

COVER SHEET

CS200518779

I P E G A M E V E N T U R E S , I N C .

2nd Floor
Bonifacio Technology Center
31st St. cor. 2nd Avenue
Bonifacio Global City
Taguig

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

ATTY. ALBERT VINCENT Y. YU CHANG

Contact Person

976 4790

Company Telephone Number

1 2
Month

3 1
Day

Annual Corporate Governance Report

FORM TYPE

Month

Day

Fiscal Year

Annual Meeting

Secondary License Type, If Applicable

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

[----- STAMPS -----]

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July 31, 2013



SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills,
Mandaluyong City, Metro Manila

Attention: **Hon. Justina F. Callangan**
Director

Re: Compliance to Show Cause Notice dated July 12, 2013

Gentlemen:

This is in compliance with the Show Cause Notice dated July 12, 2013 which required IP E-Game Ventures, Inc. (the "Corporation") to show cause within five (5) days from notice why it should not be held liable for violation of SEC Memorandum Circular No. 5 Series of 2013 for failure to file on time its Annual Corporate Governance Report (ACGR). A copy of said Show Cause Notice was received by the Corporation on July 30, 2013.

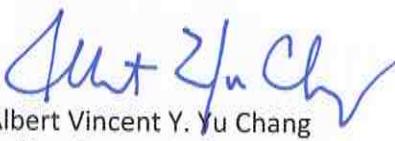
On July 1, 2013, IP E-Game Ventures, Inc. through its Acting Corporate Secretary and Corporate Counsel, Albert Vincent Y. Yu Chang and Maria Rizza S. Ferrer, respectively, filed a request for extension of time to submit the Corporation's Annual Corporate Governance Report (ACGR). Said request for extension to file the ACGR is in light of the recent resignation of the Corporation's Corporate Secretary, Atty. Juname C. De Leon, who is still in the process of turning over relevant information and documents to her successors. Considering the need for further time to gather relevant information to complete the ACGR, the Company inevitably failed to submit the ACGR on July 1, 2013, the last day for filing said ACGR. The failure to submit the ACGR is due solely to the above-stated justifiable reason and is not meant to cause any delay nor defy the rules of this Honorable Office.

In this regard, we humbly request for a favorable consideration of the Corporation's foregoing explanation and to hold the Corporation not liable for violation of SEC Memorandum Circular No. 5, Series of 2013.

Thank you very much.

Very truly yours,

IP E-Game Ventures, Inc.


Albert Vincent Y. Yu Chang
Acting Corporate Secretary


Maria Rizza S. Ferrer
Corporate Counsel

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

(A) Use of Form ACGR

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

(B) Preparation of Report

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

(C) Signature and Filing of the Report

- A. Three (3) complete sets of the report shall be filed with the Main Office of the Commission.
- B. At least one complete copy of the report filed with the Commission shall be **manually signed**.
- C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.
- D. This report is required to be filed annually together with the company's annual report.

(D) Filing an Amendment

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".



SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

IP E-GAME VENTURES, INC.

1. Report is Filed for the Year **2012**
2. Exact Name of Registrant as Specified in its Charter **IP E-Game Ventures, Inc.**
3. **2nd Floor Bonifacio Technology Center,
31st Street corner 2nd Avenue,
Bonifacio Global City, Taguig City, M.M.** **1634**
.....
Address of Principal Office Postal Code
4. SEC Identification Number **CS200518779** 5. **[REDACTED] (SEC Use Only)**
Ind [REDACTED], assification Code
6. BIR Tax Identification Number **242-246-380**
7. Issuer's Telephone number, including area code **(632) 9764784**
8. **34th Floor RCBC Plaza Tower II, 6819 Ayala Avenue, Makati City**
.....
Former name or former address, if changed from the last report

TABLE OF CONTENTS

A. BOARD MATTERS.....	5
1) BOARD OF DIRECTORS	
(a) Composition of the Board.....	5
(b) Corporate Governance Policy/ies.....	5
(c) Review and Approval of Vision and Mission.....	6
(d) Directorship in Other Companies.....	6
(e) Shareholding in the Company.....	8
2) CHAIRMAN AND CEO.....	9
3) PLAN FOR SUCCESSION OF CEO/MANAGING DIRECTOR/PRESIDENT AND TOP KEY POSITIONS..	10
4) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS.....	10
5) CHANGES IN THE BOARD OF DIRECTORS.....	11
6) ORIENTATION AND EDUCATION PROGRAM.....	20
B. CODE OF BUSINESS CONDUCT & ETHICS.....	21
1) POLICIES.....	21
2) DISSEMINATION OF CODE.....	25
3) COMPLIANCE WITH CODE.....	25
4) RELATED PARTY TRANSACTIONS.	25
(a) Policies and Procedures.....	25
(b) Conflict of Interest.....	26
5) FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS.....	27
6) ALTERNATIVE DISPUTE RESOLUTION.....	27
C. BOARD MEETINGS & ATTENDANCE.....	27
1) SCHEDULE OF MEETINGS.....	27
2) DETAILS OF ATTENDANCE OF DIRECTORS.....	28
3) SEPARATE MEETING OF NON-EXECUTIVE DIRECTORS.....	28
4) QUORUM REQUIREMENT	28
5) ACCESS TO INFORMATION.....	28
6) EXTERNAL ADVICE.....	29
7) CHANGES IN EXISTING POLICIES.....	30
D. REMUNERATION MATTERS.....	30
1) REMUNERATION PROCESS.....	30
2) REMUNERATION POLICY AND STRUCTURE FOR DIRECTORS.....	30
3) AGGREGATE REMUNERATION	31
4) STOCK RIGHTS, OPTIONS AND WARRANTS.....	32
5) REMUNERATION OF MANAGEMENT.....	33
E. BOARD COMMITTEES.....	33
1) NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES.....	33
2) COMMITTEE MEMBERS.....	36
3) CHANGES IN COMMITTEE MEMBERS.....	38
4) WORK DONE AND ISSUES ADDRESSED.....	38
5) COMMITTEE PROGRAM.....	39
F. RISK MANAGEMENT SYSTEM.....	39

1) STATEMENT ON EFFECTIVENESS OF RISK MANAGEMENT SYSTEM.....	39
2) RISK POLICY.....	40
3) CONTROL SYSTEM.....	43
G. INTERNAL AUDIT AND CONTROL.....	48
1) STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM.....	48
2) INTERNAL AUDIT	
(a) Role, Scope and Internal Audit Function.....	48
(b) Appointment/Removal of Internal Auditor.....	48
(c) Reporting Relationship with the Audit Committee.....	49
(d) Resignation, Re-assignment and Reasons.....	49
(e) Progress against Plans, Issues, Findings and Examination Trends.....	49
(f) Audit Control Policies and Procedures.....	49
(g) Mechanisms and Safeguards.....	49
H. ROLE OF STAKEHOLDERS.....	50
I. DISCLOSURE AND TRANSPARENCY.....	53
J. RIGHTS OF STOCKHOLDERS.....	55
1) RIGHT TO PARTICIPATE EFFECTIVELY IN STOCKHOLDERS' MEETINGS.....	55
2) TREATMENT OF MINORITY STOCKHOLDERS.....	62
K. INVESTORS RELATIONS PROGRAM.....	62
L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES.....	63
M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL.....	63
N. INTERNAL BREACHES AND SANCTIONS.....	64

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	Nine (9)
Actual number of Directors for the year	Nine (9)

(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
Jaime C. Gonzalez	ED	N/A	Jaime Enrique Y. Gonzalez	2005	July 31, 2012	Annual	8
Jaime Enrique Y. Gonzalez	ED	N/A	Jaime Enrique Y. Gonzalez	2006	July 31, 2012	Annual	7
Rene R. Fuentes	ID	N/A	Jaime Enrique Y. Gonzalez (<i>not related to ID</i>)	2009	July 31, 2012	Annual	4
Juan Victor Tanjuatco	ID	N/A	Jaime Enrique Y. Gonzalez (<i>not related to ID</i>)	2009	July 31, 2012	Annual	4
Steve Tsao*	NED	N/A	Jaime Enrique Y. Gonzalez	2006	July 31, 2012	Annual	7
Juan Kevin G. Belmonte	ED	N/A	Jaime Enrique Y. Gonzalez	2006	July 31, 2012	Annual	7
Rosanna L. Go	ED	N/A	Jaime Enrique Y. Gonzalez	July 2011	July 31, 2012	Annual	2
Marco Antonio Y. Santos	NED	N/A	Jaime Enrique Y. Gonzalez	July 2011	July 31, 2012	Annual	2
Ricardo Gabriel T. Po, Jr.	ED	N/A	Jaime Enrique Y. Gonzalez	April 2011	July 31, 2012	Annual	2
Roger Stone*	NED	N/A	Jaime Enrique Y. Gonzalez	October 2012	October 2012	BOD Meeting	1

* Mr. Roger Stone replaced Mr. Steve Tsao, who resigned on 25 October 2012.

- (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 Corporation's Revised Manual of Corporate Governance (the "Manual") adopted all the mandatory provisions of the Revised Code of Corporate Governance pursuant to SEC Memorandum Circular No. 6, Series of 2009. The Board of Directors and Management of the Corporation commit themselves to the principles and best practices contained in the Manual of Corporate Governance and acknowledge that the same will be the Corporation's primary source of guidance on all aspects of governance.

The Manual includes rules on Stockholders' rights and protection of minority stockholders' interest which

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

state that the Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely: (i) Right to vote on all matters that require their consent or approval; (ii) Pre-emptive right to all stock issuances of the Corporation; (iii) Right to inspect corporate books and records; (iv) Right to information; (v) Right to dividends; and (vi) Appraisal right.

The Manual likewise requires the Board to be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration and approval. Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.

On Disclosure and Transparency, the Manual provides that it is essential that all material information about the Corporation which could adversely affect its viability or the interests of the stockholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board Management. All such information should be disclosed through the appropriate Exchange mechanisms and submissions to the Commission.

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

The Board has approved the vision and mission of the Corporation sometime in April 2010. The Board reviews and approves the vision and mission as often as required.

(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.
Jaime C. Gonzalez	Ran Online, Inc. Digital Paradise, Inc.	ED ED ; Chairman
Jaime Enrique Y. Gonzalez	Y-Fi Business Solutions, Inc. Ran Online, Inc. Digital Paradise, Inc. Webworx Computer Technology Corp. IP Foundation, Inc. I-Pay Commerce Ventures, Inc.	ED ED ; Chairman ED ED ; Chairman ED ED ; Chairman
Rene R. Fuentes	N/A	N/A
Juan Victor Tanjuatco	N/A	N/A
Steve Tsao	Digital Paradise, Inc.	NED
Juan Kevin G. Belmonte	Digital Paradise, Inc.	NED
Rosanna L. Go	N/A	N/A
Marco Antonio Y. Santos	Y-Fi Business Solutions, Inc. Ran Online, Inc. Digital Paradise, Inc. IP Foundation, Inc. I-Pay Commerce Ventures, Inc.	ED ; Chairman ED ED ED ; Chairman ED

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

Ricardo Gabriel T. Po, Jr.	N/A	N/A
Roger Stone	N/A	N/A

(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.
Jaime C. Gonzalez	Arthaland Corporation	NED
Jaime Enrique Y. Gonzalez*	Millenium Global Holdings, Inc. (formerly IPVG Corp.)	ED
	Arthaland Corporation	NED
Rene R. Fuentes	N/A	N/A
Juan Victor Tanjuatco	N/A	N/A
Steve Tsao	N/A	N/A
Juan Kevin G. Belmonte	EEI Corporation Coal Asia Holdings, Inc.	NED ID
Rosanna L. Go	N/A	N/A
Marco Antonio Y. Santos	N/A	N/A
Ricardo Gabriel T. Po, Jr.	Arthaland Corporation	NED
Roger Stone*	Millenium Global Holdings, Inc. (formerly IPVG Corp.)	NED

* Resigned with Millenium Global Holdings, Inc. (formerly IPVG Corp.) effective January 14, 2013.

(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
Jaime C. Gonzalez	Jaime Enrique Y. Gonzalez	Jaime C. Gonzalez is the father of Jaime Enrique Y. Gonzalez
Jaime Enrique Y. Gonzalez	Jaime C. Gonzalez Marco Antonio Y. Santos	Jaime Enrique Y. Gonzalez is the son of Jaime C. Gonzalez. Jaime Enrique Y. Gonzalez and Marco Antonio Y. Santos are second cousins.
Rene R. Fuentes	N/A	N/A
Juan Victor Tanjuatco	N/A	N/A
Steve Tsao	N/A	N/A
Juan Kevin G. Belmonte	N/A	N/A
Rosanna L. Go	N/A	N/A
Marco Antonio Y. Santos	Jaime Enrique Y. Gonzalez	Marco Antonio Y. Santos and Jaime Enrique Y. Gonzalez are second cousins.
Ricardo Gabriel T. Po, Jr.	N/A	N/A
Roger Stone	N/A	N/A

- (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	The President/CEO and other executive directors may be covered by a lower indicative limit for membership in other boards.	No specific limit is explicitly set as all our directors have the capacity and ability to serve the board and perform their duties and responsibilities without compromising their diligence and efficiency.
Non-Executive Director	A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations.	No specific limit is explicitly set as all our directors have the capacity and ability to serve the board and perform their duties and responsibilities without compromising their diligence and efficiency
CEO	The President/CEO and other executive directors may be covered by a lower indicative limit for membership in other boards.	No specific limit is explicitly set as all our directors have the capacity and ability to serve the board and perform their duties and responsibilities without compromising their diligence and efficiency

(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
Jaime C. Gonzalez	100	400 / through PCD	0.00%
Jaime Enrique Y. Gonzalez	100	19,890,400 / through PCD	0.09%
Rene R. Fuentes	100	400 / through PCD	0.00%
Juan Victor Tanjuatco	100	400 / through PCD	0.00%
Steve Tsao	100	0	0.00%
Juan Kevin G. Belmonte	100	400 / through PCD	0.00%
Rosanna L. Go	100	0	0.00%
Marco Antonio Y. Santos	100	0	0.00%
Ricardo Gabriel T. Po, Jr.	100	0	0.00%
Roger Stone	100	0	0.00%

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	Jaime C. Gonzalez
CEO/President	Jaime Enrique Y. Gonzalez

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role Accountabilities Deliverables	<p>*Ensure the meetings of the Board are held in accordance with the by-laws or as the Chairman may deem necessary;</p> <p>*Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors;</p> <p>*Maintain qualitative and timely lines of communication and information between the Board and Management;</p> <p>*Assist in ensuring compliance with company's guidelines on corporate governance;</p> <p>*Exercise such powers and perform such duties as the Board of Directors may assign to him.</p>	<p>*Administration and direction of the day-to-day business affairs of the Corporation;</p> <p>*Preside at the meetings of the Board of Directors and of the stockholders in the absence of the Chairman of the Board of Directors;</p> <p>*Initiate and develop corporate objective and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation;</p> <p>*Have general supervisions and management of the business affairs and properties of the Corporation;</p> <p>*Ensure that the administrative and operational policies of the Corporation are carried out under his supervision and control;</p> <p>*Subject to guidelines prescribed by law or the Board of Directors, appoint, remove, suspend or discipline employees of the Corporation, prescribe their duties, and determine their salaries;</p> <p>*Oversee the preparation of the budgets and the statement of accounts of the Corporation;</p> <p>*Prepare such statements and report of the Corporation as may be required by law;</p> <p>*Represent the Corporation at all functions and proceedings;</p> <p>Execute on behalf of the Corporation all contracts, agreements and other instruments affecting the interests of the</p>

		Corporation which require the approval of the Board of Directors, except as otherwise directed by the Board of Directors; *Make reports to the Board of Directors and stockholders; *Sign certificates of stock; and *Perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.
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3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?

The CEO is appointed through the Corporation's organizational meeting. In case the CEO/Managing Director/President and/or any of the top key management positions resigns, ceases to hold his/her respective post, and/or is removed from his/her position, prior to the organizational meeting, the Board of Directors upon the recommendation of the Executive Committee appoints the successor.

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.

IP E-Game Ventures, Inc. is a very specialized business engaged in high-quality, secure, fun, immersive and socially interactive online games. All the directors of the Corporation come from different industries with different business experiences, diverse background and practice. Although the Corporation's directors have diversity in their experiences and background, as some are engaged in the financial industry, food industry, and real estate industry, among many others; their preparation and training are still related to the industry or business of the Corporation, i.e., online 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. Roger Stone has background and experience with online gaming. He has had more than thirty (30) years experience in the areas of marketing, sales, software development and executive management in the IT and telecommunications industries. For a number of years he ran his own consultancy business and leveraged his exposure to European, Asian & Pacific rim, Central and Latin American business markets. He has spent almost 20 years of his career working outside the United Kingdom in Austria, Hong Kong, India, Philippines, Vietnam, Thailand and Costa Rica and has held senior management posts in IT companies including CEO of a UK based plc.

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

	Executive	Non-Executive	Independent Director
Role Accountabilities Deliverables	The executive directors may act, by majority vote of all the members of the executive committee, in such specific matters within the competence of the Board, as may be delegated to it by the majority vote of the Board, except as may be otherwise required	Although the Non-Executive Directors are not involved in the day-to-day corporate activities and the running of business of the Corporation, they monitor and oversee the executive activities and contribute to the growth and expansion of business strategy. They	An "independent director" is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a

	<p>under the Corporation Code.</p> <p>They possess and may exercise all the powers of the Board of Directors in the management and direction of all the business and affairs of the Corporation, in such manner as they shall deem best for the interest of the Corporation in all cases in which specific directions shall not have been given by the Board of Directors.</p>	<p>provide creative contribution to the Corporation by providing objective criticism.</p>	<p>director of the Corporation.</p> <p>The Independent Director shall have the following qualifications:</p> <ul style="list-style-type: none"> (a) He shall have at least one (1) share of stock of the Corporation; (b) He shall be at least a college graduate or he shall have been engaged or have experience in the same line of business as the Corporation for at least five (5) years; (c) He shall possess integrity / probity; and (d) He shall be assiduous.
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Provide the company's definition of "independence" and describe the company's compliance to the definition.

The Company maintains its independence by way of practices that avoid undue influence that may affect the judgment of the members of the Board of Directors and Senior Management. In the conduct of its business, the Company, its Board of Directors and Officers exercise due care to ensure compliance with corporation and securities laws regarding dealings with corporations with Interlocking Directors or dealings with Directors and Officers of the Company.

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

The Company follows the SEC's guidelines on setting the term limit for an Independent Director. Pursuant to Securities and Exchange Commission's Memorandum Circular No. 9, Series of 2011, an independent director (ID) can serve as such for five (5) consecutive years, provided that service for a period of at least six (6) months shall be equivalent to one (1) year, regardless of the manner by which the ID position was relinquished or terminated. After the completion of the five-year service period; an ID shall be ineligible for election as such unless the ID has undergone a "cooling off" period of two (2) years. An ID re-elected as such after the "cooling off" period can serve for another five (5) consecutive 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
Jaime C. Gonzalez	N/A	N/A	N/A
Jaime Enrique Y. Gonzalez	N/A	N/A	N/A
Rene R. Fuentes	N/A	N/A	N/A
Juan Victor Tanjuatco	N/A	N/A	N/A

Steve Tsao	Director	October 25, 2012	Resigned
Juan Kevin G. Belmonte	N/A	N/A	N/A
Rosanna L. Go	N/A	N/A	N/A
Santos	N/A	N/A	N/A
Ricardo Gabriel T. Po, Jr.	N/A	N/A	N/A
	N/A	N/A	N/A

* Mr. Roger Stone replaced Mr. Steve Tsao, who resigned on 25 October 2012.

(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	<p>The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and have qualified.</p> <p>All nominations for directors to be elected by the stockholders of the Corporation shall be submitted in writing to the Secretary of the Corporation at the principal place of office of the Corporation not earlier than forty (40) days nor later than twenty (20) days prior to the date of the regular or special meeting of stockholders for the election of the directors. Nominations which are not submitted within such nomination period shall not be valid. Only a stockholder of record entitled to notice of and vote at the regular or special meeting of the stockholders for the election of the directors shall be qualified to be nominated and elected a director of the Corporation.</p> <p>Any registered stockholder</p>	<p>In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, the Board may provide for additional qualifications which include, among others, the following:</p> <ol style="list-style-type: none"> 1. College education or equivalent academic degree; 2. Practical understanding of the business of the corporation; 3. Membership in good standing in relevant industry, business or professional organizations; and 4. Previous business experience.

	<p>may be nominated and elected to the Board of Directors. The Nomination Committee, by majority vote, shall pass upon the qualification of the nominee to the Board. It may also, in the exercise of its discretion and by majority vote of its members, disqualify a nominated shareholder who, in the Nomination Committee's judgment, represents an interest adverse to or in conflict with those of the Corporation. No nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.</p>	
(ii) Non-Executive Directors	Same as in the Executive Directors.	Same as in the Executive Directors
(iii) Independent Directors	<p>Section 2(a) of the Corporation's By-laws states that the nomination of Independent Director/s shall be conducted by a Nomination Committee prior to a stockholders' meeting. All nominations of Independent Directors shall be made in writing and signed by the nominating stockholders, and shall include the acceptance and conformity by the would-be nominees.</p> <p>The Nomination Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for Independent Director(s).</p> <p>After the nomination, the Nomination Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for Independent Directors, including, but not limited to, the following information:</p> <p>(a) Name, age and citizenship;</p>	<p>An Independent Director:</p> <ul style="list-style-type: none"> (1) Shall have at least one (1) share of stock of the Corporation; (2) Shall be at least a college graduate or he shall have been engaged or have experience in the same line of business as the Corporation for at least five (5) years; (3) Shall possess integrity/probity; and (4) Shall be assiduous. <p>Likewise, an Independent Director:</p> <ul style="list-style-type: none"> (1) Does not exceed two percent (2%) of the shares of Corporation and/or its related companies or any of its substantial shareholders; (2) Should be independent of management and free from any business or other relationship 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; (3) Should not be a director or officer or substantial stockholder of the Corporation or of its related

	<p>(b) List of the positions and offices that each such nominee held, or will hold, if known, with the Corporation;</p> <p>(c) Business experience during the past five (5) years;</p> <p>(d) Directorship held in other companies;</p> <p>(e) Involvement in legal proceedings; and</p> <p>(f) Security ownership.</p> <p>The list shall be made available to the Securities and Exchange Commission and to all stockholders through the filing and distribution of the Information Statement or in such other reports required by the Securities and Exchange Commission. The name of the person or group of persons who recommended the nomination of the Independent Director shall be identified in such report including any relationship with the nominee.</p> <p>Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director/s. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.</p> <p>The Chairman of the stockholders' meeting has the responsibility to inform all stockholders in attendance of the mandatory requirement of electing Independent Directors and to ensure that the Independent Directors are elected during the stockholders' meeting.</p> <p>Specific slot/s for Independent Directors shall not be filled-up by unqualified nominees.</p>	<p>companies or any of its substantial shareholders (other than as an Independent Director of any of the foregoing);</p> <p>(4) Should not be a relative of any director, officer or substantial shareholder of the Corporation, any of its related companies or any of its substantial shareholders;</p> <p>(5) Should not act as a nominee or representative of a substantial shareholder of the Corporation, any of its related companies or any of its substantial shareholders;</p> <p>(6) Should not have been employed in any executive capacity by the Corporation, any of its related companies or by any of its substantial shareholders within the last five (5) years;</p> <p>(7) Should not have been retained as professional adviser by the Corporation, any of its related companies or any of its substantial shareholders within the last five (5) years, either personally or through his firm; and</p> <p>(8) Should not have been engaged and does not engage in any transaction with the Corporation or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial or insignificant.</p>
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	<p>In case of failure of election for Independent Director/s, the chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy.</p> <p>Any controversy or issue arising from the selection, nomination or election of Independent Directors shall be resolved by the Securities and Exchange Commission by appointing Independent Directors from the list of nominees submitted by the stockholders.</p>	
b. Re-appointment		
(i) Executive Directors	Same as above.	Same as above.
(ii) Non-Executive Directors	Same as above.	Same as above.
(iii) Independent Directors	Pursuant to Securities and Exchange Commission's Memorandum Circular No. 9, Series of 2011, an independent director (ID) can serve as such for five (5) consecutive years, provided that service for a period of at least six (6) months shall be equivalent to one (1) year, regardless of the manner by which the ID position was relinquished or terminated. After the completion of the five-year service period; an ID shall be ineligible for election as such unless the ID has undergone a "cooling off" period of two (2) years. An ID re-elected as such after the "cooling off" period can serve for another five (5) consecutive years.	Same as above.
c. Permanent Disqualification		
(i) Executive Directors	No person shall be nominated or elected to the Board or shall qualify as a Director and/or officer of the Corporation if he is permanently disqualified based on the grounds enumerated in the Manual of Corporate Governance of the Corporation.	The following shall be grounds for permanent disqualifications of a director: (i) Any person by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct

as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, future commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;

(ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any

	<p>activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation of the organization;</p> <p>(iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>(iv) Any person who has been adjudged by final judgment or order of the Commission, court or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;</p> <p>(v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;</p> <p>(vi) Any person judicially declared as insolvent;</p> <p>(vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above;</p> <p>(viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation</p>
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		Code committed within five (5) years prior to the date of his election or appointment.
(ii) Non-Executive Directors	Same as above.	Same as above.
(iii) Independent Directors	<p>After serving as Independent Director for ten (10) years, the Independent Director shall be perpetually barred from being elected as such in the company, without prejudice to being elected as Independent Director in other companies outside of the business conglomerate, where applicable, under the same conditions provided for in SEC Memorandum Circular No. 9, Series of 2011.</p>	<p>Shall have completed serving as Independent Director for ten (10) years.</p>
d. Temporary Disqualification		
(i) Executive Directors	<p>A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>	<p>The Board may provide for the temporary disqualification of a director for any of the following reasons:</p> <ul style="list-style-type: none"> (i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists. (ii) Absence in more than fifty (50%) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election. (iii) Dismissal or termination for cause as director of any corporation covered by the Code. This disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination. (iv) If the beneficial equity ownership of an independent director in the corporation or

		its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with. (v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.
(ii) Non-Executive Directors	Same as above.	Same as above.
(iii) Independent Directors	After completion of the five-year service period, an Independent Director shall be ineligible for election as such in the same company unless the Independent Director has undergone a "cooling off" period of two (2) years, provided that during such period, the Independent Director concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as Independent Director in the same company.	Shall have completed the five-year service period, an Independent Director is temporarily disqualified from being elected as such during the "cooling off" period (2 years after the 5-year service period).
e. Removal		
(i) Executive Directors	Any director may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock, Provided, That such removal shall take place either at a regular meeting of the corporation or at a special meeting called for the purpose, and in either case, after previous notice to stockholders of the corporation of the intention to propose such removal at the meeting. A special meeting of the stockholders for the purpose of removal of directors or trustees, or any of them must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock. Should the secretary fail or refuse to call the special	A director may be removed with or without cause, provided, that removal without cause may not be used to deprive minority stockholders of the right of representation to which they may be entitled of.

	meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders by any stockholders signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed under the Corporation Code. Removal may be with or without cause: Provided, That removal without cause may not be used to deprive minority stockholders of the right of representation to which they may be entitled of.	
(ii) Non-Executive Directors	Same as above.	Same as above.
(iii) Independent Directors	Same as above.	Same as above.
f. Re-instatement		
(i) Executive Directors	N/A	N/A
(ii) Non-Executive Directors	N/A	N/A
(iii) Independent Directors	N/A	N/A
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
Jaime C. Gonzalez	13,687,768,700
Jaime Enrique Y. Gonzalez	13,687,768,700
Rene R. Fuentes	13,687,768,700
Juan Victor Tanjuatco	13,687,768,700
Steve Tsao	13,687,768,700
Juan Kevin G. Belmonte	13,687,768,700
Rosanna L. Go	13,687,768,700
Marco Antonio Y. Santos	13,687,768,700
Ricardo Gabriel T. Po, Jr.	13,687,768,700
Roger Stone*	N/A

*Appointed by the Board to replace Mr. Steve Tsao who resigned on October 25, 2012.

6) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

While there is no formal orientation program for new directors, the Company, by practice, conducts orientation through the CEO and/or President who performs a level of discussion with the incoming directors

in order to give them better understanding of the business and operations of the company. In addition, new directors are given access to corporate records such as the Audited Financial Statements; Definitive Information Statement; Annual Report; Revised Manual of Corporate Governance; Amended Articles of Incorporation; Amended By-laws; Minutes of meetings, and other relevant corporate documents.

- (b) State any in-house training and external courses attended by Directors and Senior Management³ for the past three (3) years:

Name of Director/Officer	Date of Training	Course / Program Description	Name of Training Institution
Jaime Enrique Y. Gonzalez	2011-2013 9-week Executive Education Program held over a 3-year period	Owner/President Management Program (OPM)	Harvard Business School
Rosanna L. Go	March 16, 2012	AMLA Seminar	Bangko Sentral ng Pilipinas

- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Jaime Enrique Y. Gonzalez	2011-2013 9-week Executive Education Program held over a 3-year period	Owner/President Management Program (OPM)	Harvard Business School
Rosanna L. Go	March 16, 2012	AMLA Seminar	Bangko Sentral ng Pilipinas
N/A	N/A	N/A	N/A

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	The Manual of Corporate Governance of the Company mandates that a Director should conduct fair business transactions with the Corporation, and ensure that his personal interest does not conflict with the	Senior Management and Employees of the Company are not allowed to engage in any business that will pose possible or actual conflict with the Company's main line of business.	Same as that of the Senior Management.

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>interest of the Corporation. In case of Conflict of Interest, as in related party transactions, the Board approves said transactions with the inhibition of the Director involved. Such approval of the Board shall be ratified by the stockholders during the stockholders' meeting. These transactions are disclosed by the Corporation in the PSE.</p>		
(b) Conduct of Business and Fair Dealings	<p>The Manual of Corporate Governance of the Company mandates that a Director should conduct fair business transactions with the Corporation, and ensure that his personal interest does not conflict with the interest of the Corporation. Members of the board of directors are selected based on the board's assessment of a prospective director's ability to exercise a director's fiduciary duties. In the exercise of fiduciary duties, the directors perform actions which in their judgment are in the best interest of the company. In practice, the company ensures that its transactions do not compromise the company's integrity, reputation and corporate social responsibilities. In the conduct of business and fair dealings, the company adheres to work and ethical business practices. The Company's Directors, Senior Management</p>	<p>The Company's Directors, Senior Management and Employees are expected to exercise prudent, professional and reasonable judgment in all their dealings. Senior management only performs actions authorized by the board of directors who are presumed to act in the best interest of the company.</p>	<p>Same as that of the Senior Management.</p>

	and Employees are expected to exercise prudent, professional and reasonable judgment in all their dealings.		
(c) Receipt of gifts from third parties	Although there are no specific rules or policies on receipt of gifts to third parties, the Company's Directors, Senior Management and Employees are discouraged to receive and give gifts of unusually high value, especially those in certain departments whose position may be considered sensitive to potential bribery or corrupt practices.	Same.	Same.
(d) Compliance with Laws & Regulations	All Directors, Senior Management and Employees of the Corporation are expected to comply with the laws and regulations at all times.	Same.	Same.
(e) Respect for Trade Secrets/Use of Non-public Information	Except when disclosure is authorized or legally mandated, Directors of the company shall keep secure and confidential all non-public information they may acquire or learn by reason of their position as directors. They should not reveal confidential information to unauthorized persons without authority of the Board. They are expected to preserve and safeguard the confidentiality of information entrusted by the Company, its customers, business partners or such other parties with whom the Company relates.	The Contract signed by the Senior Management and the Employees include a Non-Disclosure and Non-Compete Agreement, whereby the employees agree to maintain company information, knowledge, communication, trade secrets, among others, in the strictest confidence and agree not to use or disclose said information or permit the use or disclosure of the information.	Same as in the Senior Management.
(f) Use of Company Funds, Assets and Information	Directors, Senior Management and Employees of the	Same.	Same.

	Company shall use company resources and properties, including company time and supplies efficiently and economically and for legitimate business purpose only. They shall preserve, maintain and protect Company assets from loss, damage, misuse or theft. Directors, Senior Management and Employees should devote the time and attention necessary to properly and effectively perform their duties and responsibilities.		
(g) Employment & Labor Laws & Policies	As far as the Directors may exercise their judgment in the implementation of Employment & Labor Laws & Policies, the Directors shall strictly apply the Company rules and regulations in relation to the Labor laws in disciplining the Company's Senior Management and Employees.	For just and authorized causes for termination of employment, the HR Department strictly complies with the procedural and substantive rules as mandated by the labor laws.	Same.
(h) Disciplinary action	The Human Resources Department of the Corporation, pursuant to the Company's Manual or Handbook and employment and labor laws provisions, effect disciplinary actions for erring employees, including Senior Management and Officers.	Same.	Same.
(i) Whistle Blower	It is the responsibility of the Directors, Senior Management and Employees of the Company to report unethical behavior of any colleague or co-employee, regardless of the latter's level of authority, in order to	Same.	Same.

	address the problems effectively. An Employee who becomes aware of any violation of the Code of Ethics shall report the same to his or her immediate superior, who in turn shall refer the matter to the Human Resources Department for appropriate investigation. If Senior Management or any Board Member is involved, the same shall be brought to the attention of the Executive Committee who shall conduct investigation on the matter.		
(j) Conflict Resolution	Conflict Resolution shall be conducted by the Security Department of the Company, in conjunction with the Human Resources Department and the Legal Department of the company.	Same.	Same.

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

Yes. For appropriate implementation and monitoring, all directors, senior management and employees of the company were provided with a copy of the Code of Ethics and Rules of Conduct (Employee Manual) of the Company.

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

The President or CEO oversees the implementation and monitoring of compliance with the code of ethics or conduct of the company. The President or CEO may delegate said power to the executive committee who shall implement and monitor compliance with the code of all employees of the Corporation, especially those in the top management positions. The immediate supervisors, managers and department heads implement and monitor compliance with the code of all his/her staff and subordinates. In case of violation of any of the provision of the Code of Ethics or Conduct of the company, the immediate supervisors, managers and/or department heads shall refer to the Human Resources Department the erring employee for disciplinary action.

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	In related party transactions, the Board approves said transaction with the inhibition of the Director involved. Such approval of the Board shall be ratified by the stockholders during the stockholders' meeting. These transactions are disclosed by the Corporation in the PSE.
(2) Joint Ventures	N/A
(3) Subsidiaries	Same policies and procedures as with the Parent Company
(4) Entities Under Common Control	Same policies and procedures as with the Parent Company
(5) Substantial Stockholders	Same policies and procedures as with the Parent Company only that, in case of substantial stockholders, the approval of the majority of the minority present and represented during the Stockholders' meeting is sought.
(6) Officers including spouse/children/siblings/parents	Same policies and procedures as with the Parent Company
(7) Directors including spouse/children/siblings/parents	Same policies and procedures as with the Parent Company
(8) Interlocking director relationship of Board of Directors	Same policies and procedures as with the Parent Company

(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.

Details of Conflict of Interest (Actual or Probable)	
Name of Director/s Jaime Enrique Y. Gonzalez Roger Stone	(Related Party Transaction) Loans of the Corporation from a financing institution totaling to P31.5 million have been settled in advance by these Directors in November 2012. The principal amount is subject to 2% monthly interest and the principal amount of loan will be due to the Directors in November 2013.
Name of Officer/s	N/A
Name of Significant Shareholders	N/A

(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	The Corporation requires its directors and officers and significant shareholders to disclose if there are any possible conflicts of interest. For significant shareholders, any transaction shall be subject to the approval of the Board of Directors and ratification of the shareholders and the approval of the majority of minority present and represented during the stockholders meeting.

Group	Same as above.
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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:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description
IP Ventures, Inc.	Parent Company	Management Agreement with IP E-Game Ventures, Inc.

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

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

6) Alternative Dispute Resolution

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

Alternative Dispute Resolution System	
Corporation & Stockholders	As per the Manual of Corporate Governance of the Company, the Board of Directors shall establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including the regulatory authorities.
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?

The Board of Directors' meetings were pre-set through a Board Resolution stating:

"RESOLVED, that the Regular Meetings of the Board of Directors of IP E-Game

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

Ventures, Inc. (the "Corporation") be set at 3:30 p.m. every last Friday of the first and last months of each quarter, except for December, which shall be held on the first Friday of the said month."

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Jaime C. Gonzalez	July 31, 2012	13	13	100%
Member	Jaime Enrique Y. Gonzalez	July 31, 2012	13	13	100%
Member	Ricardo T. Po, Jr.	July 31, 2012	13	12	92%
Member	Juan Kevin G. Belmonte	July 31, 2012	13	11	85%
Member	Marco Antonio Y. Santos	July 31, 2012	13	10	77%
Member	Steve Tsao*	2006	11	9	82%
Member	Roger Stone*	October 2012	2	2	100%
Member	Rosanna Go	July 31, 2012	13	10	77%
Independent	Juan Victor S. Tanjuatco	July 31, 2012	13	13	100%
Independent	Rene R. Fuentes	July 31, 2012	13	12	92%

* Mr. Roger Stone replaced Mr. Steve Tsao, who resigned on 25 October 2012.

- 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.**

As per the Corporation's By-Laws, a majority of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business and every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of all majority of all the members of the Board.

While the majority vote constitutes a quorum, it has been the practice of the Board of Directors of the Corporation to resolve all matters unanimously.

5) Access to Information

- (a) How many days in advance are board papers⁵ for board of directors meetings provided to the board?**

Board papers are provided to the Board of Directors at least three (3) days before the date 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**

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.

preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

The Corporate Secretary is the custodian of and maintains the corporate books and records of the Corporation, the recorder of the Corporation's formal actions and transaction. The following are the specific powers and duties of the Corporate Secretary:

- (i) To record or see to the proper recording of the minutes and transactions of all meetings of the directors and the stockholders and to maintain minute books of such meetings in the form and manner required by law;
 - (ii) To keep or cause to be kept record books showing the details required by law with respect to the stock certificates of the Corporation, including ledgers and transfer books showing all shares subscribed, issued and transferred;
 - (iii) To keep the corporate seal and affix it to all papers and documents requiring a seal, and to attest by his signature all corporate documents requiring the same;
 - (iv) To attend to the giving and serving of all notices of the Corporation required by law or these By-laws to be given;
 - (v) To certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of him by law or by government rules and regulations;
 - (vi) To act as inspector at the election of directors and, as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and to receive votes, ballots or consents, hear and determine questions in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote. The Secretary may assign the exercise or performance of any or all of the foregoing duties, powers and functions to any other person or persons, subject always to his supervision and control; and
 - (vii) To perform such other duties as are incident to his office or as may be assigned to him by the Board of Directors or the President.
- (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

 X

There is no written procedure on this, however, the directors can request the management and/or the Corporate Secretary to provide them with necessary information to be able to prepare in advance for the committee meetings.

Committee	Details of the procedures
Executive	
Audit	
Remuneration	
Others (specify)	Board papers are provided to the Board of Directors at least three (3) days before the date of the meeting.

6) External Advice

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

No procedure exists; however, directors are free to receive external advice for certain matters so long as no conflict of interest or violation of confidentiality will result therefrom. While directors may seek external advice, all transactions are approved by Board of Directors.

Procedures	Details
N/A	N/A
N/A	N/A
N/A	N/A

7) Change/s in existing policies

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

No change/s introduced by the Board of Directors on existing policies that may have an effect on the business of the Company during its most recent term.

Existing Policies	Changes	Reason
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A

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	Based on: (a) prevailing market compensation rates; (b) contribution of the officer to company's performance in terms of profitability and valuation.	
(2) Variable remuneration	Same as in fixed remuneration.	
(3) Per diem allowance	Per diem allowance depends on the place of assignment.	
(4) Bonus	Bonuses are granted depending on the company's performance	
(5) Stock Options and other financial instruments	Depends on the decision of the Board of Directors with the objective of increasing productivity and retention of key people.	
(6) Others (specify)	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.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	EDs are granted per diem allowance per Board of Directors meeting. In addition, EDs receive compensation as functional heads of the company.	The compensation packages of the EDs are determined by the Board of Directors.	The compensation of EDs are computed based on: (a) prevailing market compensation rates; (b) contribution of the officer to company's performance in terms of profitability and valuation; (c) per diem allowances are based on the actual costs incurred in attending the Board meetings plus remuneration for the time spent for such meetings.
Non-Executive Directors	NEDs are granted per diem allowance per Board of Directors meeting.	Per diem allowances for NED are determined by the Board of Directors.	Normally, this is based on the costs incurred in attending the Board of Directors meeting plus remuneration for the time spent for such meetings.

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.

Not directly, however, the stockholders are regularly provided with financial statements of the Corporation and they are free to send inquiries about items in the financial statements and the management undertakes to address their concerns.

Remuneration Scheme	Date of Stockholders' Approval
N/A	N/A

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	Php1,950,000.00	0.00	0.00
(b) Variable Remuneration	0.00	0.00	0.00

(c) Per diem Allowance	Php100,000.00	Php150,000.00	Php90,000.00
(d) Bonuses	0.00	0.00	0.00
(e) Stock Options and/or other financial instruments	0.00	0.00	0.00
(f) Others (Specify)	0.00	0.00	0.00
Total	Php2,050,000.00	Php150,000.00	Php90,000.00

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	0.00	0.00	0.00
2) Credit granted	0.00	0.00	0.00
3) Pension Plan/s Contributions	0.00	0.00	0.00
(d) Pension Plans, Obligations incurred	0.00	0.00	0.00
(e) Life Insurance Premium	0.00	0.00	0.00
(f) Hospitalization Plan	0.00	0.00	0.00
(g) Car Plan	0.00	0.00	0.00
(h) Others (Specify)	0.00	0.00	0.00
Total	0.00	0.00	0.00

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:

As of December 31, 2012, none of the Corporation's directors and executive officers hold any warrants or options in the company.

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

(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:

There is no amendment or discontinuance of any Incentive Programs.

Incentive Program	Amendments	Date of Stockholders' Approval
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A

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
Miguel Ramon Tomas Ladios / Chief Financial Officer	
Heidi Anne Garayblas / Chief Operations Officer	
Bonifacio Ong / VP Sales	Php7,631,836
Miguel Bauza / VP Marketing	
Alpie Reyes / VP Information Technology	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

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

Committee	No. of Members			Committee Charter	Functions / Key Responsibilities / Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)		
Executive	5	N/A	N/A	By-laws	<p>The Executive Committee may act, by majority vote of all its members, on such specific matters within the competence of the Board, as may be delegated to it by the majority vote of the Board, except as may be otherwise required under the Corporation Code.</p> <p>During the intervals between the meetings of the Board of Directors, the Executive Committee shall also possess and may exercise all the powers of the Board of Directors in the management and direction of all the business and affairs of the Corporation, in such manner as the Executive Committee shall deem best for the interest of the Corporation in all cases in which specific directions shall not have been given by the Board of Directors. All actions by the Executive Committee shall be reported to the Board of Directors at its meeting next succeeding such actions for confirmation.</p>

					The Chairman of the Audit Committee should be an Independent Director. He should be responsible for inculcating in the minds of the members of the Board the importance of management responsibilities in maintaining a sound system of internal control and the Board's oversight responsibility.
Audit	2	1	1	By-laws	<p>The Audit Committee shall have the following specific functions:</p> <ul style="list-style-type: none"> (a) 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. (b) Provide oversight over the management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation. This function shall include receiving from management of information on risk exposures and risk management activities; (c) Perform oversight functions over the Corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; (d) Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources and budget necessary to implement it; (e) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts; (f) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal; (g) Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security; (h) Review the reports submitted by the internal and external auditors; (i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters: <ul style="list-style-type: none"> (i) Any changes in accounting policies and practices; (ii) Major judgmental areas; (iii) Significant adjustments resulting from

					<p>the audit;</p> <ul style="list-style-type: none"> (iv) Going concern assumptions; (v) Compliance with accounting standards; and (vi) Compliance with tax, legal and regulatory requirements. <p>(j) Coordinate, monitor and facilitate compliance with laws, rules and regulations;</p> <p>(k) Evaluate and determine the non-audit work, if any, of the external auditor and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit report, if allowed, should be disclosed in the Corporation's annual report;</p> <p>(l) Establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the internal auditor, he shall be free from interference by outside parties.</p>
Nomination	4	N/A	1	By-laws	<p>The Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board, as well as those nominated to other positions requiring appointment by the Board. The Decision of the Nomination Committee as to the nominees to the Board of Directors, once confirmed by the Board of Directors, shall be final and binding upon the stockholders and may no longer be raised during the stockholders' meeting.</p> <p>The Nomination Committee shall promulgate the guidelines or criteria to govern the conduct of nominations; provided, that any such promulgated guidelines or criteria governing the conduct of the nomination of Independent Directors shall be properly disclosed in the Corporation's information or proxy statement or such other reports required by the Securities and Exchange Commission.</p>
Compensation	5	N/A	N/A	By-laws	The Compensation Committee may establish a formal and transparent procedure for developing a policy of remuneration of directors and officers to ensure that their compensation is consistent with the Corporation's culture, strategy and the business strategy in which it operates.
Others (specify)	N/A	N/A	N/A	N/A	N/A

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Jaime C. Gonzalez	July 31, 2012	4	4	100%	8
Member (ED)	Jaime Enrique Y. Gonzalez	July 31, 2012	4	4	100%	7
Member (NED)	Juan Kevin Belmonte	July 31, 2012	4	4	100%	7
Member	Rosanna L. Go	July 31, 2012	4	4	100%	2
Member	Ricardo T. Po, Jr.	July 31, 2012	4	4	100%	2

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Rene R. Fuentes	July 31, 2012	2	2	100%	4
Member (ED)	Jaime Enrique Y. Gonzalez	July 31, 2012	2	2	100%	7
Member (NED)	Ricardo Gabriel T. Po, Jr.	July 31, 2012	2	2	100%	2
Member	Steve Tsao*	July 31, 2012	2	2	100%	6

* Resigned effective October 25, 2012

Disclose the profile or qualifications of the Audit Committee members.

Mr. Rene R. Fuentes (*independent director*) is currently the President of De La Salle University Science Foundation, Inc. ; he also served as the Liberal Arts Program Director and Advisor of Sycip Gorres Velayo & Co. (SGV & Co.) (October 1999-2011). His business experience during the past 5 years up to present, include management consultancy and directorship in foundations and private companies, which include, La Flor De La Isabela, International Wine & Food Society (Philippine Branch), Philippine Australia Business Council, Philippine-New Zealand Business Council (October 2001-present). He took his MBA from University of Sta. Clara, United States.

Mr. Jaime Enrique Y. Gonzalez oversees strategic direction of the IP Ventures Group, and directly handles all investment-related activities including fund-raising, mergers, acquisitions and divestments. Mr. Gonzalez has been intimately involved in the start-up process of all business units, and works with business unit heads to ensure that they meet or exceed operating targets. Mr. Gonzalez has had a successful track record in the internet space, having founded a series of internet start-ups that have been acquired by larger U.S.-based firms (match.ph/itzamatch.com) and has taken IPVG from garage to public. Mr. Gonzalez has a Bachelor of Arts in International Politics and Economics from Middlebury College. He attended the program for Masters in Entrepreneurship at the Asian Institute of Management.

Mr. Ricardo Gabriel T. Po, Jr. has a degree in B.S. Business Management, *Magna Cum Laude* from Boston University, MA, USA. He has likewise completed the Executive Program (Owner President Management Program) of Harvard Business School, MA, USA. Mr. Po is currently Vice-Chairman, Executive Committee Member, and shareholder of the Century Pacific Group of Companies.

Mr. Steve Tsao (Resigned effective Octobber 25, 2012) has a ten-year background in international businesses and operations. As a member of our management team and the management teams of IPVG, Corning Lasertron and Dupont, he has worked throughout Asia, Europe and the United States. He has had specific experience in the wide scale deployment of IT Solutions and Operational Integrations of Mergers & Acquisitions. Mr. Tsao has a Masters in Business Administration degree from Babson College and studied International Business at Harvard University. Steve is also a pioneering MMOG gamer, starting some of the earliest MMOG communities and portals. He has

experience in consulting for some of the top MMOG developers.

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

The Audit Committee performs oversight functions over the Corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.

Prior to the commencement of the audit, the Audit Committee discusses with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.

The Audit Committee reviews the reports submitted by the internal and external auditors. It likewise evaluates and determines the non-audit work, if any, of the external auditor and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Jaime C. Gonzalez	July 31, 2012	1	1	100%	8
Member (ED)	Jaime Enrique Y. Gonzalez	July 31, 2012	1	1	100%	7
Member (NED)	Juan Kevin G. Belmonte	July 31, 2012	1	1	100%	7
Member (ID)	Juan Victor S. Tanjuatco	July 31, 2012	1	1	100%	4
Member	Rosanna L. Go	July 31, 2012	1	1	100%	2

(d) Compensation Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Jaime C. Gonzalez	July 31, 2012	N/A	N/A	N/A	8
Member (ED)	Jaime Enrique Y. Gonzalez	July 31, 2012	N/A	N/A	N/A	7
Member (NED)	Juan Kevin G. Belmonte	July 31, 2012	N/A	N/A	N/A	7
Member	Rosanna L. Go	July 31, 2012	N/A	N/A	N/A	2
Member	Ricardo T. Po, Jr.	July 31, 2012	N/A	N/A	N/A	2

(e) Others (Specify)

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	N/A	N/A	N/A	N/A	N/A	N/A
Member (ED)	N/A	N/A	N/A	N/A	N/A	N/A

Member (NED)	N/A	N/A	N/A	N/A	N/A	N/A
Member (ID)	N/A	N/A	N/A	N/A	N/A	N/A
Member	N/A	N/A	N/A	N/A	N/A	N/A

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	Steve Tsao*	Resigned effective October 25, 2012
Nomination	N/A	N/A
Remuneration	N/A	N/A
Others (specify)	N/A	N/A

* Mr. Roger Stone replaced Mr. Steve Tsao, who resigned on 25 October 2012.

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	<p>Reviewed and approved the exclusive local publishing agreement with Take-Two International S.A. for an online sports social web game.</p> <p>Reviewed and approved the transaction/s and the terms and conditions pertaining to the subscription and issuance from the increase in the ACS. The Executive Committee determined the number of shares to be issued and the final terms and conditions of the issuance.</p> <p>Reviewed and approved the transaction/s and the terms and conditions pertaining to the issuance and listing of shares from the unissued portion of the ACS.</p> <p>Reviewed and approved the transaction/s and the terms and conditions pertaining to related party transactions.</p> <p>Reviewed and determined the final terms and conditions for the issuance and listing of the following shares:</p> <ul style="list-style-type: none"> a.) 150 Million shares to IPVG Employees, Inc. b.) 5,144,029,221 shares to IPE Global Holdings Corp. c.) Up to 300 Million shares to IP Ventures, Inc. 	<p>Approval to enter into an exclusive local publishing agreement with Take-Two International S.A. for an online sports social web game.</p> <p>Approval of the transaction/s and the terms and conditions pertaining to the subscription and issuance from the increase in authorized capital stock.</p> <p>Reviewed and approved the transaction/s and the terms and conditions pertaining to the issuance and listing of shares from the unissued portion of the ACS.</p> <p>Reviewed and approved the transaction/s and the terms and conditions pertaining to related party transactions.</p> <p>Determination of the final terms and conditions for the issuance of the following shares:</p> <ul style="list-style-type: none"> a.) 150 Million shares to IPVG Employees, Inc. b.) 5,144,029,221 shares to IPE Global Holdings Corp. c.) Up to 300 Million shares to IP Ventures, Inc. <p>Approval of the terms and conditions pertaining to the raising of capital to include the sale of non-</p>

	Reviewed and approved the transaction/s and the terms and conditions pertaining to the raising of capital to include the sale of non-core assets of the Corporation.	core assets of the Corporation.
Audit	<p>Reviewed and recommended for approval the Annual Financial Statement, Quarterly Financial Statements of the Company.</p> <p>Recommended for approval the appointment of external auditor.</p> <p>Assisted the Board in accomplishing its administration and oversight responsibilities for financial reporting process and policies, work program and audit process.</p>	<p>Recommendation for approval of the Annual Financial Statement and the Quarterly Financial Statement of the Company.</p> <p>Recommendation for approval the appointment of external auditor.</p> <p>Assistance in the financial reporting process and audit process of the company.</p>
Nomination	Reviewed and evaluated the qualifications of persons nominated to the Board.	Evaluation of qualifications of nominees to the Board of Directors.
Compensation	The Compensation Committee has reviewed and evaluated process for developing policies on remuneration of directors and corporate officers during the previous years. No changes in the policies for the current year.	Evaluation of process for policies on remuneration of directors and corporate officers.
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.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Review and evaluate policies and other corporate related policies in light of the company's strategic growth objectives.	Evaluation of policies to address company's strategic growth objectives.
Audit	Review and evaluate financial policies and audit policies of the Company.	Evaluation of financial policies and audit policies of the Company.
Nomination	N/A	N/A
Remuneration	N/A	N/A
Others (specify)	N/A	N/A

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

In order to meet corporate goals and objectives, the Board of Directors and Senior Management of the Company consider 'risk management' as an integral part of the planning, development, forecasting and operations process of the Company. The Company's risk management policies are established to identify and

analyze the risks faced by the Company, to set appropriate risk limits and controls, and monitor risks and adherence to limits. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Executive Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee identifies all issues affecting the operations of the Company and reports regularly to the Board of Directors on its activities.

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

Members of the Executive Committee have reviewed the effectiveness of the risk management system during the December 10, 2012 management and operations meeting held in Mandarin Oriental Hotel, Makati Avenue, Makati City.

- (c) Period covered by the review; 2012

- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

- (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
Credit Risk	Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from counterparties and is monitored on an on-going basis.	To reduce the risk of loss through default by counterparties.
Market Risk	The market risk management should control and manage risk exposures within acceptable parameters while optimizing the return.	To control and manage market risk exposures while optimizing return.
Interest Rate Risk	The Company's interest rate risk management policy centers on reducing the Company's exposure to changes in interest rates. The Company does not account for any fixed rate financial assets	To reduce the Company's exposure to changes in market interest rates, which relate primarily to the Company's cash in banks, short-term investments, loans payable and long-term loans.

	<p>and liabilities as at FVPL, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.</p>	
Liquidity Risk	<p>Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.</p> <p>The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal policies.</p>	<p>To ensure that sufficient cash is maintained to cover daily operational and working capital requirements.</p>
Foreign Currency Exchange Risk	<p>The Company regularly monitors outstanding financial assets in foreign currencies and maintains them at a level responsive to the current exchange rates.</p>	<p>To minimize the risks related to the foreign currency denominated assets and liabilities of the Company.</p>

(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:

Same as that of the Company's Risk Management Policy.

Risk Exposure	Risk Management Policy	Objective
Credit Risk	Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from counterparties and is monitored on an on-going basis.	To reduce the risk of loss through default by counterparties.
Market Risk	The market risk management should control and manage risk exposures within acceptable	To control and manage market risk exposures while optimizing return.

	parameters while optimizing the return.	
Interest Rate Risk	<p>The Group's interest rate risk management policy centers on reducing the Group's exposure to changes in interest rates.</p> <p>The Group does not account for any fixed rate financial assets and liabilities as at FVPL, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.</p>	To reduce the Group's exposure to changes in market interest rates, which relate primarily to the Group's cash in banks, short-term investments, loans payable and long-term loans.
Liquidity Risk	<p>Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.</p> <p>The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal policies.</p>	To ensure that sufficient cash is maintained to cover daily operational and working capital requirements.
Foreign Currency Exchange Risk	The Group regularly monitors outstanding financial assets in foreign currencies and maintains them at a level responsive to the current exchange rates.	To minimize the risks related to the foreign currency denominated assets and liabilities of the Group.

(c) Minority Shareholders

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

Risk to Minority Shareholders
While the exercise of the controlling shareholder's voting power may result to risks of restriction or authorize preferences in their favor, the Board of Directors in the exercise of good governance commits to respect and give deference to the rights of the shareholders. In the Manual of Corporate Governance of the Company, it is stated that it is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights. Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the

agenda that relate directly to the business of the Corporation.

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)
Risks relating to our Internet Café Business	In order to broaden the Company's revenue base and achieve cost efficiencies, the Company's strategies include investment in and/or acquisition of businesses that will enhance its ability to become the leading digital consumer platform in the Philippines. There is no certainty that the Company's management will be able to implement such investments or acquisitions, or successfully execute its plans for such investments.	While the Company has a limited operating history in the internet café industry, it has working relationships with approximately 6,000 internet cafés throughout the country. The Company used these relationships to provide it with adequate exposure to the internet café industry. These relationships enabled the Company to promote its content through the internet café network by providing game installations, collaterals, and other marketing events.
Risk of Higher Computer Ownership/Household Penetration	Although the primary access for internet usage in the Philippines is through internet cafés, there is an observed shift towards home access. As computer prices and internet services become more affordable to the mass market, there is a risk that internet cafés will no longer be the primary point of access for the internet.	Considering that computer prices may still remain restrictive to a majority of Filipinos who belong to the C-D market, the latter are generally expected to continue to purchase access to the internet through micro-transactions. The Company developed a solution by creating micro-transactions, <i>i.e.</i> , more affordable denominations rather than payment to monthly subscriptions provided by ISPs.
Abundance of illegal internet café operators	Based on the Company's internal market surveys, many internet cafés in the country are small-scale internet café operators. Typically, these types of internet café outlets operate using illegal or unlicensed software, enabling them to reduce their pricing.	For the Company's internet café outlets, it plans to provide an unparalleled internet and gaming experience, which smaller competitors are unlikely to provide, rather than compete with their pricing. There has also been a concerted effort between internet café operators, government agencies and software manufacturers to address the use of illegal or unlicensed software.
Competition in the Internet Café Industry	There are currently no government regulations on pricing or service standards for Internet Café services in the country. Many single-branch operators can readily put up outlets near the Company's locations and offer lower pricing.	The Company has the single largest network of internet cafés in the country. With 59 company-owned and 22 franchised branches, the Company has a sizeable lead over the next largest competitor. Being one of the leading online games publishers in the country, the Company also has the advantage of

		<p>publishing some of the online games played at the internet cafés. The Company is therefore able to offer more comprehensive services, promotions or gaming-related deals to its customers.</p>
Risks in reference to relationships with Franchisees	In the offering of franchises of the Company's business, there is a risk in not being able to maintain the same standards throughout the entire chain. This is a common risk among all leading consumer retail brands. Thus, it is essential that the franchisee is in complete alignment with the franchisor in terms of operations.	In order to mitigate this risk, the Company has established a dedicated franchisee development group whose sole focus is identifying franchisees, maintaining good working relationships with them and negotiating the terms and conditions of franchising agreements and ensuring compliance of the same.
Ability to maintain good working relationships with lessors of our internet café locations	A significant portion of the Company's internet cafés is located in major malls. The Company's ability to maintain good relationships with its lessors is the key to its ability to secure strategic locations for new internet café outlets and renew its existing lease contracts at attractive terms and in preferred locations.	In addition to maintaining good business relations with its lessors, another key strategy employed by the Company is to open branches simultaneously with the opening of new malls thereby exhibiting the Company's commitment to support and work with mall operators.
Risks relating to our online game business acquisitions, spin-offs and business combination	In any acquisition, spin-off and/or business combination, a successful integration of operations is a critical component in ensuring the viability of the combined businesses moving forward. In certain instances, synergies have not been fully exploited due to the unsuccessful implementation of the integration plan.	In order to mitigate such risks, the Company and LUI (Level Up! Inc.) developed and created a separate and distinct integration team composed of key personnel from each organization supported by seasoned operations and human resource personnel.
Dependence on MMORPGs	The Company's business, financial condition and results of operations could be adversely affected by: (a) any reduction in the number of players of its online games, particularly MMORPGs, which are main contributors to the Company's revenues; (b) reduction in the propensity of gamers to buy virtual items for these games; (c) any failure by the game developers to make improvements, upgrades or enhancements to these games, or provide other forms of support services, in a timely manner; (d) any lasting or prolonged server interruptions due to network failures or other factors; or (e) any other adverse developments specific to these games.	To mitigate the Company's dependence on MMORPGs, it plans to introduce social media games to the market. The Company intends to capitalize on the fast-growing population of social media sites such as Facebook by launching its games across these mediums. The Company still plans to continue introducing new top-tier MMORPGs and casual games to the local market.

Acquire new games and maintain existing games	<p>The Company needs to continually acquire new licenses for new games that are attractive to the local gaming market. This requires the Company to anticipate and adapt to rapidly changing consumer tastes and preferences and technological advances. Also, to maintain the lifespan of the Company's online games, it closely coordinates with game developers to ensure that they continuously release upgrades that will help maintain gamers' interest in its games. There is no assurance that all game choices of its selections of new games and content will succeed commercially and financially.</p>	<p>To mitigate this risk, the Company undertakes market research to spot emerging genres and trends or changes in the preferences of its gamers. The Company considers market feedback in setting out its new content pipeline. The Company's ability to acquire new games that are attractive to the local gaming market and maintain the lifespan of its existing games has been one of the critical success factors that differentiate the Company from its competitors.</p>
Dependence on Third Parties for Game Enhancement	<p>The Company relies on game developers for upgrading and implementing new patches and providing local customization for its online games. Since the Company does not have development capabilities and it does not own the right to modify the titles it publish locally, it has no control over the enhancements or upgrades to its game titles. Should our game developers fail to provide timely support services, the Company's gamers may migrate to other online games, which may materially and adversely affect its operating results and financial condition.</p>	<p>The Company goes through a regular market monitoring process to provide feedback to its game developers on the appropriate enhancements and upgrades to its game titles. The Company's licensing agreements with the game developers include payment of royalties based on game revenues. It is therefore in the game developers' best interests to ensure that enhancements, upgrades and other support activities address the requirements of the Company's gamers in a timely manner. The Company may not renew licenses for games where the developer's support is considered to be inadequate.</p>
Illegal activities by hackers may reduce demand for the publishing business	<p>In any business that relies on internet connection to sustain its operations, there is a constant risk of hackers performing illegal activities. In the online gaming business, some of these illegal activities have included hackers stealing customers' passwords and other customer account information, items being stolen from customers' inventory, characters being deleted, etc.</p>	<p>The Company employs third party security providers that provide regular software updates to prevent hackers from performing illegal activities. In addition, the Company has its own in-house customer service team that handles all customer complaints and provides resolutions to customer issues.</p>
	<p>A number of gamers have gained an unfair gaming advantage by installing cheating tools such as bots, which are programs designed to speed up character progression, and hacks, which are used to manipulate the game environment.</p>	<p>In response to this risk, the Company has established mechanisms to detect and ban these gamers. The Company has installed software patches designed to prevent the reoccurrence of these illegal and unauthorized modifications of its system. However, there can be no</p>

Illegal Activities of Gamers	The Company's games may also be affected by illegal game servers, unauthorized character enhancements or other infringements of the Company's intellectual property rights, which may harm its business and reputation and adversely affect the results of its operations.	assurance that these cheating incidents will be fully prevented in the future. The Company continually upgrades its network security system to prevent the theft of source codes, which is integral to the setting up of illegal private servers.
New Technology and Upgrade Cycles	The Company's business is subject to rapid technological change. Its business may be harmed if its technology becomes obsolete or if its system infrastructure fails to operate efficiently. The Company is highly dependent on its infrastructure for delivering its services and for maintaining its payment and collection systems. Its business may be adversely affected if we are unable to upgrade our services in a timely manner to handle our concurrent user traffic.	The Company is continually testing and exploring new technologies together with its bandwidth providers and data center provider to improve its product features and delivery. The Company also has regular upgrade cycles for its servers and computers to ensure that it constantly provides the best service possible.
Programming Errors	Undetected programming errors or bugs in its online games could harm the company's reputation or decrease market acceptance of its games and materially and adversely affect the results of its operations.	The Company goes through a constant testing process before and after the launch of any new games or patches or enhancements of its existing games. It likewise constantly monitors the games internally and externally and immediately reports any abnormalities to the game developers so that these may be addressed in a timely manner.
Risk related to the Tourism Business	The success of the Company's future tourism/hospitality business will be partly dependent on the influx of foreign tourists. As such this business may be affected by external factors such as global economic conditions and the peace and order situation in the region.	The company expects most of its customers in this business to be tourists from Asian countries whose respective economies continue to be resilient vis-à-vis the United States and Europe. Tourism being recognized as a growth industry, has attracted a significant number of participants and competitors. E-Games, as a newcomer, has opted to initially take a minority stake in the hotels segment of the industry.
	The company depends on the continued services of its key executives and employees. Some of its executives and employees have specific expertise in online gaming, information technology, marketing, business development, management and other aspects	To mitigate this risk, the Company came up with a standard employee contracts which have non-compete clauses that prevent its employees from joining the company's competitors within one (1) year after separation from the company. The company observes industry best

Dependence on Key Personnel	<p>related to our business. There can be no assurance that the company will be able to retain these executives and employees. If many of the company's key personnel are unable or unwilling to continue in their present positions, or if they join a competitor or form a competing company, the Company may not be able to replace them easily, resulting in the significant disruption of its business and materially and adversely affecting its operating results and financial condition. There is no assurance that the Company will be able to attract and retain the key personnel it needs to achieve its business objectives.</p>	<p>practices in compensation and benefits and strives to provide the best employment experience for its employees.</p>
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(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)
Same as above.		

(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
Audit Committee	<p>Assists 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. It provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation.</p>	<p>The function of the Audit Committee in overseeing Management's activities in managing other risks of the Corporation includes regular receipt from Management of information on risk exposures and risk management activities.</p>
Executive Committee	<p>Assists the Board in the management and direction of all the business and affairs of the Corporation.</p>	<p>In the absence of the Board of Directors, the Executive Committee shall exercise all the powers of the Board in</p>

		managing and directing all the business and affairs of the Company.
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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 Board of Directors through its Audit Committee oversees the action of the Top Management and monitors the efficiency and adeptness of the internal control system adopted. The Management of the Company implements the policies and procedures pertaining to the internal control system, which were mainly developed at the parent company level (previously IPVG and now IPVI). The Company has adopted all of the policies and procedures applicable to their transactions.

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

The company is currently in the process of improving its internal control system and the members of the Board of Directors have directed the management to review and/or study how to improve the internal control system of the Company.

- (c) Period covered by the review; 2012

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

The directors review the internal control system of the company as often as necessary, but not less than once every year.

- (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.

There is no formally designated Chief Internal Auditor in the Corporation; however, the audit function rests on the Audit Committee. Also, the ISO Office of the Company takes the place of an internal auditor, and reports directly to the Audit Committee. It performs random checks to ensure compliance with the reporting and approval responsibilities. Whenever there is a need to engage an outside party to undertake a special audit (aside from the routine financial audit), the Corporation normally engages designated external auditors.

- (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?

Yes.

- (c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

Since there is no formally designated Chief Internal Auditor in the company, the ISO Office of the Company takes the place of an internal auditor, which office has direct and unfettered access to the board and the audit committee, including all records, properties and personnel.

(d) Resignation, Re-assignment and Reasons

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

Name of Audit Staff	Reason
N/A	N/A
N/A	N/A
N/A	N/A

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

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

Progress Against Plans	The progress of internal audit plan against actual plan is being monitored as often as necessary and is reported to Audit Committee and Top Management of the Company.
Issues ⁶	No critical issues noted.
Findings ⁷	No critical findings noted.
Examination Trends	Examination is done as often as necessary.

[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
For 2012, no new internal audit controls, policies and procedures were established by the Company as a result of the control assessment.	None.

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial

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.

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
Independence of auditors is ensured as their selection and/or appointment undergoes approval of the Board of Directors upon the recommendation of the Audit Committee. Said approval of auditors is ratified by the Stockholders. The company also exercises regular rotation of auditors. Likewise, independence is established as the financial statements and related financial information are the responsibilities of the management and are owned by the Company.			

(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.

The Chairman and the President/CEO of the Company will attest, to the best of their personal knowledge, to the Company's full compliance with the SEC Code of Corporate Governance.

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	<p>E-Games is passionate in providing value for all its stakeholders, as it continuously search for ways to provide better game products and services. The Corporation exceeds expectations in delivering what its customers want.</p> <p>The Corporation abides by what is right in dealing with its team members and customers. It works together with a common mindset and display boundless enthusiasm, optimism and fun.</p> <p>Despite the challenges, the corporation relentlessly delivers what it promises without compromise.</p>	<p>The company focused on community management and customer service.</p> <p>The schedules for gaming events are set after school time and/or during break time.</p> <p>Programs that grant rewards in games promote kid's aim to excel in school works.</p> <p>All promotions of the company are approved by the approving legal entity and/or Department of Trade & Industry.</p>
Supplier/contractor practice	The Corporation deals with its suppliers fairly. It forms strategic relationships with its key partners to achieve mutually beneficial goals.	The Company selects suppliers and/or contractors taking into account the price, quality of goods and the best interest of the company.
Environmentally friendly value-chain	As part of the Corporation's Corporate Responsibility Program, the Corporation is committed to the implementation of pro-active sustainable activities, programs and events which encourage environmental awareness and community interaction, among	Tree planting, Paper Saving Program, among others.

	others.	
Community interaction	Same as in Environmentally friendly value-chain.	Relief operations to disaster victims, Family Vaccine, etc.
Anti-corruption programmes and procedures?	The Corporation strictly adheres to work and business ethics, and has a strong policy against bribery and corruption.	Concerns may be raised verbally or in writing to the HR Department for appropriate investigation of the Security and Legal Department of the Company.
Safeguarding creditors' rights	The company manages its cash and investment position to meet obligations. The company foster relationships with the creditors based on mutual trust, good faith and professionalism.	All valid claims against the Company are judiciously and promptly settled.

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section? Yes.

3) Performance-enhancing mechanisms for employee participation.

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

The Company provides statutory benefits and other company provided benefits to its employees as part of the performance-enhancing mechanism of the company.

Statutory Benefits

- (i) Social Security System
- (ii) Philhealth
- (iii) Pag-ibig Fund
- (iv) 13th Month Pay
- (v) Paternity / Maternity Leave
- (vi) Employee's Compensation Program

Company Provided Benefits

1) **Vacation Leave** – The Company recognizes the importance of granting every employee some respite from work in order to bring renewed vigor and enthusiasm to the job. Vacation leave credits are provided to employees varying on their position level starting on the date of regularization of an employee. Entitlement of vacation leaves shall be based on the following schedule:

Years of Qualifying Experience	Leave Credit
Staff Level (Non-Exempt Employees)	
• Less two years	12 days
• Two years or more but less than three years	13 days
• Three years or more but less than four years	14 days
• Over four years	15 days
Managerial Level (Exempt Employees)	15 days

2) **Sick Leave** – Sick leave is paid leave granted to employees in an effort to provide some protection against the loss of earnings due to absences for health and other reasons. Entitlement to sick leaves shall be in the same manner as it is earned in vacation leaves.

Sick leaves may be due to:

- * Personal disability (work related or otherwise);
- * Exposure to an illness or contagious disease such that his/her presence in the job might pose a risk of transmission to other employees, and;
- * Medically related appointments of the employee which cannot be scheduled during his/her non-working hours.

3) Health Benefits – The company provides assistance to all regular employees in time of sickness or injuries that require hospitalization through a Health Maintenance Program via a Health Care Provider, the premium for the employee of which is 100% shouldered by the Company.

4) Meal and Transportation Allowance – The company provides meal and transportation allowance to employees on overtime or on-call.

Apart from these benefits, the Company has No Smoking Policy, Drugs and Alcohol Policy, Clean Desk Policy, among many others.

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

Please see sub-paragraph (a) above.

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

The Policy on Learning, Training and Development has been developed to support employees at all levels from front line employees to executives by providing access to leading-edge training programs to ensure they are fully equipped to meet the challenges of their role and their ability meet the expectations of the job. This policy follows an investment in career-long learning and development with the company, *viz.:*

- New employees will have access to orientation training designed to ensure that they share a common understanding of their role as employees, as well as the values and culture of the organization;
- Specialists in financial management, internal audit, procurement, material management, real property, information management and human resources will have access to specialized training programs to support professional development and certification;
- Newly appointed supervisors, managers and executives will have an opportunity to complete training on leadership and delegation of authority prior to taking on their new responsibilities; and
- Employees at all levels will be supported in their career growth and progression through learning plans that will allow them to acquire and maintain knowledge, skills and competencies related to their level and function.

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

The Company is committed to supporting growth and development of its employees through effective performance management. A key element of performance management is the translation of business plans and strategies into individual and team performance targets and competencies to ensure employees are able to contribute in a meaningful fashion. It is recognized that employees are the enablers of responsive and effective business organization and performance management empowers employees to achieve their full potential within the Company. The Performance Management System (PMS) of the Company shall have the effect of establishing a culture of high performance, accountability for results, strengthen employee engagement and install a reward system based on superior performance.

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.

It is the responsibility of the Directors, Senior Management and Employees of the Company to report unethical behavior of any colleague or co-employee, regardless of the latter's level of authority, in order to

address the problems effectively. An Employee who becomes aware of any violation of the Code of Ethics shall report the same to his or her immediate superior, who in turn shall refer the matter to the Human Resources Department in conjunction with Legal Department and Security Department for appropriate investigation. If after the investigation, the complaint of the employee is found to be meritorious, he or she shall be protected from retaliation through confidentiality of his or her identity. If Senior Management or any Board Member is involved, the same shall be brought to the attention of the Executive Committee who shall conduct investigation on the matter.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corporation	17,175,730,555	57.2524%	IPE Global Holdings, Inc. IP Ventures, Inc.
IPE Global Holdings Corp.	7,854,029,211	26.1801%	Nominee: Jaime Enrique Y. Gonzalez
IP Ventures, Inc.	3,626,242,689	12.0875%	Nominee: Jaime Enrique Y. Gonzalez

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Jaime C. Gonzalez	100	400	0.00%
Jaime Enrique Y. Gonzalez	100	19,890,400	0.09%
Juan Kevin G. Belmonte	100	400	0.00%
Rosanna L. Go	100	0	0.00%
Marco Antonio Y. Santos	100	0	0.00%
Ricardo Gabriel T. Po, Jr.	100	0	0.00%
Rene Fuentes	100	400	0.00%
Juan Victor S. Tanjuatco	100	400	0.00%
Roger Stone	0	0	0.00%
TOTAL	800	19,892,000	0.09%

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	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes

Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes
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Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

The Details of whistle-blowing policy is still under review and consideration by the Company.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Reyes Tacandong & Co.	P600,000.00	-Nil-
Manabat Sanagustin & Co.	P430,000.00	-Nil-

4) Medium of Communication

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

Information is disseminated via electronic mails, registered mail, mail via courier, personal delivery, telephone calls either through landline telephone or mobile phone, facsimile transmission and other modes of communication.

5) Date of release of audited financial report: May 15, 2013.

6) Company Website

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

Business operations	Under Development
Financial statements/reports (current and prior years)	Under Development
Materials provided in briefings to analysts and media	Under Development
Shareholding structure	Under Development
Group corporate structure	Under Development
Downloadable annual report	Under Development
Notice of AGM and/or EGM	Under Development
Company's constitution (company's by-laws, memorandum and articles of association)	Under Development

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

The Company is currently in the process of updating its website to include disclosures on up-to-date information. On the other hand, these information are disclosed through the PSE ODiSy (Online Disclosure System).

7) Disclosure of RPT (for 2012)

RPT	Relationship	Nature	Value
IP Ventures, Inc.	Parent Company	Assignment of Receivables	Php 32,872,477

IP Ventures, Inc.	Parent Company	Advances	Php 35,435,676
IPE Global	Previous Parent Company	Advances	Php 377,192
X-Play Online Games Incorporated	Joint Venture	Advances	Php 21,635,084
X-Play Online Games Incorporated	Joint Venture	Common Cost Allocation	Php 15,425,527
Level Up! Inc.	Associate	Sale of Gaming Assets	Php 157,060,887
Level Up! Inc.	Associate	Assumed Liability	Php 8,491,774
IPVG Employees, Inc.	Under Common Control	Advances	Php 250,330
HC Philippines, Inc.	Under Common Control	Advances	Php 104,379,621
GRCO Isulan Mining Corporation	Under Common Control	Advances	Php 13,459,910
Webworx Computer Technology Corp.	Under Common Control	Advances	Php 19,000,000
Jaime Enrique Y. Gonzalez & Roger Stone	Directors	Advances	Php 31.5 Million

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?

In related party transactions, the Board approves said transactions with the inhibition of the Director involved. Such approval of the Board shall be ratified by the stockholders during the stockholders' meeting. These transactions are disclosed by the Corporation in the Philippine Stock Exchange.

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	Unless otherwise provided by law, in all regular or special meeting of stockholders, a <u>majority of the outstanding capital stock</u> must be present or represented in order to constitute a quorum. If no quorum is constituted, the meeting shall be adjourned until the requisite number of stockholders shall be present or represented.
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Ratification
Description	During the Annual/Special Stockholders' Meeting, the list of all acts, proceedings, transactions and resolutions of the Board of Directors and Management made or taken after the last Stockholders' Meeting up to the present is presented for the approval of the stockholders.

(c) Stockholders' Rights

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

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
Stockholders' Rights concerning the Annual/Special Stockholders' Meeting are in accordance with the provisions of the Corporation Code.	There are no stockholders' rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Dividends

On September 3, 2009, the BOD approved the declaration of cash dividends of P14.0 Million, equivalent to P0.74 a share to all stockholders of record as at September 15, 2009. On July 4, 2011, the BOD approved the amendment of the record date of stockholders entitled to cash dividends from September 15, 2009 to May 27, 2009. Unpaid dividends amounting to P14.0 Million as at December 31, 2010 were paid in February 2011. No dividend declaration was made for the year ended December 31, 2011 and 2012.

Declaration Date	Record Date	Payment Date
September 3, 2009	May 27, 2009	February 2011

(d) Stockholders' Participation

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

Measures Adopted	Communication Procedure
<p>The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation.</p> <p>Stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholders' favor.</p> <p>It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.</p> <p>The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy.</p> <p>Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for</p>	<p>Shareholders are provided information regarding the Company through public records, disclosures, announcements and reports filed with the SEC, PSE and other regulating agencies.</p> <p>Shareholders are allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code.</p> <p>Shareholders are provided with Definitive Information Statement of the Company in CD form and other periodic reports, which disclose personal and professional information about the directors, officers and certain other matters such as their shareholdings, dealings with the Company, relationship among directors and key officers, and the aggregate compensation of directors and officers.</p> <p>Notices for regular or special meetings of stockholders are sent by the Secretary by personal delivery, facsimile transmission, electronic mail or by mail at least one (1) week prior to the date of the meeting to each shareholder of record at his last known post office address or by publication in a</p>

<p>consideration or approval.</p> <p>Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.</p>	<p>newspaper of general circulation. The Notice states the place, date and hour of the meeting and the purpose or purposes for which the meeting is called.</p> <p>At all meetings of stockholders, a stockholder may vote in person or by proxy executed in writing by the stockholders or his duly authorized attorney-in-fact.</p>
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2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

- a. Amendments to the company's constitution
- b. Authorization of additional shares
- c. Transfer of all or substantially all assets, which in effect results in the sale of the company

Shareholders have the right to actively participate in corporate decisions regarding (a) amendments to the company's constitution; (b) authorization of additional shares; and (c) transfer of all or substantially all assets, which in effect results in the sale of the company. The participation of the shareholders is through the shares they hold as each share entitles the stockholder to one vote which may be exercised either in person or by proxy during the annual and special shareholders' meetings. The foregoing right to participate in the said corporate decisions (a, b, c) likewise include the right to elect, remove and replace directors and vote on other corporate acts in accordance with the provisions of the Corporation Code of the Philippines.

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: March 1, 2012 / July 10, 2012
- b. Date of the Annual/Special Stockholders' Meeting: March 22, 2012 / July 31, 2012

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

N/A

5. Result of Annual/Special Stockholders' Meeting's Resolutions

March 22, 2012 Special Stockholders' Meeting:

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of the Special Stockholders Meeting held on November 21, 2011	14,387,332,400 votes Representing 73%	- Nil -	- Nil -
Ratification of all acts, proceedings, transactions and resolutions of the Board of Directors and Management	14,387,332,400 votes Representing 76%	- Nil -	- Nil -
Amendment of the Amended Articles of Incorporation – To amend Article First to change the name of the Corporation, and the delegation to the Executive Committee the authority to study and approve the selection of the new corporate name; and the amendment of Article Second amending the primary purpose of the Corporation, to include,	14,387,332,400 votes Representing 76%	- Nil -	- Nil -

among others, the business of food and beverage, entertainment, hotel and leisure.			
Approval of the 2010 Reissued Audited Financial Statements	14,387,332,400 votes Representing 76%	- Nil -	- Nil -
Approval of Merger of the Online Publishing Business and Delegation of Authority to the Board of Directors to Determine the Terms and Conditions of the Transaction, and in relation thereto, the Approval of the Sale or Transfer of Substantial Assets pertaining to the Said Online Publishing Business	14,387,332,400 votes Representing 76%	- Nil -	- Nil -

July 31, 2012 Annual Stockholders' Meeting:

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of the Special Stockholders Meeting held on March 22, 2012	13,687,768,700 votes Representing 73%	- Nil -	- Nil -
Ratification of all acts, proceedings, transactions and resolutions of the Board of Directors and Management	13,687,768,700 votes Representing 73%	- Nil -	- Nil -
Presentation and Approval of the 2011 Annual Report, 2011 Audited Financial Statements and 2011 Management Report	13,687,768,700 votes Representing 73%	- Nil -	- Nil -
Approval of Additional Listing of Shares	13,687,768,700 votes Representing 73%	- Nil -	- Nil -
Approval of Transactions – in relation to the approval of the additional listing of shares, in order to comply with the PSE Revised Listing Rules.	13,687,768,700 votes Representing 73%	- Nil -	- Nil -
Waiver of Requirement to Conduct a Rights or Public Offering (pursuant to Section 5, Article V, PSE Revised Listing Rules)	912,310,000 (representing the shares of the minority and unrelated shareholders represented in person and by proxy)	- Nil -	- Nil -
Amendment of Article Seventh of the Amended Articles of Incorporation (Increasing the Authorized Capital Stock)	13,687,768,700 votes Representing 73%	- Nil -	- Nil -
Delegation of Authority to the Board of Directors to Approve the Transactions relating to Subscriptions and Issuance of Shares from the Increase in Authorized Capital Stock.	13,687,768,700 votes Representing 73%	- Nil -	- Nil -
Amendment of Article Third of the Amended Articles of Incorporation (changing the principal office of the Corporation)	13,687,768,700 votes Representing 73%	- Nil -	- Nil -
Acquisition of Assets and Delegation of Authority to the Board of Directors	13,687,768,700 votes Representing 73%	- Nil -	- Nil -

Approval by the Minority Shareholders	912,310,000 (representing the shares of the minority and unrelated shareholders represented in person and by proxy)	- Nil -	- Nil -
Election of Directors for 2012-2013	13,687,768,700 votes Representing 73%	- Nil -	- Nil -
Appointment of External Auditor – Reyes Tacandong & Co. for the year 2012	13,687,768,700 votes Representing 73%	- Nil -	- Nil -

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

The results of the Annual Stockholders' Meeting were immediately disclosed to PSE's Online Disclosure System (ODiSy) within the same date of the meeting, i.e., 31 July 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:

No modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year.

Modifications	Reason for Modification
N/A	N/A

(f) Stockholders' Attendance

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

Type of Meeting	Names of members present / Board Officers	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) Jaime C. Gonzalez (2) Jaime Enrique Y. Gonzalez (3) Juan Kevin G. Belmonte (4) Juan Victor S. Tanjuatco (5) Rene R. Fuentes (6) Ricardo T. Po, Jr. (7) Steve S. Tsao (8) Juname C. De Leon (Corp. Secretary)	July 31, 2012	By show of hands	73%	.012%	73%
Special	(1) Jaime C. Gonzalez (2) Ricardo T. Po, Jr. (3) Steve Tsao (4) Rosanna L. Go (5) Rene R. Fuentes (6) Juan Victor S. Tanjuatco (7) Juname C. De Leon (Corp. Secretary)	March 22, 2012	By show of hands	76%	.000004%	76%

- (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. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

The Company's total outstanding shares entitled to vote consist of 18,869,728,100 common shares, with each share entitled to one (1) vote.

(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	At all meetings of stockholders, a stockholder may vote in person or by proxy executed in writing by the stockholders or his duly authorized attorney-in-fact.
Notary	All proxies shall be notarized.
Submission of Proxy	All proxies must be in the hands of the Secretary no later than ten (10) days before the date of the meeting.
Several Proxies	The company allows designation of several proxies.
Validity of Proxy	Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary.
Proxies executed abroad	Proxies executed abroad must be duly authenticated by the Philippine Embassy or Consular Office.
Invalidated Proxy	There shall be a presumption of regularity in the execution of proxies and shall be accepted if they have the appearance of <i>prima facie</i> authenticity in the absence of a timely and valid challenge. When a proxy is invalidated, said proxy form shall be set aside and no vote shall be counted relative to the said invalidated proxy.
Validation of Proxy	A forum for the validation of proxies chaired by the Secretary or Assistant Secretary and attended by the Stock Transfer Agent shall be convened at least five (5) days before any meeting. Any questions and issues relating to the validity and sufficiency, both as to form and substance, of proxies shall only be raised during said forum and resolved by the Secretary. The Secretary's or Assistant Secretary's decision, as the case may be, shall be final and binding upon the shareholders. Any such question or issue decided upon by the Secretary or Assistant Secretary, as the case may be, shall be deemed settled and those not brought before said forum shall be deemed waived and may no longer be raised during the stockholders' meeting.
Violation of Proxy	Any violation of the Rule on Proxy shall be subject to the administrative sanctions provided for under Section 144 of the Corporation Code of the Philippines and Section 54 of the Securities Regulation Code, and shall render the proceedings null and void.

(h) Sending of Notices

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

Policies	Procedure
Manner and Date of Sending out of Notices	Notices for regular or special meetings or stockholders may be sent by the Secretary by personal delivery, facsimile transmission, e-mail or by mail at least one (1) week prior to the date of the meeting to each stockholder of record at his last known post office address or by publication in a newspaper of general circulation.
Contents of the Notice of Meeting	The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called. In case of special meetings, only matters stated in the notice may be the subject of motions or deliberation at such meeting.
Adjournment of Meeting	When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

(i) Definitive Information Statements and Management Report

March 22, 2012 Special Stockholders' Meeting:

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	14 Stockholders including PCD Nominee Corporation (Filipino & Foreign)
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	March 1, 2012
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	March 1, 2012
State whether CD format or hard copies were distributed	CD Format
If yes, indicate whether requesting stockholders were provided hard copies	Yes, requesting stockholders were provided hard copies.

July 31, 2012 Special Stockholders' Meeting:

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	18 Stockholders including PCD Nominee Corporation (Filipino & Foreign)
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market	July 10, 2012

participants/certain beneficial owners	
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	July 10, 2012
State whether CD format or hard copies were distributed	CD Format
If yes, indicate whether requesting stockholders were provided hard copies	Yes, requesting stockholders were provided hard copies.

(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
Treatment of minority stockholders.	Although all stockholders should be treated equally or without discrimination, the Board gives minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.

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

Yes.

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

The President/CEO and the Chief Investment Officer (CIO) and/or members of the Corporate Finance of the Company review and approve major company announcements annually. They exercise oversight responsibility over investor relations program of the company. The Company has established communication channels to provide fair and transparent status of the company and its activities and to promote effective communications not just with its shareholders, but also with the investing community.

- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

Details	
(1) Objectives	To provide timely, accurate, fair, reliable and proper disclosures and updates of the company's activities and financial position.
(2) Principles	The Company should provide fair and transparent status of the company and its activities through disclosures and updates and by handling the queries of investors and stockholders as top priority matter. It is the Company's principle to disclose as much information as possible, provided it does not violate confidentiality in dealings with counter parties. The Company keeps high level of confidentiality.
(3) Modes of Communications	Public Disclosures, One-on-One meetings, Letters, Electronic Mails, Telephone, Facsimile transmission, Company Reports and if necessary, press releases.
(4) Investors Relations Officer	Mr. Ricardo F. Lagdameo Chief Investment Officer Contact No. (632) 9764790 ext. 9188

- 3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

The Company does not have a separate rule and procedure governing the acquisition of corporate control in the capital markets and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets other than the provisions stated under the Corporation Code of the Philippines.

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

N/A

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

The Company, *per se*, does not have its own Corporate Social Responsibility Program. However, the company through Family Vaccine & Specialty Clinics, Inc. (FVSC), a corporation within its Group, provides cheap vaccination programs in clinics set up in various municipalities. Its specialty clinics offer a complete range of vaccines, including pre- and post-exposure rabies treatment and immunization. FVSC consists of a highly specialized team of doctors and nurses trained by the Philippine Department of Health's Research Institute of Tropical Medicine. Treatments and consultations are administered by trained nurses and supervising doctors. Currently, FVSC has 40 centers in operation covering 14 provinces nationwide. Centers in other strategic locations in Visayas and Mindanao will be opened soon.

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	Although there is no formal performance evaluation assessing the annual performance, the Board through its Audit Committee performs self-evaluation pursuant to SEC Memorandum Circular No. 4, Series of 2012. The Criteria used are the best practice
Board Committees	
Individual Directors	
CEO/President	

	guidelines issued by the PSE and the Guidelines for the Assessment of the Performance of Audit Committees of companies listed on the exchange (SEC Memo Circular No. 4, Series of 2012).
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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
OFFENSE AGAINST PRODUCTIVITY & WORK EXCELLENCE / PERFORMANCE	
Poor Performance: inefficiency; poor quality work documented through appraisals	1 st Violation: Verbal Warning 2 nd Violation: Written Warning 3 rd Violation: 15-day Suspension 4 th Violation: Dismissal
Inducing a co-employee to commit an infraction of the Company rules and regulations	1 st Violation: Written Warning 2 nd Violation: 3-day Suspension 3 rd Violation: 5-day Suspension 4 th Violation: 15-day Suspension 5 th Violation: Dismissal
Absence without leave for five (5) consecutive Days (AWOL)	Dismissal after non-compliance with the return-to-work notice.
Excessive Absences / Poor Attendance with no justifiable reasons.	1 st Offense: Verbal Warning 2 nd Offense: Written Warning 3 rd Offense: 15-day Suspension 4 th Offense: 30-day Suspension 5 th Offense: Dismissal
Excessive Tardiness: more than 5 hours of accumulated tardiness in a month	1 st Offense: Verbal Warning 2 nd Offense: Written Warning 3 rd Offense: 3-day Suspension 4 th Offense: 5-day Suspension 5 th Offense: 15-day Suspension
Leaving Work without official permission during work hours	1 st Offense: Written Warning 2 nd Offense: 3-day Suspension 3 rd Offense: 5-day Suspension 4 th Offense: 15-day Suspension 5 th Offense: Dismissal
Refusing to render OT work when work requires it without justifiable reasons	1 st Offense: Written Warning 2 nd Offense: 3-day Suspension 3 rd Offense: 5-day Suspension 4 th Offense: 15-day Suspension 5 th Offense: Dismissal
Abuse of personal privileges – extended breaks, wasting time, bringing food in unauthorized areas, loitering during official time and abandonment of work without official notice despite orders to the contrary	1 st Offense: Verbal Warning 2 nd Offense: Written Warning 3 rd Offense: 3-day Suspension 4 th Offense: 5-day Suspension 5 th Offense: Dismissal
Playing online games during office hours when it is not part of their official function in the company	1 st Offense: Verbal Warning 2 nd Offense: Written Warning 3 rd Offense: 3-day Suspension 4 th Offense: 5-day Suspension 5 th Offense: Dismissal (tantamount to insubordination)
OFFENSES AGAINST GOOD PERSONAL BEHAVIOR, CONDUCT AND OFFICE DECORUM	
Public and malicious imputation of a crime, vice, or defect, real or imaginary, or any act, omission, condition, status, or circumstance tending to cause	Dismissal.

dishonor, discredit, or contempt of co-employees and the Company.	
Conviction of a criminal act by final judgment in court of law.	Dismissal.
Willfully inflicting physical injury to a co-employee, customer, client or visitor while inside or outside Company premises whether during or after Company hours	Dismissal.
Fighting/Quarreling: Engaging in violence or combat with another person for any reason other than the legitimate exercise of self-defense within Company premises.	Dismissal.
Lewd & Lascivious acts, such as, but not limited to, making sexual advances, asking sexual favors, kissing, embracing and/or holding private parts of the body with the particular design to independently derive pleasure therefrom.	Dismissal.
Possession of any habit-forming, regulated or prohibited drugs, or substance, within Company premises, or reporting/commencing work under the influence of prohibited drugs.	Dismissal.
Insubordination. Refusing, without justifiable cause, to obey, abide and/or implement any lawful rule, regulation, order, instruction, or policy issued by the Company or by the employee's superior.	1 st Offense: 15 Day Suspension. 2 nd Offense: Dismissal.
Disrespectful Attitude: Treating by word or deed a co-employee, customers, and/or visitors in a manner which indicates contempt and disrespect.	1 st Offense: 15 Day Suspension. 2 nd Offense: Dismissal.
Verbal Assault. Threatening, intimidating, coercing, or harassing a fellow employee within or even outside Company premises if the cause or reason is related or connected to the performance of the employee.	1 st Offense: 15 Day Suspension. 2 nd Offense: Dismissal.
Negligently inflicting physical injury on a co-employee, a customer, client, or visitor while inside Company premises and/or connected to the performance of the employee's duty.	1 st Offense: 15 Day Suspension. 2 nd Offense: Dismissal.
Threatening to inflict harm on the person, property, or reputation of another employee, customer, client or visitor.	1 st Offense: 15 Day Suspension. 2 nd Offense: Dismissal.
Reporting to work while under the influence of alcohol.	1 st Offense: 15 Day Suspension. 2 nd Offense: Dismissal.
Bringing in or drinking any liquor or alcoholic beverages inside Company premises (Except company occasions)	1 st Offense: 15 Day Suspension. 2 nd Offense: Dismissal.
Bringing, showing or viewing pornographic sites or material within Company premises	1 st Offense: Written Warning. 2 nd Offense: 5-day Suspension 3 rd Offense: 15-day Suspension 4 th Offense: Dismissal
Rumor-mongering and/or spreading intrigues against another employee which tends to cast dishonor or contempt	1 st Offense: Written Warning. 2 nd Offense: 5-day Suspension 3 rd Offense: 15-day Suspension 4 th Offense: Dismissal
Smoking within prescribed prohibited areas	1 st Offense: Written Warning. 2 nd Offense: 3-day Suspension 3 rd Offense: 5-day Suspension 4 th Offense: 15-day Suspension 5 th Offense: Dismissal

Failure to follow prescribed dress code without justifiable reasons	1 st Offense: Verbal Warning. 2 nd Offense: Written Warning 3 rd Offense: 3-day Suspension 4 th Offense: 15-day Suspension 5 th Offense: Dismissal (tantamount to insubordination and constant disregard for company policies)
OFFENSES AGAINST INTEGRITY AND HONESTY	
Failure to uphold the secrecy of communication or violation of the Company Confidentiality Agreement	Dismissal
Conducting any form of personal business with the use of Company resources and/or facilities	Dismissal
Submitting false reports and information affecting the safety and security of the company and its personnel	Dismissal
Rendering of part-time service or engaging in industry/business in conflict with the existing or future undertakings of the Company without the knowledge and consent of the Company	Dismissal
Receiving or soliciting money or value, share, percentage, benefits, or favor from Company suppliers, clients, customers, visitors and the like, personally or through another, for any purpose, personal or otherwise	Dismissal
Unauthorized disclosure of classified information to person/s not authorized to possess such, which includes, but is not limited to, salaries, benefits, personal client information, etc.	Dismissal
Deliberately giving false testimony in an official investigation	Dismissal
Falsification, misrepresentation, destroying, concealment of facts, destroying or fabrication of evidences during an official administrative investigation	Dismissal
Fabrication of Company documents or records for personal gains	Dismissal
Deletion, Copy, Modification and illegal installation of software/files; maliciously attempting access to confidential files or files other than of the employee himself	Dismissal
Unauthorized acts of removing, copying or reproducing, taking or destroying, or attempting to remove, take, or destroy official Company records, files or documents that contain classified or confidential information about any aspect of Company management, operations, and activities, including personnel, system, equipment and customer/subscriber records.	Dismissal
Failure of the superior to report violations of the Company rules & regulations by employee/s under him with the intent of covering-up/protecting erring personnel	1 st Offense: Written Warning 2 nd Offense: 5-day Suspension 3 rd Offense: Dismissal
OFFENSE AGAINST SAFETY & SECURITY	
Intentional launching of prohibited applications (viruses, trojan horses, sniffers and other related malicious software)	Dismissal
Failure to report any serious contagious disease that might affect other employees	Dismissal
SABOTAGE: Willful acts which adversely affect the	Dismissal

<p>operations of the Company such as:</p> <ul style="list-style-type: none"> • Spreading/installing computer viruses, Trojan programs, sniffers, and other related malicious software that can disrupt operations; • Tampering with technical devices • Overstating/understating of financial records • Divulging or leaking of valuable/confidential information, documents and the like • Intentionally detaching mechanical safety devices • Infiltration or manipulation of restricted access network equipment and devices • Installation of illegal network connections • And such other similar acts 	
<p>Bringing into Company premises, or being found in possession of any deadly weapon not necessary in carrying out an official function.</p>	Dismissal
<p>Entering, or gaining access, or attempting to enter or gain access to an area, perimeter, office and other company premises in violation of instructions restricting such entry or access.</p>	1 st Offense: 15-day Suspension 2 nd Offense: Dismissal
<p>Failure of a supervisor or employee to immediately report within 24 hours any accident/injury occurred within Company premises</p>	1 st Offense: 5-day Suspension 2 nd Offense: Dismissal
OFFENSE AGAINST MONEY & PROPERTY	
<p>Willfully causing damage or loss to Company Property</p>	Dismissal
<p>Embezzlement of Company Funds</p>	Dismissal
<p>Unauthorized sale or disposition of Company Property for personal gain</p>	Dismissal
<p>Knowingly operating or allowing operation of any machinery or equipment, including company owned vehicles, under the conditions prohibited by law.</p>	Dismissal
<p>Unauthorized use of Company property for personal gain</p>	1 st Offense: 15-day Suspension 2 nd Offense: Dismissal
<p>Lacking prudence in purchase of Company property causing substantial loss or delay in the operations of the Company</p>	1 st Offense: 15-day Suspension 2 nd Offense: Dismissal
<p>Unauthorized lending/sharing of company facilities to anyone not authorized to use such (i.e. internet access – password/username sharing) placing the company's computer systems in grave danger.</p>	1 st Offense: 30-day Suspension 2 nd Offense: Dismissal

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 the City of _____ on _____, 20____.

[Remainder of this page intentionally left blank.]

SIGNATURES

Jaime C. Gonzalez
Chairman of the Board

Rene R. Fuentes
Independent Director

Albert Vincent Y. Yu Chang
Compliance Officer

Jaime Enrique Y. Gonzalez
President/Chief Executive Officer

Juan Victor Tanjuatco
Independent Director

SUBSCRIBED AND SWORN to before me this _____ day of JUL 31 2019, affiant(s) exhibiting to me their _____, as follows:

NAME	PROOF OF IDENTIFICATION	PLACE OF ISSUE
Jaime C. Gonzalez	TIN 171-457-049	
Jaime Enrique Y. Gonzalez	TIN 201-868-133	
Rene R. Fuentes	TIN 102-086-870	
Juan Victor Tanjuatco	TIN 177-376-733	
Albert Vincent Yu Chang	TIN 911-615-356	

Doc No. 478
Page No. 97
Book No. XI
Series of No 19

NOTARY PUBLIC
JOSE VOLARE A. BAUISTA
NOTARY PUBLIC
Until December 31, 2019
TR No. 3068480 ISSUED ON 9-27-19 AT MANILA
Serial No. 4A4R