

# COVER SHEET

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SEC Registration Number

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(Company's Full Name)

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

<b>Nena D. Arenas</b> (Contact Person)
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<b>888-3055</b> (Company Telephone Number)
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1	2
3	1

(Fiscal Year)

A	C	G	R
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(Form Type)

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*Month*      *Day*  
 (Annual Meeting<sup>1</sup>)

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(Secondary License Type, If Applicable)

<b>CGFD</b>
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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic
Foreign

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 To be accomplished by SEC Personnel concerned

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File Number

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Document ID

\_\_\_\_\_ Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

<sup>1</sup> First Monday of May of each year.

March 19, 2015

**CORPORATE GOVERNANCE & FINANCE DEPT.  
SECURITIES AND EXCHANGE COMMISSION**  
SEC Bldg., EDSA, Greenhills  
Mandaluyong City, Metro Manila

Attn.: Atty. Justina F. Callangan  
Director

Re: Consolidated Changes in the Annual Corporate Governance Report for year 2014

Gentlemen:

Pursuant to SEC Memorandum Circular No. 12, Series of 2014 in relation to SEC Memorandum Circular No. 5, Series of 2013, we submit herewith Semirara Mining Corporation's (the "Corporation") Consolidated Changes in the Annual Corporate Governance Report for the year 2014. All changes in the ACGR have been underlined for convenience.

Lastly, attached is a copy of, duly notarized, the Secretary's Certificate dated March 18, 2015 on the approval by the Board of Directors of the amendment/revision of the Corporation's corporate governance policies and initiatives.

Thank you.

Very truly yours,

**SEMIRARA MINING AND POWER CORPORATION**

By:

  
**JOHN R. SADULLO**  
VP-Legal & Corporate Secretary

## SECRETARY'S CERTIFICATE

I, **JOHN R. SADULLO**, of legal age, with office address at 2/F DMCI Plaza, 2281 Don Chino Roces Avenue, Makati City, being the duly elected and qualified Corporate Secretary of **SEMIRARA MINING CORPORATION** (the "Company"), after being duly sworn in accordance with law, do hereby depose and certify that:

1. On March 6, 2014, the Board of Directors of the Company unanimously resolved and approved, upon the recommendation of the Audit Committee of the Corporation, the Amended Insider Trading Policy of the Corporation particularly Section 7 thereof, which requires directors and key officers to report their trades of the Corporation's shares within three (3) business. Further, on August 7, 2014, the Board further approved the amendment of the Corporation's Insider Trading Policy in order to align with its parent company, DMCI Holdings, Inc.'s policy, i.e. removal of the phrase "*three (3) day block out trading period before*" for non-structured disclosures. Furthermore, the Board resolved and approved a "*one-day-before stock trading reporting protocol*" requiring of the Corporation's board and key officers to notify the Corporation of their planned trading transaction in the Corporation's shares;
2. On May 8, 2014 the Board approved the amendment to the Corporation's Revised Code of Corporate Governance to include provisions on stakeholders pursuant to SEC Memorandum Circular No. 9, Series of 2014;
3. On November 11, 2014, the Board also approved the following:

- a. Amendment of the Company's Mission Statement and Affirmation of Vision Statement
  - i. Company's Mission now reads:

To fulfill its commitment to provide affordable power to the Filipino people through the responsible use of coal as energy source, Semirara Mining and Power Corporation will continue to remain as:

- The undisputed leader in the coal mining industry and vertically integrated coal-based power producer in the Philippines
- Playing a vital role in the energy sector & working in harmony with the gov't to promote the use of coal as a reliable and economical power source.
- Supplying its customers with quality coal that meets their stringent specifications
- Providing reasonable economic returns to its investors & business partners
- Empowering its employees to prosper in a climate of integrity & excellence
- Working in partners with its host communities to improve their sustainability while engaging in the judicious use and rational conservation of the country's natural resources.

ii. Vision Statement : Coal Towards an Energy Sufficient Philippines.

- b. Changes in Board leadership, as follows:
  - i. David M. Consunji – Chairman Emeritus. He, however, remained a member

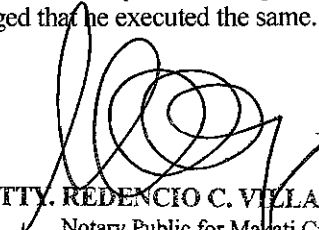
- of the Board
  - ii. Isidro A. Consunji - Chairman of the Board
  - iii. Victor A. Consunji - Vice Chairman
  - iv. Rogelio M. Murga - Independent Director and member of the Audit Committee, Compensation and Remuneration Committee, and Nomination and Election Committee
  - v. Victor C. Macalincag –Chairman, Nomination and Election Committee
4. On February 20, 2015 the Board approved the appointment of Mr. Rogelio M. Murga as Chairman of Nomination and Election Committee.
  5. On March 6, 2015, the Board approved the following:
    - a. Changes in Board Leadership
      - i. Resignation of Mr. David M. Consunji as Director
      - ii. Appointment of Ms. Josefa Consuelo C. Reyes as regular Non-Executive director in view of the vacancy left by the resignation of Mr. Consunji.
    - b. New Risk Committee
      - i. Creation of a separate Board-level Risk Committee to exemplify the importance of the risk management function
      - ii. Membership: Herbert M. Consunji (chairman), Isidro A. Consunji, Victor A. Consunji, Ma. Cristina C. Gotianun, Victor C. Macalincag
    - c. Corporate governance policies:
      - i. Amended Related Party Transaction Policy  
To formalize and explicitly state required review by Independent Directors of material/significant RPTs as aligned with ACGS best practices.
      - ii. Amended Audit Committee Charter  
To effect risk management oversight to new Board-level Risk Committee
      - iii. Amended Enterprise Risk Management Policy  
To amend provisions on exercise of risk management oversight from Audit Committee to Risk Committee.
      - iv. Risk Committee Charter  
To promulgate guidelines on the roles and responsibilities of Risk Committee for its effective performance aligned to best practices.
  6. The foregoing Resolutions are continuing, valid and have not been revoked, amended or superseded.
  7. This certificate is executed in compliance with the submission of Consolidated Changes in the Annual Corporate Governance Report pursuant to SEC Memorandum Circular No. 12, Series of 2014.

IN WITNESS WHEREOF, I have set my hand this \_\_\_ day of March 2015 at Makati City.

  
**JOHN R. SADULLO**  
Corporate Secretary

**SUBSCRIBED AND SWORN**, to before me on this <sup>MAR 18 2015</sup> \_\_\_ day of March 2015, at Makati City, by John R. Sadullo who has satisfactory proven to me his identity through his Driver's License with No. N01-02-005690 valid until July 22, 2017, and that he is the same person who personally signed before me the foregoing Secretary's Certificate and acknowledged that he executed the same.

Doc. No. 440 ;  
Page No. 88 ;  
Book No. 11 ;  
Series of 2015.

  
**ATTY. REDENCIO C. VILLARIVERA**  
Notary Public for Makati City  
For the term ending 31 December 2015  
Roll No. 45335; Appointment No. M-365  
4<sup>th</sup> Floor, Dacon Building , No. 2281  
Pasong Tamo Extension, Makati City  
IBP No.0995318/Feb.2, 2015/Makati  
PTR No.4789099/Feb.3,2015/Makati  
MCLE Compliance No. IV-0020719



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## A. BOARD MATTERS

### 1) Board of Directors

Number of Directors per Articles of Incorporation	11
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Actual number of Directors for the year	11
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#### (a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) <sup>1</sup>	Elected when (Annual /Special Meeting)	No. of years served as director
David M. Consunji* (Chairman Emeritus)	NED	DMCI Holdings, Inc.	Ma. Cristina C. Gotianun	May 2001	<u>May 2014</u> <i>(Resigned as Director March 6, 2015)</i>	ASM	<u>13.67</u>
Isidro A. Consunji	ED	DMCI Holdings, Inc.	Ma. Cristina C. Gotianun	May 2001	<u>May 2014</u>	ASM	<u>13.67</u>
Victor A. Consunji	ED	DMCI Holdings, Inc.	Ma. Cristina C. Gotianun	May 2001	<u>May 2014</u>	ASM	<u>13.67</u>
Jorge A. Consunji	NED	DMCI Holdings, Inc.	Ma. Cristina C. Gotianun	May 2001	<u>May 2014</u>	ASM	<u>13.67</u>
Cesar A. Buenaventura	NED	DMCI Holdings, Inc.	Ma. Cristina C. Gotianun	May 2001	<u>May 2014</u>	ASM	<u>13.67</u>
Herbert M. Consunji	NED	DMCI Holdings, Inc.	Ma. Cristina C. Gotianun	May 2001	<u>May 2014</u>	ASM	<u>13.67</u>
Victor C. Macalincag	ID		Antonio C. Olizon (no relation)	May 2005	<u>May 2014, 2 years &amp; 7 months as ID from May 2012</u>	ASM	<u>9.67</u>
George G. San Pedro	ED	DMCI Holdings, Inc.	Isidro A. Consunji	May 2001	<u>May 2014</u>	ASM	<u>13.67</u>
Federico E. Puno *deceased Oct 11, 2014	ID		Antonio C. Olizon (no relation)	May 2005	<u>May 2014, 2 years &amp; 6 months as ID from May 2012</u>	ASM	<u>9.50</u>
Ma. Cristina C. Gotianun	ED	DMCI Holdings, Inc.	Isidro A. Consunji	May 2006	<u>May 2014</u>	ASM	<u>8.67</u>
Ma. Edwina C. Laperal	NED	DMCI Holdings, Inc.	Isidro A. Consunji	May 2007	<u>May 2014</u>	ASM	<u>7.67</u>

<sup>1</sup> Reckoned from the election immediately following January 2, 2012.

<u>Rogelio M. Murga</u>	<u>ID</u>		<u>Isidro A. Consunji</u>	<u>Nov 11, 2014</u>	<u>Nov 11, 2014</u>	<u>Board Appointment to fill vacancy</u>	<u>0.17</u>
<u>Josefa Consuelo C. Reyes</u>	<u>NED</u>	<u>DMCI Holdings, Inc.</u>	<u>Isidro A. Consunji</u>	<u>March 6, 2015</u>		<u>Board Appointment to fill vacancy</u>	<u>0.05</u>

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

*The Board commits to a corporate governance framework aimed to provide a culture of ethical conduct, higher standards of performance, transparency and accountability throughout the organization. It reports its full compliance to the SEC's Revised Code of Corporate Governance (SEC Code) and discloses its level of adoption of the PSE's Corporate Governance Guidelines for Listed Companies. Directors, Officers and employees have been advised of their respective duties as mandated by the SEC Code and that internal mechanisms are in place to ensure compliance thereto. It fully complies with the disclosure and reportorial requirements of the SEC and PSE, such as certifications on compliance with its Revised Code of Corporate Governance and Board attendance, structured reports, as well as timely disclosure of significant and material information, events or developments and reporting of transactions involving trading of the Company's shares by its Directors within the prescribed reporting period.*

*The Company's Board-approved Revised Code of Corporate Governance reflects a governance framework that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates.*

*Its governance framework adheres to the following OECD Principles of Corporate Governance:*

#### RIGHTS OF SHAREHOLDERS

*The Company protects and facilitates the exercise of basic shareholder rights. It maintains a share structure that gives all shares equal voting rights. It allows all shareholders the right to nominate candidates for board of directors. It is committed to providing reasonable economic returns to the investors through the right to participate in its profits. It respects the right of a shareholder to participate, be informed and vote in key decisions regarding fundamental corporate changes in its Annual Shareholders' Meeting (ASM). Shareholders are furnished with sufficient and timely information concerning the ASM date, location, agenda including the rules and voting procedures that govern such meetings in the Notice of ASM and accompanying SEC Form 20-IS Information Statement. It respects other shareholder rights, specifically, to inspect corporate books and records, to information, to dividends and appraisal right.*

#### EQUITABLE TREATMENT OF SHAREHOLDERS

*It ensures equitable treatment of all shareholders and provides them the opportunity to obtain redress for violation of their rights. It has a share structure of one class of common shares with one vote for each share. It aims to protect non-controlling shareholders from inequitable conduct and abusive self-dealing of its Directors, Officers and employees. Related good governance policies include :*

- *Insider Trading Policy - explicitly prohibit insider trading to prevent conflict of interest and benefiting from insider information or knowledge not available to the general public. It prescribes trading block off periods and requires Directors and officers to inform or report to the Company their trading transactions of Company shares within three (3) business days. Also,*

*the Company requires a One-Day-Before-Stock-Trading reporting protocol that its Directors and Key Officers notify, call or clear with Legal department at least one day before a planned stock trading of the Company's shares.*

- *Related Party Transaction (RPT) Policy – provides that RPTs be arms-length and at terms available to an unaffiliated third party under the same or similar business circumstances. It also sets threshold levels requiring approval of the Board or shareholders, and that RPTs be arms-length and at terms generally available to an unaffiliated third party under the same or similar circumstances, among others. To determine that material/significant RPTs are in the best interest of the Company and Shareholders, the Company's Independent Directors are required to review material/significant RPTs that meet the threshold levels stipulated by regulatory rules and requirements on material RPTs and prescribed guidelines per RPT Policy*

#### **ROLE OF STAKEHOLDERS**

*It protects the rights and interests of its employees, customers, suppliers, business partners, creditors, government, environment, communities and other stakeholders as established by law or through mutual agreements. Its active engagement and partnership with key stakeholders encourage open communication and early resolution of issues or concerns, if any, during quarterly monitoring meetings with the Multi-Monitoring Team wherein various sectoral stakeholder groups are represented and heard. Related policies include:*

- *Alternative Dispute Resolution Policy - promotes the use of alternative dispute resolution (ADR) options and processes in the settlement of corporate governance related disputes or differences with shareholders and key stakeholders.*
- *Anti-corruption and Ethics Program - consists of ethics-related policies, soft controls and audit procedures aimed to promote the highest standards of openness, probity and accountability throughout the organization.*
- *Whistleblowing/Hotline reporting mechanism - provides a secure reporting venue for employees, customers, suppliers and other stakeholders to raise and communicate valid complaints and confidential concerns on fraud, questionable and unethical transactions in good faith.*

#### **DISCLOSURE AND TRANSPARENCY**

*It commits to a regime of open disclosure and transparency of material information and events regarding its financial performance, ownership and business updates. Its Information Policy ensures information is communicated in a timely and transparent manner to individual and institutional shareholders by timely and adequate disclosures through announcements, quarterly or annual reporting, Company website and investor relations activities such as analyst briefings and media/press conferences.*

#### **RESPONSIBILITIES OF THE BOARD**

*The Company's Good Governance Guidelines for Board Directors serve as the Board's charter with policies regarding directorship tenure, service in other company boards, conflict of interest, among others. It aims to protect non-controlling shareholders from inequitable conduct and abusive self-dealing of its Directors, Officers & employees. The Code of Conduct (Code) embodies its commitment to conduct business with the highest ethical standards and in accordance with applicable laws, rules and regulations. Code provisions include conflict of interest, gifts, corporate giving, insider trading, corporate opportunities, accounting and financial reporting, influencing external auditor, political activities, fair dealings, confidentiality, protection and proper use of company assets, among others.*

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

*The Board reviews and approves the vision and mission at least every five years, with recent review and approval in its Board meeting on November 11, 2014.*

(d) Directorship in Other Companies

(i) Directorship in the Company's Group<sup>2</sup>

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.
David M. Consunji <i>(resigned as Director March 6, 2015)</i>	DMCI Holdings, Inc	<u>Non-Exec/Chairman Emeritus</u>
Isidro A. Consunji	DMCI Holdings, Inc. SEM-Calaca Power Corp. Southwest Luzon Power Generation Corp. Semirara Claystone Inc. Semirara Energy Utilities Inc. SEM-Cal Industrial Park Developers, Inc. SEM-Balayan Power Generation Corp. St. Raphael Power Generation Corp. SEM-Calaca Res Corp.	Executive Director/ <u>Chairman</u> Executive Director/Chairman/CEO  Executive Director Executive Director, CEO Executive Director, CEO Executive Director, CEO  Executive Director, CEO  Executive Director, CEO Non-Executive Director
Victor A. Consunji	DMCI Holdings, Inc. SEM-Calaca Power Corp. Southwest Luzon Power Generation Corp. Semirara Claystone Inc. Semirara Energy Utilities Inc. SEM-Cal Industrial Park Developers, Inc. SEM-Balayan Power Generation Corp. St. Raphael Power Generation Corp. SEM-Calaca Res Corp. One Network Bank	Non-Executive Director Executive Director/Vice Chairman  Executive Director Executive Director Executive Director Executive Director, President & CEO Executive Director, President & CEO Executive Director, President & CEO Executive Director, President & CEO Non-Exec. Director, Chairman
Jorge A. Consunji	DMCI Holdings, Inc. SEM-Calaca Power Corp. Southwest Luzon Power Generation Corp. Semirara Claystone Inc.	} Non-Executive Director

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

	Semirara Energy Utilities Inc. SEM-Cal Industrial Park Developers, Inc. SEM-Balayan Power Generation Corp. St. Raphael Power Generation Corp. SEM-Calaca Res Corp.	Non-Executive Director Non-Executive Director
Cesar A. Buenaventura	DMCI Holdings, Inc. Semirara Cement Corp.	Non-Executive Director <u>Non-Executive Director</u>
Herbert M. Consunji	DMCI Holdings, Inc. SEM-Calaca Power Corporation Southwest Luzon Power Generation Corp. SEM-Cal Industrial Park Developers, Inc. <u>SEM-Calaca Res Corp.</u>	Executive Director Non-Executive Director Non-Executive Director Non-Executive Director <u>Executive Director, Treasurer</u>
Victor C. Macalincag	SEM-Calaca Power Corporation	Independent Director
<u>Federico E. Puno</u> <i>*deceased Oct 11, 2014</i>	<u>SEM-Calaca Power Corporation</u>	<u>Independent Director</u>
<u>Rogelio M. Murga</u>	<u>SEM-Calaca Power Corporation</u>	<u>Independent Director</u> <i>(elected by the Board to fill vacancy on February 20, 2015)</i>
Ma. Cristina C. Gotianun	SEM-Calaca Power Corp Southwest Luzon Power Generation Corp. Semirara Claystone Inc. Semirara Energy Utilities Inc. SEM-Cal Industrial Park Developers, Inc. SEM-Balayan Power Generation Corp. St. Raphael Power Generation Corp.	Executive Director, Treasurer Executive Director, Treasurer Executive Director, Treasurer Executive Director, Treasurer Non-Executive Executive Director, Treasurer Executive Director, Treasurer
Ma. Edwina C. Laperal	DMCI Holdings, Inc. SEM-Calaca Power Corp	Executive Director Non-Executive Director
<u>Josefa Consuelo C. Consunji</u> <i>(elected by the Board to fill vacancy on March 6, 2015)</i>	<u>SEM-Calaca Power Corp</u>	<u>Non-Executive Director</u>

(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.
Isidro A. Consunji	Crown Equities, Inc. Atlas Consolidated Mining and Development Corporation	Non-Executive Director Non-Executive Director
Cesar A. Buenaventura	PetroEnergy Resources Corp. iPeople Inc.	Independent Director Independent Director
Victor C. Macalincag	Crown Equities, Inc.	Independent Director

	Republic Glass Holdings, Inc., ISM Communications Corp. Atok-Big Wedge Company, Inc. <u>PhilWeb Corporation</u>	Independent Director Independent Director Independent Director <u>Independent Director</u>
<u>Federico E. Puno</u> <u>*deceased Oct 11, 2014</u>	Republic Glass Holdings, Inc. Forum Pacific, Inc.	Independent Director Independent Director

(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 <sup>3</sup>	Description of the relationship
David M. Consunji	N/A	N/A
Isidro A. Consunji	Augusta Holdings Inc. holds <u>969,918</u> shares in the Company.	Mr. Isidro A. Consunji is the majority stockholder representing 80% of its I/O shares.
Victor A. Consunji	Guadalupe Holdings Corporation holds <u>1,581,414</u> shares in the Company.	Mr. Victor A. Consunji is the majority stockholder representing 99.84% of its I/O shares.
Jorge A. Consunji	Great Times Holdings Corp. holds <u>116,837</u> shares in the Company.	Mr. Jorge A. Consunji is the majority stockholder representing 100% of its I/O shares.
Herbert M. Consunji	N/A	N/A
Ma. Crisitina C. Gotianun	Berit Holdings Corporation holds <u>1,210,104</u> shares in the Company.	Ms. Ma. Cristina C. Gotianun is the majority stockholder representing 78.88% of its I/O shares.
Ma. Edwina C. Laperal	Firenze Holdings Inc. holds <u>1,277,694</u> shares in the Company.	Ms. Ma. Edwina C. Laperal is the majority stockholder representing 82% of its I/O shares.
<u>Josefa Consuelo C. Reyes</u>	<u>Meru Holdings, Inc. holds 346,800 shares in the Company</u>	<u>Ms. Josefa Consuelo C. Reyes is the majority stockholder representing 99.84% of its I/O.</u>

- (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:

***In 2014, each Director has held simultaneously no more than five (5) board seats in publicly-listed companies. Moreover, the Company's executive directors do not serve on more than two (2) boards of listed companies outside its parent DMCI Holdings Inc. Group.***

	Guidelines	Maximum Number of Directorships in other companies
<b>Executive Director</b>		No more than two Board seats of listed companies outside DMCI Holdings Inc. Group

<sup>3</sup> As of February 28, 2015.

<b>Non-Executive Director</b>		No more than five Board seats of publicly-listed companies.
<b>CEO</b>		No more than two Board seats of listed companies outside DMCI Holdings Inc. group

(c) 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 <sup>4</sup>	Number of Indirect shares / Through (name of record owner) <sup>5</sup>	% of Capital Stock
David M. Consunji	<u>36</u>	-	0.00
Isidro A. Consunji	<u>6,036</u>	<u>969,918</u>	0.09
Victor A. Consunji	<u>36</u>	<u>1,581,450</u>	0.15
Jorge A. Consunji	<u>36</u>	<u>116,837</u>	0.01
Herbert M. Consunji	<u>32,280</u>	-	0.00
Cesar A. Buenaventura	<u>18,030</u>	-	0.00
Ma. Cristina C. Gotianun	<u>357</u>	<u>1,210,104</u>	0.11
Ma. Edwina C. Laperal	<u>1,047</u>	<u>1,277,694</u>	0.12
George G. San Pedro	<u>120,090</u>	-	0.01
Victor C. Macalincag	<u>804,890</u>	<u>19,100</u>	0.08
<u>Federico E. Puno</u> <u>* deceased Oct 11, 2014</u>	<u>180,030</u>	-	0.02
<u>Rogelio M. Murga</u>	<u>1,010</u>	-	0.00
<u>Josefa Consuelo C. Reyes</u>	<u>80,300</u>	346,800	0.04
<b>TOTAL</b>	<b><u>1,244,178</u></b>	<b><u>5,521,903</u></b>	<b><u>0.63</u></b>

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	<u>Isidro A. Consunji</u>
CEO/President	Isidro A. Consunji

Effective Nov 11, 2014, David M. Consunji resigned as Chairman of the Board. The Board appointed Isidro A. Consunji CEO with a dual role as Chairman of the Board, and David. M. Consunji as Chairman Emeritus in the context of transition change in succession leadership. The Board noted the strategic challenges and opportunities in the Company's sustainability as a vertically-integrated coal mining and energy enterprise, thus making critical a cohesive leadership of the Board and Management unified in meeting business objectives. The Company's governance structure ensures a check and balance of power, independent thinking and accountability through defined roles and responsibilities of the Board, CEO and Management in its Amended By-Laws and Revised Code of Corporate Governance, good governance policies and processes such as annual Board/CEO performance evaluation, among others.

- (b) Roles, Accountabilities and Deliverables

<sup>4</sup> As of February 28, 2015.

<sup>5</sup> *Ibid.*

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

	Chairman	Chief Executive Officer
Role	Oversees and leads the Board on behalf of the shareholders, protecting their rights and maximizing shareholders' returns.	Provides leadership, direction and overall management of the Company's business.
Accountabilities	Is accountable to the shareholders; Ensures that Board meetings are held in accordance with the by-laws; Presides or chairs Board meetings; Coordinates Board meetings' agenda	Is accountable to the Board; Implements the key strategies and policies; as well as annual targets and objectives set by the Board.
Deliverables	Leads the Board in establishing the vision and mission, strategic objectives, key policies as well as adequate control mechanisms and risk management systems to effectively oversee and monitor Management's performance.	i. Develops and implements short and long term plans, financial management, control and risk system; ii. Ensures achievement of annual budget, financial and operating performance.

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

***The Company's Executive Succession Plan Policy outlines succession procedures for the CEO including the process of appointment and time frame. Succession planning also involves identifying a pool of candidates and developing a professional development program which includes mentoring, coaching, leadership seminars and management courses, among others. Succession processes to ensure leadership continuity and changes in key officers and critical positions include identifying potential candidates and leadership gaps, assessment of their strengths and developmental needs, readiness of current staff to assume critical positions and implementing strategies.***

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

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

***The Company's current Board represents a mix of highly qualified individuals of such stature and experience in the coal energy & power industries, finance, business, public governance, mining & engineering operations, organization and financial management, which are aligned to the Company's strategy and enable them to effectively participate in Board deliberations and fulfill their fiduciary duties. There is no discrimination of gender, age and religion in the selection and appointment of Directors.***

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, two of the non-executive directors have extensive work experience in the energy sector and/or coal industry, both major industries of which the Company and its subsidiaries are operating in and significant to the Company's strategy map.***

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

	Executive	Non-Executive	Independent Director
Role	Develop and implement strategic and business plans	Strategy and goal setting;	Adopt an oversight role and act as a check and



	;  Set the Company's values and standards, and ensure that obligations to shareholders and stakeholders are understood and met.  Lead the day-to-day operation of the business.	Review and monitor Management's performance in meeting agreed goals and objectives.	balance on the acts of the Board and Management of the Company;  Helps in formulating strategic plans and objectives.
Accountabilities	Providing reasonable economic returns to shareholders and business partners;  Sustainability and growth of the business;  Regular and timely reporting to the Board of the Company's performance and achievement of strategic goals and objectives.	Promoting the interests of all shareholders, majority and minority, as a whole.	Promoting the interests of all shareholders, majority and minority, as a whole.
Deliverables	<u>Enhance shareholder value through the ff:</u>  Operational excellence;  A governance framework with adequate and effective risk, control and governance processes and information and management systems; Reliability and integrity of financial and operational information and reporting; Compliance with laws, rules, regulations, and contracts; Faithful performance of fiduciary duties in the best interests of the Company as a Board Director, incl. regular attendance and participation in Board and Committee meetings.  Sustainable growth and business of the organization.	Objectivity and independent mindset during Board deliberations and discussions;  Faithful performance of Director's fiduciary duties in the best interests of the Company; Familiarity and understanding of the Company's business, industry and significant developments; Regular attendance and participation in Board and Committee meetings.	Objectivity and independent mindset during Board deliberations and discussions;  Faithful performance of Director's fiduciary duties in the best interests of the Company;  Familiarity and understanding of the Company's business, industry and significant developments;  Regular attendance and participation in Board and Committee meetings.

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

***An Independent Director is defined as one with no interest or relationship with the Company that may hinder his independence from the Company or its management, or may reasonably be perceived to materially***

*interfere in the exercise of his independent judgment in carrying out the responsibilities expected of a director. The Company's Independent Directors possess the qualifications and none of the disqualifications under existing Philippine regulatory rules and requirements for Independent Directors. They are independent of Management and major shareholders of the Company. The Company's Independent Directors are subject to SEC's prescribed term limit for Independent Directors of ten (10) years and re-election which took effect in 2012. One of the Company's Independent Directors (IDs) has been elected and re-elected as Independent Director since May 2005, while a new Independent Director was appointed by the Board on Nov 11, 2014 to fill the vacancy of a second Independent Director. Both of the Company's IDs have likewise been elected as such in the Company's wholly-owned subsidiary SEM-Calaca Power Corporation and adhered to SEC's prescribed limit for Independent Directors to be elected as such in no more than five (5) companies in each conglomerate.*

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 adopts and adheres to SEC's prescribed limits for Independent Directors on term (tenure) and not being elected as Independent Directors in no more than five (5) companies in each conglomerate.**

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

(8) 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
<u>Federico E. Puno</u>	<u>Independent Director</u>	<u>Oct 11, 2014</u>	<u>Death</u>
<u>David M. Consunji</u>	<u>Non-Executive/Chairman</u> <u>Non-Executive/Chairman Emeritus</u>	<u>Nov 11, 2014</u> <u>Nov 11, 2014</u> <u>March 6, 2015</u>	<u>Resignation</u> <u>Appointment</u> <u>Resignation</u>
<u>Isidro A. Consunji</u>	<u>Executive/Chairman</u>	<u>Nov 11, 2014</u>	<u>Appointment</u>
<u>Victor A. Consunji</u>	<u>Executive/Vice Chairman</u>	<u>Nov 11, 2014</u>	<u>Appointment</u>
<u>Rogelio M. Murga</u>	<u>Independent Director</u>	<u>Nov 11, 2014</u>	<u>Election by the Board to fill vacancy</u>
<u>Josefa Consuelo C. Reyes</u>	<u>Non-Executive</u>	<u>March 6, 2015</u>	<u>Election by the Board to fill vacancy</u>

(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
<b>a. Selection/Appointment</b>		
(i) Executive Directors	Executive Directors are appointed during the organizational meeting of the company by the members of the Board of Directors	To be eligible directors must possess all the qualifications and none of the disqualifications of directors as stated in the Company's By-laws specifically Sections 2 & 3 of Article 2; all qualifications and

		<p>disqualifications under the Revised Code of Corporate Governance.</p> <p>Executive Directors are chosen based on their skills, experience and expertise that are aligned to the Company's strategy, and with due regard of their track record, individual contribution, leadership and performance in the Company.</p>
(ii) Non-Executive Directors	<p>Every March (prior to Annual Meeting on first Monday of May) of each year directors are nominated and the final list of nominees is prepared; only those whose names appear in the final list shall be eligible for election at the Company's annual meeting. The final list goes through the selection process by the Nomination and Election Committee (NOMELEC)</p>	<p>To be eligible directors must possess all the qualifications and none of the disqualifications of directors as stated in the Company's By-laws specifically Sections 2 &amp; 3 of Article 2; all qualifications and disqualifications under the Revised Code of Corporate Governance. Non-Executive Directors are chosen based on their skills, experience and expertise that are aligned to the Company's strategy, and with due regard of their individual contribution, committee membership, leadership and individual performance as members of the Board.</p>
(iii) Independent Directors	<p>Every March (prior to Annual Meeting on first Monday of May) of each year independent directors (at least 2 or 20% of the board size whichever is less) are nominated and the final list of nominees is prepared; only those whose names appear in the final list shall be eligible for election at the Company's annual meeting. The final list goes through the selection process by the NOMELEC. (Section 5, Article 3 of By-laws)</p> <p>Subject to 5 day written notice to the Securities and Exchange Commission, any vacancy due to resignation, disqualification or cessation from office shall be filled by vote of at least majority of remaining directors, if still constituting a</p>	<p>1. Must possess all the qualification and none of the disqualifications of directors under Article III of Company's By-laws (By-laws incorporates provisions of SEC Memorandum Circular No. 16; Series of 2012 dated November 28, 2002; (Guidelines on the Nomination and Election of Independent Directors) and qualifications and disqualifications under the Revised Code of Corporate Governance Memorandum Circular No. 9, Series of 2011 dated December 5, 2011 (Term Limits for Independent Directors)</p> <p>2. Independent Directors are</p>

	quorum upon nomination of the NOMELEC, otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for that purpose (Section 7, Article 3 By-laws)	chosen based on their skills, experience and expertise that are aligned to the Company's strategy, and with due regard of their individual contribution, committee membership, leadership and performance as members of the Board.
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**b. Re-appointment**

(i) Executive Directors	Same process and criteria on selection and appointment	Same process and criteria on selection and appointment; Directors are chosen based on their skills, experience and expertise that are aligned to the Company's strategy, and with due regard of their track record, individual contribution, leadership and performance in the Company.
(ii) Non-Executive Directors	Same process and criteria on selection and appointment	Same process and criteria on selection and appointment; Directors are chosen based on their skills, experience and expertise that are aligned to the Company's strategy, and with due regard of their track record, individual contribution, leadership and performance in the Company.
(iii) Independent Directors	Same process and criteria on selection and appointment	Same process and criteria on selection and appointment; Directors are chosen based on their skills, experience and expertise that are aligned to the Company's strategy, and with due regard of their track record, individual contribution, leadership and performance in the Company.

**c. Permanent Disqualification**

(i) Executive Directors	<p>Not eligible for appointment as Executive Director upon determination by the NOMELEC</p> <p>If grounds for disqualification occur during tenure, executive director may be removed by affirmative resolution of the board (Sec. 5, Art. 4 By-laws). Director concern may however voluntarily resign due to such grounds for disqualification.</p>	<p>Grounds for disqualifications enumerated under Article 4 I (1) of the Company's Revised Code of Corporate Governance</p>
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(ii) Non-Executive Directors	<p>Not eligible for nomination as director upon determination by the NOMELEC</p> <p>If grounds for disqualification occur during tenure, director may be removed by affirmative vote of the stockholders holding 2/3 of the subscribed and outstanding capital of the Company in a meeting called for the purpose. Director concern may however voluntarily resign due to such grounds for disqualification.</p>	<p>Grounds for disqualifications enumerated under Article 4 (e) (1) of the Company's Revised Code of Corporate Governance</p>
(iii) Independent Directors	<p>Not eligible for nomination as director upon determination by the NOMELEC</p> <p>If grounds for disqualification occur during tenure, director may be removed by affirmative vote of the stockholders holding 2/3 of the subscribed and outstanding capital of the Company in a meeting called for the purpose. Director concern may however voluntarily resign due to such grounds for disqualification.</p>	<ol style="list-style-type: none"> <li>1. Based on grounds enumerated under Art. 4 (e) (1) of the Company's Revised Code of Corporate Governance</li> <li>2. Memorandum Circular No. 9, Series of 2011 dated December 5, 2011 (Term Limits for Independent Directors)</li> </ol>
<b>d. Temporary Disqualification</b>		
(i) Executive Directors	<p>As determined by affirmative resolution of the Board of Directors</p>	<p>Grounds for temporary disqualifications under Article 4 (e) (2) of the Company's Revised Code of Corporate Governance</p>
(ii) Non-Executive Directors	<p>As determined by affirmative resolution of the Board of Directors</p>	<p>Grounds for temporary disqualifications under Article 4 (e) (2) of the Company's Revised Code of Corporate Governance</p>
(iii) Independent Directors	<p>As determined by affirmative resolution of the Board of Directors</p>	<ol style="list-style-type: none"> <li>1. Grounds for temporary disqualifications under Article 4 (e) (2) of the Company's Revised Code of Corporate Governance</li> <li>2. Article 3, Section 3 of By-laws</li> <li>3. Memorandum Circular No. 9, Series of 2011 dated December 5, 2011 (Term Limits for Independent Directors)</li> </ol>
<b>e. Removal</b>		

(i) Executive Directors	By affirmative resolution of the Board of Directors	With or without cause (Section 5, Article 4 of By-laws)
(ii) Non-Executive Directors	By affirmative vote of the stockholders holding 2/3 of the subscribed and outstanding capital of the Company in a meeting called for the purpose.	With or without cause (Section 10, Article 2 of By-laws)
(iii) Independent Directors	Same as Non-Executive Directors	With or without cause (Section 10, Article 2 of By-laws)
<b>f. Re-instatement</b>		
(i) Executive Directors	Director is given 60 days to remedy or correct disqualification. Director is reinstated when shown that disqualification has been remedied.	Last paragraph of Article 4 (e) (2) of the Company's Revised Code of Corporate Governance
(ii) Non-Executive Directors	-same as above-	-same as above-
(iii) Independent Directors	-same as above-	-same as above-
<b>g. Suspension</b>		
(i) Executive Directors	Written report on violations of internal policies, provisions of the Company's Corporate Governance Manual, rules and regulations of regulatory agencies shall be made by Company's Compliance Officer to the Board of Directors with recommendation on sanctions and penalties.	Article 4 (m) of Company's Revised Code of Corporate Governance. Sanctions ranges from reprimand, fines disqualification as may deem appropriate upon recommendation of the Compliance Officer subject to the approval of the Board.
(ii) Non-Executive Directors	-same as above-	-same as above-
(iii) Independent Directors	-same as above-	-same as above-

#### Voting Result of the last Annual General Meeting

Name of Director	Votes Received	Votes Against	Abstain
David M. Consunji	<u>285,139,637</u>	-	<u>1,570,558</u>
Isidro A. Consunji	<u>283,908,027</u>	<u>1,231,610</u>	<u>1,570,558</u>
Victor A. Consunji	<u>285,137,467</u>	<u>2,170</u>	<u>1,570,558</u>
Jorge A. Consunji	<u>285,139,637</u>	-	<u>1,570,558</u>
Cesar A. Buenaventura	<u>285,137,467</u>	<u>2,170</u>	<u>1,570,558</u>
Herbert M. Consunji	<u>283,910,197</u>	<u>1,229,440</u>	<u>1,570,558</u>
Ma. Cristina C. Gotianun	<u>285,137,467</u>	<u>2,170</u>	<u>1,570,558</u>
Ma. Edwina C. Laperal	<u>279,595,371</u>	<u>1,341,660</u>	<u>5,773,164</u>
George G. San Pedro	<u>276,737,673</u>	<u>2,170</u>	<u>9,970,352</u>

Victor C. Macalincag	<u>285,940,345</u>	-	<u>769,850</u>
Federico E. Puno	<u>285,940,345</u>	-	<u>769,850</u>

5) Orientation and Education Program

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

***Board orientation coverage includes knowing the Company's unique aspects such as its history, operations, product, Board policies, etc. Directors are provided with an orientation kit of compiled reading and video materials intended to serve as a useful tool and ready reference resource for the Board's work and duties during the year. They are encouraged to visit the Company's mine sites and subsidiary operating plants to gain a closer understanding of business operations and ongoing corporate social responsibility (CSR) projects.***

***In December 2014, the Nomination and Election Committee exercised oversight of the Board orientation by the Chairman of the Board & CEO, Senior Management and Management Committee to familiarize the new Independent Director with SMPC Group's strategic plans, financial and operating performance, significant milestones and corporate governance matters.***

***The Company's Board Development program ensures continuing education and professional development of Board Directors and key officers through their participation and compliance in corporate governance seminars, forums and management courses, and memberships in professional organizations.***

- (b) State any in-house training and external courses attended by Directors and Senior Management<sup>6</sup> for the past three (3) years:

<b>Trainings and Seminars</b>	<b>Date</b>
<b><i><u>HR BEAT Conference, Towers Watson</u></i></b>	<b><i><u>February 27, 2015</u></i></b>
<b><i><u>Distinguished Corporate Governance Speaker Series, Institute of Corporate Directors (ICD)</u></i></b>	<b><i><u>January 26, 2015</u></i></b> <b><i><u>November 20, 2014</u></i></b> <b><i><u>August 19, 2014</u></i></b> <b><i><u>April 29, 2014</u></i></b> <b><i><u>February 5, 2014</u></i></b>
<b><i><u>13<sup>th</sup> Annual Working Session – Going for Gold ACGS, ICD</u></i></b>	<b><i><u>Nov 28, 2014</u></i></b>
<b><i><u>Towers Watson Executive Compensation Forum, ICD</u></i></b>	<b><i><u>Nov 26, 2014</u></i></b>
<b><i><u>3<sup>rd</sup> Annual Risk Management Summit, Society of Risk Management Professionals, Inc.</u></i></b>	<b><i><u>October 24, 2014</u></i></b>
<b><i><u>Exclusive Corporate Governance Seminar, ICD</u></i></b>	<b><i><u>June 9, 2014</u></i></b>
<b><i><u>Introduction to Wholesale Electricity Spot Market (WESM), Phil. Electricity Market Corp.</u></i></b>	<b><i><u>May 16, 2014</u></i></b>
<b><i><u>7 Habits for Effective Managers, Center for Leadership and Change Inc.</u></i></b>	<b><i><u>August 6-7, Nov 17, 2014</u></i></b> <b><i><u>January 23, 2015</u></i></b>
<b><i><u>People Handling for Managers, Guthrie Jensen Consultants, Inc.</u></i></b>	<b><i><u>July 4,5,11, 2014</u></i></b>
<b><i><u>HR for Non-HR Managers, Rodolfo C. Salazar</u></i></b>	<b><i><u>June 25, 2014</u></i></b>
<b><i><u>Introduction to Wholesale Electricity Spot Market (WESM), Phil. Electricity Market Corp.</u></i></b>	<b><i><u>May 16, 2014</u></i></b>
<b><i><u>Process Improvement Tools and Techniques for Customer Service Quality for Senior Managers</u></i></b>	<b><i><u>April 21, 2014</u></i></b>
<b><i><u>Professional Directorship Program, ICD</u></i></b>	<b><i><u>March 1,8,9,18,19 2010</u></i></b> <b><i><u>March 1,7,8,17,18 2011</u></i></b>
<b><i><u>Corporate Governance Orientation Program, , ICD</u></i></b>	<b><i><u>September 1, 2010</u></i></b> <b><i><u>September 1, 2011</u></i></b>

<sup>6</sup> Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

	<i>June 7, 2012</i>
<i>Strategic Business and Economics Program, University of Asia and the Pacific</i>	<i>SY 2011-2012</i>
<i>Annual Economic Briefings</i>	<i>2010-2014</i>
<i>Private-Public Partnership Briefing, Alberto Agra</i>	<i>2011</i>
<i>Cross Cultural Seminar, Prof. Yih-teen Lee</i>	<i>2011</i>
<i>Leadership Seminar, Dr. Pablo Cardona</i>	<i>2011</i>
<i>Business Continuity Management System (BCMS) Implementer Course, ISACA</i>	<i>June 5-7, 2012</i>
<i>The Future of Renewable Energy in the Phils., Center for Phil. Futuristics Studies &amp; Mgt Inc.</i>	<i>May 10, 2012</i>
<i>BCMS Foundation Course, Eian Management Consultancy</i>	<i>August 17, 2012 October 8, 2012</i>
<i>ISO Seminars (various), Certification International Philippines</i>	<i>2010-2011</i>
<i>ERM Awareness, SGV &amp; Co., Inc</i>	<i>Aug 23, 2012</i>
<i>ISO 14001:2004 EMS Foundation Course, SGS</i>	<i>Oct 1, 2012</i>
<i>Strategic Planning (Balanced Scorecard), DMC Technical Training Center</i>	<i>Nov 8-10, 2012</i>
<i>ASEAN Corp Gov Scorecard Briefing, ICD</i>	<i>April 10, 2013</i>
<i>Investors' Forum, ICD</i>	<i>June 28, 2013</i>
<i>Leadership, DMC Technical Training Center</i>	<i>June 29, 2013</i>
<i>Problem Solving and Decision Making, DMC Technical Training Center</i>	<i>July 12-13, 2013</i>
<i>Sustainability Reporting Guidelines, ECC International Corp.</i>	<i>Aug 14, 2013</i>
<i>Mandatory Continuing Legal Education, Chan Robles Law Office</i>	<i>April 2013</i>
<i>Trends in Director Compensation, ICD</i>	<i>Oct 16, 2013</i>
<i>Mastering LC for Import and Export, Center for Global Best Practices</i>	<i>Oct 24-25, 2013</i>
<i>12<sup>th</sup> Annual Working Session Mastering the ACGS, ICD</i>	<i>Nov 15, 2013</i>

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

<b>Name of Director/Officer</b>	<b>Date of Training</b>	<b>Program</b>	<b>Name of Training Institution</b>
<i>David M. Consunji/ Chairman Emeritus</i>	<i><u>June 9, 2014</u></i>	<i><u>Exclusive Corporate Governance Seminar</u></i>	<i><u>Institute of Corporate Directors</u></i>
<i>Isidro A. Consunji/ Chairman &amp; CEO</i>	<i><u>April 29, 2014</u></i>	<i><u>Distinguished Corporate Governance Speaker Series</u></i>	<i><u>Institute of Corporate Directors</u></i>
<i>Victor A. Consunji/Vice Chairman &amp; President</i>	<i><u>June 9, 2014</u></i>	<i><u>Exclusive Corporate Governance Seminar</u></i>	<i><u>Institute of Corporate Directors</u></i>
<i>Jorge A. Consunji/ Director</i>	<i><u>February 5, 2014</u></i>	<i><u>Distinguished Corporate Governance Speaker Series</u></i>	<i><u>Institute of Corporate Directors</u></i>
<i>Cesar A. Buenaventura/ Director</i>	<i><u>April 29, 2014</u></i>	<i><u>Distinguished Corporate Governance Speaker Series</u></i>	<i><u>Institute of Corporate Directors</u></i>
<i>Herbert M. Consunji/ Director</i>	<i><u>February 5, 2014</u></i>	<i><u>Distinguished Corporate Governance Speaker Series</u></i>	<i><u>Institute of Corporate Directors</u></i>
	<i><u>May 16, 2014</u></i>	<i><u>Introduction to Wholesale Electricity Spot Market (WESM)</u></i>	<i><u>Phil. Electricity Market Corp</u></i>
<i>Ma. Cristina C. Gotianun</i>	<i><u>February 27,</u></i>	<i><u>HR BEAT Conference</u></i>	<i><u>Towers Watson</u></i>



<b><u>/Director &amp; Exec. Vice President</u></b>	<b><u>2015</u></b>		
	<b><u>January 26, 2015</u></b>	<b><u>Distinguished Corporate Governance Speaker Series</u></b>	<b><u>Institute of Corporate Directors</u></b>
	<b><u>Nov 26, 2014</u></b>	<b><u>Towers Watson Executive Compensation Forum</u></b>	<b><u>Institute of Corporate Directors</u></b>
	<b><u>May 16, 2014</u></b>	<b><u>Introduction to Wholesale Electricity Spot Market (WESM)</u></b>	<b><u>Phil. Electricity Market Corp</u></b>
	<b><u>February 5, 2014</u></b>	<b><u>Distinguished Corporate Governance Speaker Series</u></b>	<b><u>Institute of Corporate Directors</u></b>
<b><u>Ma. Edwina C. Laperal/ Director</u></b>	<b><u>February 5, 2014</u></b>	<b><u>Distinguished Corporate Governance Speaker Series</u></b>	<b><u>Institute of Corporate Directors</u></b>
	<b><u>May 16, 2014</u></b>	<b><u>Introduction to Wholesale Electricity Spot Market (WESM)</u></b>	<b><u>Phil. Electricity Market Corp</u></b>
<b><u>George G. San Pedro/ Director, VP Operations</u></b>	<b><u>June 9, 2014</u></b>	<b><u>Exclusive Corporate Governance Seminar</u></b>	<b><u>Institute of Corporate Directors</u></b>
<b><u>Victor C. Macalincag/ Independent Director</u></b>	<b><u>February 5, 2014</u></b>	<b><u>Distinguished Corporate Governance Speaker Series</u></b>	<b><u>Institute of Corporate Directors</u></b>
	<b><u>May 16, 2014</u></b>	<b><u>Introduction to Wholesale Electricity Spot Market (WESM)</u></b>	<b><u>Phil. Electricity Market Corp</u></b>
<b><u>Federico E. Puno*/ Independent Director</u></b> <b><u>* deceased Oct 11, 2014</u></b>	<b><u>June 9, 2014</u></b>	<b><u>Exclusive Corporate Governance Seminar</u></b>	<b><u>Institute of Corporate Directors</u></b>
<b><u>Rogelio M. Murga/ Independent Director</u></b>	<b><u>November 20, 2014</u></b>	<b><u>Distinguished Corporate Governance Speaker Series</u></b>	<b><u>Institute of Corporate Directors</u></b>
<b><u>Jaime B. Garcia/VP Procurement &amp; Logistics</u></b>	<b><u>June 9, 2014</u></b>	<b><u>Exclusive Corporate Governance Seminar</u></b>	<b><u>Institute of Corporate Directors</u></b>
	<b><u>May 16, 2014</u></b>	<b><u>Introduction to Wholesale Electricity Spot Market (WESM)</u></b>	<b><u>Phil. Electricity Market Corp</u></b>
<b><u>Junalina S. Tabor/VP Chief Finance Officer</u></b>	<b><u>Nov 28, 2014</u></b>	<b><u>13<sup>th</sup> Annual Working Session – Going for Gold ACGS</u></b>	<b><u>Institute of Corporate Directors</u></b>
	<b><u>Oct 24, 2014</u></b>	<b><u>3<sup>d</sup> Annual Risk Management Summit</u></b>	<b><u>Society of Risk Management Professionals, Inc.</u></b>
	<b><u>February 5, 2014</u></b>	<b><u>Distinguished Corporate Governance Speaker Series</u></b>	<b><u>Institute of Corporate Directors</u></b>
<b><u>Antonio R. delos Santos/VP Treasury</u></b>	<b><u>June 9, 2014</u></b>	<b><u>Exclusive Corporate Governance Seminar</u></b>	<b><u>Institute of Corporate Directors</u></b>
<b><u>John R. Sadullo/Corporate Secretary VP Legal</u></b>	<b><u>Nov 28, 2014</u></b>	<b><u>13<sup>th</sup> Annual Working Session – Going for Gold ACGS</u></b>	<b><u>Institute of Corporate Directors</u></b>
	<b><u>August 19, 2014</u></b>	<b><u>Distinguished Corporate Governance Speaker Series</u></b>	<b><u>Institute of Corporate Directors</u></b>
<b><u>Jose Anthony T.</u></b>	<b><u>June 9, 2014</u></b>	<b><u>Exclusive Corporate</u></b>	<b><u>Institute of Corporate</u></b>

<u>Villanueva/VP Marketing</u>		<u>Governance Seminar</u>	<u>Directors</u>
	<u>May 16, 2014</u>	<u>Introduction to Wholesale Electricity Spot Market (WESM)</u>	<u>Phil. Electricity Market Corp</u>
<u>Nena D. Arenas/VP Chief Governance Officer</u>	<u>February 27, 2015</u>	<u>HR BEAT Conference</u>	<u>Towers Watson</u>
	<u>January 26, 2015</u>	<u>Distinguished Corporate Governance Speaker Series</u>	<u>Institute of Corporate Directors</u>
	<u>Nov 28, 2014</u>	<u>13<sup>th</sup> Annual Working Session – Going for Gold ACGS</u>	<u>Institute of Corporate Directors</u>
	<u>Nov 26, 2014</u>	<u>Towers Watson Executive Compensation</u>	<u>Institute of Corporate Directors</u>
	<u>June 9, 2014</u>	<u>Exclusive Corporate Governance Seminar</u>	<u>Institute of Corporate Directors</u>
	<u>May 16, 2014</u>	<u>Introduction to Wholesale Electricity Spot Market (WESM)</u>	<u>Phil. Electricity Market Corp</u>
	<u>February 5, 2014</u>	<u>Distinguished Corporate Governance Speaker Series</u>	<u>Institute of Corporate Directors</u>
<u>Sharade E. Padilla/AVP Investor &amp; Banking Relations</u>	<u>February 5, 2014</u>	<u>Distinguished Corporate Governance Speaker Series</u>	<u>Institute of Corporate Directors</u>
	<u>May 16, 2014</u>	<u>Introduction to Wholesale Electricity Spot Market (WESM)</u>	<u>Phil. Electricity Market Corp</u>
<u>Denardo M. Cuayo**/VP Business Development</u> <u>**resigned Dec 2014</u>	<u>June 9, 2014</u>	<u>Exclusive Corporate Governance Seminar</u>	<u>Institute of Corporate Directors</u>

## 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:

<b>Business Conduct &amp; Ethics</b>	<b>Directors</b>	<b>Senior Management</b>	<b>Employees</b>
(a) Conflict of Interest	A Director must never use or attempt to use his position in the Company to obtain any improper personal benefit, incl. loans or guarantees of obligations from any person or entity, for himself, for his immediate family members. Situations which could result in conflict of interest or the appearance of a conflict of interest should be avoided whenever possible. Any	An Executive Officer must never use or attempt to use his position in the Company to obtain any improper personal benefit, incl. loans or guarantees of obligations from any person or entity, for himself, for his immediate family members. Situations which could result in conflict of interest or the appearance of a conflict	All employees must avoid any conflict between their personal interests and those of the Company. Conflicts of interest arise when an employee's objectivity in reaching or influencing decisions for the Company is, or may be, affected by factors other than the Company's best interests. No employee may, directly or indirectly, use his

	<p>Director who is aware of a transaction/ relationship that could reasonably be expected to give rise to a conflict of interest should discuss the situation promptly with the Company's Chairman or President, and Audit Committee. Directors are required to disclose to the Board (and any applicable committee) any financial interest or personal interest in any contract or transaction that is being considered by the Board for approval. The interested Director should abstain from voting on the matter and, in most cases, should leave the meeting while the remaining directors discuss and vote on such matter. The same rule shall apply for approval of contract or transaction between the Company and another corporation with interlocking directors. Disclosed conflicts of interest will be documented in the minutes of the meeting. Directors will make business opportunities related to the Company's business, available to the Company before pursuing the opportunity for the Director's own or another's account.</p>	<p>of interest should be avoided whenever possible. Any Exec. Officer who is aware of a transaction/relationship that could reasonably be expected to give rise to a conflict of interest should discuss the situation promptly with the Company's Chairman or President, and Audit Committee.</p>	<p>decision-making authority or position to obtain a personal benefit from any sale, purchase or other activity of the Company. Transactions or dealings involving the Company and a member of an employee's immediate family (e.g., spouse, child, sibling, parent or in-law) or an individual who has a close personal relationship with such employee must be brought to the attention of the employee's superiors to determine if the transaction poses a perceived, potential or actual conflict of interest.</p>
(b) Conduct of Business and Fair Dealings	<p>The Company does not seek competitive advantages through illegal or unethical business practices. Each Director should endeavor to deal fairly with the Company's customers, service providers, suppliers, competitors and employees. No Director should take unfair advantage of anyone through manipulation, concealment, abuse of</p>	<p>The Company does not seek competitive advantages through illegal or unethical business practices. Each Executive Officer should endeavor to deal fairly with the Company's customers, service providers, suppliers, competitors and employees. No Exec. Officer should take unfair advantage of anyone through</p>	<p>All employees are expected to hold themselves accountable to the highest professional standards and with mutual respect. The Company does not seek competitive advantages through illegal, unethical or unfair dealing practices. Improper communications with competitors or suppliers regarding bids for</p>

	<p>privileged information, misrepresentation of material facts, or any unfair dealing practices.</p>	<p>manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practices.</p>	<p>contracts must be reported to the senior management, Chairman of the Board or the Audit Committee, as appropriate.</p>
<p>(c) Receipt of gifts from third parties</p>	<p>A Director and members of his immediate family may not offer, give, or receive gift(s) (whether cash, non-cash, or other) from persons or entities who deal with the Company in those cases where any such gift is being made or could reasonably appear to have been made in order to influence his actions as a Board member of the Company or where acceptance of the gift(s) could reasonably create or appear to create a conflict of interest. In certain circumstances, a Director may accept non-cash gift(s) of a nominal fair market value not exceeding P 2,000, provided that acceptance of such gift(s) is customary.</p> <p><u>Annually, the Company formally reminds its employees, suppliers, customers and key business partners of its Gifts and Entertainment policy.</u></p>	<p>An Exec. Officer and members of his immediate family may not offer, give, or receive gift(s) (whether cash, non-cash, or other) from persons or entities who deal with the Company in those cases where any such gift is being made or could reasonably appear to have been made in order to influence his actions as an officer of the Company or where acceptance of the gift(s) could reasonably create or appear to create a conflict of interest. In certain circumstances, an Executive Officer may accept non-cash gift(s) of a nominal fair market value not exceeding P 2,000, provided that acceptance of such gift(s) is customary.</p> <p><u>Annually, the Company formally reminds its employees, suppliers, customers and key business partners of its Gifts and Entertainment policy.</u></p>	<p>The Company's Gift and Entertainment policy and guidelines explicitly disallow employees from any interest in or benefit from any supplier that could reasonably be interpreted as inducing favoritism towards a particular supplier over others. Such guidelines enumerate conditions on the propriety of accepting a gift or invitation to meals and entertainment such as it is unsolicited, part of a business meeting or discussion, not being given to influence business judgment or action, does not violate any laws, and a promotional item or token of nominal value of not more than Two Thousand Pesos (P2,000) under the client's, supplier's or customer's relations program.</p> <p><u>Annually, the Company formally reminds its employees, suppliers, customers and key business partners of its Gifts and Entertainment policy.</u></p>
<p>(d) Compliance with Laws &amp; Regulations</p>	<p>It is the personal responsibility of each Director to adhere to the standards and restrictions imposed by laws, rules and regulations.</p>	<p>It is the personal responsibility of each Executive Officer to adhere to the standards and restrictions imposed by laws, rules and regulations.</p>	<p>Employees must comply with all relevant laws and regulations and must promptly report to management any condition that may pose a health, safety or environmental hazard.</p>
<p>(e) Respect for Trade Secrets/Use of Non-public Information</p>	<p>In carrying out the Company's business, Directors learn confidential/proprietary information about the Company, its customers,</p>	<p>In carrying out the Company's business, Exec. Officers learn confidential/proprietary information about the Company, its customers,</p>	<p>An employee must maintain the confidentiality of the Company's business information both during and after his employment</p>

	<p>suppliers, or other third parties. Directors must maintain confidentiality of all information so entrusted to them, except when disclosure is authorized by the Audit Committee or required by laws or regulations.</p> <p><u>The Company adheres to the requirements of the Data Privacy Act.</u></p>	<p>suppliers, or other third parties. Exec. Officers must maintain confidentiality of all information so entrusted to them, except when disclosure is authorized by the Audit Committee or required by laws or regulations.</p> <p><u>The Company adheres to the requirements of the Data Privacy Act.</u></p>	<p>with the Company. This includes, but not limited to, classified information on human resources, payroll and benefits, customer data, business strategies and plans, trade secrets and other proprietary information. Such information must be kept strictly confidential and should not be discussed with any person outside of the Company.</p> <p><u>The Company adheres to the requirements of the Data Privacy Act.</u></p>
(f) Use of Company Funds, Assets and Information	<p>All Directors should protect the Company's assets and help ensure their efficient use. A Director must not use or seek to use the Company's time, employees, supplies, equipment, tools, buildings, or other assets except for legitimate business purposes of the Company or as part of an adopted or approved program or policy of the Company available to his position.</p>	<p>All Executive Officers should protect the Company's assets and help ensure their efficient use. An Executive Officer must not use or seek to use the Company's time, employees, supplies, equipment, tools, buildings or other assets except for legitimate business purposes of the Company or as part of an adopted or approved program or policy of the Company available to his position.</p>	<p>Any employee found to be engaging in, or attempting, theft, fraud or misuse of any property of the Company will be subject to strict disciplinary action, including dismissal when proper. An employee must maintain the confidentiality of the Company's business information both during and after his employment with the Company.</p>
(g) Employment & Labor Laws & Policies	<p>The Company's policy is to comply with all applicable Philippine laws, rules and regulations and to maintain the highest standards of business ethics. It is the personal responsibility of each Director to adhere to the standards and restrictions imposed by those laws, rules, and regulations.</p>	<p>The Company's policy is to comply with all applicable Philippine laws, rules and regulations and to maintain the highest standards of business ethics. It is the personal responsibility of each Executive Officer to adhere to the standards and restrictions imposed by those laws, rules, and regulations.</p>	<p>The Company's policy is to comply with all applicable Philippine laws, rules and regulations and to maintain the highest standards of business ethics.</p>
(h) Disciplinary action	<p>The Company will take such disciplinary or preventive action as it deems appropriate to address any existing or potential violation of this Code</p>	<p>The Company will take such disciplinary or preventive action as it deems appropriate to address any existing or potential violation of</p>	<p>Any employee who compromises or violates the Code of Conduct may be subject to disciplinary action, up to and including termination. In</p>

	brought to its attention.	this Code brought to its attention.	all cases, the Company shall at all times observe due process and procedures in the implementation of the provisions of the Code.
(i) Whistle Blower	Any Director who becomes aware of any existing or potential violation of this Code shall promptly notify the Company's Audit Committee and/or Legal Counsel. The Company will take such disciplinary or preventive action as it deems appropriate to address any existing or potential violation of this Code brought to its attention. The Company will not tolerate retaliation for reports of violations of this Code made in good faith.	Any Executive Officer who becomes aware of any existing or potential violation of this Code shall promptly notify the Company's Audit Committee and/or Legal Counsel. The Company will take such disciplinary or preventive action as it deems appropriate to address any existing or potential violation of this Code brought to its attention. The Company will not tolerate retaliation for reports of violations of this Code made in good faith.	The Company encourages any employee who suspects wrongdoing at work to raise their concern. It is committed to an open working environment in which employees are able to voice their concerns. Employees can speak directly to their superior, manager, Human Resources Management or Legal Department. In some cases, employees may feel they want to remain anonymous; thus, employees can report confidentially through the hotline reporting mechanism. All genuine concerns raised will be investigated properly and the identity of the person raising the concern will be kept confidential. Any form of reprisal or victimization against anyone who has raised a concern in good faith will not be tolerated and will itself be treated as a serious disciplinary matter.
(j) Conflict Resolution	The Alternative Dispute Resolution (ADR) Policy adopts a four-step process for the resolution of most disputes, depending on the nature or circumstances of the dispute. This involves prevention through conflict avoidance or contract clauses; negotiation; 3rd party assistance through mediation, conciliation or expert determination; and 3 <sup>rd</sup> party decision through arbitration.	The Alternative Dispute Resolution (ADR) Policy adopts a four-step process for the resolution of most disputes, depending on the nature or circumstances of the dispute. This involves prevention through conflict avoidance or contract clauses; negotiation; 3rd party assistance through mediation, conciliation or expert determination; and 3 <sup>rd</sup> party decision	The Alternative Dispute Resolution (ADR) Policy adopts a four-step process for the resolution of most disputes, depending on the nature or circumstances of the dispute. This involves prevention through conflict avoidance or contract clauses; negotiation; 3rd party assistance through mediation, conciliation or expert determination; and 3 <sup>rd</sup> party decision through arbitration.

		through arbitration.	
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2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?  
**Yes. The Code of Conduct for Directors and Executive Officers, and Employee Code of Conduct are also available in the Company's intranet and website.**

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.  
***The Audit Committee administers the Code of Conduct for Directors and Executive Officers, while the Human Resources Management has the primary responsibility for implementing and administering compliance to the Employee Code of Conduct. The Company shall at all times observe due process and procedures in the implementation of the provisions of the Codes. Directors, Officers and Employees are required to annually certify compliance to the Codes and submit an Annual Disclosure Statement of any financial, business or personal interests or dealings with the Company or its subsidiaries. Principal contractors and consultants are likewise expected to adhere to the provisions of the Codes in the course of performance of their services to the Company.***  
***To enhance compliance with the Conflict of Interest policy, the Company also requires early submission by a Director, Officer and employee of a "single transaction" disclosure statement, and due before potential conflict of interest arises, of his direct or indirect financial interest in a specific contract or purchase proposed to be entered into by the Company, subsidiaries or its affiliates with or from a particular contractor or supplier. Failure to make proper disclosure as required may result in 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.

***The Company's Related Party Transaction Policy provides that related party transactions (RPTs) be arms-length and at terms generally available to an unaffiliated third party under the same or similar circumstances. There must be a compelling business reason to enter into such a RPT, taking into account such factors as expertise of related party, cost efficiency, among others. The Board-approved Policy sets out the guidelines, categories and thresholds requiring review, disclosure and prior approval by the Board of Directors or Shareholders of such transactions. It also defines RPTs deemed to be pre-approved by the Board in accordance with the Company's Board-approved Table of Authorities. It provides guidelines on the identification, review and approval of RPTs. The Company's Independent Directors are required to review material/significant RPTs that meet the threshold levels stipulated by regulatory rules and requirements on material RPTs, and prescribed guidelines of the RPT Policy, so as to determine whether such RPTs are in the best interests of the Company and Shareholders.***

***The Audit Committee also assists the Board in its oversight review of RPTs. All RPTs are disclosed in the related Notes to Financial Statements of the Company's audited accounts and in required SEC filings. The Committee's quarterly and annual reviews of the financial statements include related party transactions and accounts to ensure that RPTs are fair to the Company, conducted at arms' length terms and considered such factors as materiality, commercial reasonableness of the terms and extent of conflict of interest, actual or apparent, of the related party, as defined by the policy, participating in the transaction.***

Related Party Transactions	Policies and Procedures
(1) Parent Company	Subject to abovementioned Company's RPT Policy.
(2) Joint Ventures	-same-
(3) Subsidiaries	-same-

(4) Entities Under Common Control	-same-
(5) Substantial Stockholders	-same-
(6) Officers including spouse/children/siblings/parents	Subject to abovementioned Company's RPT and Conflict of Interest policies. An officer shall promptly notify the Audit Committee of any interest he or his immediate family member had, has or may have in a RPT. He shall disclose all material information concerning the RPT.
(7) Directors including spouse/children/siblings/parents	Subject to abovementioned Company's RPT and Conflict of Interest policies. A Director shall promptly notify the Audit Committee of any interest he or his immediate family member had, has or may have in a RPT. He shall disclose all material information concerning the RPT.
(8) Interlocking director relationship of Board of Directors	Subject to abovementioned Company's RPT and Conflict of Interest policies. Disclosure in required SEC filings.



(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.

	<b>Details of Conflict of Interest (Actual or Probable)</b>
David M. Consunji Isidro A. Consunji Victor A. Consunji Jorge A. Consunji Ma. Cristina C. Gotianun Ma. Edwina C. Laperal Herbert M. Consunji Josefa Consuelo C. Reyes	Interlocking directorships, concurrent officerships, Shareholders and owners of DMCI Holdings, Inc, Dacon Corporation & group of companies.

(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.

	<b>Directors/Officers/Significant Shareholders</b>
Company	Regular reporting and disclosure to Audit Committee and the Board, Related Party Transaction Policy, Code of Conduct provisions on Conflict of Interest, Insider Trading Policy, Disclosure Statement, Business Interest Disclosure reporting, and regular reconciliation of related party accounts.
Group	Regular reporting and disclosure to Audit Committee and the Board, Related Party Transaction Policy, Code of Conduct provisions on Conflict of Interest, Insider Trading Policy, Disclosure Statement, Business Interest Disclosure reporting, and regular reconciliation of related party accounts.

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,<sup>7</sup> 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:

<b>Names of Related Significant Shareholders</b>	<b>Type of Relationship</b>	<b>Brief Description of the Relationship</b>
DMCI Holdings Inc.	Parent company	Majority shareholder holding, as of <u>May 8, 2014</u> , 56.32% of the I/O shares of the Company.
DACON Corporation	Grandfather company	Substantial shareholder of DMCI Holdings Inc. holding, as of <u>March 31, 2014</u> , 45.77% of DMCI-HI's I/O shares.

(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:

<sup>7</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity.

Names of Related Significant Shareholders	Type of Relationship	Brief Description
DACON Corporation	Grandfather company	Provided maintenance of the Company's accounting system.

(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
	<b>Not Applicable</b>	

#### 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
<b>Corporation &amp; Stockholders</b>	For the past three (3) years the Corporation has not recorded any issues that may be the subject of any alternative dispute resolution system. Disputes with stockholders must necessarily be resolved in accordance with their rights under the laws and the by-laws.
<b>Corporation &amp; Third Parties</b>	The Legal Department protects the Company from unnecessary litigation to the best of its ability. It reviewed information and cases for possible use of ADR processes at the earliest stage of a conflict as possible and to find appropriate neutrals for the resolution of conflict. ADR steps involved negotiation, conciliation, arbitration and amicable settlement as appropriate. Meetings allowed affected parties to explain details, express points of view, confine issues and resolve differences in an atmosphere conducive to conciliation or negotiation. Early consultation with stakeholders helped avoid parties becoming locked into inflexible positions of conflict and prevent their developing into full-scale disputes.
<b>Corporation &amp; Regulatory Authorities</b>	The Company has not adopted any alternative dispute resolution system with regulatory agencies. Essentially regulatory matters are subject to strict adherence and compliance by corporations as they are governed by laws and rules and regulations.

### C. BOARD MEETINGS & ATTENDANCE

- 1) Are Board of Directors' meetings scheduled before or at the beginning of the year?  
**Yes, the Corporate Secretary advises in January at the start of the calendar year the schedule of regular Board meetings and Board Committee meetings in line with the Company's regulatory reporting dates.**

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman Emeritus	David M. Consunji	<u>May5,2014</u>	<u>11</u>	<u>8</u>	<u>73</u>
<u>Chairman</u>	Isidro A. Consunji	<u>May5,2014</u>	<u>11</u>	<u>10</u>	<u>91</u>
Member	Victor A. Consunji	<u>May5,2014</u>	<u>11</u>	<u>11</u>	<u>100</u>
Member	Jorge A. Consunji	<u>May5,2014</u>	<u>11</u>	<u>10</u>	<u>91</u>
Member	Cesar A. Buenaventura	<u>May5,2014</u>	<u>11</u>	<u>11</u>	<u>100</u>
Member	Herbert M. Consunji	<u>May5,2014</u>	<u>11</u>	<u>11</u>	<u>100</u>
Member	George G. San Pedro	<u>May5,2014</u>	<u>11</u>	<u>10</u>	<u>91</u>
Member	Ma. Cristina C. Gotianun	<u>May5,2014</u>	<u>11</u>	<u>11</u>	<u>100</u>
Member	Ma. Edwina C. Laperal	<u>May5,2014</u>	<u>11</u>	<u>11</u>	<u>100</u>
Independent	Victor C. Macalincag	<u>May5,2014</u>	<u>11</u>	<u>11</u>	<u>100</u>
Independent	<u>Federico E. Puno*deceased Oct 11, 2014</u>	<u>May5,2014</u>	<u>11</u>	<u>9</u>	<u>82</u>
<u>Independent</u>	<u>Rogelio M. Murga</u>	<u>**Nov 11,2014</u>	<u>11</u>	<u>1**</u>	<u>**</u>

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

**No, the Company's Revised Code of Corporate Governance does not require conducting separate meetings without the presence of any executive. However, Independent Directors as members of the Audit Committee have such private meeting sessions.**

- 4) Is there minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

**In May 5, 2014 ASM, the shareholders approved the amendment of the By-Laws the increase to quorum for the Board to transact business from majority to 2/3 of the full Board.**

5) Access to Information

- (a) How many days in advance are board papers<sup>8</sup> for board of directors meetings provided to the board?  
**Five (5) business days**

- (b) Do board members have independent access to Management and the Corporate Secretary?  
**Yes.**

- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc.?

**The Corporate Secretary assists the Chairman in setting the Board agenda and informs the Directors of the agenda prior to Board meetings to ensure that they have accurate information and adequate materials to enable them to arrive at informed decisions on matters requiring their approvals. The Corporate Secretary ensures that all Board procedures, rules and regulations are strictly followed by the Directors. He is responsible for the safekeeping and preservation of the integrity of the minutes of Board meetings. He keeps the Directors updated regarding statutory and regulatory changes.**

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

**Yes.**

<sup>8</sup> 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.

(e) Committee Procedures

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

Yes  No

Committee	Details of the procedures
Executive	<b>Not Applicable</b>
Audit	<b><i>The Audit Committee Charter provides that written agenda and relevant meeting materials shall be provided at least three (3) days before each meeting to the Committee Members to have adequate time for preparation and reading. Moreover, Committee Members have unrestricted access to all information and all employees directed to cooperate as requested by the Committee Members.</i></b>
Nomination	<b><i>The Nomination and Election Committee Charter provides that upon notice of each meeting of the Committee, confirming the venue, time and date and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the Committee at least seven (7) calendar days prior to the date of the meeting.</i></b>
Remuneration	<b><i>The Compensation and Remuneration Committee Charter provides that a written agenda shall be provided at least five (5) days before each meeting to the Committee Members. Meeting materials are provided to the Members prior such meeting date.</i></b>
<b><u>Risk</u></b> <b><u>(as approved by the Board on</u></b> <b><u>March 6, 2015)</u></b>	<b><i><u>The Risk Committee Charter provides that written agenda and relevant meeting materials shall be provided at least three (3) days before each meeting to the Committee Members to have adequate time for preparation and reading. Moreover, Committee Members have unrestricted access to all information and all employees directed to cooperate as requested by the Committee Members.</u></i></b>
Others (specify)	Not applicable

6) External Advice

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

Procedures	Details
<b><i>Board Committee Charters provide Committee Members may request outside counsel or the external auditor of the Company to attend a Committee meeting or to meet with any Committee Member or consultant to said Committees.</i></b>	Management coordinates such meetings with external parties or their attendance in Board or Committee meetings upon request of the Directors. In some instances, a Director himself initiates such meeting or request.
<b><i>Board Committee Charters authorize Committees to retain, at the Company's expense, persons having special competencies (including, without limitation, legal, accounting or other consultants and experts) to assist or</i></b>	Consultancy services are paid for by the Company.

*advise the them in fulfilling their responsibilities.*

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:

Existing Policies	Changes	Reason
Related Party Transaction Policy	<u>Explicit provision regarding required review by Independent Directors of material/significant RPTs that meet the threshold levels stipulated by regulatory rules and requirements on material RPTs, so as to determine whether such RPTs are in the best interests of the Company and Shareholders.</u>	<u>To formalize</u> required review by Independent Directors of material/significant RPTs as aligned with <u>best practices and ASEAN Corporate Governance Scorecard.</u>
Audit Committee Charter	<u>Additional provisions on Related Party Transaction (RPT) review and deletion of risk management oversight provisions upon such oversight by the Risk Committee.</u>	<u>To enhance independent review by Independent Directors of material/significant RPTs and exercise of risk management oversight by a separate Board-level Risk Committee as aligned with best practices and ASEAN Corporate Governance Scorecard.</u>
<u>Risk Committee Charter</u>	<u>New Charter to provide duties, responsibilities and guidelines for the effective performance of Risk Committee.</u>	<u>To exemplify the importance of the risk management function through creation of a separate Board-level Risk Committee as aligned with best practices and ASEAN Corporate Governance Scorecard.</u>
Enterprise Risk Management for Semirara Mining and Power Corporation (SMPC) Group	<u>Amended provisions on the exercise of risk management oversight by the Risk Committee instead of Audit Committee</u>	<u>To effect risk management oversight by the Risk Committee as aligned with best practices and ASEAN Corporate Governance Scorecard.</u>
Insider Trading Policy	Reporting Period – requiring Board Directors and key officers to report their trades to the Company within three (3) business days when transacting in Company shares. <u>Blackout Trading Period for Non-Structures</u>	To align with best practices and ASEAN Corporate Governance Scorecard.  <u>To align with parent DMCI Holdings, Inc.'s Insider Trading Policy.</u>

## 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	Set at levels having regard to industry and market standards for similar work responsibilities and positions.	Set at levels having regard to industry and market standards for similar work responsibilities and positions.
(2) Variable remuneration	Set at levels having regard to industry and market standards for similar work responsibilities and positions.	Set at levels having regard to industry and market standards for similar work responsibilities and positions.
(3) Per diem	Director per diem is subject to shareholder's approval.	Director per diem is subject to shareholder' approval.
(4) Bonus	Determined upon achievement of performance-based metrics and subject to Board approval upon the recommendation of the Compensation and Remuneration Committee.	Determined upon achievement of performance-based metrics
(5) Stock Options and other financial instruments	Not Applicable	Not Applicable.
(6) Others (specify)	-	-

### 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	Director retainer & Committee meeting per diem are subj.to shareholders approval. Short-term performance-related bonus when appropriate for Directors is subj. to Board approval, aggregate amount of which shall not exceed 2% of Company's profit before tax of prior year as set by Amended By-Laws.	Director remuneration consists of an annual retainer fee, Committee meeting per diem for every Committee meeting held and short-term cash incentive as appropriate.	<ul style="list-style-type: none"> <li>a. Annual retainer of P 240,000;</li> <li>b. Board Committee meeting per diem of P20,000 per Committee meeting;</li> <li>c. Corporate performance-related bonus, when appropriate and upon Board approval.</li> </ul>
Non-Executive Directors	-same as Executive Directors-	Director remuneration consists of an annual	a. Annual retainer of P 240,000;

		retainer fee, Committee meeting per diem for every Committee meeting held and short-term cash incentive as appropriate.	b. Board Committee meeting per diem of P20,000 per Committee meeting; c. Corporate performance-related bonus for Directors, when appropriate and upon Board approval.
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Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
Director's per diem	May 4, 2009

### 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	P 6,972,391	-	-
(b) Variable Remuneration	-	-	-
(c) Per diem Allowance/Committee	1,180,000	1,200,000	900,000
(d) Bonuses	72,669,118	7,352,941	2,941,176
(e) Stock Options and/or other financial instruments	Not Applicable	Not Applicable	Not Applicable
(f) Others (Leave Credits)	1,564,003	-	-
<b>Total</b>	<u>P82,409,726</u>	P 8,552,941	<u>P 3,841,176</u>

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	-	-	-
2) Credit granted	-	-	-
3) Pension Plan/s Contributions	-	-	-
4) Pension Plans, Obligations incurred	-	-	-
5) Life Insurance Premium	10,200	-	-

6) Hospitalization Plan (Premium)	14,013	-	-
7) Car Plan	-	-	-
8) Others (Specify)	-	-	-
<b>Total</b>	<u>P 24,213</u>	-	-

9) 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:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
	<b>NOT</b>	<b>APPLICABLE</b>		

(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:

Incentive Program	Amendments	Date of Stockholders' Approval
	<b>NOT</b>	<b>APPLICABLE</b>

10) 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
Jaime B. Garcia-VP Procurement and Logistics	<u>P32,289,553</u>
Junalina S. Tabor-Chief Finance Officer	
Jose Anthony T. Villanueva- VP Marketing	
John R. Sadullo – Corporate Secretary & VP Legal	
Antonio R. delos Santos- VP Treasury	

**11) 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	Non-executive	Independent				



	(ED)	Director (NED)	Director (ID)				
Executive			Not	Applicable			
Audit	1	-	2	v	Assists the Board in fulfilling oversight of: a. financial process reporting & integrity of financial statements & disclosures; b. external audit function; c. internal audit function; d. internal control environment; e. risk management processes; and f. compliance with reporting, legal and regulatory requirements.	Pls. refer to Schedule A – Audit Committee Charter, Duties and Responsibilities, items 1-6, pp. 3-6	Pls. refer to Schedule A – Audit Committee Charter, Committee Authority, p.2
Nomination	1	-	2	v	a. Main function is to review, recommend and promulgate guidelines involving the nomination process and criteria for the Board of Directors as stated in the Amended By-Laws, Revised Code of Corporate Governance and pertinent SEC rules. b. Assist the Board in fulfilling its oversight duties relating to Succession Planning, Board performance, Board development.	Pls. refer to Schedule B – Nomination & Election Committee Charter, Duties, pp.1-2	Committee may obtain such outside or other independent professional advice as it considers necessary to carry out Committee duties; and Access to professional advice both inside and outside of the Company in order for it to perform its duties. Committee has the authority to use professional search firms or other external sources when searching for candidates to the board of directors.

Remuneration	1	-	2	v	Assists the Board in fulfilling its responsibilities relating to compensation & remuneration plans, policies and programs of the Company's Directors, officers and key employees.	Pls. refer to Schedule C – Compensation & Remuneration Committee Charter, Duties and Responsibilities, pp. 3-5	Committee is delegated the authority to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities; Form and delegate authority to subcommittees when appropriate; and Authority to retain, at the Company's expense, and terminate persons having special competencies (incl. without limitation, legal, accounting or other consultants and experts) to assist or advise the Committee in fulfilling its responsibilities.
<u>Risk (as approved by the Board on March 6, 2015)</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>v</u>	<u>Assists the Board in fulfilling its oversight of risk management function. The primary purpose of the Risk Committee is to oversee and approve the Company's Enterprise-wide risk</u>	<u>Pls. refer to Schedule – Risk Committee Charter, Duties and Responsibilities, pp. 3-4</u>	<u>Risk Committee has the authority to meet with and seek any information, advice and assistance it requires from employees, officers, directors, or external parties to</u>

					<p><u>management framework through the following:</u></p> <p><u>a.Overseeing that Mgt has identified and assessed all the risks that the organization faces and has established a risk mgt structure capable of addressing those significant risks affecting the achievement of the Company's objectives; &amp;</u></p> <p><u>b.Overseeing in conjunction with other Board-level Committees or the full Board, that risk-related responsibilities of each Board Committee are clearly addressed.</u></p>	<p><u>perform its duties and responsibilities. The Risk Committee shall also have the authority to conduct investigations into any matters within its scope of responsibility, as necessary.</u></p> <p><u>It has the authority to retain, at the Company's expense, persons having special competencies to assist or advise the Committee in fulfilling its responsibilities.</u></p> <p><u>In addition, the Risk Committee may meet with other Board Committees to avoid overlap as well as potential gaps in overseeing the organization's significant risks.</u></p>
Others (specify)			Not	Applicable		

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						
Member (ED)						
Member (NED)		Not	Applicable			
Member (ID)						
Member						

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Victor C. Macalincag	May 8, 2014	9	9	100	9.67 yrs
Member (ED)	Victor A. Consunji	May 8, 2014	9	9	100	9.67 yrs
Member (ID)	Federico E. Puno *deceased Oct 11, 2014	May 8, 2014	9	5*	56*	*
Member (ID)	Rogelio M. Murga	Nov 11, 2014**	9	1**	11**	0.17 yr

Disclose the profile or qualifications of the Audit Committee members.

**The Audit Committee is chaired by an Independent Director who is a Certified Public Accountant. Its Members possess the requisite levels of financial and accounting competencies, experience and other qualification requirements set by the SEC, as well as having an adequate understanding of the Company's coal mining and energy industries. Both Independent Directors have prior extensive working experiences and held key positions in accounting, finance and treasury functions of government and government-owned & controlled corporations.**

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

**External Audit Oversight duties include but not limited to the ff:**

- **Assess and recommend the professional qualifications, independence, appointment, reappointment or replacement and remuneration of the external auditor to the Board.**
- **Pre-approve all audit and non-audit work engagements, scope, fees and terms with the external auditor.**
- **Confirm with the external auditor that audit scope has not been unreasonably restricted by Management.**
- **Review non-audit services and taxation advice by the external auditor, if any.**
- **At the conclusion of the annual audit, discuss with Management and the external auditor, significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls, the development, selection and disclosure of critical accounting estimates, and analyses of the effect of alternative assumptions, estimates or GAAP methods on the Company's financial statements.**
- **Annually, discuss the overall performance and conduct of audit of the external auditor to be in accordance with Philippine Standards on Auditing, taking into account the opinions of Management and Internal Audit.**

- **Review and approve Management representation letter before submission to the external auditor to ensure all representations are in line with the understanding of the Audit Committee.**

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Victor C. Macalincag	<u>Nov 11, 2014</u>	<u>3</u>	<u>3</u>	<u>100</u>	<u>9.67 yrs</u>
Member (ED)	Isidro A. Consunji	<u>May 8, 2014</u>	<u>3</u>	<u>3</u>	<u>100</u>	<u>9.67 yrs</u>
Member (ID)	Federico E. Puno <u>*deceased Oct 11, 2014</u>	<u>May 8, 2014</u>	<u>3</u>	<u>1*</u>	<u>33*</u>	<u>_</u>
Member (ID)	<u>Rogelio M. Murga</u>	<u>Nov 11, 2014**</u>	<u>3</u>	<u>**</u>	<u>**</u>	<u>0.17 yr</u>

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Victor C. Macalincag	<u>May 8, 2014</u>	<u>2</u>	<u>2</u>	<u>100</u>	<u>9.67 yrs</u>
Member (ED)	Ma.Cristina C. Gotianun	<u>May 8, 2014</u>	<u>2</u>	<u>2</u>	<u>100</u>	<u>9.67 yrs</u>
Member (ID)	Federico E. Puno <u>*deceased Oct 11, 2014</u>	<u>May 8, 2014</u>	<u>2</u>	<u>1*</u>	<u>100</u>	<u>_</u>
Member (ID)	<u>Rogelio M. Murga</u>	<u>Nov 11, 2014**</u>	<u>2</u>	<u>**</u>	<u>**</u>	<u>0.17 yr</u>

(e) Others (Specify) Risk Committee, as approved by the Board on March 6, 2015

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(NED)	<u>Herbert M.Consunji</u>	<u>March 6, 2015</u>				
Member (ED)	<u>Isidro A. Consunji</u>	<u>March 6, 2015</u>				
Member (ED)	<u>Victor A. Consunji</u>	<u>March 6, 2015</u>				
Member (ID)	<u>Victor C. Macalincag</u>	<u>March 6, 2015</u>				
Member (ED)	<u>Ma. Cristina C. Gotianun</u>	<u>March 6, 2015</u>				

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	Not Applicable	Not Applicable
Audit	<u>Federico E. Puno</u>	<u>Death Oct 11, 2014</u>

Audit	<u>Rogelio M. Murga</u>	<u>To fill vacancy Nov 11, 2014</u>
Nomination	<u>Federico E. Puno</u>	<u>Death Oct 11, 2014</u>
Nomination	<u>Rogelio M. Murga</u>	<u>To fill vacancy Nov 11, 2014</u>
Remuneration	<u>Federico E. Puno</u>	<u>Death Oct 11, 2014</u>
Remuneration	<u>Rogelio M. Murga</u>	<u>To fill vacancy Nov 11, 2014</u>
Risk	<u>Herbert M. Consunji</u>	<u>New Committee March 6, 2015</u>
Risk	<u>Isidro A. Consunji</u>	<u>New Committee March 6, 2015</u>
Risk	<u>Victor A. Consunji</u>	<u>New Committee March 6, 2015</u>
Risk	<u>Victor C. Macalincag</u>	<u>New Committee March 6, 2015</u>
Risk	<u>Ma. Cristina C. Gotianun</u>	<u>New Committee March 6, 2015</u>
Others (specify)	Not Applicable	Not Applicable

4) Work Done and Issues Addressed

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

<b>Name of Committee</b>	<b>Work Done</b>	<b>Issues Addressed</b>
Executive	Not Applicable	Not Applicable
Audit	<p>Assisted the Board in fulfilling effective oversight of the following functions:</p> <p><b>Financial reporting process and the financial statements</b>  Reviewed, approved and endorsed for Board approval the quarterly unaudited and annual audited consolidated financial statements. It ensured that financial statements are in accordance with the required accounting and reporting standards. It also reviewed the adequacy of financial reporting disclosures, including significant related party transactions to provide a transparent and fair view that meet shareholder needs.</p> <p><b>External audit</b>  Discussed and approved the external audit work engagement, scope, fees and terms. It reviewed and discussed with SGV &amp; Co. and Management significant financial reporting issues, audit observations, adjusting entries and overall quality of the financial reporting process as well as regulatory updates in financial and tax reporting. It recommended to the Board the reappointment of SGV &amp; Co. as external auditor in <u>2014 and 2015</u>.</p> <p><b>Internal audit</b>  Reviewed and approved Internal Audit's annual plan based on a risk-based approach and ensured</p>	

	<p><i>Management provided adequate resources to support the function and maintain its independence. It met in executive sessions with the Internal Audit Manager to review and discuss Internal Audit's assurance and advisory work including its organization structure.</i></p> <p><b>Internal control</b>  <i>Reviewed and discussed audit findings, internal control and compliance issues with Management, SGV &amp; Co., Internal Audit and Compliance Committee, and ensured Management responded appropriately for the continuous improvement of controls and risk management processes.</i></p> <p><b>Risk management</b>  <i>Discussed with Management the results of risk reviews and identified key risks to the Company's mission and strategic objectives, ensuring that the Company's Enterprisewide Risk Management framework is adequately supported by management information systems, risk mitigation measures, monitoring and reporting. It monitored through the Internal Audit the effectiveness of risk management action plans undertaken by Management to address and manage such risks.</i></p> <p><i>Approved and endorsed a broad-based ERM Policy for the Company and its subsidiaries.</i></p> <p><b>Compliance with regulatory and legal requirements</b>  <i>Reviewed and discussed with the Compliance Committee significant updates and actions on SEC, PSE, legal, tax, claims, litigations, environmental, safety and other regulatory matters.</i></p> <p><b>Related Party Transactions Oversight</b>  <i>Quarterly review of the financial statements included related party accounts to ensure that RPTs are fair to the Company, conducted at arms' length terms and considered such factors as materiality, commercial reasonableness of the</i></p>	<p>Compliance matters such as tax rulings and updates, etc.</p>
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	<p>terms and extent of conflict of interest, actual or apparent, of the related party, as defined by the policy, participating in the transaction. The Committee and Independent Directors reviewed significant/material RPTs that meet the threshold level stipulated by the regulatory rules and requirements on RPTs to determine whether they are in the best interests of the Company and Shareholders.</p> <p>In 2014, material/significant RPTs reviewed are ordinary and normal in the course of the Company's business and did not include financial assistance or loans to affiliates or related entities which are not wholly-owned subsidiaries.</p> <p><b>Good Governance</b> Supported the Company's governance framework through continual review and support of good governance policies and best practices.</p> <p><u>The Committee Chair attended the Annual Stockholders' Meeting on May 5, 2014 to address possible shareholder queries on Committee matters.</u></p> <p><b>Committee Performance Assessment</b> Conducted, and reported to SEC, the results of its own self-assessment and rating of its performance which indicated an overall compliance level in consonance with abovementioned SEC guidelines on effectiveness of Audit Committee performance.</p>	
Nomination	<p><b>Nomination and selection</b> <i>Reviewed with the Corporate Secretary the nomination process, criteria, qualifications and final selection of Board nominees for directorship ensuring that they meet the requisite qualifications.</i></p> <p><u>Deliberated and endorsed for Board approval the appointment of Rogelio M. Murga as new Independent Director, taking into account his qualifications, experience, knowledge</u></p>	None.



and expertise that meet the needs of the Board and are aligned to SMPC Group's strategy, including his Full Business Interest Disclosure to determine conflict of interest, if any.

Reviewed and endorsed changes in the roles, membership and leadership of the Board and its Committees.

**Executive succession planning and leadership**

Discussed and reviewed with senior management the organizational development program, executive succession planning and leadership needs of Semirara Group, as well as discussed movement of SMPC Group's key officers.

**Board orientation & development**

Lead the Board orientation with Chairman & CEO, Senior Management and Management Committee to familiarize the new Independent Director with SMPC Group's strategy map, financial and operating performance, significant milestones, corporate governance policies.

Exercised oversight of the Board's continuing development of the Board and key officers through their memberships in professional organizations, compliance and participation in corporate governance seminars and forums.

**Board and Committee performance**

Reviewed results of the annual appraisal of the full Board and individual Director performances of the past year to assess Board effectiveness and/or improvement thereof.

**Committee Performance**

Conducted a self-assessment of its Committee performance and accordingly reviewed the Board's, Board Committees' and SMPC's governance structure as benchmarked against the ASEAN

	<p><u>Corporate Governance Scorecard best practices.</u></p> <p><u>The Committee Chair attended the Annual Stockholders' Meeting on May 5, 2014 to address possible shareholder queries on Committee matters.</u></p>	
Remuneration	<p><b><u>Board remuneration</u></b>  <u>Reviewed Board and Director remuneration level and framework against market and ASEAN Corporate Governance Scorecard best practices.</u></p> <p><b><u>Executive remuneration</u></b>  <u>Reviewed and discussed significant updates on executive remuneration levels and compensation programs to ensure alignment with SMPC Group's compensation strategy, sustainable business, pay for performance culture and link to risk management of attraction and retention risks.</u></p> <p><b><u>CEO and COO performance appraisal</u></b>  <u>Reviewed results of the Board's evaluations of the CEO's and COO's performance in 2014 based on Board-approved Balanced Scorecard and key result areas encompassing financial and non-financial performance metrics linked to strategic and business objectives, incl. business development, risks, controls, governance and corporate social responsibility.</u></p> <p><b><u>Committee Performance</u></b>  <u>Assessed its Committee performance to ensure continual review or improvement.</u></p> <p><u>Discussed jointly with the Nomination and Election Committee the Full Business Interest Disclosure of new Independent Director Rogelio M. Murga prior to his Board appointment.</u></p> <p><u>Reviewed the compensation-related disclosures of Directors and Officers in the Company's annual reports and information statements per regulatory requirements and</u></p>	None.

	<u>reporting standards.</u>	
	<u>The Committee Chair attended the Annual Stockholders' Meeting on May 5, 2014 to address possible shareholder queries on Committee matters.</u>	
Others (specify)	Not Applicable	Not Applicable

## 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	Not Applicable	Not Applicable
Audit	ASEAN Corporate Governance Scorecard	Continuous improvement of good governance framework.
Nomination	ASEAN Corporate Governance Scorecard	Continuous improvement of good governance framework.
Remuneration	ASEAN Corporate Governance Scorecard	Continuous improvement of good governance framework.
<u>Risk</u>	<u>ASEAN Corporate Governance Scorecard</u>	<u>Alignment with best practices and improvement of good governance framework.</u>
Others (specify)	Not Applicable	Not Applicable

## 12) RISK MANAGEMENT SYSTEM

### 1) Disclose the following:

#### (a) Overall risk management philosophy of the company;

*Semirara Mining and Power Corporation and its subsidiaries (SMPC Group) recognize that risks are an integral part of our business which cannot be totally eliminated. Risks are better controlled if measured more consistently, accurately, and timely. The Board sets the tone and establishes the risk appetite level for the Group's ERM to be applied across the organization and to provide reasonable assurance that risks are identified, assessed, managed, monitored and communicated in a timely manner, and aligned to the Group's strategic and business objectives. SMPC Group's Enterprise Risk Management (ERM) framework is guided by international leading practices and the Committee of Sponsoring Organizations of the Treadway Commission or COSO's ERM – Integrated Framework. It provides a Group-wide disciplined approach to risk management in relation to the Group's achievement of strategic and business objectives. SMPC Group operates within an overall Low risk range in the pursuit of its objectives, with the lowest risk appetite for risks related to operations and regulatory compliance.*

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

*The Board Directors and its Audit Committee have reviewed the risk governance structure, risk management system and reviewed the adequacy and effectiveness of the Company's internal controls and risk management system. The ERM framework is adequately supported by management information systems, risk mitigation measures, monitoring and the reporting of risks that guide the Company in informed decision making, planning and management of such risks.*

#### (c) Period covered by the review;

**2014**

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

***The Board's Audit Committee discusses with Management the results of annual risk reviews identifying key risks significant to the Company's mission and strategic objectives. It monitors through the Internal Audit the effectiveness of risk mitigation controls and action taken by Management to address and manage such risks. The Board's criteria in assessing the effectiveness of ERM framework shall consider the maturity of the risk management of the organization and tailored to its specific circumstances, and include but not limited to : 1) risk management structure, 2) regular risk reviews to identify and assess significant current and emerging risks (and opportunities) as to likelihood and their impact to the strategic goals & objectives, 3) risk management strategy or action plan as a result of risk identification and assessment, 4) appropriate and prudent risk management systems to manage such risks, 4) risk response activities and processes are monitored regularly, 5) assurance activities on the risk management process, 5) integration plan through training and awareness programs, and 6) regular assurance reporting to the Board, Audit Committee and senior management that risks are indeed effectively managed within approved risk appetite.***

***The Board approved the creation of a separate Board-level Risk Committee to exemplify the importance of the risk management function on March 6, 2015. The Risk Committee shall meet at least twice in a year or more as determined by the Committee.***

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

***Not Applicable.***

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:

***The Company's risk policy is to maximize strategic and business opportunities and minimize adverse outcomes, thereby optimizing shareholder value and ensuring sustainable growth through effective balancing of risks and rewards. It considers operations risk as its topmost strategic risks.***

Risk Exposure	Risk Management Policy	Objective
<b>1. Operations risks:</b> - Coal Quality and consistency  - Supply Chain  - People & Talent	1. In-situ determination of coal quality for proper blending to ensure it meets customer specifications.  2. Implement ISO Integrated Management System to ensure effectiveness and sustainability.  3. Adopt sparing system for critical parts; parts provided by local distributor of major mining equipment through parts consignment agreement and maintenance of spare inventory of parts with long order lead time.  4. Continuous OJT and cadetship program for fresh	To produce and deliver on time quality coal that meets customers' specifications.  To ensure sustainable supply chain requirements and avoid disruption in operations.  To ensure sustainable human resources that meet organizational needs and growth.  To ensure sustainability of business.

<p>- Natural Calamities (e.g. earthquake, tsunami), environment (typhoon, storm surge, flooding, landslide), slope stability.</p>	<p>graduates for manpower pooling.</p> <ol style="list-style-type: none"> <li>5. Expand exploration drilling.</li> <li>6. Mine management system.</li> <li>7. Reconnaissance program for new coal concessions.</li> <li>8. Adhere to mine safety standards for open pit mining i.e. slope gradient and sub-surface and surface dewatering system.</li> <li>9. Implement Business Continuity Management System.</li> <li>10. Risk transfer through insurance cover for physical assets, such as Industrial All-Risk, Floater, Fire, Marine Hull and Aircraft Hull insurance covers.</li> </ol>	<p>To eliminate or reduce to the lowest level any risk that may result in fatality, personal injury, illness, property or environment damage and ensure safety, health and welfare of employees, workers and stakeholders;</p> <p>To ensure early business recovery and continuity of critical services in the event of a disruption, with focus toward building organizational resilience.</p>
<p><b>2. Market risks</b></p> <p>- refer to Market and/or Customer Dependence, Price Volatility and macroeconomic Shift in Demand.</p>	<ol style="list-style-type: none"> <li>1. To offer higher coal quality, better prices or larger guaranteed supply volumes.</li> <li>2. To set minimum contracted volume for customers with long term supply contracts for each given period (within the contract duration) and re-pricing on a monthly basis to optimize price movement and profit margin. Risk mitigation measures involve improvement of the coal quality and market diversity.</li> <li>3. To diversify customer base.</li> <li>4. To effect forward integration from coal to power generation.</li> <li>5. To implement different pricing schemes for local and foreign customers i.e. long-term contracts indexed to NEWC and spot contracts based on market price.</li> <li>6. To maintain competitive production cost versus those of alternative fuel sources.</li> </ol>	<p>To minimize price volatility, mitigate any negative impact from price changes, allow flexibility in selling to target customers while protecting target margin or maximum profits.</p>
<p><b>3. Investment risks</b></p> <p>- Capital Allocation</p> <p>- Project Management</p>	<ol style="list-style-type: none"> <li>1. Debt as source of funds for investment should not exceed threshold of 2:1 D/E ratio at consolidated level while maintaining a current ratio level of greater than 1:1 at consolidated level.</li> <li>2. Engage Owner's Engineer for</li> </ol>	<p>To enable efficient use, allocation and management of capital and resources within the Company;</p> <p>To maintain a balance between continuity of funding and flexibility</p>

<p>- Guarantees in subsidiaries.</p>	<p>the Project.</p> <ol style="list-style-type: none"> <li>3. Appoint Owner's Representative to perform direct supervision.</li> <li>4. Hire technical experts to perform progress inspection at manufacturing phase.</li> <li>5. Limit Parent guarantee to its equity share in the project.</li> <li>6. Fund through Project Financing.</li> </ol> <p>To manage financial risks from investment or project financing activities in subsidiaries :</p> <ol style="list-style-type: none"> <li>a. Interest Rate risk management policy to manage interest cost or changes in market interest rates is using a mix of fixed and variable rate debts, and maintaining a balance of Peso-denominated and US Dollar-denominated debts;</li> <li>b. Liquidity risk management policy is to maintain a level of cash sufficient to fund the Company's monthly cash requirements at least for the next four to six months;</li> <li>c. Foreign currency risk management policy is to match receipts and payments in the same currency.</li> </ol>	<p>through the use of bank financing or availment of credit lines; and</p> <p>To realize the Company's capital management strategy of maintaining a strong credit rating and health capital ratios in order to support its business including expansion and investment strategies, and ultimately maximize shareholder value.</p>
<p><b>4. Reputation and compliance risks</b></p> <p>- Contractual Breach</p> <p>- Loan Covenants</p> <p>- Laws/Regulations/Reputation</p>	<ol style="list-style-type: none"> <li>1. Require Legal review for all contracts &amp; agreements.</li> <li>2. Regularly coordinate between business units to ensure customers' specifications are satisfied.</li> <li>3. Legal review before financial closing.</li> <li>4. Finance review/monitoring on financial covenants.</li> <li>5. Conform to ISO Integrated Management System – Quality, Safety, Health, Environment</li> <li>6. Comply with applicable laws and regulations.</li> <li>7. Keep abreast with emerging laws and regulations affecting mining and power industries.</li> </ol>	<p>To ensure sustainability through partnership with key stakeholders.</p> <p>To protect and enhance shareholder value;</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:

**The Group's risk policy is to maximize strategic and business opportunities and minimize adverse outcomes, thereby optimizing shareholder value and ensuring sustainable growth through effective balancing of risks and rewards. The Group considers operations risk as its topmost strategic risks.**

Risk Exposure	Risk Management Policy	Objective
<p><b>1. Operations risks:</b></p> <ul style="list-style-type: none"> <li>- Coal Quality and consistency</li>   <li>- Supply Chain</li>   <li>- People &amp; Talent</li>   <li>- Natural Calamities (e.g. earthquake, tsunami), environment (typhoon, storm surge, flooding, landslide), slope stability.</li>   <li>- Asset Performance</li> </ul>	<ol style="list-style-type: none"> <li>1. In-situ determination of coal quality for proper blending to ensure it meets customer specifications.</li> <li>2. Implement ISO Integrated Management System.</li> <li>3. Adopt sparing system for critical parts; parts provided by local distributor of major mining equipment through parts consignment agreement and maintenance of spare inventory of parts with long order lead time.</li> <li>4. Continuous OJT and cadetship program for fresh graduates for manpower pooling.</li> <li>5. Expand exploration drilling.</li> <li>6. Mine management system.</li> <li>7. Reconnaissance program for new coal concessions.</li> <li>8. Adhere to mine safety standards for open pit mining i.e. slope gradient and sub-surface and surface dewatering system.</li> <li>9. Implement Business Continuity Management System.</li> <li>10. Risk transfer through insurance cover for physical assets, such as Industrial All-Risk, Floater, Fire, Marine Hull and Aircraft Hull insurance covers.</li> <li>11. Engage Original Equipment Manufacturer for repair and rehabilitation of power units.</li> </ol>	<p>To produce and deliver on time quality coal that meets customers' specifications.</p> <p>To ensure sustainable supply chain requirements and avoid disruption in operations.</p> <p>To ensure sustainable human resources that meet organizational needs and growth.</p> <p>To ensure sustainability of business.</p> <p>To eliminate or reduce to the lowest level any risk that may result in fatality, personal injury, illness, property or environment damage and ensure safety, health and welfare of employees, workers and stakeholders;</p> <p>To ensure early business recovery and continuity of critical services in the event of a disruption, with focus toward building organizational resilience.</p>

	<ol style="list-style-type: none"> <li>12. Upgrade distribution control system to digital system.</li> <li>13. Implement plant maintenance system for predictive, preventive and corrective maintenance.</li> </ol>	
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<p><b>2. Market risks</b>  – refer to Market and/or Customer Dependence, Price Volatility and macroeconomic Shift in Demand.</p>	<ol style="list-style-type: none"> <li>1. To offer higher coal quality, better prices or larger guaranteed supply volumes.</li> <li>2. To set minimum contracted volume for customers with long term supply contracts for each given period (within the contract duration) and repricing on a monthly basis to optimize price movement and profit margin. Risk mitigation measures involve improvement of the coal quality and market diversity.</li> <li>3. To diversify customer base.</li> <li>4. To effect forward integration from coal to power generation.</li> <li>5. To maintain competitive production cost versus those of alternative fuel sources.</li> </ol>	<p>To minimize price volatility, mitigate any negative impact from price changes, allow flexibility in selling to target customers while protecting target margin or maximum profits.</p>
<p><b>3. Investment risks</b>  – Capital Allocation</p> <p>- Project Management</p> <p>- Guarantees in subsidiaries.</p>	<ol style="list-style-type: none"> <li>1. Debt as source of funds for investment should not exceed threshold of 2:1 D/E ratio at consolidated level while maintaining a current ratio level of greater than 1:1 at consolidated level.</li> <li>2. Engage Owner’s Engineer for the Project.</li> <li>3. Appoint Owner’s Representative to perform direct supervision.</li> <li>4. Hire technical experts to perform progress inspection at manufacturing phase.</li> <li>5. Limit Parent guarantee to</li> </ol>	<p>To enable efficient use, allocation and management of capital and resources within the Company;</p> <p>To maintain a balance between continuity of funding and flexibility through the use of bank financing or availment of credit lines; and</p> <p>To realize the Company’s capital management strategy of maintaining a strong credit rating and health capital ratios in order to support its business including expansion and investment strategies,</p>



	<p>its equity share in the project.</p> <p>6. Fund through Project Financing.</p> <p>To manage financial risks from investment or project financing activities in subsidiaries :</p> <p>a. Interest Rate risk management policy to manage interest cost or changes in market interest rates is using a mix of fixed and variable rate debts, and maintaining a balance of Peso-denominated and US Dollar-denominated debts;</p> <p>b. Liquidity risk management policy is to maintain a level of cash sufficient to fund the Company's monthly cash requirements at least for the next four to six months;</p> <p>c. Foreign currency risk management policy is to match receipts and payments in the same currency.</p>	<p>and ultimately maximize shareholder value.</p>
<p><b>4. Reputation and compliance risks</b></p> <p>- Contractual Breach</p> <p>- Loan Covenants</p> <p>-Laws / Regulations / Reputation</p>	<ol style="list-style-type: none"> <li>1. Require Legal review for all contracts &amp; agreements.</li> <li>2. Regularly coordinate between business units to ensure customers specifications are satisfied.</li> <li>3. Legal review before financial closing.</li> <li>4. Finance review/monitoring on financial covenants.</li> <li>5. Conform to ISO Integrated Management System – Quality, Safety, Health, Environment</li> <li>6. Comply with applicable laws and regulations.</li> <li>7. Keep abreast with emerging laws and regulations affecting</li> </ol>	<p>To ensure sustainability through partnership with key stakeholders.</p> <p>To protect and enhance shareholder value;</p>

	mining and power industries.	
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(c) Minority Shareholders

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

<b>Risk to Minority Shareholders</b>
Risk of Insider Expropriation

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:

<b>Risk Exposure</b>	<b>Risk Assessment (Monitoring and Measurement Process)</b>	<b>Risk Management and Control (Structures, Procedures, Actions Taken)</b>
Operations risks	<p>The risk assessment process requires quantifying and qualifying risks and how these are to be managed and controlled/treated. It involves the positive and negative consequences (impact) and the likelihood of occurrence (probability) using an Impact and Likelihood Matrix. Decisions are made in the context of the risk tolerance level determined by the Company.</p> <p>Risk owners periodically monitor risk portfolios and performance measures. This enables early detection of potential risk issues that may result to material operational loss, and are elevated to Senior Management and to the Audit Committee, as appropriate.</p>	<p>The Company ensures that operational procedures manuals are updated. Updated manuals serve as guide towards consistency of implementation within the Company, but allow flexibility for growth.</p> <p>Further, the continuity of operations is critical to provide stakeholders the necessary confidence that projected business targets and income projections can be managed. The Company is establishing its Business Continuity Plan to provide a standardized approach in handling crisis or emergencies, as well as support in managing Operation Risks.</p> <p><b>Integrated Management System</b> To manage the key risk areas for coal mining and mining-related activities, the Company has adopted the quality systems and principles of the International Organization for Standardization (ISO) since 2008. The Integrated Management System of its coal mining operations and support activities conforms to the Standards on ISO 9001:2008 Quality Management System (QMS), ISO 14001:2004 Environmental Management System and OHSAS 18001:2007 Occupational Health and Safety Management System. These management systems in place include the process for monitoring of operational performance and proper handling of issues for resolution for continuous improvement as well as policies to guide operations in the areas of health and safety, environment and</p>

		<p>community relations.</p> <p><b><i>Emergency Preparedness and Response Program</i></b></p> <p>The Company has identified potential accidents and emergency situations and established appropriate preparedness and response procedures, including preventive actions and where appropriate, how to mitigate the environmental impacts and/or risk that may be associated with unplanned events, accidents and emergency situations. Building evacuation, fire and earthquake drills are conducted at least annually and evaluated by the designated government agency to test the effectiveness of these exercises. Emergency preparedness and response procedures are tested periodically to ensure full understanding and observance of all employees and regularly reviewed for improvement.</p> <p><b><i>Business Continuity Management System (BCMS)</i></b></p> <p>The Company's BCMS aims to ensure early business recovery and continuity of critical services in the event of a disruption, whether anticipated or unplanned, that might be, or could lead to a business loss, emergency or crisis. Its holistic framework is set in accordance with ISO 22301:2012 Societal Security – BCMS – Requirements, including business impact analysis, risk assessment and risk treatment action plans. Its crisis management and business continuity processes are focused toward building organizational resilience with the capability for an effective response to safeguard the interests of the various stakeholders. <u>Emergency Response Plans were subjected to review by a third party consultant to ensure their appropriateness. Business impact assessment workshops and awareness trainings are conducted regularly across the organization</u></p> <p><b><i>Information Technology Risk Management</i></b></p> <p>The Company established its Information Technology (IT) Disaster Recovery Plan (DRP) to ensure early restoration of critical IT and</p>
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		<p>communication services and systems with the most up-to-date data available for the Company's business continuity. The DRP includes detailed back-up and recovery procedures, responsibilities of a Disaster Recovery Team and emergency procurement, among others. The Company maintains two (2) back-up servers which are already available at the designated Disaster Recovery "Cold Site".</p>
Market Risks	Same as above	<p>The Company ensures that its customers' needs and requirements are properly obtained and documented in the sales contracts. Proper planning and communication with operations enable the company to meet customer requirements and maintain customer satisfaction.</p> <p>The Company has established procedures (e.g., regular coordination meetings, close monitoring of market data, such as coal prices and freight) to ensure the quality, consistency, reliability and competitiveness of our coal supply to customers.</p> <p>Where appropriate, market risk management reports are reported by the risk owners to senior management for review and timely action, if necessary.</p>
Reputation and Compliance Risks	Same as above	<p>The Company, through its quality policy, commits to produce globally competitive coal that exceeds customers' expectations and stakeholders' confidence.</p> <p>Concerned risk owners have established service standards based on the valid expectations of relevant customers, both internal and external. The Company has identified critical quality standards that form part of the Key Results Areas (KRAs) of its employees. These standards are periodically monitored and observed to achieve continuous improvement and prevent events which may lead to reputational damage. This includes KRAs to ensure compliance to applicable legal and other requirements to which the company subscribes.</p> <p>Where appropriate, concerned risk owners elevate to senior management</p>

	<p><b>Environment</b></p> <p>The Company's Environmental Unit (EU) regularly assesses its environmental programs for effectiveness and improvement. Air and water quality, noise level and hazardous-regulated materials are regularly tested, measured and monitored against standards and baseline data. Regular and surveillance audits are conducted by internal auditors, external parties and local regulators to assess the Company's continuing compliance with corporate policies, government regulations, industry guidelines and internationally recognized standards.</p>	<p>service quality reports for review and for proper and timely action, if necessary.</p> <p><b>Compliance</b></p> <p>Compliance to legal and regulatory requirements is a prime consideration in ensuring soundness of operations. The Company has established procedures for monitoring compliance to legal and other requirements. The Compliance Officer is appointed by the Board and designated to ensure adherence to corporate governance principles and best practices, as well as compliance to the Company's Revised Code of Corporate Governance.</p> <p>The Compliance Committee shares in the responsibility of assurance reporting on regulatory requirements. The Committee is headed by the Compliance Officer and has three (3) other Members who are executive officers tasked with ensuring compliance covering SEC, PSE, legal, accounting and reporting standards, environmental, health and safety matters that are aligned to their functional scope of work responsibilities. The Compliance Committee regularly reports to the Audit Committee for continuous monitoring and updates of legal, regulatory developments and compliance matters, thus assuring the Board of their effective management and strategic sustainability.</p> <p><b>Environment, Health and Safety</b></p> <p>The Company's integrated Environment, Health and Safety (EHS) management system is built on a framework of continuous improvement of applied environmental and social responsibility performance standards. This includes a Hazard Identification and Risk Assessment process to ensure that environmental aspects associated with the Company's coal mining activity, products and services are identified, their impact to the environment, safety and health hazards evaluated for significance and necessary control measures implemented.</p> <p>The Company integrates value chain processes that minimize pollution and damage to the environment. Standard operating procedures include close monitoring of spontaneous combustion activity of coal stockpiles by continuous</p>
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		<p>and thorough compaction, and inspection of stockpiles every start and middle of the operation shift. Air pollution control measures include road watering by six water trucks during dry season and hauling operation, setting truck speed limits, installation of pollution control facilities on the power plant smoke stack, use of dust-treat coagulants during product transfers and preventive maintenance program of mobile and airconditioning equipment. Waste water from the Company's Coal Washing Plant operations is channeled to settling ponds before recycling for plant watering use or to a constructed dike area for containment. The Company also established procedures in handling and containment of industrial materials and wastes, including clean-up and restoration where needed. It implemented a progressive rehabilitation program of the old Unong mine and a section of the current Panian mine. Employees are mandated to comply with the Company's EHS objectives and policies such as the conservation and promotion of the local biodiversity, ecological solid waste management that promotes proper garbage segregation and reduced consumption of electricity, water and paper, among others.</p> <p><b>Safety</b></p> <p>The Company adopts best practices in open-pit coal mining operation with safe production as its most important objective. Its workplace safety objective is to eliminate or reduce to the lowest level any risk that may result in fatality, personal injury, illness, property or environment damage. Safety risks are addressed with focus on prevention and zero tolerance for fatality.</p> <p>Safety procedures are strictly enforced, including measures on slope stability and rebuilding, installation of dewatering pumps to control water intrusion or seepage, a crack monitoring team to continuously monitor ground displacements. Road and safety driving rules are strictly observed by equipment operators to ensure non-vehicular collision due to poor visibility from dust, a common risk to coal mining activity. All mobile equipment and vehicles are</p>
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		<p>required to maintain safe driving distance of at least thirty (30) meters uphill and downhill, and to turn all headlights on at all times during the day. Reinforced education and training of workers and equipment operators for the proper use, repairs and maintenance of mining equipment have reduced accidents and injury events in the workplace. Job hazards, work instructions and guidelines are established and communicated to the workforce to ensure that such are carried out under controlled condition. Sufficient training and information are undertaken to promote a safety culture and safety behavior expected from everyone. The Company's suppliers and contractors working on the Company's premises as well as customers and other visitors are required to comply with the Company's health and safety procedures.</p> <p>The Company's enhanced Safety programs include crack monitoring activities, hiring of additional safety personnel and the acquisition of a Robotic Total Station with thirty-three prisms strategically located around the pit for 24/7 monitoring wall movement. It engaged a third party consultant having expertise on slope stability to evaluate the mine design, extraction plan and physical stability of Panian mine to prevent potential landslide on the slope. Safety training programs are conducted regularly.</p> <p><b>Good Governance Program</b> SMPC Group adopts a corporate governance framework with good</p>
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		governance program and policies aimed to foster a culture of compliance, and promote higher standards of performance, transparency and accountability within the organization & subsidiaries, and to enhance shareholder value.
Investment risks	Same as above  As part of liquidity risk management, the Company continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities.	Cash flow reports and forecasts relative to project funding activities are reviewed weekly to promptly address liquidity concerns.

b. Group

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

<b>Risk Exposure</b>	<b>Risk Assessment (Monitoring and Measurement Process)</b>	<b>Risk Management and Control (Structures, Procedures, Actions Taken)</b>
Operations Risks	<p>The risk assessment process requires quantifying and qualifying risks and how these are to be managed and controlled/treated. This process involves the positive and negative consequences (impact) and the likelihood of occurrence (probability) using an Impact and Likelihood Matrix. Decisions are made in the context of the risk tolerance level determined by the company.</p> <p>Risk owners periodically monitor risk portfolios and performance measures. This enables early detection of potential risk issues that may result to material operational loss. These are elevated to Senior Management and to the Audit Committee, as appropriate.</p>	<p>SMPC Group ensures that operational procedures manuals are updated. Updated manuals serve as guide towards consistency of implementation within the company, but allow flexibility for growth.</p> <p>Further, the continuity of operations is critical to provide stakeholders the necessary confidence that projected business targets and income projections can be managed. SMPC Group is establishing its Business Continuity Plan starting first with the parent (Semirara Mining and Power Corporation) to provide a standardized approach in handling crisis or emergencies, as well as support in managing Operational Risk.</p> <p><u>SMPC's and its operating power subsidiary SEM-Calaca Power Corporation's Quality Management Systems are certified as meeting the requirements of ISO 9001:2008</u> and have in place the processes for monitoring of operational performance and proper handling of issues for resolution for continuous improvement as well as policies to guide operations in the areas of health and safety, environment and community relations.</p> <p><b>Information Technology Risk</b></p>



		<p><b>Management</b></p> <p>The Company established its Information Technology (IT) Disaster Recovery Plan (DRP) to ensure early restoration of critical IT and communication services and systems with the most up-to-date data available for the Company’s business continuity. The DRP includes detailed back-up and recovery procedures, responsibilities of a Disaster Recovery Team and emergency procurement, among others. The Company maintains two (2) back-up servers which are already available at the designated Disaster Recovery “Cold Site”.</p> <p><b>Subsidiary Power Plant Safety</b></p> <p>SMPC Group’s operating power subsidiary embraces the same culture of ensuring a safe workplace for its workforce. Formal safety policy supported by programs and procedures is in place at the power plant station. It has a Safety Division functional unit with a full-time Safety Officer which conducts site safety patrols considering ongoing activities of the Unit 1 rehabilitation and full internal safety inspection on a quarterly basis, among others. Its Safety Committee conducts monthly meetings.</p> <p>A formal Contractor Safety Management program is in place and enforced, with stricter safety requirements imposed on contractors. Contractor supervisors are responsible for providing safety orientation on site safety and procedures to their own staff. Contractor violations of safety rules and erring practices are dealt with immediately and duly considered against contractor performance.</p> <p>Safety training programs are conducted as planned and regularly provided to plant personnel. Trainings such as basic firefighting, emergency preparedness and exercise drills are organized regularly. Fire Safety /Lock-Out Tag-Out, Safety Audit and Behavioral-based safety trainings are conducted regularly. Supervisors of</p>
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		subcontractors are trained and briefed on plant site safety rules and are responsible for training their workers. Violations of safety rules are duly recorded.
Market Risks	Same as above	<p>The Group ensures that its customers' needs and requirements are properly obtained and documented in the sales contracts. Proper planning and communication with operations enable the company to meet customer requirements and maintain customer satisfaction.</p> <p>SMPC Group's ISO-certified Quality Management Systems sustain strong customer focus through established and effective procedures that ensure the quality, consistency, reliability and competitiveness of our coal and power supply to customers.</p> <p>Where appropriate, market risk management reports are reported by the risk owners to senior management for review and timely action, if necessary.</p>
Reputation and Compliance Risks	Same as above	<p>SMPC Group has committed to exceed customers' expectations and stakeholders' confidence.</p> <p>Concerned risk owners have established service standards based on the valid expectations of relevant customers, both internal and external. The company has identified critical quality standards that form part of the Key Results Areas (KRAs) of its employees. These standards are periodically monitored and observed to achieve continuous improvement and prevent events which may lead to reputational damage. This includes KRAs to ensure compliance to applicable legal and other requirements to which the group subscribes.</p> <p>Where appropriate, concerned risk owners elevate to senior management service quality reports for review and for proper and timely action, if necessary.</p> <p>Compliance to legal and regulatory requirements is a prime consideration in ensuring soundness</p>

		<p>of operations. The Group has established procedures for monitoring compliance to legal and other requirements.</p> <p><b>Good Governance Program</b>  SMPC Group adopts a corporate governance framework with good governance program and policies aimed to foster a culture of compliance, and promote higher standards of performance, transparency and accountability within the organization &amp; subsidiaries, and to enhance shareholder value.</p>
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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>Oversight of risk management that risk management practices are aligned with strategic business objectives, policies are followed, limits are respected and controls are established through regular assurance reporting by Management to the Audit Committee and the full Board of topmost significant risks and important changes in the Company's risk profile.</p> <p><u>The Board approved the creation of a separate Board-level Risk Committee to exemplify the importance of the risk management function in its Board meeting on March 6, 2015.</u></p>	<p>Reviews adequacy and effectiveness of the Company's risk management policies and activities on risk identification, assessment, mitigation, control systems, reporting and monitoring, including Management's approach to the management of risks on economic dependency, operating risks of each mine, insurance adequacy and business continuity planning;</p> <p>Oversees Management's activities in managing credit, market, liquidity, foreign exchange, interest, operational, legal and other strategic risks of the Company; and</p> <p>Promotes risk awareness in the organization.</p>
Internal Audit	<p>Independent assurance review and regular reporting of the Company's risk management, control and governance processes</p>	<p>The Internal Audit's role in ERM includes evaluation, monitoring and reporting the effectiveness of risk management processes. The Internal Audit Plan and prioritization of audit engagements are developed using a risk-based</p>

		<p>methodology with focus on critical and high-priority risks and exposures having significant impact to the Company's strategic objectives.</p>
<p><u>Risk Committee (as approved by the Board on March 6, 2015)</u></p>	<p><u>Oversight of risk management function to ensure that the Company's Enterprise Risk Management (ERM) framework and risk management practices are effective to address significant risks affecting the achievement of the Company's strategic and business objectives.</u></p>	<p><b><u>Enterprise Risk Management (ERM)</u></b></p> <p><u>1.1 Review and assess the adequacy and effectiveness of SMPC Group's ERM, policies, process and activities, the scope of which includes risk identification, assessment, mitigation, control systems, reporting and monitoring;</u></p> <p><u>1.2 Promote risk awareness and best practices in the organization;</u></p> <p><u>1.3 Ensure integration of risk management into the organization's goals and compensation structure, and create a corporate culture such that people at all levels manage risks effectively;</u></p> <p><u>1.4 Review and approve the risk mgt infrastructure and critical risk management policies, risk appetite and tone at the top throughout the organization;</u></p> <p><u>1.5 Monitor the organization's risk profile, its topmost and strategic risks vs. risk limits and risk strategy in accordance with approved guidelines;</u></p> <p><u>1.6 Continually, as well as at specific intervals, monitor risks and risk management capabilities within the organization, including communication about escalating risk and crisis preparedness and recovery plans;</u></p> <p><u>1.7 Continually obtain reasonable assurance from Management that all known and emerging risks have been identified and mitigated or</u></p>

		<p><u>managed;</u></p> <p><u>1.8 Oversee risk review activities regarding strategic and business development decisions (e.g. acquisitions), initiatives (e.g. new business segment), transactions and exposures;</u></p> <p><u>1.9 Review and approve the risk management plan at least annually. Management should develop a risk management plan that shall consider the maturity of the risk management of the organization and tailored to its specific conditions.</u></p> <p><b><u>2. Board Committees</u></b></p> <p>(1) <u>In coordination with the Audit Committee, understand how the organization’s internal audit plan is aligned with identified risks, risk governance and risk management information needs;</u></p> <p>(2) <u>Monitor all enterprise-wide risks, and as such, recognize the responsibilities delegated to other Board Committees with the understanding that other Board Committees may emphasize specific risk monitoring through their respective oversight duties.</u></p>
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### 13) 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;  
***Internal control system refers to the framework under which internal controls are developed and implemented along with policies and procedures, to manage, reduce and control a particular risk or business activity, or combination of such risks or activities, to which the Company is exposed.***
- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

**The Board of Directors through its Audit Committee oversees the internal control environment including the reviews on adequacy and effectiveness of controls, systems and procedures by the Internal Audit and External Audit functions both of which report directly and regularly to the Audit Committee and the Board. Based on such reviews, discussions and attestation by the Internal Audit, the Board has reviewed and considered the adequacy and effectiveness of the internal control system.**

- (c) Period covered by the review;  
**2014.**
- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and  
**Regular reviews of internal controls during the year are conducted by the Internal Audit using a risk-based process audit approach. In assessing the effectiveness of the internal control system, the Board considers internal controls designed to provide reasonable assurance for the achievement of the Company's objectives, the effectiveness and efficiency of its operations, the reliability of its financial reporting and faithful compliance with applicable laws, regulations, relations and internal rules.**
- (e) Where no review was conducted during the year, an explanation why not.  
**Not Applicable.**

2) Internal Audit

- (a) Role, Scope and Internal Audit Function

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

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Evaluates and provides reasonable assurance that risk management, control, and governance processes / systems are functioning as intended and will enable achievement of the organization's objectives and goals.	Semirara Mining and Power Corporation and its Subsidiaries' risk management, control and governance processes	In-house	Internal Audit (IA) Managers Karmine Andrea B. San Juan and Carla T. Levina lead and manage the IA function of Semirara Mining Corporation and its Subsidiaries.	Regular reporting to the Audit Committee and the Board of Directors.

- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?  
**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?

**The Internal Audit functionally reports directly to the Audit Committee and has unrestricted access to the Audit Committee. The Board-approved Internal Audit Charter authorizes internal auditors to have full and reasonable access to all documents, records, assets, properties, plants, information systems, computers, personnel, etc.**

(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
	Not Applicable

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

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

<b>Progress Against Plans</b>	The 2014 Audit Plan has been completed.
<b>Issues<sup>9</sup></b>	Findings and appropriate Management response or action are continuously monitored by Internal Audit. Unresolved and pervasive issues, if any, are highlighted and reported to the Audit Committee.
<b>Findings<sup>10</sup></b>	Findings and appropriate Management response or action are continuously monitored by Internal Audit. Unresolved and recurring findings, if any, are highlighted and reported to the Audit Committee.
<b>Examination Trends</b>	Reviews, based on the audit plan, are improved from year-to-year to produce more value-adding findings and recommendations. In 2014, a risk-based approach is adopted focusing on the risk management, control and governance processes of the Company & Group, rather than a risk-based functional unit approach.

[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

Policies & Procedures	Implementation
<b>Internal Audit Procedures include, but are not limited to, the following:</b> <i>i. Audit Strategic Planning</i> <i>ii. Audit Engagement Planning</i> <i>iii. Execution of the Audit</i>	Done

<sup>9</sup> "Issues" are compliance matters that arise from adopting different interpretations.

<sup>10</sup> "Findings" are those with concrete basis under the Company's policies and rules.

<b>iv. Reporting of Results</b> <b>v. Monitoring of Agreed Action Plans</b>	
<b>Feedback from audit client is obtained through formal survey upon completion of an individual engagement to assess audit activity effectiveness in meeting the needs of its audit client and opportunities for improvement.</b>	Done after completion of each audit engagement.

(g) Mechanism and Safeguards

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

<b>Auditors (Internal and External)</b>	<b>Financial Analysts</b>	<b>Investment Banks</b>	<b>Rating Agencies</b>
Independence of the Internal Audit (IA) is achieved through the organizational status of the IA Department and adherence by internal auditors to IIA's Code of Ethics. IA directly & functionally reports to the Audit Committee on the planning, execution and results of IA activities. The Company's Insider Trading policy imposes observance of blackout trading periods as set by the policy.	The Company maintains a policy of open & constant communication and disclosure of its activities, subject to insider information guidelines. Equal access of company information are made available to financial/stock analyst and limited only to facts and valid information under a formal Q & A set-up.	The Company maintains a policy of open & constant communication and disclosure of its activities, subject to insider information guidelines. The Company's financial risk management policy is to deal with prime or rated investment banks which offer quality service at the highest yield benchmarked against rates set by BSP. Moreover, the Company's Codes of Conduct promote honest and fair dealings over negotiations with stakeholders.	The Company maintains a policy of open and constant communication and disclosure of its activities, subject to insider information guidelines. Association with rating agencies is not encouraged or any grant of favour that may influence objectivity.
The Audit Committee's oversight duties of the internal audit function include its required approval of services to be rendered by Internal Audit and subsequent review thereof.	The Company respects valuation analysis of its stock by financial analysts or institutional fund managers. It does not counter any grossly overstated/understated assumptions made resulting to unfair ratings.	The Company respects valuation analysis of its stock by financial analysts or institutional fund managers. It does not counter any grossly overstated/understated assumptions made resulting to unfair ratings.	
Oversight of external audit by the Audit Committee incl. its review of the performance and independence of the external auditor, and	The Company's Gift and Entertainment policy and guidelines explicitly disallow employees from any interest in or benefit from any supplier that could	Gifts & entertainment are subject to the guidelines of the Company's policy.	Gifts & entertainment are subject to the guidelines of the Company's policy.



pre-approval of non-audit engagement, scope, fees & terms with the external auditor.	reasonably be interpreted as inducing favoritism towards a particular supplier over others. Such guidelines enumerate conditions on the propriety of accepting a gift or invitation to meals and entertainment such as it is unsolicited, part of a business meeting or discussion, not being given to influence business judgment or action, does not violate any laws, and a promotional item or token of nominal value of not more than Two Thousand Pesos (P2,000) under the client's, supplier's or customer's relations program.		
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- (1) 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 of the Board, the CEO and the Compliance Officer attested to the Company's full compliance with SEC's Code of Corporate Governance. All Directors, officers and employees have been properly advised of their respective duties as prescribed by the Code and that internal mechanisms are in place to ensure such compliance. The Company's 2014 Revised Code of Corporate Governance has been communicated to all Directors, Officers and Employees to apprise them of the amendments mainly due to the explicit inclusions of the Company's duties and responsibilities to the stakeholders.***

#### 14) ROLE OF STAKEHOLDERS

- a. Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	The Company's policy is to supply its customers with quality coal that meets their stringent specification. Customer engagement covers quality control, responsible communication, customer access, complaint resolution and customer satisfaction.	The Company measures the characteristics of coal to ensure that customer requirements are determined and understood with notification to the customer of significant changes, if any, communicated in a timely manner before effecting any change. Tests are conducted and results recorded to evidence conformity with the requirements. Coal shall not be loaded and shipped until all the tests are conducted and all results passed the customer's specification.

		<p>Customer safety during Mine Site visits is ensured through observance of safety procedures while at Company premises.</p> <p>Client feedback mechanism is implemented through periodic customer satisfaction surveys conducted at least annually to measure client perception in meeting customer criteria on Delivery, Product Quality, Responsiveness, Technical Support and Customer Concerns Addressed. Customer concerns, if any, are addressed and resolved through corrective action and after-sales settlement guidelines.</p>
Supplier/contractor selection practice	<p>The Company's quality policy for procurement activities ensure competitive sourcing and pricing of highest quality of goods and services to support the Company's objectives.</p>	<p>Activities include procedures on accreditation, evaluation of new suppliers and re-evaluation of performance of accredited suppliers of critical materials every twelve months to ensure consistent quality of purchased products and services. Suppliers are selected and evaluated based on their track record, price, payment terms and performance on criteria such as product quality, response to problems and delivery. Canvassing procedures ensure competitive pricing, favorable terms and value-added services without compromising quality.</p> <p>The Company has integrated 'green' initiatives and sustainable practices in its accreditation procedures including those of its power subsidiaries. Suppliers are screened using environmental criteria such as waste management, environmental / regulatory compliance certificates; and social criteria such as labor practices in supply chain covering child labor, forced labor; and human rights criteria.</p>
Environmentally friendly value-chain	<p>The Company integrates value chain processes that minimize pollution and damage to the environment. Its integrated Environment, Health and Safety (EHS) management system is built on a framework of continuous improvement of applied environmental and social</p>	<p>The Company's EHS system includes a Hazard Identification and Risk Assessment process to ensure that environmental aspects associated with the Company's coal mining activity, products and services are identified, their impact to the environment, safety and health hazards evaluated for significance and necessary control</p>

	<p>responsibility performance standards.</p> <p>Its supply chain management policy considers the impact and influence of its procurement practices related to raw material inputs and natural resource utilization.</p>	<p>measures implemented. It has established controls and procedures in receiving, storing and handling of hazardous materials with due care to the environment, health and safety, applicable laws and regulations, and in conformance to the related ISO standards.</p> <p>Employees and contractors are mandated to comply with the Company's EHS objectives and policies such as the conservation and promotion of the local biodiversity, ecological solid waste management that promotes proper garbage segregation and reduced consumption of electricity, water and paper, among others.</p> <p><b>Air Pollution Management</b> Standard operating procedures include close monitoring of spontaneous combustion activity of coal stockpiles by continuous and thorough compaction, and inspection of stockpiles every start and middle of the operation shift. Air pollution control measures include road watering by six water trucks during dry season and hauling operation, setting truck speed limits, installation of pollution control facilities on the power plant smoke stack, use of dust-treat coagulants during product transfers and preventive maintenance program of mobile and airconditioning equipment.</p> <p><b>Waste Management</b> Waste water from the Company's Coal Washing Plant operations is channeled to settling ponds before recycling for plant watering use or to a constructed dike area for containment. The Company also established procedures in handling and containment of industrial materials and wastes, including clean-up and restoration where needed. Its progressive rehabilitation program of old Unong mine and a section of current Panian mine is part of its sustainable value chain process.</p> <p><b>Ash Waste Management</b> The Company's operating power plant subsidiary steps up environmental</p>
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		<p>mitigation with the conversion of its furnace Bottom Ash Handling Systems from the Wet System to Dry System, during the rehabilitation of Units 1 and 2 of the power plants at Calaca, Batangas. Unit 1 has a water Impounded Hopper System while Unit 2 has a Submerged Scraper Conveyor System.</p> <p>The conversion minimizes the environmental impact of the plant operation and makes the plant more eco-friendly. It eliminates the use of water – both seawater and freshwater – for the transport of the bottom ash. It reduces the carbon content of the bottom ash and recovers the energy from the ash, i.e. energy locked in the unburned carbon and refunds to the boiler.</p> <p>Another benefit is the potential commercial use of the dry low-carbon ash, which can be used for road construction when mixed with asphalt. This will augment the recoverability of the waste product of burned coal at the power plant.</p>
Community interaction	<p>The Company's policy is to work in partnership with its host communities to improve the sustainability of both the community and the environment while promoting local economic empowerment with judicious use of natural resources. Its comprehensive and holistic corporate social responsibility (csr) program encompasses 5 E's – Electrification, Education, Employment and Livelihood, Economic Empowerment and Environmental Protection. The 5 E's program is replicated in its power plant subsidiaries.</p>	<p>The Company's close partnerships with local government units and key sectors involve community-based emergency preparedness initiatives such as disaster and risk reduction management workshops and drills. It co-organized in partnership with the local government a comprehensive island-wide training on emergency response. This preparedness with early evacuation two nights before has greatly helped and minimized damage during the Super typhoon Yolanda (Haiyan) although Semirara Island was in the typhoon's direct path.</p> <p><b>5 E's PROGRAM :</b>  <b>Electrification</b>  The Company partnered with Antique Electric Cooperative (ANTECO) in the installation of power lines and continues to provide electricity to the communities of Semirara Island through subsidized generation cost, i.e. lower than actual generation cost resulting to substantially low energy cost throughout the island.</p>

		<p>In 2013, it started building a new 15MW coal-fired power plant using the modern Circulating Fluidized Bed (CFB) technology that will significantly reduce sulfur and nitrous oxides and particulate emissions compared to a traditional power plant. Moreover, the CFB technology can also utilize low-grade coal as fuel and thereby maximize the island's coal resources.</p> <p><b>Education</b>  The Company continues to provide support to various schools in Semirara Island and Batangas through infrastructure, facilities, equipment and services to improve and/or further quality education for the residents. Computers and computer literacy trainings are offered to complement education with current technology tools and knowhow. It partners with government agencies and NGOs in providing technical and vocational skills training courses and programs to give locals work employment opportunities.</p> <p><b>Employment and Livelihood</b>  The Company is the single biggest employer of Semirara Island, with 72pprox.. 54% of its mining operations workforce from Semirara Island/Caluya, 7% from Panay and 39% from other regions in the Philippines.</p> <p><b>Economic Empowerment</b>  The Company helped to establish and continues to support the Semirara Fishing Association and Community Relations fishing groups. It built a food court with stalls for various consumer goods in Barangay Semirara to provide employees' families and local residents with main livelihood or means to augment family income.</p> <p>Infrastructure support included construction of local chapels, an ice plant for fish and marine catch of fishermen and footbridges, among others.</p> <p><b>Environmental Protection</b>  a. The Company partners with concerned stakeholder groups to regularly assess its environmental programs for effectiveness and</p>
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		<p>improvement. Air and water quality, noise level and hazardous-regulated materials are regularly tested, measured and monitored against standards and baseline data.</p> <p>b. Sea water sampling and analysis are regularly conducted at five sites within Barangay Semirara and set against baseline parameters. Results of this activity indicated sea water in and around the Mine Site as within the standards set by DENR Administrative Order 1990-34 for Coastal and Marine Waters, Class SC.</p> <p>c. Noise level self-monitoring is conducted quarterly. Measurements from 2009 to 2013 showed noise levels in populated areas in Bgy. Semirara to be within standard as prescribed in Presidential Decree 984, Noise Control for Class C Residential Areas at daytime.</p> <p>d. Regular and surveillance audits are consistently conducted by internal auditors, external parties and local regulators to assess continuing compliance and conformance with corporate policies, government regulations, industry guidelines and applicable internationally – recognized standards. The Company received re-certification from the Governing Board of Certification International Philippines, Inc. for conformance, for the fifth consecutive year, to the International Organization for Standardization ISO 14001:2004 on Environmental Management System.</p> <p>e. The Company established the Tabunan Marine Hatchery Laboratory to lead the efforts in marine rehabilitation through spawning and reseedling of giant clams in the reefs of Semirara Island to reverse the damages wrought by overfishing and dynamite and cyanide fishing in the 1990's.</p> <p>f. The Company has planted more than 2.2 million trees on the island in the past 13 years. More than 66,000 fruit-bearing trees were also planted, and more than 192</p>
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		<p>hectares were developed for mangroves, during this period. Almost 1.2 million trees were planted all over the island in 2013 alone. Of the 1.2 million trees, 470,730 were planted to expand the rehabilitated area in Panian to 315 hectares (up from 200 hectares in 2102), while 412,586 were planted around Unong Lake to continue rehabilitation in the mined-out site in Barangay Tinogboc.</p> <p>Note: Relevant sustainability reporting data are disclosed in the Corporate Sustainability &amp; Responsibility section of the Company's Integrated Annual Report.</p>
<p>Anti-corruption programmes and procedures?</p>	<p>The Company's Anti-corruption &amp; ethics program consists of ethics-related policies, soft controls and audit procedures aimed to promote the highest standards of openness, probity and accountability throughout the organization.</p> <p>a. The Codes of Conduct clearly set expectations of all Directors, Officers and Employees to conduct business with the highest ethical standards and in accordance with all applicable laws, rules and regulations. They are expected to adhere to the principles and core values of integrity, honesty, fair dealings and excellence, among others. The Codes explicitly provide guidelines for all, including immediate family members within a degree of affinity or consanguinity, on anti-corrupt practices involving conflict of interest, business gifts and entertainment, among others.</p> <p>b. The Conflict of Interest Policy is integrated in the Company's Codes of Conduct which explicitly provide guidelines for all Directors, Officers and employees, including their immediate family members within a degree of affinity or consanguinity, on anti-corrupt practices involving conflict of interest, business gifts and</p>	<p>a. To monitor compliance with the Conflict of Interest policy, the Company requires early submission by a Director, Officer and employee of a "single transaction" disclosure statement, and due before potential conflict of interest arises, of his direct or indirect financial interest in a specific contract or purchase proposed to be entered into by the Company, subsidiaries or its affiliates with or from a particular contractor or supplier. Failure to make proper disclosure as required may result in disciplinary action.</p> <p>b. In general, employees may accept a gift or an invitation to meals from clients or suppliers subject to certain conditions and a nominal value threshold of Two Thousand Pesos (P 2,000). If the gift is more than this amount, and meets all the conditions prescribed, the employee should accept it with gratitude on behalf of the Company and formally turn it over as Company's property to the VP – Administration for proper disposition.</p> <p>c. The Fraud &amp; Ethics Response Policy outlines how the Company will deal with such complaints and determine its course of action depending on their nature.</p> <p>d. The Whistleblowing reporting system includes the use of a</p>

	<p>entertainment, among others. Conflict of interest situations also refer to ownership of a part of another company or business having interests adverse to the Company and accepting commissions or share in profits from any supplier, customer or creditor. Your Company does not seek competitive advantages through illegal, unethical or unfair dealing practices. Improper communications with competitors or suppliers regarding bids for contracts are reported to the senior management, Chairman of the Board or the Audit Committee, as appropriate.</p> <p>c. The Gift and Entertainment Policy and guidelines explicitly disallow employees from any interest in or benefit from any supplier that could reasonably be interpreted as inducing favoritism towards a particular supplier over others.</p> <p>d. The Fraud and Ethics Response Policy affirms the Company's opposition to fraud and reinforces the Company's approach by setting out the procedures and ways in which employees or other stakeholders can voice their concerns or complaints about suspected fraud or corruption.</p>	<p>Hotline reporting Form to guide the Reporter in providing adequate information and basis to enable the Company to effectively investigate, evaluate and resolve the reported matter.</p> <p>e. Risk assessment of corruption and fraud risks by risk levels conducted are annually assessed as part of the Risk Control Self-Assessment process of the Company's Enterprise Risk Management. All business units have been assessed as to their vulnerability to such risks. Risk review results are evaluated by the Internal Audit (IA) in its annual audit plan and reported to the Audit Committee.</p> <p>f. <u>The Anti-Fraud and Ethics Program aims to achieve a holistic approach towards the continual improvement of the organization's ethics maturity level and the effectiveness of its ethics-related policies, communication, assurance activities and other processes.</u></p>
Safeguarding creditors' rights	<p>It is the Company's policy to support strategic partnerships with suppliers, creditors and other business partners with honoring commitments to agreements and timely payments of contracted obligations. Moreover, the Code of Conduct promotes fair dealings with creditors and business partners including observance of confidentiality of proprietary non-public information such as contract terms or bids, that might either be harmful to its suppliers, creditors and business partners or of use to their business competitors.</p>	<p>Activities are geared towards support of the Company's capital management strategy to ensure the Company maintains a strong credit rating and healthy capital ratios to support its business, maximize shareholder value and safeguard creditors' rights. The Company's quality management system establishes procedures for timely processing of disbursements, regular updates of the Company's operating and financial performance, conducting Mine Site visits for financial institutions, among others.</p>

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



**Yes, the Company's Integrated Annual Report includes a Corporate Sustainability & Responsibility section which describes the Company's corporate social responsibility program, policies and activities.**

c. Performance-enhancing mechanisms for employee participation.

i. What are the company's policy for its employees' safety, health, and welfare?

***The Company's integrated Environment, Health and Safety (EHS) management system policy supports a framework of continuous improvement of applied environmental and social responsibility performance standards. Its workplace safety policy objective is to eliminate or reduce to the lowest level any risk that may result in fatality, personal injury, illness, property or environment damage. Employees are mandated to comply with the Company's EHS objectives and policies such as the conservation and promotion of the local biodiversity, ecological solid waste management that promotes proper garbage segregation and reduced consumption of electricity, water and paper, among others. Now in its 6<sup>th</sup> year, the recertification of the Company's coal mining operation has been duly recommended to United Kingdom Accreditation Service (UKAS) by the external conformity assessment body, the Governing Board of Certification International Philippines, Inc. as being in conformance to International Organization for Standardization ISO 18001:2007 on Occupational Health and Safety Management System.***

***The Company's mining safety policy adopts global best practices in open-pit coal mining operation with safe production as its most important objective. It ranks loss of life or unacceptable threat to human safety as its most significant interruption impact factor. Safety risks are addressed with focus on prevention and zero tolerance for fatality. Mining safety procedures are strictly enforced, including measures on slope stability and rebuilding, installation of dewatering pumps to control water intrusion or seepage and crack monitoring teams to continuously monitor ground displacements. Suppliers, contractors as well as customers and other visitors at the Company's premises are required to comply with the Company's health and safety procedures. Safety training programs are regularly provided during the year to ensure a safe workplace for the workforce and other stakeholders.***

***Employee well-being is promoted through the Company's health care programs covering annual physical examination, physical fitness and sports activities to encourage and maintain a proactive healthy lifestyle, recreational activities to foster camaraderie and team building, and spiritual activities to foster one's personal values, among others. The Company provides free primary medical services to Mine Site employees and workers, their dependents and local residents at the Company's own level-one hospital at Semirara Island. The hospital's pharmacy offers more reliable supply and discounted cost of medicines. The infirmary operates with the support of four (4) medical doctors on call, two (2) dentists, two (2) medical technologists, one (1) x-ray technician, seven (7) nurses, a midwife, three (3) nurse aides who also function as pharmacy assistants, and caregivers. The infirmary has been reinstated as an accredited facility by the Philippine Health Insurance Corporation (PhilHealth) in 2013. In 2014, it joined the National External Quality Assessment Scheme (NEQAS) of the DOH's quality assurance program for clinical laboratories. All medical and health personnel received trainors' training on Basic Life Support (BLS) and received two-year certification as cardiopulmonary resuscitation (CPR) rescuers from the DOH in October.***

ii. Show data relating to health, safety and welfare of its employees.

**2014 SAFETY DATA**

	Mine Site	Power Plant Site
No. of Non-Lost time Accidents, Non-Fatal	<u>53</u>	<u>2</u>
No. of Lost time Accidents, Non-Fatal	<u>0</u>	<u>0</u>
No. of Lost time Accidents, Fatal	<u>0</u>	<u>1</u>
Lost Work Days	<u>0</u>	<u>6,000</u>
Total Manhours Worked	<u>6,629,991.5</u>	<u>628,543.2</u>
Lost Time Injury Rate or Frequency Rate	<u>0</u>	<u>6.04</u>

Severity Rate	<u>0</u>	<u>36.22</u>
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	Mine Site	Power Plant	Corporate Office	Total Operating Workforce
No. of Safety Committee Personnel	<u>39</u>	<u>32</u>	<u>12</u>	<u>83</u>
Total	<u>2,575</u>	<u>246</u>	<u>111</u>	<u>2,932</u>

List of Benefits to Full-time Employees		
Govt Mandated Benefits	Additional Company Benefits	CBA
SSS Contribution	Life and Accident Insurance	In-House Health Care (R&F)
Pag – Ibig (HDMF) Contribution	Health Care Insurance	1 sack milled rice every 2 mos. (R&F)
Phil Health Contribution	Sick Leave Credits after first year of employment – 15 days after one year	Service Award (R&F)
13 <sup>th</sup> Month Pay	Vacation Leave Credits after first year of employment – 15 days per year	Bereavement Financial assistance
Maternity Leave – 60 up to 78 days	Free primary medical services to Mine Site workers & their dependents	Emergency leave – 4 days/year
Paternity Leave – 7 days	<u>Bereavement Leave – 4 days per covered family member</u>	Medicine Allowance upon anniversary (R&F, Special Skills)
Solo Parent Leave – 7 days	<u>Medical Allowance – P 1,500/year per regular employee</u>	Relocation allowance (upon retirement)
Special Gynecological Surgery Leave Benefits for Women – two months		
Retirement Benefit (RA 7641) – Your Company has a funded, noncontributory defined benefit plan.		

<b>Additional Company Benefits for Mine Site Workforce:</b>
Free Housing
Free Power & Water utilities
Free Education (K to 12) for dependents
Subsidized medicine cost in Company hospital pharmacy

- iii. State the company's training and development programmes for its employees. Show the data.  
***The Company's employee development programs focus on training and career development aim to nurture and maximize the full potentials of its human resources. Training programs are designed based on competencies and talent requirements of the individual employees. These training programs under Behavioral Values, Leadership, Quality Management, Environment Health & Safety (EHS) and Professional Development categories are designed to meet specific target objectives towards people and organizational excellence.***

*Its Talent development programs include trainings, seminars and workshops such as skills upgrade, leadership, short management courses, ISO quality management principles, EHS, risk awareness, sustainability, among others. During the year, EHS initiatives included, among others, Office Safety and Ergonomics training to orient staff regarding workplace safety, and Basic Occupational Safety and Health training. Professional development programs also include technical trainings of engineers outside the country.*

**MINING WORKFORCE 2014 TRAINING HOURS PER CATEGORY PER WORKFORCE LEVEL**

Training Category	Executives	Managers	Supervisors	Staff	Total
Professional & Technical Development	107	92	364	1,940	2,503
Leadership	160	232	236	1,076	1,704
Quality Management System	-	36	124	1,828	1,988
Environment, Health & Safety	7	24	190	4,020	4,241
Behavioral	-	-	12	988	1,000
No. of Training Hours	274	384	926	9,852	11,436
Training Hours per Category %	2%	3%	8%	86%	100%
Number of Mining Workforce					2,674
Average training hours per Mining Workforce					4
Total 2014 Training Spend					P3,163,602
Average Training Spend per Mining Workforce					P1,183

**SOUTHWEST LUZON POWER GENERATION CORPORATION (Subsidiary)  
POWER WORKFORCE 2014 TRAINING HOURS PER CATEGORY PER WORKFORCE LEVEL**

Training Category	Executive s	Manager s	Supervisor s	Staff	Total
Professional & Technical Development	0	144	8,584	40,600	49,328
Leadership	0	80	32	0	112
Quality Management System	0	0	0	0	0
Environment, Health & Safety	0	0	56	40	96
Behavioral	0	0	0	0	0
No. of Training Hours	0	224	8,672	40,640	49,536
Training Hours per Category %	0%	0%	18%	82%	100%
Number of Power Subsidiary Workforce	0	11	26	77	114
Average training hours per level	0	25	377	572	481
Total 2014 Training Spend (Capitalized and Expensed)					P25,066,687
Average Training Spend per Power Subsidiary Workforce					P 219,883

- iv. State the company’s reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.

***The Company’s remuneration philosophy aims to ensure an overall compensation structure that is closely linked to individual performance, Company performance and shareholder value. Its remuneration strategy sets compensation levels that are appropriately competitive in attracting, motivating and retaining competent individuals. Its reward/compensation policy accounts for Company performance based on a Balanced Scorecard (BSC) cascaded to all levels throughout the organization. Performance Objectives, Targets and Programs (OTPs) aligned with the Company’s strategic and operational plans of the organization are defined at the beginning of the year throughout the organization. Key Performance Indicators (KPIs) to measure employee engagement in the Company’s strategy map are set and agreed with Management. Management conducts performance monitoring through periodic meetings with department heads.***

***Its talent management program includes a regular review of rewards and benefits through benchmarking of market and industry remuneration data based on compensation surveys. Core values on teamwork, excellence, integrity and professionalism are integrated in its competency-based performance management system. All employees are expected to perform their duties with highest ethical standards and excellence.***

- d. 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.

***For issues raised by employees or other stakeholders, the action taken by the Company will depend on the nature of the concern. The matters raised may be investigated internally or be referred to law enforcement officers. Where the loss is substantial, legal advice should be obtained without delay. Legal advice should also be obtained about prospects for recovering losses, where the perpetrator refuses repayment. Subject to legal constraints, the person who reported the alleged fraud or corruption will receive information about the outcome of any investigation and that the matter has been properly addressed. Reporting of any concern or complaint raised is treated with due care and confidentiality. The Company expressly prohibits retaliation, intimidation, harassment or adverse employment consequences against a person who raises a concern or complaint. It shall investigate and address promptly any concern of reprisal and harassment brought to its attention.***

## 15) DISCLOSURE AND TRANSPARENCY

### a. Ownership Structure

- i. Holding 5% shareholding or more (as of December 31, 2014)

Shareholder	Number of Shares	Percent	Beneficial Owner
DMCI Holdings, Inc.	<u>601,942,599</u>	56.32%	1. Dacon Corporation holds <u>6,076,969,505</u> shares or 45.77% 2. DFC Holdings, Inc. holds 2,370,782,060 shares or 17.86% 3. PCD Nominee Corp. (Foreign) holds 2,220,623,841 shares or <u>16.72%</u> 4. PCD Nominee Corporation

			(Filipino) holds 2,215,867,169 shares or 16.69%
PCD Nominee Corp. (Filipino)	<u>143,473,623</u>	13.22%	N/A
Dacon Corporation	<u>130,825,527</u>	12.24%	1. Inglebrook Holdings, Inc. holds 3,948,510 shares or 12.42% 2. Eastheights Holdings, Inc. holds 3,948,510 shares or 12.42% <sup>11</sup>
PCD Nominee Corp. (Foreign)	<u>120,898,542</u>	11.31%	Hongkong and Shanghai Banking Corp. Ltd holds <u>101,671,051</u> shares or <u>9.51%</u>

Name of Senior Management	Number of Direct shares <sup>12</sup>	Number of Indirect shares / Through (name of record owner) <sup>13</sup>	% of Capital Stock
Isidro A. Consunji	<u>6,036</u>	<u>969,918</u>	<u>0.09</u>
Victor A. Consunji	<u>36</u>	<u>1,581,414</u>	<u>0.15</u>
Ma. Cristina C. Gotianun	<u>357</u>	<u>1,210,104</u>	<u>0.11</u>
George G. San Pedro	<u>120,090</u>	-	<u>0.01</u>
Jaime B. Garcia	<u>144,108</u>	-	<u>0.01</u>
Junalina S. Tabor	-	-	<u>0.00</u>
Nena D. Arenas	<u>3,000</u>	-	<u>0.00</u>
John R. Sadullo	-	-	<u>0.00</u>
Antonio R. Delos Santos	<u>15,000</u>	-	<u>0.00</u>
Jose Anthony T. Villanueva	<u>750</u>	<u>13,890</u>	<u>0.00</u>
Sharade E. Padilla	<u>1,800</u>	<u>270</u>	<u>0.00</u>
<b>TOTAL</b>	<b><u>291,177</u></b>	<b><u>3,775,596</u></b>	<b><u>0.38</u></b>

b. 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	Yes
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	No, Remuneration is

<sup>11</sup> Other beneficial owners of Dacon Corporation with the same number of shares are Gulfshore Inc., Valemount Corporation, Chrismon Investment Inc., Jagjit Holdings, Inc., La Lumiere Holdings, Inc., Rice Creek Holdings, Inc. while Double Spring Investments Corporation holds 201,909 shares or .64% of the issued and outstanding shares.

<sup>12</sup> As of February 28, 2015.

<sup>13</sup> *Ibid.*

directors/commissioners	disclosed as part of a group total in compliance with SEC reporting format.
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Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

c. External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
SGV & Co.	<u>PHP4.9 M, incl. Subsidiaries' audit fee of PHP2.6 M</u>	In 2014, non-audit fees paid to SGV amounted to P991,200 for engagements in performing a technical assessment service on IT vulnerabilities and as an independent party to count and/or validate the votes at the Annual Stockholders' Meeting.

d. Medium of Communication

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

- a) **Announcements/updates or disclosures**
- b) **Quarterly/annual regulatory reporting**
- c) **Email**
- d) **Company Website**
- e) **Written correspondence**

e. Date of release of audited financial report:

**March 6, 2015**

f. Company Website

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

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

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

g. Disclosure of RPT

**Related Party Transactions are disclosed in detail in Note 18 of the Company's 2014 Audited Financial Statements.**

RPT	Relationship	Nature	Value
<b><u>Refer to Note 18 AFS.</u></b>			

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?

**To determine that material RPTs are in the best interests of the Company and Shareholders, the Company's Independent Directors are required to review material/significant RPTs that meet the threshold level stipulated by the regulatory rules and requirements on material RPTs and prescribed guidelines of its RPT Policy.**

**The Board-approved RPT Policy sets out the guidelines, categories and thresholds requiring review, disclosure and prior approval by the Board of Directors or Shareholders of such transactions. It also defines RPTs deemed to be pre-approved by the Board in accordance with the Company's Board-approved Table of Authorities. It provides guidelines on the identification, review and approval of RPTs. It is the Company's policy that RPTs are arms-length and at terms generally available to an unaffiliated third party under the same or similar circumstances. There must be a compelling business reason to enter into such a RPT, taking into account such factors as expertise of related party, cost efficiency, among others. All RPTs shall be disclosed to the Audit Committee and any material RPT shall be disclosed to the Board. The Audit Committee assists the Board in its review of RPTs. The Audit Committee's quarterly oversight review of the financial statements includes related party accounts to ensure that RPTs are fair to the Company, conducted at arms' length terms and considered such factors as materiality, commercial reasonableness of the terms and extent of conflict of interest, actual or apparent, of the related party, as defined by the policy, participating in the transaction.**

## 16) 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.

<b>Quorum Required</b>	Majority of the Issued & Outstanding Capital Stock
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#### (b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

<b>System Used</b>	Votation
<b>Description</b>	Show of hands at the Board level; by poll voting at the 2014 ASM

#### (c) Stockholders' Rights

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

<b>Stockholders' Rights under The Corporation Code</b>	<b>Stockholders' Rights not in The Corporation Code</b>
Right to Notice of Meeting	As listed company notice to stockholders are sent at least 15 trading days prior to the scheduled stockholder's meeting
Right to Vote in person or proxy	Adopts guidelines on voting in person or proxy under SRC Rule 20
Appraisal Right	N/A
Under certain conditions the Right to Petition the SEC to call for a stockholders' meeting	N/A
Right to participate in decisions concerning fundamental corporate changes such as	N/A

amendments to the Company's constitution, authorization of additional shares and transfer or sale of all or substantially all of the Company's assets, sale of a business unit or subsidiary that accounts for a majority portion of the Company's assets	
Right to inspect corporate books and records	N/A
Right to information	N/A
Right to dividends	N/A

#### Dividends

Declaration Date	Record Date	Payment Date
<u>April 29, 2014 /Cash</u>	<u>May 15, 2014</u>	<u>May 28, 2014</u>
<u>March 6, 2014/Stock</u>	<u>September 8, 2014</u>	<u>September 24, 2014</u>

#### (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
Notice of Annual or Special Meeting are promptly disclosed to the Philippine Stock Exchange and immediately posted in the Company's website. This will allow the stockholders to be notified ahead of the actual mailing of Definitive Information Statement (including notice). Included in the documents sent out to stockholder is a sample copy of the proxy which stockholders may use in order for them to participate thru proxy, if they so wish. Note these documents that are sent out are likewise posted and disclosed at the Exchange.	There is no strict procedure adopted by the Company regarding matter in which communications from stockholder are sent. Any communications properly addressed will reach the addressee. Proposal or concerns of stockholders when appropriate will be taken up by the Company's Board.
Corporation has put a website with contact details for shareholders' concerns.	Communications with shareholders may be done by phone and thru email to <a href="mailto:investor_relations@semiraraminingmkti.net">investor_relations@semiraraminingmkti.net</a> .
During stockholders meeting, stockholders after the agenda item of Management Report, stockholders are given an opportunity to raise questions, clarification and other matters of concerns.	Communication is made verbally but if the stockholders wishes may later be put down in writing.

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

***The Company promotes a culture of transparency with protection and equal respect of***



*shareholder/investor rights embodied in its Revised Code of Corporate Governance. It follows the rules under the Corporation Code whereby shareholders can vote on the items presented for their approval at stockholders' meetings. Shareholder rights include their participation in decisions concerning fundamental corporate changes such as amendments to the Company's constitution, authorization of additional shares and transfer or sale of all or substantially all of the Company's assets, sale of a business unit or subsidiary that accounts for a majority portion of the Company's assets.*

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, the Company observes a minimum 21 business days disclosure or announcement of its Notice of AGM and items to be resolved by shareholders.*
  - a. Date of sending out notices: March 6, 2014
  - b. Date of the Annual/Special Stockholders' Meeting: May 5, 2014
4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

**Mr. Alfred Reiterer, stockholder of the Corporation asked the following questions:**

**Q: My question is related to the coal price. Coal prices now is very low, at what price will the Company begin to incur losses?**

**A: If coal prices will continue to go down, our mining cost as far as coal mining operations is concerned is at PHP900/MT. This is the direct mining cost. If coal prices will be lower than PHP900 to PHP1,000 level, the Company will be incurring losses, replied by Ms. Junalina S. Tabor, Chief Finance Officer of the Corporation to whom the question was directed.**

**Q: How much production is contracted for long-term?**

**A: We have a long-term contract with Global Power for ten years. Currently, the contract is on its fourth year and about six years to go. Contracted coal is about 900 MTS per annum, replied by Mr. Victor A. Consunji, President and Chief Operating Officer of the Corporation.**

**Q: When do you expect coal prices to go up?**

**A: I think one of the contributing factors is the slowdown in China that is why the price is depressed, and Indonesia, has a very uncontrolled production and exporting, that is probably one of the reasons why there is a big over supply, explained by Mr. Victor Consunji.**

**A member from the media inquired to the Board as follows:**

**Q: Aside from the 2x150 MW power plant, do you have another project in the pipeline?**

**A: Yes, we applied recently with the Board of Investments (BOI) and with Department of Energy (DOE)'s consent and approval for another 2x350 MW power plant.**

**Q: That is the 2x350 MW right?**

**A: No, only the first 1x350 MW power plant which uses the pulverized coal technology, replied by Mr. Victor Consunji.**

**Q: How about the one with St. Raphael, the 400MW?**

**A: That is "up to 400 MW capacity", said Mr. Victor Consunji.**

**Q: How much is the capital expenditure (CAPEX) per megawatt of the power plant?**

**A: The CAPEX for the first 2x150 is about USD450 million or about USD1.3 million per megawatt, replied by Mr. Victor Consunji. Mr. Isidro Consunji added that “unlike the first one, this is not thoroughly financed, this called break-finance so we have not contracted the power yet regarding the offtake.**

**Q: Regarding the issue with Meralco, how much is the Company’s receivables because of the issue on higher rates?**

**A: Our receivable is around PHP700 million, which was restrained by Supreme Court via temporary restraining order (TRO). However, with recent ruling of the ERC, the Company is being asked to refund PHP700 plus million, so basically we do not know whom to follow, said Mr. Isidro Consunji.**

**Q: What is the Company’s performance for the second quarter in relation to the stock market?**

**A: Mr. Isidro Consunji said: Right now, unfortunately our second quarter is not very good, because we have a problem in the power plant, but we hope to recover. As we speak, we are testing and commissioning our plant (Unit 2 of the Calaca Plant).**

**After all of the above queries or clarifications have been explained, there were no other questions raised.**

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

Resolution	Approving	Dissenting	Abstaining
<u>Approval of Previous Minutes of Stockholders Meeting held on May 6, 2013</u>	286,033,695 or 99.73%	none	769,450
<u>Approval of Management Report</u>	285,890,715 or 99.68%	50,000	769,450
<u>Ratification of Acts of Officers &amp; Board of Directors in 2013</u>	274,526,057 or 95.71%	none	12,184,108
<u>Ratification of the Corporation to execute securities and corporate guarantees in relation to the procurement of Project Debt Facility by its wholly-owned subsidiary, St. Raphael Power Generation Corporation</u>	274,573,887 or 95.73%	2,170	12,134,108
<u>Approval to the amendments to the Corporation’s Articles of Incorporation – changing the corporate name to Semirara Mining and Power Corporation</u>	286,710,165 or 99.96%	none	none
<u>Approval to the amendments to the Corporation’s Articles of Incorporation – increasing the authorized capital stock from PHP1 Billion to PHP3 Billion</u>	285,956,485 or 99.70%	753,680	none
<u>Approval to the amendments to the Corporation’s Articles of Incorporation – indicating the complete principal address of the corporation to 2/F DMCI Plaza, 2281 Don Chino Roces Avenue, Makati City</u>	286,710,165 or 99.96%	none	none
<u>Approval to the amendments to the Corporation’s By-Laws amending Section 8, Article II thereof increasing the quorum requirements to conduct business by the Board of Directors from majority to two-thirds (2/3)</u>	275,345,507 or 96.00%	none	11,364,658
<u>Approval of 200% stock dividends amounting to PHP712,500,000 divided into 712,500,000 shares at the par value of PHP1.00 per share or two common shares for every one common share held</u>	275,345,507 or 96.00%	none	11,364,658
<u>Appointment of External Auditor</u>	281,574,004 or 98.17%	none	5,136,151

1. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:  
***The results of votes on the approved items were taken during the recent AGM for all resolutions were disclosed immediately and simultaneously to SEC and PSE on May 5, 2014. The same was posted in the Company's website on same date.***

(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:

Modifications	Reason for Modification
None	Not Applicable

(f) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	David M. Consunji, Isidro A. Consunji, Victor A. Consunji, Cesar A. Buenaventura, Jorge A. Consunji, Ma. Cristina C. Gotianun, Ma. Edwina C. Laperal, Herbert M. Consunji, Victor C. Macalincag, John R. Sadullo, Jaime B. Garcia, Junalina S. Tabor, Jose Anthony T. Villanueva, Antonio R. Delos Santos, Sharade E. Padilla	May 5, 2014	Poll balloting	.01039%	81.08%	81.08%
Special	N/A					

(i) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

***Yes, the Company appointed SGV & Co. as the independent body to count and validate votes at the ASM.***

(ii) 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.

**Yes, one vote for one share.**

(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	Company adopts SRC Rule 20 (b).
Notary	Proxy need not be notarized except when in the form of a Corporate Secretary Certificate for corporate stockholders.
Submission of Proxy	Submitted not later than 10 days from date of meeting.
Several Proxies	Company adopts SRC Rule 20 (11) (b).
Validity of Proxy	Only for meeting at hand except when provided in a statement in the proxy but not more than 5 years from the date of the proxy.
Proxies executed abroad	Must be duly authenticated by the Philippine Embassy or Consular Office.
Invalidated Proxy	Non recognition of votes, stockholder is informed of such fact.
Validation of Proxy	Performed by a committee of inspectors appointed by the Board of Directors.
Violation of Proxy	Results to invalidation of votes.

(h) Sending of Notices

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

Policies	Procedure
Sent at least 15 trading days prior to date of meeting together with SEC Form 20-IS, Audited Financial Statement and Mini-Annual Report	By registered mail

(i) Definitive Information Statements and Management Report

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	<u>664</u> as of Record Date.
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	Actual distribution is made by <u>the Company</u> <u>via registered mail</u>
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	April 8, 2014
<b>State whether CD format or hard copies were distributed</b>	All copies sent are printed copies

<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	Not Applicable
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(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.	No, the same is not required.
The amount payable for final dividends.	No, dividends were declared only after the Notices were sent
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.

***The Company promotes a culture of transparency with protection and equal respect of shareholder/investor rights embodied in its Revised Code of Corporate Governance. As such, Minority rights as embodied in the Corporation Code allows them to the right to cumulate their votes for election of directors and the right to nominate directors, among others.***

Policies	Implementation
See above policy.	

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

**17) 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 Legal Department, through proper disclosure of material information as defined under Rules of Disclosure of the Philippine Stock Exchange, is tasked to communicate said material information in the form of disclosure statements posted at the Exchange. The content of the disclosures are based on resolutions already approved by the Board of Directors during their meetings. The CEO reviews and approves major company announcements.***

***Corporate information is communicated in a timely and transparent manner to individual and institutional shareholders by timely and adequate disclosures through announcements, quarterly or annual reporting, Company website and investor relations activities such as analyst briefings and media/press conferences. The Company also partners with media in informing stakeholders of timely business developments or on an as-need basis.***

- 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	<ol style="list-style-type: none"> <li>1. <u>To sustain investor confidence by providing knowledge, understanding and transparency of the Company's business, operating and financial condition to the investing public ;</u></li> <li>2. <u>To effectively communicate corporate messages in a timely manner and make management accessible to investors; and</u></li> <li>3. <u>To facilitate the exercise of ownership rights by all shareholders, including institutional investors</u></li> </ol>
(2) Principles	To sustain investor confidence, the Company maintains a policy of open and constant communication and disclosure of its activities, subject to insider information guidelines <u>and other pertinent Company policies.</u>
(3) Modes of Communications	<u>One-on-one meetings, participation in investor conferences, conference calls, emails, hosting of site visits, disclosures to PSE/SEC, company website</u>
(4) Investors Relations Officer	Sharade E. Padilla Tel. +632 8883644 Fax +632 8883553 Email : <a href="mailto:investor_relations@semirarampc.com">investor_relations@semirarampc.com</a>

- 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 is essentially an operating company, not a holding company, with its primary purpose to engage in mining of coal and other minerals. While its secondary purpose per its Articles of Incorporation is to acquire and take over all or any part the business, goodwill, property and others, it has not however sought to do so. The Board has established decision authority policies on limits, levels of authorization and nature of transactions, of which the latter include investment and divestment activities, among others. Furthermore, shareholder rights include their participation in decisions concerning fundamental corporate changes such as transfer or sale of all or substantially all of the Company's assets, sale of a business unit or subsidiary that accounts for a majority portion of the Company's assets, among others.***

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

***Not Applicable.***

#### 18) CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

**Semirara Mining and Power Corporation CSR:**

INITIATIVE	BENEFICIARY
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INITIATIVE	BENEFICIARY
<b>Employment and Livelihood</b>	
Employ local residents	Workforce of 2,575, 56% of which come from Semirara, Caluya and Panay. Minesite payroll in 2014 reached PhP898.43 million.
Food court with 11 food stalls and nine (9) dry goods stalls	Ten (10) food stalls operated by dependents of company workers and island residents provide access to affordable meals and snacks for members of the community. The food court now also serves as a venue for big island events and activities.
Support fishing associations	Semirara Fishing Association (SEMFA) operating five (5) boats and ComRel four (4) boats-
Support local food production: demonstration farms	Four (4) indigent families planted 2.6 hectares that yielded 8,229.50 kilograms of rice and grossing PhP135,786.75 in 2014
<b>Education</b>	
Schoolbuildings and facilities	<p>In 2014, Semirara Mining and Power Corporation spent PhP3.9 million on construction materials and repairs of classrooms in Tinogboc Elementary School, Tinogboc National High School (TNHS) and on painting the six (6) - classroom building of Bunlao Elementary School. It also spent PhP1.7 million on materials for the construction of a four (4)-classroom building for Antique College on the island of Caluya.</p> <p>The company also started to build a PhP7-million gymnasium for TNHS in November 2014 that is expected to be ready for turn over to the school by the end of school year 2014-2015.</p>
Semirara Training Center, Inc. continues to develop technical skills for manpower requirements of the company and for improvement of marketable skills of local youth	Since its establishment in 2006 until end-December 2014, TESDA-accredited STCI has had 1,253 enrollees, of which, 946 have graduated. Of the graduates, 453 or 48% remain employed with the company.
"Maligayang Semirara" to promote community- and self-sustainability among residents through arts, music and sports	<p>Maligayang Semirara organized its Summer Camp 2014, which attracted 423 participants from the islands of Semirara, Caluya and Sibay to train in athletics, badminton, baseball/ softball, boxing/ Muay Thai, dance, soccer, tennis, volleyball, brass band, rondalla, and pottery and handicrafts.</p> <p>The program also organized two fun runs in 2014. 250 fitness enthusiasts joined SemiraRUN on 10 August, and 430 the Fiesta Run on 12 December. As of December 2014, Maligayang Semirara has about 500 active members from the Semirara Island community.</p>
<b>Environmental Protection</b>	

INITIATIVE	BENEFICIARY
Tabunan Marine Hatchery Laboratory	<p>In June 2014, through the assistance of one of the country's National Scientists, Dr. Edgardo Gomez, the facility linked with the Marine Ecology Research Center of Malaysia. The linkage facilitated an exchange of three (3) pieces of broodstock and 150 pieces of juveniles of <i>T. gigas</i> from Semirara for three (3) pieces of broodstock and 150 pieces of juveniles of <i>Hippopus porcellanus</i> from Sabah, Malaysia.</p> <p>The <i>H. porcellanus</i> then completes on the island of Semirara the seven pieces of giant clams that live in the tropical regions of the world.</p> <p>Current population of giant clams on Semirara Island is 85,975.</p>
Inland reforestation and mangroves area development	<p>Semirara Mining &amp; Power Corporation planted almost three (3) million trees, including mangrove trees, in 2000-2014.</p> <p>In 2014, the reforestation team did an inventory and found out that of the total number of three million, 2.2 million trees survived, about half a million of that are mangrove trees.</p>
"I Love Semirara Times Three," a joint campaign with the Municipality of Caluya and Council of Barangay Semirara for ecological solid waste management	<p>Semirara Mining and Power Corporation maintains a Materials Recovery Facility (MRF) and produces organic fertilizer from the biodegradable waste it collected from its offices, housing facilities, nurseries and reforestation areas, DWSSII and STCI. The MRF also serves Barangay Semirara by handling the wastes, collected by the local government unit from around the barangay, for proper disposal.</p> <p>In 2014, the MRF received a total of 332,000 kilograms of biodegradable, recyclable and residual waste. From the biodegradable waste, 118,000 kgs. of organic fertilizer were produced.</p> <p>Audio-video materials continue to be aired on the local community channel to remind community members to segregate wastes from the office, field operations and the households to sustain the production of organic fertilizer and to manage non-biodegradable materials.</p>
Unong rehabilitation	<p>The company is planting and maintaining high-value trees and ornamental plants around the lake. The three (3) - kilometer road along the rim of the lake is also being maintained, continuing to set up a zipline over the lake water to provide recreation to island residents.</p> <p>In 2014, the company started to develop nearly 100 hectares of land in the northwestern side of the lake to plant napier (<i>Pennisetum purpureum</i>) and star grass (<i>Cynodon nlemfuensis</i>) intended to support a dairy farm in the next one or two years.</p>



INITIATIVE	BENEFICIARY
<b>Electrification</b>	
Island power service	Each employee's household continues to get free 300kwh allocation. Island residents also enjoy P200 each, a benefit given by Bgy. Semirara. The company, however, spends about PhP7 to PhP11 per kwh to generate power that is distributed to island consumers by ANTECO at PhP5.10. The electric cooperative pays the company only PhP2.50/kwh.
New 15MW coal-fired power plant utilizing the Circulating Fluidized Bed (CFB) technology	The new 1x15MW coal power plant brings up to 34MW the total reliable load available on Semirara Island. Power supplied to company housing facilities reached 5,878,161 kwh in 2014, while the communities on the island consumed 3,017,090 kwh.
<b>Economic empowerment</b>	
Using mine waste to manufacture construction materials	The budding industry provides employment to locals. As the viability of commercial production is being established, the bricks and contraction materials from Semirara Island's clay are being used to construct much needed infrastructure on the island like school buildings and facilities, offices, and buildings for general use including churches. The island's bricks are being used to build a ten-classroom building for an elementary school in Javier, Leyte.
Development of limestone	Production of calcine from limestone is pursued to address current and future requirements of the company's power plants. Calcination operations in Bgy. Semirara provide employment to locals.
<b>Health and medical services</b>	
Employee and community health	The company's health program covers annual physical examination, physical fitness and sports activities. The company provides free primary medical services to mine site employees and their dependents, and local residents at a Company - owned and -operated facility that has been reclassified as an infirmary by the Department of Health (DOH) in 2012. The infirmary has been reinstated as a facility accredited by the Philippine Health Insurance Corporation (PhilHealth) in 2013.

INITIATIVE	BENEFICIARY
<b>Emergency preparedness</b>	
<p>Emergency management and search and rescue training with the local governments and the community</p>	<p>For the third consecutive year, Semirara Mining and Power Corporation co-organized with the Office of the Municipal Mayor of Caluya and Barangay Semirara a comprehensive island-wide training on emergency response.</p> <p>The Office of the Provincial Disaster and Risk Reduction Management (DRRM) was once again tapped to train the island management group and the teams of first responders on 05-08 May 2014.</p> <p>One important accomplishment of the activity is the completion and submission of the three (3) barangays of Semirara Island, namely, Alegria, Semirara and Tinogboc, of their respective DRRM plans to the Office of the Mayor of Caluya.</p> <p>Although Typhoon Hagupit (Ruby) of December 2014 was initially expected to land in Semirara, the island was fortunately spared when the typhoon shifted direction and weakened. The preparations for its landfall, however, mobilized the island communities and allowed the LGUs, the island's leaders and the company to identify areas and situations where they can work on together in synchrony.</p> <p>Several company facilities were used as evacuation centers. The company also extended transportation support and relief supplies to evacuees from various parts of the island.</p>

Sem-Calaca Power Corporation and Southwest Luzon Power Generation Corporation (Subsidiaries) CSR :

Initiative (2014)	Beneficiary
<p><b>Education and Skills Training</b></p>	<p><b>Scholarships</b>  <i>Engineering and Excellent Performers - 25</i></p> <p><b>Skills Training</b>  <i>First Rigging Skills Training - 22</i>  <i>First Shielded Metal Arc Welding - 29</i>  <i>Second Shielded Metal Arc Welding PM - 19</i>  <i>First Electrical Installation &amp; Maintenance - 23</i>  <i>Second Electrical Installation &amp; Maintenance - 25</i>  <i>Fourth Pipefitting Skills Training AM - 26</i>  <i>Fourth Pipefitting Skills Training PM - 19</i>  <i>Fifth Pipefitting Skills Training - 35</i>  <i>First Reinforcing Steel Works - 15</i>  <i>First Mechatronics NC II - 22</i>  <i>Second Mecharonics NC II - 21</i>  <i>Second Rigging Skills Training - 24</i>  <i>Construction Occupational Safety and Health - 30</i></p>
	<p><b>Teacher Trainings</b>  <i>Effective Teaching Techniques - 74 teachers from Calaca</i>  <i>Maximizing Academic Performance - 70 teachers from Calaca</i>  <i>Teaching Science through Interactive Approaches Seminar/Workshop - 105 science teachers from Balayan</i></p>
	<p><i>Travelling Interactive Science Centrum stationed at Balayan West Central School, the Science on the Move Exhibit - 8,303 elementary students and 3,641 high school students</i>  <i>Donation of booster pump and pressurized tank to Dacanlao G. Agoncillo National High School</i>  <i>Donation of various Science Laboratory Equipment to Dacanlao National High School</i>  <i>Donation of LCD Projector with projector screen to DGANHS</i>  <i>Donation of LCD Projector with projector screen to Calaca Academy School</i>  <i>Donation of LED Projector to Baclaran Elementary School</i>  <i>Donation of LED Projector to Dacanlao G Agoncillo Elementary School</i>  <i>Donation of LED Projector to Sampaga Elementary School</i>  <i>Donation of LED Projector to Pantay Elementary School</i>  <i>Various Brigada Eskwela projects for schools in Calaca and Balayan – donation of paint, lockers, plywood</i></p>

<p><b>Infrastructure support</b></p>	<p><b>School facilities</b></p> <ol style="list-style-type: none"> <li>1. <i>Balayan National High School - 6 classrooms</i></li> <li>2. <i>Completion of Multi-purpose Gymnasium for St. Raphael Archangel Parochial School</i></li> </ol> <p><b>Host Barangays</b></p> <ol style="list-style-type: none"> <li>1. <i>Repair of footbridge at Barangay Loma, Calaca</i></li> <li>2. <i>Tiling works for Brgy. Baclaran Chapel in Balayan</i></li> <li>3. <i>Repair of Drainage Canal Along AM Casanova Road in San Rafael, Calaca</i></li> <li>4. <i>Repair of Sitio Carachucha Chapel in Barangay Cahil, Calaca</i></li> <li>5. <i>Repair of the roof of Barangay Dacanlao covered court</i></li> </ol> <hr/> <ol style="list-style-type: none"> <li>1. <i>Facilitated the donation of three 10kva transformers for the water system of Barangay Dacanlao</i></li> <li>2. <i>Facilitated the donation of a CCTV System for Barangay Baclaran</i></li> </ol>
<p><b>Health</b></p>	<p><b>Conduct of 12 free clinic sessions serving the three (3) host barangays and other Barangays such as Barangays Calantas, Quizumbing and Pantay in Calaca and Barangays Caybunga, Durungao and Sampaga in Balayan</b></p> <p><b>Conduct of Medical Missions/Operation Tuli:</b></p> <p><b>Medical-Dental Mission at Barangay Dacanlao - 378+103 = 481</b></p> <p><b>Medical-Dental Mission at Barangay San Rafael - 61+43 = 203</b></p> <p><b>Optical Mission at Barangay Dacanlao Multi-purpose Hall for Dacanlao and San Rafael residents – 97 patients</b></p> <p><b>Operation Tuli at Dacanlao Day Care Center - 95 patients</b></p> <p><b>Donation of assorted medicine for the Balayan senior citizens’ medical mission</b></p> <p><b>Donation of assorted medicine for the medical mission in the Municipality of Tuy</b></p>
<p><b>Environmental Protection</b></p>	<p><b>Coastal clean-up at Barangay Quizumbing – March and May</b></p> <p><b>River clean-up at Cawong and Dacanlao River</b></p> <p><b>Donation of Trashcans to the following:</b></p> <p><b>St. Raphael Archangel Parochial School - 10</b></p> <p><b>Barangay San Rafael - 20</b></p> <p><b>Barangay 6, Calaca - 20</b></p> <hr/> <p><b>Tree Planting / Seedling Distribution:</b></p> <p><b>Bamboo Planting along Cawong River - 42 bamboo seedlings</b></p> <p><b>Bamboo Planting along Dacanlao River -180 seedlings</b></p> <p><b>Tree Planting along Cawong River - 50 mahogany seedlings</b></p> <p><b>Tree Planting along Dacanlao River - 125 seedlings</b></p> <p><b>Seedling Distribution for Balayan PNP - 1000 seedlings</b></p> <p><b>Seedling Distribution for Brgy. Sambat - 1000 seedlings</b></p> <p><b>Archdiocesan Ministry for Environment (AMEN) - 300</b></p>

	<p><i>seedlings</i>  <i>Seedling Distribution for San Piro National High School - 300</i>  <i>Seedling Distribution for CENRO - 2,750 assorted seedlings</i></p>
<b>Livelihood</b>	<p><i>Distribution of four pure-bred Brahman cattles to the Municipality of Calaca for the upgrading of cattle breed</i>  <i>Sponsorship of Biogas Technology Seminar/Workshop for interested residents of host communities</i>  <i>Sponsorship of Mushroom culture and spawn production seminar/workshop for interested residents of host communities</i></p>

**19) 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.

	<b>Process</b>	<b>Criteria</b>
<b>Board of Directors</b>	<p>Annual self-assessment by the Board Directors using a formal questionnaire is administered and compiled by the Chief Governance Officer who subsequently advises results thereof to the Board highlighting the Board's strengths and those areas requiring Board attention for appropriate action.</p>	<p>Assessment areas cover Board responsibilities, structure, meetings, processes, and management support.</p>
<b>Board Committees</b>	<p>Audit Committee - Annual self-assessment of its own performance using a formal questionnaire with defined quantitative rating and corresponding qualitative description for such rating. Eff. 2012, results of the Audit Committee's self-assessment and rating of its performance are reported to SEC.</p> <p>Board Committee performance self-assessment by respective Committee Members using a formal questionnaire is administered and compiled by the Chief Governance Officer. Results are discussed in Committee meetings highlighting those areas for appropriate action.</p>	<p>Audit Committee - The Company adopts SEC's guidelines on effectiveness of Audit Committee performance as its appraisal criteria which cover (i) committee structure &amp; organization,(ii) oversight on financial reporting and disclosures,(iii) oversight on risk management &amp; internal controls, (iv) oversight on management &amp; internal audit, and (v) oversight on external audit.</p> <p>Areas to assess effectiveness of the Compensation and Remuneration Committee, and Nomination and Election Committee include performance of oversight duties and responsibilities as per SEC Revised Code of Corporate Governance and</p>

		respective Board-approved Committee Charters, as well as committee structure, meetings, resources, training and Charter evaluation.
<b>Individual Directors</b>	Individual peer director evaluation using a formal questionnaire is administered and compiled in confidentiality by the Chief Governance Officer. Individual results are advised in private to each Director regarding his individual performance.	Assessment areas cover leadership, interpersonal skills, strategic thinking and participation in Board meetings and Committee assignments.
<b>CEO/President</b>	The Board annually conducts appraisal of the CEO's and COO's performance. The Chief Governance Officer administers the performance evaluation process, tabulates the rating results and summarizes evaluation comments. Evaluation results are submitted to and/or discussed with the CEO, COO, Nomination & Election Committee and Compensation & Remuneration Committee for proper disposition or action.	The Board-approved Balanced Scorecard encompasses key result areas on financial performance relating to the Company's business and operating objectives, and non-financial metrics covering strategic objectives, governance, risk management, internal control, internal processes, business development and corporate social responsibility.

## 20) 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

<b>Violations</b>	<b>Sanctions</b>
Director's absence in more than 50% of all regular and special Board meetings within the year, unless due to illness, death	Grounds for disqualification in succeeding election
Non-disclosure of, or unresolved, material or continuing material conflict of interest	Officer & employee - Reprimand &/or suspension of employee Director – Reprimand & grounds for disqualification for board disposition
Trading during block-off periods	Officer & employee - Reprimand &/or suspension; penalty for damages or fines Director – Reprimand; penalty for damages or fines