

EQUITABLE TREATMENT OF SHAREHOLDERS

“one common share, one vote”

The Company's corporate governance framework 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.

Notice of Annual Shareholders' Meeting (ASM)

The Company disclosed its Notice of 2013 ASM and accompanying SEC 20-IS Information Statement with detailed agenda and relevant information for shareholder consideration on March 12, 2013 and April 2, 2013, respectively, with both dates more than twenty-one (21) days before regular ASM date on May 6, 2013. The following key items which required shareholder disposition in the Notice of 2013 ASM included, among others:

- Election of Board Directors, with information on individual profile of nominees for election to the Board with details on age, education, experience, position, type of directorship, other directorships, Board Committee memberships, beneficial share ownership and Board meetings attended;
- Re-appointment of independent external auditor, with details of name and qualification;
- Voting procedures and methods;
- Proxy Form easily available with detailed instructions on proxy appointment and procedures to facilitate voting by shareholders who are unable to attend and vote in said meeting.

While the Company's By-Laws provide Board authority to declare cash dividends, dividend policy information was disclosed in Part V, Corporate Governance section of the Management Report accompanying the Notice of 2013 ASM. In your Company's Notice of 2014 ASM, declaration of stock dividends for shareholder approval, together with information on dividend policy, amount of cash dividends declared and paid in the previous year, are included as key agenda item in said Notice.

ASM

The Company holds the ASM every first Monday of May each year to report to its shareholders as well as give them the opportunity to ask the Board updates or issues for clarification. The Chairman of the Board, Chairman of the Audit Committee, Chairman of the Compensation and Remuneration Committee and Chairman of the Nomination and Election Committee, other Board Directors, CEO, Chief Operating Officer, Chief Finance Officer, Corporate Secretary, other key officers and SGV & Co as external auditor attended the meeting to answer potential questions from shareholders. Your Company adopted best practices in the conduct of its 2013 ASM such as, but not limited to the following :

Venue

On May 6, 2013, the Company held its ASM at the Manila Golf & Country Club, Forbes Park, Makati City, a meeting location accessible to the shareholders as per policy.

Agenda

There was due observance of the agenda items as indicated and disclosed in the Notice of 2013 ASM. The Corporate Secretary discussed and explained the rationale of agenda items requiring shareholders' approval. There was also no added agenda item or amendment to material information without prior shareholder notice in compliance to regulatory rules.

Shareholders participation

After discussion of the Management Report, the Vice Chairman & CEO gave the shareholders and other attendees the opportunity to raise any question and/or clarification. No question or clarification was raised and such was duly minuted.

Voting in person or in absentia

Your Company ensures shareholders are able to vote in person or in absentia, with equal effect to both votes. It allows voting in absentia via proxy thus, giving a shareholder who is unable to attend such meeting the opportunity to participate and vote on the shareholder's behalf.

The following Poll Voting procedures were observed during the 2013 ASM :

- Poll voting was conducted as opposed to show of hands for all resolutions;
- Appointment of SGV & Co. as independent body to count and validate the votes by poll cast by the shareholders for items stated in the agenda requiring approval and/or for ratification;
- Votes were cast and counted for each agenda item;
- Voting results were presented for each agenda item during the meeting to inform the participants of such outcome.

Disclosure

Results as to approving, dissenting and/or abstaining votes of shareholders taken for all resolutions are publicly disclosed by the next working day. The list of Board Directors who attended the 2013 ASM are reported and disclosed in a certification of attendance to PSE and SEC. This certification and the minutes of the 2013 ASM are disclosed in the Company's website.

Protection from Inequitable Conduct

The Company's good governance program aims to protect non-controlling shareholders from inequitable conduct and abusive self-dealing of its Directors, Officers and employees.

Insider Trading

Your Company's Codes of Conduct and 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. Directors, officers and employees are required to abide by the Company's prescribed restrictions and no-trading periods of its shares of stock in the market. The Company's amended policy requires its Directors and key officers to report their trades within three (3) business days to Legal Department for eventual reporting to the PSE and the SEC. In 2013, there were no complaints received regarding misuse of insider information committed by any Director or officer.

- ***Conflict of Interest***

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 while the remaining directors discuss and vote on such matter.

All Directors, Officers and Employees are required to submit an Annual Disclosure Statement of their financial, business or personal interests or dealings with the Company &/or subsidiaries at the end of each financial year. Your Company also requires early submission by a Director, Officer and Employee of a "single transaction" disclosure statement, and due before actual 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.

- ***Company Loan***

The Board abides by the Company's policy not to extend personal loans or credit to Directors unless approved by the Board. There were no such loans extended to Directors in 2013.

Related Party Transactions (RPT)

The Company's Related Party Transaction Policy provides that 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. All RPTs shall be disclosed to the Audit Committee and any material RPT shall be disclosed to the Board. All RPTs are disclosed in the related Notes to Financial Statements of the Company's audited accounts and in required SEC filings.

Generally, Management promptly reports to the Board of Directors (Board) on the terms, business purpose, benefits and other details of each new, existing or proposed RPT for review and approval. The Board shall approve any RPT before its commencement. However, if the same is not identified beforehand, it must be subsequently reviewed and ratified by the Board. The Audit Committee assists the Board in its review of RPT.

The Audit Committee, with majority membership of Independent Directors, is tasked to review significant RPTs and considers such other factors as fairness, market rate, arms-length terms, commercial reasonableness and extent of conflict of interest, actual or apparent, of the related party participating in these RPT. Its quarterly and annual review of the financial statements include related party accounts and ensures RPTs are disclosed for the information of the investing public.

In 2013, there were no RPTs of financial assistance or loans to Directors, affiliates or related entities which are not wholly-owned subsidiaries.