position, or opportunities arising from these, for personal gain, to compete with the Company, or act against the best interest of the Company;</p> <p>4. Members of the Board, officers and employees shall make a full disclosure of their business/financial interests which may now or in the future conflict with the interest of the company or its stockholders.</p> <p>5. Members of the Board, officers and employees shall make a full disclosure of their business/financial interests which may now or in the future conflict with the interest of the company or its stockholders;</p> <p>6. Any individual who is uncertain about a conflict of interest in any matter shall disclose such possible conflict to the appropriate person as stated above.</p>	<p>information or position, or opportunities arising from these, for personal gain, to compete with the Company, or act against the best interest of the Company;</p> <p>4. Members of the Board, officers and employees shall make a full disclosure of their business/financial interests which may now or in the future conflict with the interest of the company or its stockholders.</p> <p>5. Members of the Board, officers and employees shall make a full disclosure of their business/financial interests which may now or in the future conflict with the interest of the company or its stockholders;</p> <p>6. Any individual who is uncertain about a conflict of interest in any matter shall disclose such possible conflict to the appropriate person as stated above.</p>
(b) Conduct of Business and Fair Dealings	<p>1. Shall engage in honest conduct and comply with all applicable laws, rules and regulations, including prohibitions on insider trading;</p> <p>2. Avoid taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any</p>	<p>1. Shall engage in honest conduct and comply with all applicable laws, rules and regulations, including prohibitions on insider trading;</p> <p>2. Avoid taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other practice</p>	<p>1. Shall engage in honest conduct and comply with all applicable laws, rules and regulations, including prohibitions on insider trading;</p> <p>2. Avoid taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other practice constituting or</p>

	other practice constituting or tantamount to unfair dealing	constituting or tantamount to unfair dealing	tantamount to unfair dealing
(c) Receipt of gifts from third parties	1.Avoid the direct or indirect commission of bribery and corruption of representatives of government or regulators.	1.Avoid the direct or indirect commission of bribery and corruption of representatives of government or regulators.	1.Avoid the direct or indirect commission of bribery and corruption of representatives of government or regulators.
(d) Compliance with Laws & Regulations	1. Engage in honest conduct and comply with all applicable laws, rules and regulations, including prohibitions on insider trading; 2. Follow Company policy and applicable laws regarding business records retention. Ensure that records are not altered, concealed, destroyed or falsified to impede, obstruct or influence any investigation by, or proceeding before any official Company committee or body, governmental, regulatory or judicial body having jurisdiction.	1. Engage in honest conduct and comply with all applicable laws, rules and regulations, including prohibitions on insider trading; 2. Follow Company policy and applicable laws regarding business records retention. Ensure that records are not altered, concealed, destroyed or falsified to impede, obstruct or influence any investigation by, or proceeding before any official Company committee or body, governmental, regulatory or judicial body having jurisdiction.	1. Engage in honest conduct and comply with all applicable laws, rules and regulations, including prohibitions on insider trading; 2. Follow Company policy and applicable laws regarding business records retention. Ensure that records are not altered, concealed, destroyed or falsified to impede, obstruct or influence any investigation by, or proceeding before any official Company committee or body, governmental, regulatory or judicial body having jurisdiction.
(e) Respect for Trade Secrets/Use of Non-public Information	1. Publicly disclose all material information, i.e., anything that could potentially affect share price, as well as other information, including earnings results, corporate strategy, related party and off-balance sheet transactions; 2. Publicly disclose all material information, i.e., anything that could potentially affect share price, as well as other information, including earnings results, corporate strategy, related party and off-balance sheet transactions	1. Publicly disclose all material information, i.e., anything that could potentially affect share price, as well as other information, including earnings results, corporate strategy, related party and off-balance sheet transactions; 2. Publicly disclose all material information, i.e., anything that could potentially affect share price, as well as other information, including earnings results, corporate strategy, related party and off-balance sheet transactions	1. Publicly disclose all material information, i.e., anything that could potentially affect share price, as well as other information, including earnings results, corporate strategy, related party and off-balance sheet transactions; 2. Publicly disclose all material information, i.e., anything that could potentially affect share price, as well as other information, including earnings results, corporate strategy, related party and off-balance sheet transactions

(f) Use of Company Funds, Assets and Information	1. Use Company property and resources, including Company time, supplies and software, efficiently, responsibly and only for legitimate business purposes; 2. Protect the assets of the Company from loss, damage, misuse or theft.	1. Use Company property and resources, including Company time, supplies and software, efficiently, responsibly and only for legitimate business purposes; 2. Protect the assets of the Company from loss, damage, misuse or theft.	1. Use Company property and resources, including Company time, supplies and software, efficiently, responsibly and only for legitimate business purposes; 2. Protect the assets of the Company from loss, damage, misuse or theft.
(g) Employment & Labor Laws & Policies	N/A	1. Compensation must comply with Wage Order governing minimum wage 2. All legally mandated benefits should be given to all employees 3. Company shall comply with all laws, rules and regulations concerning the working conditions as stipulated in the Labor Code	1. Compensation must comply with Wage Order governing minimum wage 2. All legally mandated benefits should be given to all employees 3. Company shall comply with all laws, rules and regulations concerning the working conditions as stipulated in the Labor Code
(h) Disciplinary action	Disciplinary actions against violators include measures such as dismissal and/or the filing of appropriate civil and criminal actions. For purposes of this Code, "violators" are defined as a) persons who commit prohibited acts or who fail to implement prescribed acts when there is an obvious opportunity to do so; b) employees who knowingly abet such acts of commission or omission or who fail to report such acts that violate the Code; and c) persons of authority who fail to impose the necessary disciplinary measures against violators. Retaliation or discrimination, whether direct or indirect and in any form, against any director, officer, or	Disciplinary actions against violators include measures such as dismissal and/or the filing of appropriate civil and criminal actions. For purposes of this Code, "violators" are defined as a) persons who commit prohibited acts or who fail to implement prescribed acts when there is an obvious opportunity to do so; b) employees who knowingly abet such acts of commission or omission or who fail to report such acts that violate the Code; and c) persons of authority who fail to impose the necessary disciplinary measures against violators. Retaliation or discrimination, whether direct or indirect and in any form, against any director, officer, or	Disciplinary actions against violators include measures such as dismissal and/or the filing of appropriate civil and criminal actions. For purposes of this Code, "violators" are defined as a) persons who commit prohibited acts or who fail to implement prescribed acts when there is an obvious opportunity to do so; b) employees who knowingly abet such acts of commission or omission or who fail to report such acts that violate the Code; and c) persons of authority who fail to impose the necessary disciplinary measures against violators. Retaliation or discrimination, whether direct or indirect and in any form, against any director, officer, or employee who reports, honestly and in good faith, any violation or perceived violation of this Code shall not be tolerated.

	employee who reports, honestly and in good faith, any violation or perceived violation of this Code shall not be tolerated.	perceived violation of this Code shall not be tolerated.	
(i) Whistle Blower	In order to increase awareness of maintaining internal corporate justice, the company provides reporting channels and guidelines. These include treating all disclosures as confidential and proper procedure for reporting serious concerns about any suspected misconduct, malpractice, or irregularity.	In order to increase awareness of maintaining internal corporate justice, the company provides reporting channels and guidelines. These include treating all disclosures as confidential and proper procedure for reporting serious concerns about any suspected misconduct, malpractice, or irregularity.	In order to increase awareness of maintaining internal corporate justice, the company provides reporting channels and guidelines. These include treating all disclosures as confidential and proper procedure for reporting serious concerns about any suspected misconduct, malpractice, or irregularity.
(j) Conflict Resolution	Conflicts shall be resolved in the most amicable and least antagonistic manner.	Conflicts shall be resolved in the most amicable and least antagonistic manner.	Conflicts shall be resolved in the most amicable and least antagonistic manner.

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

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

The Nominations Committee, with the assistance of the Compliance Officer, is responsible for applying the Code to specific situations in which questions or concerns may arise, and has the authority to interpret and decide on such issues arising from the implementation of the Code.

Any director, officer or employee is encouraged to contact the Compliance Officer when in doubt about the best course of action in a particular situation relating to a subject matter of the Code. Any director, officer or employee who is aware of any existing or potential violation of the Code is required to notify the Compliance Officer promptly. The Compliance Officer shall take all action he considers appropriate to investigate any violations reported to it. If a violation has occurred, the Company shall take such disciplinary or preventive action as it deems appropriate.

4) Related Party Transactions

(a) Policies and Procedures

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

Related Party Transactions	Policies and Procedures
(1) Parent Company	Should be at arm's length.
(2) Joint Ventures	-do-
(3) Subsidiaries	-do-

(4) Entities Under Common Control	-do-
(5) Substantial Stockholders	-do-
(6) Officers including spouse/children/siblings/parents	Provision of Section 32 of the Corporation Code shall be complied with; conflict of interest policy should be applied.
(7) Directors including spouse/children/siblings/parents	-do-
(8) Interlocking director relationship of Board of Directors	-do-

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved. N/A

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	
Name of Officer/s	
Name of Significant Shareholders	

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	Required to accomplish and regularly update the Full Business/Financial Interest Disclosure Form
Group	Required to accomplish and regularly update the Full Business/Financial Interest Disclosure Form

5) Family, Commercial and Contractual Relations

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description

⁴ Family relationship up to the fourth civil degree either by consanguinity or affinity.

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

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction

6) Alternative Dispute Resolution

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

	Alternative Dispute Resolution System
Corporation & Stockholders	
Corporation & Third Parties	
Corporation & Regulatory Authorities	

C. BOARD MEETINGS & ATTENDANCE

- 1) Are Board of Directors' meetings scheduled before or at the beginning of the year? Board of Directors' meetings are scheduled at the beginning of the year.
- 2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Jose V. Romero, Jr.	July 12, 2012	6	6	100%
Vice-Chairman	Manuel A. De Leon	July 12, 2012	6	6	100%
Member	Leonardo S. Gayao	July 12, 2012	6	6	100%
Member	Calixto Y. Laureano	July 12, 2012	6	4	67%
Member	Ricardo C. Leong	July 12, 2012	6	3	50%
Member	Willy Ocier	July 12, 2012	6	4	67%
Member	Martha R. Horrigan	July 12, 2012	6	6	100%
Member	William Y. Tieng	July 12, 2012	6	3	50%
Member	Jose L. Carlos, Jr.	July 12, 2012	6	6	100%
Member	Arturo V. Magtibay	July 12, 2012	6	6	100%
Member	Manuel R. Moje	July 12, 2012	6	6	100%
Member	Antonio Victoriano F. Gregorio III	July 12, 2012	6	6	100%
Independent	Joseph Delano M. Bernardo	July 12,	6	6	100%

		2012			
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- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? No.
- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain. A majority of the directors shall be necessary at all meetings to constitute a quorum duly assembled as a Board shall be valid as a corporate act.
- 5) Access to Information
- (a) How many days in advance are board papers⁵ for board of directors meetings provided to the board? On the day of the meeting.
- (b) Do board members have independent access to Management and the Corporate Secretary? Yes
- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc? Yes.

The Secretary must possess administrative and interpersonal skills and if he is not the general counsel, must possess some legal skills. He must also have some financial and accounting skills.

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

(e) Committee Procedures

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

Yes ☒ No ☐

Committee	Details of the procedures
Executive	All information can be obtained from the office of the Corp. Sec.; they may also contact Comptroller anytime.
Audit	-do-
Nomination	-do-
Remuneration	-do-
Others (specify)	

6) External Advice

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

Procedures	Details
They may obtain advice on a case by case basis.	Contract with external adviser must be approved by the Board.

7) Change/s in existing policies

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

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

Existing Policies	Changes	Reason

D. REMUNERATION MATTERS

1) Remuneration Process

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

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Board approval	Compensation Committee approval
(2) Variable remuneration	Board approval	Compensation Committee approval
(3) Per diem allowance	Board approval	Compensation Committee approval
(4) Bonus	Board approval	Compensation Committee approval
(5) Stock Options and other financial instruments	Board approval	Compensation Committee approval
(6) Others (specify)	N/A	N/A

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

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

The Manual provides that the levels of remuneration should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or based on corporate and individual performance.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Shall receive such compensation as may from time to time fixed by the Board and approved by the stockholders	Percentage of net income	Based on Percentage of net income
Non-Executive Directors	Shall receive such compensation as may from time to time fixed by the	Percentage of net income	Based on Percentage of net income

	Board and approved by the stockholders		
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Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years. No

Remuneration Scheme	Date of Stockholders' Approval

3) Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	0	0	0
(b) Variable Remuneration	0	0	0
(c) Per diem Allowance	P352,941.20	P529,411.80	P88,235.30
(d) Bonuses	0	0	0
(e) Stock Options and/or other financial instruments	0	0	0
(f) Others (Specify)	0	0	0
Total	P352,941.20	P529,411.80	P88,235.30

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	N/A	N/A	N/A
2) Credit granted	N/A	N/A	N/A
3) Pension Plan/s Contributions	N/A	N/A	N/A
(d) Pension Plans, Obligations incurred	N/A	N/A	N/A
(e) Life Insurance Premium	N/A	N/A	N/A
(f) Hospitalization Plan	N/A	N/A	N/A
(g) Car Plan	N/A	N/A	N/A
(h) Others (Specify)	N/A	N/A	N/A
Total	N/A	N/A	N/A

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares: N/A

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

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting: N/A

Incentive Program	Amendments	Date of Stockholders' Approval

5) Remuneration of Management

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

Name of Officer/Position	Total Remuneration
Joaquin E. San Diego/VP-Corporate Secretary	P1,268,860.95
Rico G. Delos Reyes/Comptroller	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Audit	1	1	1		Select and recommend the Independent Auditor for appointment by the Board of Directors; assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations; provide oversight over Management's activities in managing credit, market liquidity, operational, legal and other risks; perform oversight functions over the corporations' internal and external auditors; review the annual internal audit plan to ensure its conformity with the objectives of the corporations; organize an internal audit department; monitor and evaluate the adequacy and effectiveness of the corporation's internal control	Select and recommend the Independent Auditor for appointment by the Board of Directors; assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations; provide oversight over Management's activities in managing credit, market liquidity, operational, legal and other risks; perform oversight functions over the corporations' internal and external auditors; review the annual internal audit plan to ensure its conformity with the objectives of the corporations; organize an internal audit department; monitor and evaluate the	Shall have the authority to recommend the removal of the Independent Auditor; select and recommend a replacement in case of resignation or removal of an Independent Auditor

					system' review reports submitted by internal and external auditors; review the quarterly, half year and annual financial statements before their submission to the Board	adequacy and effectiveness of the corporation's internal control system' review reports submitted by internal and external auditors; review the quarterly, half year and annual financial statements before their submission to the Board	
Nomination	1	1	1		Shall review and evaluate the qualifications of all persons nominated to the Board and all other appointments that required Board approval; Shall assess the effectiveness of the Board's processes and procedures in the election or replacement of directors	Shall review and evaluate the qualifications of all persons nominated to the Board and all other appointments that required Board approval; Shall assess the effectiveness of the Board's processes and procedures in the election or replacement of directors	Shall determine such other criteria for qualification and disqualification, including grounds for temporary disqualification; power to reject nominees that are not qualified
Remuneration	1	1	1		Shall establish a formal and transparent procedure for developing a policy on remuneration of directors and officers that is consistent with the corporation's culture, strategy and business environment; develop a form on full business interest disclosure as part of pre-	Shall establish a formal and transparent procedure for developing a policy on remuneration of directors and officers that is consistent with the corporation's culture, strategy and business environment; develop a form on full business interest disclosure as	Disallow any director to decide his or her own remuneration; review existing Human Resources Development or Personnel Handbook to strengthen

					employment requirements for all incoming officers; provide in the corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year	part of pre-employment requirements for all incoming officers; provide in the corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year	provisions on conflict of interest, salaries and benefit policies, promotion and career advancement directives and compliance of personnel with statutory requirements
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2) Committee Members

(a) Executive Committee N/A

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman						
Member (ED)						
Member (NED)						
Member (ID)						
Member						

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Joseph Delano M. Bernardo (ID)	March 25, 2013	1	1	100%	5 mos.
Member (ED)		July 12, 2012	1	1	100%	11 mos.
Member (NED)	Martha R. Horrigan					
Member (ID)						
Member	Arturo V. Magtibay	July 12, 2012	1	1	100%	11 mos.

Disclose the profile or qualifications of the Audit Committee members.

Joseph Delano M. Bernardo, is an accomplished executive with international and local experience both in government and the private sector. Mr. Bernardo is a fellow of the Institute of Corporate Directors Inc. (2010-Present). He previously served as President of CDI SAKATA INX CORP. (1974-2001) and CHEMDIS MANUFACTURING CORP. (1976-2001), Director of Philippine Educational Trust and Pension Plans, Inc. (1989-2001) and PETNET-Western Union (1998-2001). He obtained summa cum laude honors for two degrees, Bachelor of Arts and Bachelor of Science in Business

Administration from De La Salle College Manila. Mr. Bernardo had his Masters in Business Administration (MBA Finance) at the Instituto De Estudios Superiores de la Empresa (IESE) Graduate School for Business at the University of Navarra Barcelona, Spain and a Doctorate Degree in International Relations (Honoris Causa) from the Pamantasan ng Lungsod ng Maynila. He became Ambassador of the Philippines to the Kingdom of Spain and Principality of Andorra in 2001 serving the government until July 2008.

Martha R. Horrigan is a director of Professional Pension Plans, Inc. and Professional Academic Plans, Inc. She is an actuary and has been involved in a variety of businesses including mining, real estate, restaurants and pre-need plans.

Arturo V. Magtibay is President of Omnicor Industrial Estate and Realty Center, Inc. and Abacus Global Technovisions, Inc. He was the Provincial Engineer of Batangas from 1996 to 2007. He is also Assistant Professor III and Chairman of the College of Engineering of the University of Batangas. He finished Bachelor of Science in Civil Engineering at the Mapua Institute of Technology.

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

The Audit Committee recommends the appointment of the external auditor and reviews the reports submitted by the external auditor.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Jose V. Romero, Jr.	July 12, 2012	1	1	100%	11 mos.
Member (ED)	Leonardo S. Gayao	July 12, 2012	1	1	100%	11 mos.
Member (NED)	Joaquin E. San Diego	July 12, 2012	1	1	100%	11 mos.
Member (ID)	Joseph Delano M. Bernardo	Mar. 25, 2013	1	1	100%	5 mos.
Member						

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Manuel A. De Leon	July 12, 2012	1	1	100%	11 mos.
Member (ED)	Arturo V. Magtibay	July 12, 2012	1	1	100%	11 mos.
Member (NED)						
Member (ID)	Joseph Delano M. Bernardo	Mar. 25, 2013	1	1	100%	5 mos.
Member						

(e) Others (Specify) N/A

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman						
Member (ED)						
Member (NED)						
Member (ID)						
Member						

3) Changes in Committee Members

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

Name of Committee	Name	Reason
Executive	N/A	N/A
Audit	Gonzalo G. Puyat II	death
Nomination	N/A	N/A
Remuneration	N/A	N/A
Others (specify)	N/A	N/A

4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Executive	N/A	N/A
Audit	Review qualifications of external auditor as well as financial statements	Impact of adoption of new accounting standards
Nomination	Review qualifications of Board of Directors and officers	Qualification of nominee for independent director to take the place of Mr. Gonzalo G. Puyat II
Remuneration	Review the proposals for compensation of directors and new employees	none
Others (specify)	N/A	N/A

5) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
Executive		
Audit		
Nomination		
Remuneration		
Others (specify)		

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The company's overall risk management philosophy is that of moderating risks without being a hindrance to dynamism in the conduct of the company's business.

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

The Board has reviewed the reports submitted by the concerned officers and have confirmed that the risk management policies in place are adequate.

- (c) Period covered by the review; Fiscal year 2012
- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

The Risk Management Committee reviews the risk management system based on the reports submitted on a quarterly basis or whenever the same is required by the Board.

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

2) Risk Policy

(a) Company

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

Risk Exposure	Risk Management Policy	Objective
Liquidity Risk	The company has set forth measures intended to address risks associated with the company's ability to meet its obligations.	To ensure that the company is able to meet its obligations when they become due without incurring unacceptable losses
Operational Risk	The company shall adhere to its Internal Control standards which are contained in the operations manual.	To ensure that the company operates in accordance with its internal control standards
Legal and Compliance Risk	The company shall regularly check management operations vis-à-vis company standards and will maintain transparency in all its transactions.	To ensure that the company complies with the laws, rules, regulations, prescribed practices, internal policies and procedures or ethical standards

(b) Group

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

Risk Exposure	Risk Management Policy	Objective
Liquidity Risk	The company has set forth measures intended to address risks associated with the company's ability to meet its obligations.	To ensure that the company is able to meet its obligations when they become due without incurring unacceptable losses
Operational Risk	The company shall adhere to its Internal Control standards which are contained in the operations manual.	To ensure that the company operates in accordance with its internal control standards
Legal and Compliance Risk	The company shall regularly check management operations vis-à-vis company standards and will maintain transparency in all its transactions.	To ensure that the company complies with the laws, rules, regulations, prescribed practices, internal policies and procedures or ethical standards

(c) Minority Shareholders

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

Risk to Minority Shareholders
Impairment of value of the shareholdings of minority stockholders

3) Control System Set Up

(a) Company

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Liquidity Risk	Signing authorities; check and balance system	Requires that all transactions are signed or at least reviewed by at least 2 authorized signatories/ officers
Operational Risk	Proper segregation and division of duties and responsibilities; independence; check and balance system	Duties are divided according to responsibilities but all actions taken require the approval of the officer assigned to handle the specific task
Legal and Compliance Risk	Regular assessment of compliance with relevant laws, rules and regulations	Compliance with relevant laws, rules and regulations are regularly checked by the legal department; require regular review of transactions based on reports submitted

(b) Group

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Liquidity Risk	Signing authorities; check and balance system	Requires that all transactions are signed or at least reviewed by at least 2 authorized signatories/ officers
Operational Risk	Proper segregation and division of duties and responsibilities; independence; check and balance system	Duties are divided according to responsibilities but all actions taken require the approval of the officer assigned to handle the specific task
Legal and Compliance Risk	Regular assessment of compliance with relevant laws, rules and regulations	Compliance with relevant laws, rules and regulations are regularly checked by the legal department; require regular review of transactions based on reports submitted

(c) Committee

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

Committee/Unit	Control Mechanism	Details of its Functions
Risk Management Unit	Regular reports from concerned officers	Review of company's exposure to various risks and regular reports to CEO and Board

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

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

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

The corporation has appointed a Comptroller who shall perform an independent audit function. The Comptroller shall submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The minimum internal control mechanisms for management's operational responsibility shall center on the President/CEO. The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of the authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

The main objectives of the Bank's internal audit policies shall be to: (1) Maintain the independence of the internal audit staff; (2) Review policies and procedures and verify the Bank's adherence to these policies and procedures; (3) Report audit results to the Compliance Officer and the Audit Committee; (4) Report directly to the Audit Committee; (5) Assist and coordinate with external auditors to provide an effective and efficient audit function within the bank; and (6) Employ knowledgeable, competent personnel with experience in accounting and auditing.

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

The directors have reviewed the effectiveness of the internal control system and the same has been found to be effective and adequate.

(c) Period covered by the review;

Fiscal year 2012

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

Review of internal controls and assessment of effectiveness of the internal control system shall be conducted on a monthly basis.

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

2) Internal Audit

(a) Role, Scope and Internal Audit Function

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

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
1. Perform all activities he or she may require to complete his or her audit. 2. Directly access and communicate with any officer or employee, to examine any activity or entity of the institution, as well as to access any records, files or data whenever relevant to the exercise of their assignment 3. Keep the Audit Committee informed of the Audit Plan and activities. 4. Recommend operating procedures 5. Evaluate specific programs and performing other special projects requested by management. 6. Coordinate their work with that of external auditors. 7. Maintain complete work papers to support the work has been performed and reported on.	1. Examination and evaluation of the adequacy and effectiveness of the internal control systems 2. Review of the application and effectiveness of risk management procedures and risk assessment methodologies 3. Review of the management and financial information systems 4. Assessment of the accuracy and reliability of the accounting system and of the resulting financial reports 5. Review of the systems and procedures of safeguarding assets 6. Review of the system of assessing capital in relation to the estimate of organizational risk 7. Transaction testing and assessment of specific internal control procedures 8. Review of the compliance system and the implementation of established policies and procedures.	In house	Comptroller: Rico G. Delos Reyes Auditing Firm: Valdez Abad & Associates	Monthly reports to be submitted to the CEO

The scope and procedure of all audits are to be determined annually and approved by the Board of Directors.

- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee? N/A
- (c) Discuss the internal auditor's reporting relationship with the audit committee. The Comptroller shall report to the Audit Committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel? Yes.
- (d) Resignation, Re-assignment and Reasons

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

Name of Audit Staff	Reason

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

State the internal audit's progress against plans, significant issues, significant findings and examination trends. N/A

Progress Against Plans	
Issues ⁶	
Findings ⁷	
Examination Trends	

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

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

- (f) Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
Develop an annual plan consisting of areas to be audited within the next 12 months	Meeting of audit committee was held to determine allotted time for each area to be audited; alteration of audit plan is allowed (in the future, if necessary) to ensure all areas that need to be audited are included and ensure that areas requiring a more thorough audit will be given the necessary attention

⁶ "Issues" are compliance matters that arise from adopting different interpretations.

⁷ "Findings" are those with concrete basis under the company's policies and rules.

(g) Mechanisms and Safeguards

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
May not provide non-audit services	Must disclose all holdings and trades involving company shares	Must disclose all holdings and trades involving company shares	Must disclose all holdings and trades involving company shares

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

Chairman: Ambassador Jose V. Romero, Jr.

President: Leonardo S. Gayao

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	Accountability, integrity, fairness and transparency	None
Supplier/contractor selection practice	Accountability, integrity, fairness and transparency	None
Environmentally friendly value-chain	Comply with existing laws, rules and regulations with respect to waste disposal and forest management	None
Community interaction	Adopt business strategies that provide benefit to local communities	None
Anti-corruption programmes and procedures?	Full implementation of whistle blowing policy	None
Safeguarding creditors' rights	Transparency in financial reports and advance notice to creditors prior to disposal of properties used to secure obligations	None

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?
No

3) Performance-enhancing mechanisms for employee participation. N/A

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

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

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

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

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

Any director, officer or employee who is aware of any existing or potential violation of the Code is required to notify the Compliance Officer promptly. The Compliance Officer shall take all action he considers appropriate to investigate any violations reported to it. If a violation has occurred, the Company shall take such disciplinary or preventive action as it deems appropriate.

Disciplinary actions against violators include measures such as dismissal and/or the filing of appropriate civil and criminal actions. For purposes of this Code, "violators" are defined as a) persons who commit prohibited acts or who fail to implement prescribed acts when there is an obvious opportunity to do so; b) employees who knowingly abet such acts of commission or omission or who fail to report such acts that violate the Code; and c) persons of authority who fail to impose the necessary disciplinary measures against violators.

Retaliation or discrimination, whether direct or indirect and in any form, against any director, officer, or employee who reports, honestly and in good faith, any violation or perceived violation of this Code shall not be tolerated.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Blue Stock Development Holdings, Inc.	1,234,461,655	94.49%	Blue Stock Development Holdings, Inc.
Hedge Integrated Management Group, Inc.	187,095,072	7.04%	Hedge Integrated Management Group, Inc.

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Ricardo Leong	7,190,739	N/A	0.27%
Calixto Y. Laureano	3,595,370	N/A	0.14%
Jose V. Romero, Jr.	3,595,370	N/A	0.14%
Martha R. Horrigan	925,000	N/A	0.03%
Leonardo S. Gayao	10	N/A	<0.01%
Manuel A. De Leon	10	N/A	<0.01%
Willy N. Ocier	10	N/A	<0.01%
William Y. Tieng	10	N/A	<0.01%
Joseph Delano M. Bernardo	10	N/A	<0.01%
Jose L. Carlos Jr.	10	N/A	<0.01%
Antonio Victoriano Gregorio III	10	N/A	<0.01%
Manuel R. Moje	10	N/A	<0.01%
Arturo V. Magtibay	10	N/A	<0.01%
Joaquin E. San Diego	0	N/A	0.00%
Rico G. De los Reyes	0	N/A	0.00%
TOTAL	13,571,229	N/A	0.51%

- 2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	No
Attendance details of each director/commissioner in respect of meetings held	No
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

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

The whistle-blowing policy was only recently drafted and is still for Board approval. The number of board of directors meetings held during the year and the attendance details of each director in respect of meetings held were previously disclosed as a separate report.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Valdes Abad & Associates, CPAs	P1,141,960.00	None

4) Medium of Communication

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

Email, facsimile, phone, ordinary mail

5) Date of release of audited financial report: 15 April 2013

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	N/A
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	No
Company's constitution (company's by-laws, memorandum and articles of association)	No

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

The last item was not previously required to be disclosed in the website.

7) Disclosure of RPT N/A

RPT	Relationship	Nature	Value

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

J. RIGHTS OF STOCKHOLDERS

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

(a) Quorum

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

Quorum Required	majority
-----------------	----------

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	One share, one vote
Description	<p>In the election of directors the fifteen (15) nominees with the greatest number of votes will be elected directors. If the number of nominees for election as directors does not exceed the number of directors to be elected, the Secretary of the meeting shall be instructed to cast all votes represented at the Meeting equally in favor of all such nominees. On the other hand, if the number of nominees for election as directors exceeds the number of directors to be elected, voting shall be done by ballot, cumulative voting will be followed, and counting of votes shall be done by the Committee of Election Inspectors as provided for under Section 6 (b) of Article VII of the Corporation's By-laws.</p> <p>For the corporate matters that will be submitted for approval and for such other matters as may properly come before the meeting, a vote of the stockholders representing at least two-thirds (2/3) if the outstanding capital stock or represented by proxy at the meeting is necessary for their approval. Voting shall be done viva voce or by the raising of hands and the votes for or against the matter submitted shall be tallied by the Secretary.</p>

(c) Stockholders' Rights

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

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code

Dividends

Declaration Date	Record Date	Payment Date
July 12, 2012	August 11, 2012	To be announced *
July 20, 2013	To be announced	To be announced

*This 10% property dividend declaration will be replaced by 10% stock dividends declared on July 20, 2013 and to be submitted for ratification by stockholders on July 11, 2013.

(d) Stockholders' Participation

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

Measures Adopted	Communication Procedure

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
 - a. Amendments to the company's constitution – Notice to stockholders of regular/special meetings is given 15 business days prior to date of meeting; 2/3 vote of outstanding capital stock is required for approval.
 - b. Authorization of additional shares - Notice to stockholders of regular/special meetings is given 15 business days prior to date of meeting; 2/3 vote of outstanding capital stock is required for approval but only for increase in authorized capital stock.
 - c. Transfer of all or substantially all assets, which in effect results in the sale of the company - Notice to stockholders of regular/special meetings is given 15 business days prior to date of meeting; 2/3 vote of outstanding capital stock is required for approval.
3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? Yes
 - a. Date of sending out notices: at least 15 business days prior to date of meeting
 - b. Date of the Annual/Special Stockholders' Meeting: Second Thursday of July
4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting. N/A
5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Approval of minutes of previous stockholders' meeting	100%		
Approval of Audited FS as of Dec. 31, 2011	100%		
Ratification of acts of directors and officers since the	100%		

previous annual stockholders' meeting			
Election of directors for the ensuing year	100%		
Appointment of transfer agent	100%		
Appointment of external auditors	100%		

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

July 12, 2012

(e) Modifications

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

Modifications	Reason for Modification

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	1. Jose V. Romero, Jr. 2. Manuel A. De Leon 3. Leonardo S. Gayao 4. Willy N. Ocier 5. Martha R. Horrigan 6. Calixto Y. Laureano 7. Arturo V. Magtibay 8. Manuel R. Moje 9. Jose L. Carlos, Jr. 10. Antonio Victoriano F. Gregorio III 11. Joaquin E. San Diego 12. Rico G. Delos Reyes	July 12, 2012	Show of hands	63.71%	0.18%	63.89%
Special	N/A	N/A	N/A	N/A	N/A	N/A

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs? No

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Yes. Where the company has more than one class of shares, describe the voting rights attached to each class of shares. N/A

(g) Proxy Voting Policies

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

	Company's Policies
Execution and acceptance of proxies	In accordance with SEC Memorandum Circular No. 5, Series of 1996
Notary	-do-
Submission of Proxy	Must be submitted at least 3 calendar days prior to scheduled meeting
Several Proxies	In accordance with SEC Memorandum Circular No. 5, Series of 1996
Validity of Proxy	Valid for the meeting for which it is intended
Proxies executed abroad	In accordance with SEC Memorandum Circular No. 5, Series of 1996
Invalidated Proxy	-do-
Validation of Proxy	-do-
Violation of Proxy	-do-

(h) Sending of Notices

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

Policies	Procedure
Annual Meeting	Written notice shall be sent to each stockholder at least 15 business days prior to the date of such meeting
Special Meeting	Written notice shall be sent to each stockholder at least 15 business days prior to the date of such meeting

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	800
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	20 June 2013
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	20 June 2013
State whether CD format or hard copies were distributed	Hard copies
If yes, indicate whether requesting stockholders were provided hard copies	N/A

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

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	Yes

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

2) Treatment of Minority Stockholders

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

Policies	Implementation
In accordance with Sections 81 to 86 of the Corporation Code and PSE Rules	As needed depending on the subject matter taken up in a stockholders' meeting

(b) Do minority stockholders have a right to nominate candidates for board of directors? Yes

K. INVESTORS RELATIONS PROGRAM

- Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee. The Corporate Secretary takes charge of external and internal communications. Members of the Board refer all inquiries to the Corporate Secretary. Policies are reviewed yearly.
- Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	provide a coordinated approach to disseminating company information and make such information easily accessible to stockholders, investors, analysts and the general public
(2) Principles	good corporate governance and transparency
(3) Modes of Communications	tel 7245055, fax 7243290, mobile 09175182333, email j.sandiego@abacusconsolidated.com
(4) Investors Relations Officer	Atty. Joaquin E. San Diego

- What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets? The transaction must be conducted at arms' length. The transaction price must be fair. When called for, an independent fairness opinion on the transaction price must be obtained.

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

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

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

	Process	Criteria
Board of Directors	Chairman and Corporate Secretary conduct a yearly performance review vis-à-vis Manual of Corporate Governance.	Attendance at meetings; issues resolved; contributions in terms of advice, new business leads, checks on management
Board Committees	Chairman and Corporate Secretary conduct a yearly performance review vis-à-vis Manual of Corporate Governance.	Attendance at meetings; issues resolved; contributions in terms of advice, checks on management
Individual Directors	Chairman and Corporate Secretary conduct a yearly performance review vis-à-vis Manual of Corporate Governance.	Attendance at meetings; issues resolved; contributions in terms of advice, new business leads, checks on management
CEO/President	Chairman and Nomination Committee evaluate performance on a yearly basis.	Improvement of governance and corporate culture; increase in shareholder value; initiatives to improve corporate citizenship

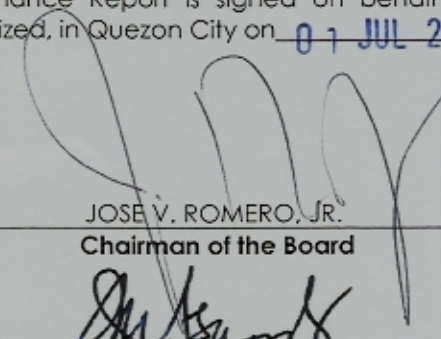
N. INTERNAL BREACHES AND SANCTIONS

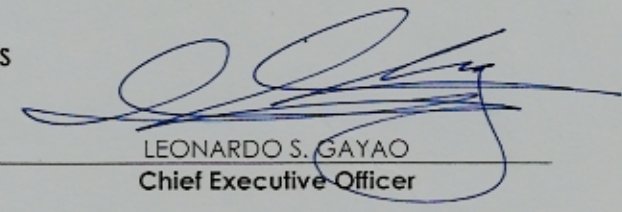
Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

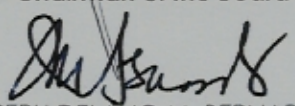
Violations	Sanctions
1 st violation	Reprimand
2 nd violation	Suspension from office
3 rd violation	Removal from office

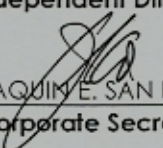
Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in Quezon City on 01 JUL 2013, 2013.

SIGNATURES


JOSE V. ROMERO, JR.
Chairman of the Board

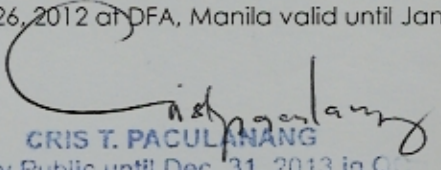

LEONARDO S. GAYAO
Chief Executive Officer


JOSEPH DELANO M. BERNARDO
Independent Director


JOAQUIN E. SAN DIEGO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ day of 01 JUL 2013, 2013, affiant(s) exhibiting to me their competent evidence of identity as follows:

NAME/NO.	ID.NO.	PARTICULARS
Jose V. Romero, Jr.	PPEB4701426	issued on Feb. 14, 2012 at DFA, Manila valid until Feb. 13, 2017
Leonardo S. Gayao	PPEB6783300	issued on Nov. 19, 2012 at DFA, Manila valid until Nov. 18, 2017
Joseph Delano M. Bernardo	Passport No. DE0000739	issued at DFA Manila valid until Oct. 04, 2016
Joaquin E. San Diego	PPEB4542487	issued on Jan. 26, 2012 at DFA, Manila valid until Jan. 25, 2017


CRIS T. PACULANANG

Notary Public until Dec. 31, 2013 in QC

Roll of Attorneys No. 48756

PTR No. 7588226 B/1-2-2013, QC

IBP LRN-05331, Quezon City

MCLE Compliance No. MC-0004552/02-05-2012

Admin. Matter No. NP-234

45-A Atherton St., North Fairview
Quezon City

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Series of 2013.