

CR02721-2015

SECURITIES AND EXCHANGE COMMISSION
SEC FORM ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year
Dec 31, 2014
2. Exact Name of Registrant as Specified in its Charter
Marcventures Holdings, Inc.
3. Address of principal office
4th Floor, Citibank Center, Paseo de Roxas, makati City
Postal Code
1227
4. SEC Identification Number
12942
5. Industry Classification Code (SEC Use Only)
6. BIR Tax Identification No.
000-104-320-000
7. Issuer's telephone number, including area code
632-8314479
8. Former name or former address, if changed from the last report
-

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.

Marcventures Holdings, Inc.

MARC

PSE Disclosure Form ACGR-1 - Annual Corporate Governance Report
Reference: Revised Code of Corporate Governance of the
Securities and Exchange Commission

Description of the Disclosure

SEC Form ACGR 2014 Updates.

Pursuant to SEC Advisory dated 12 March 2015, this report has been attached to the Company's Annual Report (SEC Form 17A) for the calendar year ended December 31, 2014 submitted to the SEC and PSE on April 15, 2015.

Filed on behalf by:

Name	Raquel Frondoso
Designation	Compliance Officer

COVER SHEET

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S.E.C Registration Number

M	A	R	C	V	E	N	T	U	R	E	S		H	O	L	D	I	N	G	S		I	N	C					
(f	o	r	m	e	r	l	y		A	J	O	N	E	T		H	O	L	D	I	N	G	S		I	N	C)

(Company's Full Name)

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

Raquel Frondoso

Contact Person

(632) 836-8609

Company Telephone Number

1	2		
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Month Day
Calendar Year

Consolidated Changes in the ACGR for the year 2014

FORM TYPE

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Month Day
Annual Meeting

Secondary License Type, If Applicable

Corporate Finance
Department

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM – ACGR
ANNUAL CORPORATE GOVERNANCE REPORT**

GENERAL INSTRUCTIONS

(A) Use of Form ACGR

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

(B) Preparation of Report

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

(C) Signature and Filing of the Report

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

(D) Filing an Amendment

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT




1. Report is Filed for the Year 2014
2. Exact Name of Registrant as Specified in its Charter MARCVENTURES HOLDINGS, INC.
3. 4th Floor Citibank Center, Paseo de Roxas, Makati City
Address of Principal Office 1227
Postal Code
4. SEC Identification Number 12942 5. (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number 000-104-320 
7. TELEFAX NOS. +63(2)836-8609 OR +63(2)856-7976
Issuer's Telephone number, including area code
8. 16th Floor Citibank Tower, Paseo de Roxas, Makati City
Former name or former address, if changed from the last report

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	<u>7</u>
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Actual number of Directors for the year	<u>7</u>
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*On January 14, 2015, the SEC approved the Company's Amendment of the Articles of Incorporation to increase the number of directors to 9.

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
*Cesar C. Zalamea	NED	NA	<u>Nominations Committee</u>	June 28, 2013	<u>November 14, 2014</u>	Annual Meeting	1 yr. 8 mos
Macario U. Te	NED	NA	<u>Nominations Committee</u>	June 28, 2013	<u>November 14, 2014</u>	Annual Meeting	1 yr. 8 mos
***Dy Chi Hing	NED	NA	<u>Nominations Committee</u>	Mar. 19, 2010 ORG Mtg.Feb. 10, 2010 ASM	<u>June 28, 2013</u>	Annual Meeting	3 yrs. 3mos.
<u>Marianne Dy</u>	<u>NED</u>	NA	<u>Nominations Committee</u>	<u>September 19, 2014</u>	<u>November 14, 2014</u>	Board Meeting	6 mos.
Carlos T. Ocampo	ID	NA	<u>Nominations Committee</u>	August 2, 2013	<u>November 14, 2014</u>	Board Meeting	1 yr. 6 mos.
Augusto Serafica, Jr.	NED	NA	<u>Nominations Committee</u>	June 28, 2013 BOD Mtg.	<u>November 14, 2014</u>	Annual Meeting	1 yr. 5 mos.
**Isidro C. Alcantara, Jr.	ED	NA	<u>Nominations Committee</u>	August 2, 2013	<u>November 14, 2014</u>	Board Meeting	1 yr. 3 mos.
Antonio H. Ozaeta	ID	NA	<u>Isidro Alcantara</u>	August 2, 2013	<u>November 14, 2014</u>	Board Meeting	1 yr. 3 mos.

*resigned as president on September 19, 2014

**appointed as president on September 19, 2014

*** resigned on September 19, 2014

Note: During the Annual Meeting on 14 November 2014, the shareholders elected Justice Reynato Puno (Independent director) and Michael Escaler (regular director) to take effect upon approval of the Company's amendment of the Articles of Incorporation increasing the number of directors from 7 to 9. On January 14, 2015, the SEC approved the Company's Amendment of the Articles of Incorporation to increase the number of directors to 9.

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

The following are the policies adopted by the board as stated in the Corporation's Corporate Governance Manual (CG Manual), relative to the treatment of all shareholders, respect for the rights of minority shareholders and other stakeholders, disclosure duties, and board responsibilities:

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

Item 1.6.1 it is the Board's responsibility to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders. The Board should formulate the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

Item 4, the Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely the right to vote on all matters that require their consent or approval, pre-emptive right to all stock issuances of the corporation; right to inspect corporate books and records; right to information; right to dividends and appraisal rights.

Item 6, transparency and timely disclosure of pertinent information which include among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information should be disclosed through the appropriate exchange mechanisms and submissions to the Commission.

How often does the Board review and approve the vision and mission?

The Board conducts a review and approval of the corporation's vision and mission from time to time as may be needed.

(c) Directorship in Other Companies

(i) Directorship in the Company's Group²

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Cesar C. Zalamea	Marcventures Mining and Development Corp (MMDC)	Non Executive Director-Chairman
Isidro C. Alcantara, Jr.	Marcventures Mining and Development Corp (MMDC)	Non Executive Director-Vice Chairman

(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.
Cesar C. Zalamea	Bright Kindle Resources & Investment Inc.	Chairman of the Board
	Benguet Corp.	Non Executive Director
Macario U. Te	Bright Kindle Resources & Investment Inc.	Non Executive Director
	Benguet Corporation	Executive Director
Isidro Alcantara, Jr.	Bright Kindle Resources & Investment Inc.	Executive Director
	Bright Kindle Resources & Investment Inc.	Independent Director
Carlos T. Ocampo	Bright Kindle Resources & Investment Inc.	Independent Director
Antonio H. Ozaeta	Bright Kindle Resources & Investment Inc.	Vice Chairman
Augusto Serafica, Jr.	Premiere Horizon	Chairman & President
	Bright Kindle Resources & Investment Inc.	Independent Director

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

(iii) **Relationship within the Company and its Group**

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
<u>Marianne Dy</u>	<u>Dy Chi Hing</u> <u>Sonia T. Techico</u>	<u>Father</u> <u>Mother</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:**

Although the Corporation's CG Manual provides that the Board may consider the adoption of guidelines on the number of directorships its members can hold in stock and non-stock corporations, no limit has been set. The Board believes the capacity of its directors to diligently and efficiently perform their duties and responsibilities to the boards have not been compromised.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	NA	NA
Non-Executive Director	NA	NA
CEO	NA	NA

(d) **Shareholding in the Company**

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Cesar C. Zalamea	1,000	NA	0.00%
Macario U. Te	1,000	NA	0.00%
*Dy Chi Hing	218,500,000	130,000,000 /Sonia T. Techico	20.08%
<u>Marianne Dy</u>	<u>1</u>	<u>5,999,999(Lodged)</u>	<u>0.33%</u>
Isidro C. Alcantara, Jr.	2,000	<u>5,100,000 (Lodged)</u>	0.22%
Antonio H. Ozaeta	1,000	NA	0.00%
Augusto C. Serafica, Jr.	<u>10,000</u>	<u>NA</u>	<u>0.00%</u>
Carlos T. Ocampo	1,000	NA	0.00%
TOTAL			

*Resigned on September 19, 2014

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	Cesar C. Zalamea
CEO/President	<u>Isidro Alcantara, Jr. (elected on Sept. 19, 2014)</u>

The Board Committees, which recommend actions to be taken by the Board, have independent directors as either Chairman or members and this ensure that the Board gets the benefit of independent views.

(b) **Roles, Accountabilities and Deliverables**

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

The summary of the roles, accountabilities of the Chairman and Chief Executive Officer as defined in the Corporation's Amended by-laws and Revised Manual of Corporate Governance is stated below

	Chairman	Chief Executive Officer
Role	<ul style="list-style-type: none"> • Preside at the meeting of the Directors and Stockholders • Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary; • Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors; and • Maintain qualitative and timely lines of communication and information between the Board and Management. 	<p>The President shall be the Chief Executive Officer of the Company.</p> <ul style="list-style-type: none"> • In the absence of the Chairman of the Board, preside at all meetings of the Board of Directors • Act as temporary Chairman at and call to order all meetings of the stockholders of the Company. • He shall have general supervision of the business affairs and property of the Company, and over its several officers and employees. <p>He shall see that all orders and resolutions of the Board of Directors are carried into effect.</p> <p>He shall do and perform such other duties or from time to time may be assigned to him by the Board of Directors.</p>
Accountabilities	The chairman is accountable to all the shareholders of the Corporation.	The CEO is accountable to the Board of Directors in carrying out the corporate mission and goals.
Deliverables	Same as role	<ul style="list-style-type: none"> • Develop corporate objectives and policies and formulate plans and programs for the approval of the Board. • Have general supervision of the business affairs and property of the Company. • Ensures that the Company's policies are implemented • Submit to the Board of Directors as soon as may be after the close of the fiscal year , and to the stockholders of each annual meeting, a complete report of the operations

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

The Board understands the need to ensure that the Board and executive management are always well provided, with the right people in terms of skills and experience to deliver the Company's strategy. Board composition is regularly reviewed to ensure the Board is refreshed progressively. Factors considered include length of tenure, background, experience, including industry knowledge, and diversity.

The Board and Nominations & Compensation Committee are responsible for both executive and non-executive Director Succession planning and recommend new appointments to the Board.

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 does not have a board diversity policy. The board ensures it maintains high-caliber members of mostly broad range of senior individuals within the business to take on additional roles to gain valuable board experience.

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

The board has more than one non- executive director with experience in the sector or industry the Company belongs to. Messrs. Antonio Ozaeta, Macario Te, Augusto Serafica, Jr. and Carlos Ocampo, are also board members of companies listed with the Philippine Stock Exchange.

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

	Executive	Non-Executive	Independent Director
	The executive director is a director who performs any work related to operations and is an officer of the company	A non-executive director is a director who does not perform any work related to operations	An independent director is a person who is independent of management
Accountabilities	Executive Directors are accountable to the Board of Directors as they are involved in the day to day activities of the corporation	Non-Executive Directors and independent director are accountable to the shareholders of the corporation as they are responsible for fostering the long term success of the corporation and to sustain its competitiveness and profitability.	
Role	<p>The director assumes the duties and responsibilities of the officer position to which he is appointed.</p> <p>The role of the board of Directors, whether ,Executive, Non-Executive or independent are stated in the Revised Manual of corporate Governance as follows:</p> <p><u>Responsibilities, Duties and Functions of the Board</u></p> <p>General Responsibility</p> <p>It is the Board's responsibility to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.</p> <p>The Board should formulate the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.</p> <p>Duties and Functions</p> <ul style="list-style-type: none"> • To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and functions: • Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly-motivated management officers. Adopt an effective succession planning program for Management. • Provide sound strategic policies and guidelines to the corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance. • Ensure the corporations faithful compliance with all applicable laws, regulations and best business practices • Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the corporation. If feasible, the corporations CEO or chief financial officer shall exercise oversight responsibility over this program. • Identify the sectors in the community in which the Corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them. <p>Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the corporations internal control system in order to maintain</p>		

its adequacy and effectiveness.

- Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operational and financial viability.
- Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.
- Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
- Establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.
- Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Notice, quorum and voting requirements for the meeting, including attendance by teleconference facility, shall be subject to the requirements of the By-laws, the Corporation Code and applicable regulations of the Securities and Exchange Commission. Independent views during Board meetings should be encouraged and given due consideration.
- Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.
- Appoint a Compliance Officer who shall have the rank of at least vice president, In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer

Specific Duties and Responsibilities of a Director

A director's office is one of trust and confidence. A director should act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress.

A director should observe the following norms of conduct:

Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the corporation.

The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.

A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation.

Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.

A director should devote sufficient time to familiarize himself with the corporation's business. He should be constantly aware of and knowledgeable with the corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

Act judiciously.

Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.

Exercise independent judgment.

A director should view each problem or situation objectively. If a disagreement with other directors

	<p>arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to the corporation.</p> <p>Have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies. A director should also keep abreast with industry developments and business trends in order to promote the corporation's competitiveness.</p> <p>Observe confidentiality. A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.</p> <p>To ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.</p> <p>Internal Control Responsibilities of the Board</p> <p>The control environment of the corporation consists of (a) the Board which ensures that the corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.</p> <p>The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:</p> <ul style="list-style-type: none"> Definition of the duties and responsibilities of the CEO who is ultimately accountable for the corporation's organizational and operational controls; Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO; Evaluation of proposed senior management appointments; Selection and appointment of qualified and competent management officers; And Review of the corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.
<p>Deliverables</p>	<ul style="list-style-type: none"> • The Board of Directors should develop long term strategies for the Company that will lead to improved shareholders value • Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly-motivated management officers. Adopt an effective succession planning program for Management. • Provide sound strategic policies and guidelines to the corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance. • Ensure the corporations faithful compliance with all applicable laws, regulations and best business practices • Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the corporation. If feasible, the corporations CEO or chief financial officer shall exercise oversight responsibility over this program.

- Identify the sectors in the community in which the corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.
- Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the
- Decision-making and reporting processes at all times. There should be a continuing review of the corporations internal control system in order to maintain its adequacy and effectiveness.
- Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operational and financial viability.
- Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates,
- Affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.
- Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
- Establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.
- Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Notice, quorum and voting requirements for the meeting, including attendance by teleconference facility, shall be subject to the requirements of the By-laws, the Corporation Code and applicable regulations of the Securities and Exchange Commission. Independent views during Board meetings should be encouraged and given due consideration.
- Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.
- Appoint a Compliance Officer who shall have the rank of at least vice president, In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as compliance Officer

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

Independent director means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any corporation that meets the requirements of Section 17.2 of the Securities Regulation Code and includes, among others, any person who:

- i. Is not a director or officer or substantial stockholder of the corporation or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);
- ii. Is not a relative of any director, officer or substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- iii. Is not acting as a nominee or representative of a substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders;
- iv. Has not been employed in any executive capacity by that public company, any of its related companies or by any of its substantial shareholders within the last five (5) years;
- v. Is not retained as professional adviser by that public company, any of its related companies or any of its substantial shareholders within the last five (5) years, either personally or through his firm;
- vi. Has not engaged and does not engage in any transaction with the corporation or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial or insignificant

The Corporation's election of its Independent Directors is in accordance with SEC Memorandum Circular No. 16, Series of 2002

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 Corporation's term limit for Independent Directors is in accordance with SEC Memorandum Circular No.9 Series of 2011, which states in part that Independent Directors (ID) should not exceeded the five (5) year term limit. After a term of five years, an ID can serve for another five years after a "cooling off" period of two (2) years provided, that during such period, the ID concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as ID in the same company.

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

(a) Resignation/Death/Removal

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

Name	Position	Date of Cessation	Reason
Dy Chi Hing	Director	September 19, 2014	<u>Voluntary resignation</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
a. Selection/Appointment		
(i) Executive Directors	<p>The Nominations Committee screens the Directors named for election. The Nominations Committee determines that the candidates possess all the qualifications and none the disqualifications as director or independent director.</p> <p>The seven (7) directors shall be stockholders and shall be elected annually by the stockholders owning majority of the outstanding capital stock for a term of one (1) year and shall serve until the election and qualification of their successors.</p> <p>The election of the board of directors for the current fiscal year will be taken up and all stockholders have the right to cumulate their votes in favor of their chosen nominees for director in accordance with Section 24 of the Corporation Code. The total number of votes cast by such stockholder should not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.</p> <p>Any vacancy in the board of directors other than removal or expiration of term may be filled by a majority vote of the remaining members at a meeting called for that purpose if they still constitute a quorum, and the director or directors so chosen shall serve for the unexpired term.</p>	The criteria for the election and appointment of for all directors in general are enumerated in item 1.4 of the Company's Revised CG Manual
(ii) Non-Executive Directors	The process adopted is the same as stated above	

		, are enumerated in item 1.4 of the Company's Revised CG Manual
(iii) Independent Directors	<p>The nomination and election of independent director shall be in accordance with Section 38, as amended of Republic Act 8799 or the Securities Regulation Code.</p> <p>The process adopted is the same as stated above</p>	Corporation's election of its Independent Directors is in accordance with SEC Memorandum Circular No. 16, Series of 2002
b. Re-appointment		
(i) Executive Directors (ED)	The process adopted for re-appointment is the same as above.	The Board observes the same criteria enumerated in item 1.4 of the Company's CG Manual provided that the candidate has not engaged in any activity under existing rules which disqualifies a him from being re-appointed as ED in the company.
(ii) Non-Executive Directors (NED)	The process adopted for re-appointment is the same as above.	The criteria for the election and appointment for all directors in general , are enumerated in item 1.4 of the Company's Revised CG Manual
(iii) Independent Directors	<p>Re- appointment of ID is in accordance with SEC Memorandum Circular No.9 Series of 2011</p> <p>The process adopted for re-appointment is the same as above.</p>	The Corporation's re- election of its Independent Directors is in accordance with SEC Memorandum Circular No. 16, Series of 2002 provided that the candidate has not engaged in any activity under existing rules which disqualifies him from being re- appointed as ID in the company.
c. Permanent Disqualification		
(i) Executive Directors	Any vacancy in the board of directors due to permanent disqualification may be filled by a majority vote of the remaining members thereof at a meeting called for that purpose if they still constitute a quorum, and the director or directors so chosen shall serve for the unexpired term.	Grounds for permanent disqualification for all directors in general are enumerated in item 1.5.1 of the Company's CG Manual
(ii) Non-Executive Directors	The process adopted is the same as above.	Grounds for permanent disqualification for all directors in general are enumerated in item 1.5.1 of the Company's CG Manual
(iii) Independent Directors	The process adopted is the same as above.	Grounds for permanent disqualification for all directors in general are enumerated in item 1.5.1 of the Company's CG Manual
d. Temporary Disqualification		
(i) Executive Directors	Any vacancy in the board of directors due to temporary disqualification may be filled by a majority vote of the remaining members at a meeting called for that purpose if they still constitute a quorum, and the director or directors so chosen shall serve for the unexpired term.	Grounds for temporary disqualification for all directors in general are enumerated in item 1.5.2 of the Company's CG Manual
(ii) Non-Executive Directors	The process adopted is the same as above.	Grounds for temporary disqualification for all directors in general are enumerated in item 1.5.2 of the Company's CG Manual
(iii) Independent Directors	The process adopted is the same as above.	SEC Memorandum Circular No.9 Series of 2011 states that after serving for a total of 10 years, the ID

		can no longer be elected as such in the same company any time in the future. The other grounds for permanent disqualification for all directors in general are enumerated in item 1.5.2 of the Company's CG Manual
e. Removal		
(i) Executive Directors	Section 2 of the Amended By-laws of the Company provides: Officers shall be elected by each new Board at the first meeting after its election. Every officer other than the chairman and the president of the board who may be removed or suspended for reasonable or just cause, shall be subject to removal at any time by the Board of Directors, but all officers, unless removed, shall hold office until their successors are appointed. If any vacancy shall occur among the officers of the Company, such vacancy shall be filled by the Board of Directors.	
(ii) Non-Executive Directors	The process adopted is the same as above.	
(iii) Independent Directors	The process adopted is the same as above.	
f. Re-instatement		
(i) Executive Directors	The process adopted is the same as above.	
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	The process adopted is the same as above.	
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual General Meeting (November 14, 2014)

Name of Director	Votes Received
Cesar Zalamea	<u>75.67%</u>
Macario U. Te	<u>75.67%</u>
Isidro C. Alcantara, Jr.	<u>75.67%</u>
Augusto Serafica	<u>75.67%</u>
<u>Marianne Dy</u>	<u>75.67%</u>
<u>Antonio H. Ozaeta (Independent Director)</u>	<u>75.67%</u>
<u>Carlos Alfonso T. Ocampo (Independent Director)</u>	<u>75.67%</u>
<u>* Justice Reynato S. Puno</u>	<u>75.67%</u>
<u>* Michael L. Escaler</u>	<u>75.67%</u>

* Subject to SEC approval of the amended Articles of Incorporation and By-Laws

6) Orientation and Education Program

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

The Company does not have an orientation program for new directors. The Chairman and board have a responsibility to ensure that first-time directors are given proper support in learning their role so that they can get up to speed as quickly as possible

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

All Directors and Officers of the Company have taken the required Corporate Governance Seminar.

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Isidro C. Alcantara, Jr.	December 16, 2014	Corporate Governance Seminar	ROAM, Inc.
Augusto Antonio C. Serafica, Jr.	December 16, 2014	Corporate Governance Seminar	ROAM, Inc.
Macario U. Te	December 16, 2014	Corporate Governance Seminar	ROAM, Inc.
Antonio Ozaeta	December 16, 2014	Corporate Governance Seminar	ROAM, Inc.
Cesar Zalamea	December 16, 2014	Corporate Governance Seminar	ROAM, Inc.
Marianne Regina Dy	December 16, 2014	Corporate Governance Seminar	ROAM, Inc.
Carlos Alfonso T. Ocampo	March 6, 2014	Corporate Governance Seminar	Institute of Corporate Directors (ICD)

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:***

Due to the change of Management, the Company is in the process of updating and finalizing its ethics code and continues to; adhere to the rules and regulations under the Corporate Code and to the principles, standards, and requirements of good corporate governance.

Records with the PSE and SEC would show that the Company has maintained long-standing ethical traditions as one of the first publicly listed companies in 1958.

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest		To be formalized	
(b) Conduct of Business and Fair Dealings		To be formalized	
(c) Receipt of gifts from third parties		To be formalized	
(d) Compliance with Laws & Regulations		To be formalized	
(e) Respect for Trade Secrets/Use of Non-public Information		To be formalized	
(f) Use of Company Funds, Assets and Information		To be formalized	
(g) Employment & Labor Laws & Policies		To be formalized	
(h) Disciplinary action		To be formalized	
(i) Whistle Blower		To be formalized	
(j) Conflict Resolution		To be formalized	

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

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

The Company's code of ethics is currently being finalized.

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

The company shall include in its ethics code the system for monitoring compliance which will include among others anonymous or confidential reporting and non-retaliation rules.

3) 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 has no definite policy regarding Related Party transactions. These transactions are reviewed by the board for approval and disclosed in the Company's Annual report and Financial Statements.

Related Party Transactions	Policies and Procedures
(1) Parent Company	NONE
(2) Joint Ventures	NONE
(3) Subsidiaries	NONE
(4) Entities Under Common Control	NONE
(5) Substantial Stockholders	NONE
(6) Officers including spouse/children/siblings/parents	NONE
(7) Directors including spouse/children/siblings/parents	NONE
(8) Interlocking director relationship of Board of Directors	NONE

(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.

The Company is not aware of any conflict of interest exists to which directors/officers/5% or more shareholders may be involved.

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

(ii) Mechanism

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

	Directors/Officers/Significant Shareholders
Company	The Company's Manual of Corporate Governance provides: (Under Duties and Functions of the Board) item 1.6.2,

Group	<ul style="list-style-type: none"> The Board shall establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities
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4) Family, Commercial and Contractual Relations

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
<u>Dy Chi Hing</u>	Family	<u>Mr. Dy Chi Hing is the father of Marianne Dy, Director of MHI</u>
NA	NA	NA

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

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

(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
NA	NA	NA
NA	NA	NA

5) 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.

Dispute resolution is taken up during Board meetings.

Alternative Dispute Resolution System	
Corporation & Stockholders	The Company's Manual of Corporate Governance provides: (Under Duties and Functions of the Board) item 1.6.2, <ul style="list-style-type: none"> The Board shall establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.
Corporation & Third Parties	
Corporation & Regulatory Authorities	

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

Board meetings are scheduled at the beginning of the year.

2) Attendance of Directors (For the Year 2014)

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Cesar C. Zalamea	<u>November 14, 2014</u>	4	3	75
Independent Director	Antonio H. Ozaeta	<u>November 14, 2014</u>	4	3	75
Member	Isidro C.	<u>November</u>	4	4	100

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

	Alcantara, Jr.	14, 2014			
Member	Macario U. Te	November 14, 2014	4	4	100
Member	Marianne Regina T. Dy	November 14, 2014	3	3	100
Member	August C. Serafica, Jr.	November 14, 2014	4	4	100
Member	Carlos Alfonso T. Ocampo	November 14, 2014	4	4	100
Member	Dy Chi Hing	June 28, 2013(Resigned on September 19, 2014)	1	1	100

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

NED's s who are also members of other board committees conduct separate meetings in their respective committees.

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

Based on the company's by-laws, quorum requirement for any meeting of the directors shall consist of a majority of the number of directors. A majority of such quorum shall decide any question that may come before the meeting and shall be considered a valid corporate act except for the election of officers which shall require the vote of a majority of all the members of the Board. In the absence of a quorum, a majority of the directors present may adjourn any meeting until a quorum is reached.

- 5) **Access to Information**

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

Board papers for meetings of the Board are provided at least three days prior the scheduled meeting to give the board enough time to review matters to be discussed.

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

The Company's CG Manual provides that members of the Board be given independent access to Management and the Corporate Secretary.

- (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?**

SECTION 8 of the Articles on Incorporation states:

The Secretary shall keep the minutes of all meetings of the , stockholders, of the Board of Directors and of all committees in a book or books kept for that purpose and shall furnish a copy of all such minutes to the President of the Company. In addition thereto, he shall perform such other duties as the Board of Directors may from time to time direct. He shall keep in safe custody the seal of he Company, and when authorized by the Board of Directors, he shall affix such seal to any instrument requiring the same. The corporate seal of the Company so affixed shall always be attested by the signature of the Secretary or an assistant secretary. The Secretary shall have charge of the stock certificate book and such other books and papers as the Board may direct. He shall attend to the giving and serving, of all notices, and he shall have such other powers and perform such other duties as pertain to his office or as the Board of Directors may from time to time prescribe. In case of the absence of the Secretary, or of his inability to act, The Assistant Secretary or, if there be more than one, such assistant secretary as the Board of Directors may designate, shall have all the foregoing duties and powers.

ITEM 1.12 of the CG Manual States:

The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, is an officer of the corporation. He should:

- Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the corporation;
- Be loyal to the mission, vision and objectives of the corporation;
- Work fairly and objectively with the Board, Management and stockholders;

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

- Have appropriate administrative and interpersonal skills;
- If he is not at the same time the corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- Have a working knowledge of the operations of the corporation;
- Inform the members of the Board, in accordance with the bylaws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;
- Ensure that all Board procedures, rules and regulations are strictly followed by the members;
- If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Code.
- Issue a certification every January 30th of the year on the attendance of directors in meetings of the board of directors, countersigned by the Chairman of the Board (SEC Memorandum Circular No. 3, Series of 2007).

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

The Company's Corporate Secretary and Assistant Corporate Secretaries namely Roberto San Jose, Ana Katigbak and Diane Madelyn Ching respectively, are all practicing lawyers, the first two being Partners of Castillo Laman Tan Pantaleon & San Jose Law Firm.

(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	Notice of the meeting and related Agenda and meeting materials (if any), are sent at least three days before the scheduled meeting date.
Audit	
Nomination	
Remuneration	
Others (specify)	

6) External Advice

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

Procedures	Details
Legal Matters	Referred to the Company's Legal Counsel- Castillo Laman Tan & San Jose Legal Firm
Financial	Referred to The Company's External Auditors- Reyes Tacandong & Co.
Stockholder Matters	Referred to The Company's Stock Transfer Agent- Stock Transfer Services, Inc. (STSI)

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
Corporate Address, Purpose & No. of Directors	<p>A) Amending Articles to -change the Principal Office Address to 4th Floor Citi Center, 8741 Paseo de Roxas, Makati City</p> <p>B) To include in its purpose the Issuance of Corporate Guarantees and sureties in favor of its subsidiaries and affiliates</p> <p>C) Increase the number of Directors from 7 to 9</p>	<p>- <u>The change of principal office was made to use the office space acquired by the Company and in compliance with SEC Circular No. 6, 2014.</u></p> <p>- <u>The inclusion of providing corporate guarantees and sureties in its purpose was made to support the projects of its subsidiaries and affiliates.</u></p>

		<p>- <u>The increase in the number of directors was made to increase diversity in the Board.</u></p> <p><u>NOTE: The changes were approved by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock at their meeting held on November 14, 2014 and by the Board of Directors at their meeting held on March 21, 2014.</u></p>
<p><u>Date of Annual Meeting and Compensation</u></p>	<p><u>Amended By-Laws to reflect the change in the date of annual meeting to last Friday of May of each year; and b) to grant compensation to the members of the Board. The President and/or Chairman were further granted the authority to fix and determine such compensation in accordance with the provisions of the Corporation Code</u></p>	<p>- <u>The change of date of the annual meeting was made to provide ample time for the management to prepare the necessary documents relevant to the conduct thereof, such the Information Statement.</u></p> <p>- <u>The grant of compensation to the Board was made to give incentives and acknowledge the efforts of the members of the Board</u></p> <p><u>NOTE: The changes were approved by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock at their meeting held on November 14, 2014 and by the Board of Directors at their meeting held on March 21, 2014</u></p>

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:

The Stockholders owning at least two-thirds (2/3) of the outstanding capital stock at their annual meeting held on November 14, 2014 and by the Board of Directors at their meeting on March 21, 2014 approved the amendment of the By-Laws to to grant compensation to the members of the Board. The President and/or Chairman were further granted the authority to fix and determine such compensation in accordance with the provisions of the Corporation Code.

Sec. 30. Of the Corporate Code of the Philippines provides:

Compensation of directors. - In the absence of any provision in the by-laws fixing their compensation, the directors shall not receive any compensation, as such directors, except for reasonable per diems: Provided, however, that any such compensation other than per diems may be granted to directors by the vote of the stockholders representing at least a majority of the outstanding capital stock at a regular or special stockholders' meeting. In no case shall the total yearly compensation of directors, as such directors, exceed ten (10%) percent of the net income before income tax of the corporation during the preceding year.

The Company's GG Manual Provides:

1.10 Remuneration of Directors and Officers

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

Corporations may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers depending on the particular needs of the corporation. No director should participate in deciding on his remuneration.

The corporation's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.

To protect the funds of a corporation, the Commission may, in exceptional cases, e.g. when a corporation is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	<p style="text-align: center;"><u>The remuneration of the CEO and the four (4) most highly compensated management officers are approved by the Compensation Committee and/or the Board of Directors.</u></p>	
(2) Variable remuneration		
(3) Per diem allowance		
(4) Bonus		
(5) Stock Options and other financial instruments		
(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	Board Approved	Board Approved	Board Approved
Non-Executive Directors	Board Approved	Board Approved	Board Approved

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
<p style="text-align: center;"><u>The shareholders granted the authority to the President and/or Chairman to fix and determine compensation to the members of the Board in accordance with the provisions of the corporate code.</u></p>	<p><u>November 14, 2014</u></p>

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	<u>₱36,669,141.18 (incl. of per diem and bonus)</u>	<u>₱4,950,000.00</u>	<u>₱3,300,000.00</u>
(b) Variable Remuneration	NA	NA	NA
(c) Per diem Allowance	Pls. see item (a)	Pls. see item (a)	Pls. see item (a)
(d) Bonuses	Pls. see item (a)	Pls. see item (a)	Pls. see item (a)

(e) Stock Options and/or other financial instruments	NA	NA	NA
(f) Others (Specify)	NA	NA	NA
Total	NA	NA	NA

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

4) Stock Rights, Options and Warrants

(a) Board of Directors

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

Although the Stock Option Committee has been appointed by the Board, no formal program has been implemented yet.

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

(b) Amendments of Incentive Programs

The Company has no existing incentive program

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
NA	NA	NA
NA	NA	NA
NA	NA	NA

5) **Remuneration of Management**

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

Name of Officer/Position	Total Remuneration
Rolando S. Santos VP Finance	<u>₱3,390,000.00</u>
Roberto V. San Jose/Corporate Secretary	
Ana Maria A. Katigbak/Asst. Corp. Secretary	
Diane Madelyn C. Ching/Co-Asst. Corp. Secretary	
Rhodel B. Salvador/ AVP Finance	
Reuben F. Alcantara/ Investor Relations Officer/VP Marketing Business Development and Strategic Planning	

E. BOARD COMMITTEES

1) **Number of Members, Functions and Responsibilities**

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	1	4	2	<u>The authority granted to the members of the executive committee are provided in the Company's By-laws</u>	To act in the name of the full board when it is not in session, or to deal with emergencies that require immediate attention.	<p>Oversees operations of the board.</p> <p>Keep the full board informed about the executive committee's activities</p> <p>Oversee the annual strategic planning process.</p> <p>Make sure the board performs an annual self-evaluation.</p> <p>Conduct the administrator's annual performance review (as applicable).</p> <p>Oversee board development and training.</p> <p>Make recommendations to the full board on hiring a new administrator or obtaining a new fiscal sponsor.</p> <p>Make recommendations to the full board for authorization of non-budgetary expenditures.</p>	An Executive Committee's authority derives from the authority of the board, and one of the more important decisions a board makes is to define the role and authority of the Executive Committee.

					<p>Review and recommend approval of the organization's operating budget.</p> <p>Recommend to the board the annual fundraising goal based on the organization's requirements and a realistic appraisal of the community's potential donor base.</p> <p>Assign and monitor the work and recommendations of standing committees.</p> <p>Meet in the event of an emergency.</p> <p>Make decisions when the full board is not in</p>	
Audit	1		2	Committee Charter formalized.	<p>Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;</p> <ul style="list-style-type: none"> •Provide oversight over management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities •Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from other and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; •Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it; •Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts; •Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal; •Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security; •Review the reports submitted by the internal and external auditors; 	

					<ul style="list-style-type: none"> •Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters: <ul style="list-style-type: none"> a)Any change/s in accounting policies and practices b)Major judgmental areas c)Significant adjustments resulting from the audit d)Going concern assumptions e)Compliance with accounting standards f) Compliance with tax, legal and regulatory requirements. •Coordinate, monitor and facilitate compliance with laws, rules and regulations; •Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non- audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report; •Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. <p>The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.</p>	
Nomination Remuneration	2		1	Committee Charter to be formalized.	<p>to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;</p> <p>To establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the corporation's culture, strategy and the business environment in which it operates.</p>	
Others (specify) Stock Option Committee	1	2		Committee Charter to be formalized.	In a meeting of the Board of Directors on July 19, 2011, the Chairman requested the Board to constitute a Stock Option Committee in relation to the resolution of the stockholders authorizing the creation of a stock option plan.	
<u>Risk Management Committee</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>Committee Charter to be formalized.</u>	<u>In a meeting of the Board of Directors on November 14, 2014, the Chairman requested the Board to constitute a Risk Management Committee in Compliance with Corporate Governance Requirements.</u>	

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	Cesar C. Zalamea	November 14, 2014	<u>1</u>	<u>1</u>	<u>100%</u>	
Member (ED)	Macario U. Te	November 14, 2014	<u>1</u>	<u>1</u>	<u>100%</u>	
Member (NED)	Antonio H. Ozaeta	November 14, 2014	<u>1</u>	<u>1</u>	<u>100%</u>	
Member (ID)	Isidro C. Alacantara	November 14, 2014	<u>1</u>	<u>1</u>	<u>100%</u>	
Member	Arsenio K. Sebial Jr. (Management Rep)	November 14, 2014	<u>1</u>	<u>1</u>	<u>100%</u>	
Alternate Member for any director	Carlos T. Ocampo (Alternate Member)	November 14, 2014				

(b) Audit and Governance Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Antonio H. Ozaeta (ID)	November 14, 2014	<u>3</u>	<u>3</u>	<u>100%</u>	<u>1 Yr</u>
Member	Carlos T. Ocampo (ID)	November 14, 2014	<u>3</u>	<u>2</u>	<u>66.67%</u>	<u>1 Yr</u>
Member	Augusto C. Serafica, Jr.	November 14, 2014	<u>3</u>	<u>3</u>	<u>100%</u>	<u>1 Yr</u>

Disclose the profile or qualifications of the Audit Committee members.

Mr. Antonio H. Ozaeta was elected as Independent Director of the Company in August 2013 and is currently the Vice Chairman of Board. He also sits as Chairman of the Board in the following companies/organizations: (1) Philippine Commercial Capital Inc. (from July 1989 to present); (2) Alaska Milk Corporation (from May 2010 to present); (3) Magellan Capital Holdings Corp. (from June 1992 to present); (4) Magellan Utilities Development Corporation (from June 1992 to present). He is a director of Bright Kindle Resources & Investments Inc. from January 2014 to present, Insular Life Health Care Inc. from April 1999 to present and Home Credit Mutual Building and Loan Association from April 1999 to present. He is a founding member of the Makati Business Club. He was previously the President and CEO of the Philippine Commercial International Bank (PCI Bank) and President of Philippine Trust Company (Philtrust Bank). He was also the Executive Vice President, Treasurer and Chairman of the Board of Manila Electric Company (MERALCO). He was likewise the previous President of the Bankers Association of the Philippines and Founding Member and Chairman of the Board of Trustees of the Philippine Business for Social Progress. Mr. Ozaeta obtained his BS Economics degree from Ateneo de Manila, BSBA from De La Salle College graduating cum laude and MBA from Harvard University.

Atty. Carlos Alfonso T. Ocampo was elected as Independent Director in August 2013. He is also an Independent Director of Bright Kindle Resources & Investments Inc. He is the founder of Ocampo & Manalo law firm. He is a member of the Board in various corporations including Panalpina Transport Phils Inc., MAA General Assurance Phils Inc., South Forbes City College Corporation, Columbian Autocar Corporation, Asian Carmakers Corp., Jam Transit Inc., Prestige Cars Inc., Autohaus Quezon City Inc., Timebound Trading Corp., and Monpierre Foods Corporation. He is the Corporate Secretary of PSI Healthcare Development Services Corp., PSI Prescription Solutions Corp., Adrianse Phils. Inc., Bluelion Motors Corp., Autohaus Quezon City Inc., First Charters and Tours Transport Corp., Brycl Resorts and International Inc., AVK Philippines Inc., Jam Liner Inc., and Manila Golf and Country Club. He sits as Independent Director of Marcventures Holdings Inc. He previously served as Vice President and General Counsel of Air Philippines Corporation. Atty. Ocampo obtained his Bachelor of Arts in Economics, cum laude, and his Bachelor of Laws from the University of the Philippines. Upon graduation from college, he was admitted into the honor societies of Phi Kappa Phi and Pi Gamma Mu. He also completed an Executive Management Program at the Asian Institute of Management, and previously taught business law at the College of St. Benilde, De La Salle University. In 2013, he was named as a leading adviser as well as a commercial law expert by Acquisition International and Global Law Experts, respectively.

Mr. Augusto C. Serafica, Jr. was elected as Director in June 2013. He sits as Chairman of Board in the following companies: Premiere Horizon Alliance Corporation, Digiwave Solutions Inc., AOB Management Corporation, TLC Manna Consulting Inc., Global Idealogy Corporation He is also the Managing Director of Asian Alliance Investment Corporation and Asian Alliance Holdings and Development Corp. He is currently the Treasurer of Sinag Energy Philippines Inc., Ardent Property Development Corporation. He serves as an independent director of Bright Kindle Resources and Investments Inc. and director and of Investment House Association of the Philippines. He is the Chairman of the AIM Alumni Association, Treasurer of the AIM Leadership Foundation Inc., and Chapter Head of the Brotherhood of Christian Businessmen and Professionals- Makati Chapter. He was previously connected with Sycip, Gorres, Velayo & Co. from 1985-1989. He obtained his Bachelor of Commerce in Accountancy from San Beda College and Master in Business Management from Asian Institute of Management. Mr. Serafica is a Certified Public Accountant.

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

- Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from other and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- Review the reports submitted by the internal and external auditors;
- Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - a) Any change/s in accounting policies and practices
 - b) Major judgmental areas
 - c) Significant adjustments resulting from the audit
 - d) Going concern assumptions
 - e) Compliance with accounting standards
 - f) Compliance with tax, legal and regulatory requirements.
- Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non- audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report;

(c) Nomination Committee and Compensation Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Augusto C. Serafica, Jr.	November 14, 2014	<u>1</u>	<u>1</u>	<u>100%</u>	3 mos.
Member (ED)	Antonio H. Ozaeta	November 14, 2014	<u>1</u>	<u>1</u>	<u>100%</u>	3 mos.
Member (ID)	Cesar C. Zalamea	November 14, 2014	<u>1</u>	<u>1</u>	<u>100%</u>	3 mos.

(d) Others (Specify)

Stock Option Committee

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	Augusto C. Serafica, Jr.	November 14, 2014	<u>0</u>	<u>0</u>		3 mos.
Member (ED)	Antonio H. Ozaeta	November 14, 2014	<u>0</u>	<u>0</u>		3 mos.
Member (NED)	Cesar C. Zalamea	November 14, 2014	<u>0</u>	<u>0</u>		3 mos.

(e) Retirement Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Carlos T. Ocampo	November 14, 2014	<u>0</u>	<u>0</u>		3 mos.
Member	Rolando S. Santos	November 14, 2014	<u>0</u>	<u>0</u>		3 mos.

(f) Risk Management Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Carlos T. Ocampo	November 14, 2014	<u>0</u>	<u>0</u>		3 mos.
Member	Isidro C. Alcantara, Jr.	November 14, 2014	<u>0</u>	<u>0</u>		3 mos.
	Augusto C. Serafica, Jr.	November 14, 2014	<u>0</u>	<u>0</u>		3 mos.

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	No change Chairman: Cesar C. Zalamea Members: Macario U. Te Antonio H. Ozaeta (ID) Isidro C. Alcantara Arsenio K. Sebial Jr. (Management Rep) Carlos T. Ocampo(Alternate Member)	
Audit	No change Chairman: Antonio H. Ozaeta (ID) Members: Carlos T. Ocampo (ID) Augusto C. Serafica	
Nomination & Compensation	No change Augusto C. Serafica, Jr. Antonio H. Ozaeta Cesar C. Zalamea	
Others (specify) Stock Option	No change: Augusto C. Serafica, Jr. Antonio H. Ozaeta Cesar C. Zalamea	
Retirement Committee	Carlos T. Ocampo Rolando S. Santos	Newly Elected Member
Risk Management Committee	Carlos Alfonso T. Ocampo Isidro C. Alcantara, Jr. Augusto C. Serafica, Jr.	Newly Formed Committee on November 14, 2014

4) **Work Done and Issues Addressed**

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

Name of Committee	Work Done	Issues Addressed
Executive	<ul style="list-style-type: none"> Conducted monthly review of mining operations and marketing strategies Reviewed and recommended to the Board the organization's operating budget Make recommendations to the board on hiring of key officers 	Discussed and recommended to the Board the tactical measures to mitigate impact of the suspension of the mining operations
Audit & Governance	<ul style="list-style-type: none"> Reviewed and approved the internal audit work program for the ensuing year Reviewed and evaluated the qualifications of newly appointed external auditors, Reyes Tacandaong & Co. Approved the overall scope and audit plans of the external audits, effectiveness of the external audit function and recommended for approval the re appointment of the current external auditors. Reviewed and evaluated non-audit work to be performed by Reyes Tacandong relative to the business process review of the Group's operations. 	<p>Reviewed and discussed quarterly unaudited financial statements, audited annual financial statements including Management's Discussion and analysis of financial condition and results of operations,</p> <p>Reviewed and approved the scope of the business process review and the expected deliverables to be conducted by external consultants</p>
Nomination	Reviewed and evaluated the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring the appointment by the Board.	Reviewed the qualifications of all nominees to the Board of directors pursuant to the requirements of the Securities and Exchange Commission relative to qualifications and disqualifications of both regular and independent director nominees.
Remuneration	Currently discussing a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration of corporate officers and directors.	Provided oversight over remuneration of senior management and other key personnel. No other resolution relating to director's remuneration has been adopted by the Board of Directors as the schedule of the amount of per diem for attendance in meetings of the Board of Directors/Committees has remained unchanged since 2008.
Others (specify) Stock Options	Committee is still at the planning stage.	
<u>Risk Management Committee</u>	<u>Committee is still at the planning stage.</u>	

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	Programs to be discussed and formalized.	The Executive Committee shall address issues such as acquisitions and divestments and major capital expenditures for decision by the Board of Directors of the parent company
Audit & Governance	Evaluate/review proposal for computerization of management information system Review reports submitted to regulatory bodies , SEC and PSE	Internal audit and business process review findings and recommendations leading to improvements/elimination of internal control gaps.

	Review/act on Business Process review findings Evaluate/review internal audit work program	-selection of software contractors for the computerization of the MIS
Nomination	Review qualifications of individuals nominated to the Board Review qualifications of key officers	Discuss the proper evaluation of the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;
Remuneration	Evaluate performance and recommend appropriate salary increases of key officers Review and recommend appropriate remuneration of the directors based on the company's last year's performance	Formulate policy on remuneration of directors and officers to ensure that their compensation is consistent with the corporation's culture, strategy and the business environment in which it operates.
Others(specify)Stock Option Committee	Programs to be discussed and formalized.	Formulate policy on stock option plan of the Company.
<u>Risk Management Committee</u>	<u>Programs to be discussed and formalized.</u>	<u>Formulate policy on risk management plan of the Company.</u>

3 **RISK MANAGEMENT SYSTEM**

- 1) Disclose the following:
- Overall risk management philosophy of the company;
 - A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;
 - Period covered by the review;
 - How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and
 - Where no review was conducted during the year, an explanation why not.

2) ***Risk Policy***

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:

(a) Company

The Board of Directors and Management assess the various risks involved in its operations, including the agreements, contracts and transactions it enters into. The company has appointed an Audit Committee composed of the 2 independent Directors and 1 regular director whose duty and responsibilities include among others, the oversight of financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management. The Board has appointed a risk management officer with a rank of a vice president to regularly review and formulate plans for the management of all risks whether internal or external risks.

(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:

General

The Company has risk management policies that systematically view the risks that could prevent the Company from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Company's objectives are achieved. The Company's risk management takes place in the context of day-to-day operations and normal business processes such as strategic planning and business planning. Management has identified each risk and is responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the Company's established business objectives.

Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash and cash equivalents and loans payable. The primary purpose of these financial instruments is to finance the Company's operations. The Company has other financial instruments such as

receivable, trade and other payables and related party receivables and payables, which arise directly from its operations. The main risks arising from the use of these financial instruments are credit risk, liquidity risk, currency risk and market risk. Management reviews and approves the policies for managing each of these risks which are summarized below.

Foreign Currency Risk. The Company's foreign exchange risk results primarily from movements of the Philippine peso against the US dollar with respect to US dollar-denominated financial assets. The Company's transactional currency exposures arise from its trade receivables and advances from customers which are denominated in currencies other than the Company's functional currency. The Company periodically reviews the trend of the foreign exchange rates to address its exposure in foreign currency risk and maintain dollar accounts with different banks and converts to peso only when needed.

Credit Risk. Credit risk represents the loss that the Company would incur if counterparty failed to perform under its contractual obligations. The Company has established controls and procedures in its credit policy to determine and monitor the credit worthiness of customers and counterparties. The Group's present policy to give priority to clients that make advance payments on product sales. Balance of receivable from clients are collected a few days after completion of shipments via letters of credit. This credit policy reduces credit risk

Liquidity Risk. The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements, including debt principal and interest payments. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves and reserve borrowing facilities as necessary to support the Company's operations during the off season.

(c) Minority Shareholders

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

Risk to Minority Shareholders
While there is a risk that the exercise of the controlling shareholders' voting power may be restrictive or authorizing preferences in their favor, the Board in its commitment to practice good governance, is committed to respect the rights of the shareholders as provided for in the Corporation Code. These include the right to vote on all matters that require their consent or approval, such that a director shall not be removed without cause if it will deny minority shareholders representation in the Board.

3) Control System Set Up

(a) Company

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit Risk	Pls. see item 2 above	Pls. see item 2 above
Liquidity Risk	Pls. see item 2 above	Pls. see item 2 above
Foreign Currency Risk	Pls. see item 2 above	Pls. see item 2 above
Market Risk	Pls. see item 2 above	Pls. see item 2 above

(b) Group

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

The Company's subsidiary, Marcventures Mining and Development Corp is subject to the following risk:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Exploration, Development & Operations Risk	There are numerous hazards and risks normally encountered in the exploration, development, and production of nickel. These include and are not limited to unusual and hindering geologic formations, erosion, unfavorable weather conditions, flooding and other occurrences that may arise out of the drilling and removal of material. Any such occurrence may cause damage to mines and	The company has in place its Environmental Protection and Enhancement Plan which has resulted in structures built to prevent siltation and untoward flooding of the mine site, a Safety and Health Program, and a Crisis Management Team in place.

	other production facilities, which may result in environmental damage, and legal liability.	
Risks in the Estimation of Ore Reserves and Mineral Resources	The evaluation of the Company's ore reserves and mineral resources is established on the results and estimates of several geological and exploration works as well as rigorous studies conducted by competent geologists and mining engineers. Nonetheless, the reported figures for ore reserves are only estimates and are therefore not precise calculations.	The Company conducts in-fill drilling to validate the estimates further, and conducts a continuous exploration program to continually increase its estimated mineral reserves.
Volatility of commodity Prices	Significant declines in the price of nickel may render exploration, development, and production activity uneconomical until the price recovers. Life-of-mine estimates may have to be recalculated. Such conditions may result in a material and adverse effect on the financial performance of the Company	The Company can enter into longer term, fixed price contracts with buyers to mitigate this risk.
Exchange Rate Risk	There can be no assurance that: (a) the Peso will not be subject to continued appreciation or volatility; (b) the current exchange rate policy will remain the same; (c) the Government will act when necessary to stabilize the value of the Peso, or that any such action, if taken, will be successful. Since the Company will earn its revenues in dollars, a significant depreciation in the dollar may adversely affect the financial viability of mining operations.	The Company periodically reviews the trend of the foreign exchange rates and seeks advice from financial advisors as necessary to address risk.
Weather	Extended rainy seasons may limit extraction and haulage. The company has measures and plans in place that can increase daily production rates when weather hampers extraction and haulage activities	Buffer equipment is in place to increase the equipment complement of any particular shift. Additional shifts will also be employed in order to meet production targets. However, these can only mitigate the effects of the weather on production and haulage to a certain degree.

(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:

As mentioned above, the Board of Directors with the Audit Committee and Management assess the various risks involved in its operations, including the agreements, contracts and transactions it enters into.

4 INTERNAL AUDIT AND CONTROL

1) Internal Control System and Internal Audit

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 are the methods by which an organization's resources are directed, monitored, and measured. It is an ongoing process to effectively and efficiently safeguard the assets and meeting various operational, financial and compliance objectives required of Company.

The Company's CG Manual provides:

1.8.3 A corporation may establish an internal audit system that can reasonably assure the Board, Management and stockholders that its key organizational and operational controls are faithfully complied with. The Board may appoint an Internal Auditor to perform the audit function, and may require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

The Company recently established its internal audit and control system. The Internal Audit supports the Group's management in directing operations by inspecting and evaluating the efficiency of business operations, risk management and internal control, and by delivering information and recommendations to enhance efficiency. Internal Audit also inspects

the processes of business operations and financial reporting. Internal Audit's directive has been approved by MHI's Board of Directors.

The board of directors its audit committee and internal audit work together in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations and are responsible for overseeing the actions of management.

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

The management, in its STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS, takes responsibility for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2013 and 2012, including the additional components attached therein, in accordance with prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews the consolidated financial statements before such statements are approved submitted to the stockholders of the Company.

- b. Reyes Tacandong & Co., Certified Public Accountants, the new independent auditors appointed by the board will examine the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, shall express its opinion on the fairness of presentation upon completion of such examination period covered by the review;

The Board together with the Audit committee and management conduct an Annual and quarterly review of the financial statements of the Company.

- c. How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

The Audit Committee, on behalf of the Board, reviews the competence and efficiency of the internal control system in detecting fraud, irregularities or violation of laws, rules and regulations or material control weaknesses on a regular basis by reviewing the work and findings of Internal Audit (IA).

The Audit Committee has been entrusted by the Board to perform an annual review of the sufficiency of the Group's accounting and financial reporting function. It also covers monitoring compliance with the requirements of the Corporate Governance Code in respect of internal controls.

IA conducts independent reviews of the capability and effectiveness of the Group's internal control and risk management system and regularly reports the findings to the Board through the Audit Committee. The IA's work covers all material controls, including financial, operational and compliance controls and risk management functions, and includes an assessment of the Group's internal control system using standards to confirm its effectiveness in the following aspects:

- the provision of sufficient explanation and information to the Audit Committee and the Board to enable effective assessment of the state of controls across the Group in areas such as the reliability of financial reporting, compliance with applicable laws, rules and regulations, and the effectiveness of risk management functions
- the responses to changes in the Group's business and external environment
- the efficiency in rectifying identified internal control deficiencies and implementing recommendations of IAD, external auditor and/or regulator
- the promptness in handling operating errors or failures

- d. Where no review was conducted during the year, an explanation why not
NA

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
<p>Assist the Audit committee in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;</p>	<p>The scope of the internal audit should encompass the examination and evaluation of the adequacy and effectiveness of the organization's system of internal control and the quality of performance in carrying out assigned responsibilities. The objectives of internal control are:</p> <ol style="list-style-type: none"> 1) The reliability and integrity of information. 2) Compliance with policies, plans, procedures, laws, and regulations. 3) The safeguarding of assets. 4) The economical and efficient use of resources. 5) The accomplishment of established objectives and goals for operations and programs. <p>Audit work should include planning the audit, collecting, analyzing, interpreting, and documenting information to support audit results, communicating results, and following up to ascertain that appropriate action is taken on reported audit findings.</p> <p>The Internal Auditor should ensure that audit work fulfills its approved general purposes and responsibilities and that the audit work conforms to the Standards for the Professional Practice of Internal Auditing.</p>	<p>in-house</p>	<p>Lester Baguec</p>	<p>The internal auditor should confirm that findings, conclusions and recommendations as a result of the internal audit are communicated promptly to the appropriate level of management and he should actively seek a response. He should ensure that arrangements are made to follow up audit recommendations to monitor what action has been taken on them.</p>

(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?

Yes, the internal auditor has direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel. The Internal Audit reports functionally to Audit Committee and administratively to VP administration, under oversight of the Audit Committee.

(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.

There is no any resignation/s or re-assignment of the internal audit staff.

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

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

Progress Against Plans	Audit Plan is completed but the Audit program is on-going
Issues⁶	None. Minor internal control gaps were addressed through implementation of policies and procedures enumerated in item " f " below.
Findings⁷	
Examination Trends	Generally internal audit review indicated the need for company standardization and documentation of certain procedures to avoid errors in computation and reporting. There is an ongoing company business process review being conducted by external consultants to supplement internal audit recommendation.

[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:

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

(f) Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
Standardization of Contractor's contract	Implemented
Improvement of Procurement procedures	"
Standardization of pre-employment requirements	"
Improvement of Payroll procedures	"
Setting up purchasing committee	"
Centralization of disbursement	"
Establishing Asset Management Section	"

(g) Mechanisms and Safeguards

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<p>The company's internal and external Auditors' carry out their work freely and in an objective manner within the bounds of the engagement letter signed by Management</p> <p>The Audit Committee shall ensure that, the performance of the work of the Internal and External Auditors shall be free from interference by outside parties.</p>	<p>There are no independence concerns involving financial analyst, investment banks and rating agencies.</p>		

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

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

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

The Company's Compliance Officers, as witnessed and countersigned by the President attest that in 2014 the company substantially adopted all the provisions of the Manual of Corporate Governance

5 ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	The Company's code of Business Conduct and Ethics which will contain the Company's policies relative to dealings with the Company's stakeholders are being reviewed and will be finalized as soon as approved by the Board	
Supplier/contractor selection practice		
Environmentally friendly value-chain		
Community interaction		
Anti-corruption programmes and procedures?		
Safeguarding creditors' rights		

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

Marcventures Mining and Development Corporation (MMDC) the Company's wholly owned subsidiary submits its Corporate Responsibility/sustainability report to our shareholders in the Company's glossy annual report. These are based on MMDC's Social Development Management Program (SDMP) and Environmental Protection & Enhancement Program (EPEP)

- c. **Performance-enhancing mechanisms for employee participation.**

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

The Company believes that it is management's duty to take care of each employee, to ensure so far as is reasonably practicable that the employee is, while at work, safe from injury and risks to health. Management complies with all Government required occupational health and safety measures under the Occupational Safety and Health Standards of the Philippines

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

The Company and its subsidiary recently enrolled all regular employees under a health care program

- iii. State the company's training and development programmes for its employees. Show the data.

Directors, Officers and Employees take programs as required by the Securities and Exchange Commission, Philippine Stock Exchange and other government agencies such as the BOI, BIR, Geosciences Bureau.

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

The Company has no reward/compensation policy that accounts for the performance of the company beyond short-term financial measures. The Board approves reward/compensation under such circumstances.

- 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.

The Company adheres to provisions stipulated in the Philippine Labor Code under the Department of Labor and Employment concerning illegal (including corruption) and unethical behavior. In such cases, employees are advised to refer the matter immediately to Management. The Company's code of conduct and ethics which will contain the Company's whistle blower policy is currently under review which will specify procedures for handling complaints by employees.

The procedure starts with preparation of preliminary report followed by conduct of investigation. Then, final report is generated. Said report includes recommended actions to address the situation. This is being reviewed prior to implementation.

To protect employees from retaliation, preventive suspension or force leave shall be implemented pending completion of investigation.

6 DISCLOSURE AND TRANSPARENCY

a. Ownership Structure

i. Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Bright Kindle Resources & Investments Inc.	600,000,000	32.94%	lodged with PCD
Dy Chi Hing	218,500,000	12%	Lodged with PCD
Sonia T. Techico	130,000,000	7.49%/	

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
TOTAL			

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	is currently being reviewed
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	No- These matters are disclosed separately. the Corporate Governance Section which included these information was excluded in the Annual Report based on SEC Memorandum Circular No. 5, series of 2013.
Number of board of directors/commissioners meetings held during the year	
Attendance details of each director/commissioner in respect of meetings held	
Details of remuneration of the CEO and each member of the board of directors/commissioners	YES

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

c. External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Reyes Tacandong & Co.	450,000.00	10% of Audit fee

d. Medium of Communication

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

Company Website: www.marcventuresholdings.com
 Philippine Stock Exchange Website (stock symbol: MARC)

Annual Reports distributed during the stockholders' meeting
 Reports submitted to the Philippine Stock Exchange and Securities and Exchange Commission

e. Date of release of audited financial report:

March 21, 2014

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 IF AVAILABLE
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 the Company's 2013 Annual Report, Consolidated FS and definitive Information Statement.

RPT	Relationship	Nature	Value
<u>Bright Green Resources Formerly Carac-an Development Corp.(Carac)</u>	<u>Under common management</u>	<u>Advances to related parties. Unsecured, noninterest bearing and with no fixed repayment term.</u>	<u>₱60,985,516</u>

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 promote transparency, the Board requires the presence of at least one independent director in all its meetings. Likewise, Related Party Transactions are properly disclosed in the company's annual audited financial statements which are submitted to regulatory agencies and posted in the company's website for the information of the investing public

7 RIGHTS OF STOCKHOLDERS

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

(a) Quorum

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

Quorum Required	Section 3 of the Company's By-Laws states in part: "At any meeting of Stockholders, the holders of record for the time being of a majority of the stock of the Company then issued and outstanding represented in person and by proxy, shall constitute a quorum for the transaction of the business, save and except in those several matters in which the laws of the Philippines require the affirmative vote of a greater proportion"
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Ballot System
Description	At each meeting of the stockholders, every stockholder shall be entitled to vote in person or by proxy, for each share of stock held by him, which has voting power upon the matter in question. The method and manner of counting the votes of shareholders shall be by viva voce and/or by ballots. The votes shall be counted by the Corporate Secretary and Assistant Corporate Secretary, who shall be assisted by their stock transfer agent.

(c) Stockholders' Rights

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

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

Dividends

Declaration Date	Record Date	Payment Date
19 September 2014	October 3, 2014	October 22, 2014
November 14, 2014 (Disclosure)	December 19, 2014	January 16, 2015

(d) Stockholders' Participation

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

Measures Adopted	Communication Procedure
<p>Sending of the Notice of Stockholders meeting 15 business days prior to stockholders' meeting. The Notice of Meeting includes the date, time, venue and agenda of the meeting, the record date of stockholders entitled to vote, and the date and place of proxy validation.</p> <p>Each share entitles the holder to one vote that may be exercised in person or by proxy at shareholder meetings, including the Annual Stockholders' Meeting. Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.</p> <p>Voting procedures on matters presented for approval to the stockholders in the Annual Stockholders' Meeting are presented in the Definitive Information Statement, which is sent to all stockholders of record at least 15 days before the</p>	<p>During the Stockholders meeting, for each item in the agenda, the Chairman opens the floor for any questions that the stockholders may have. Any other person entitled by law, may take the floor on the matters under discussion, making observations and asking for information.</p> <p>Once that all answers, any replies or statements of votes have been provided for on each topic on the agenda, the Chairman declares the end of the discussion for each single topic.</p>

Shareholders are allowed to inspect corporate books and accordance with the Corporation Code.	
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2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
 - a. Amendments to the company's constitution
 - b. Authorization of additional shares
 - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

If the matters to be taken up include Items a, b and c above, it will be included in the notice and definitive information statement sent to all stockholders as of record date 15 business days before the stockholders' meeting and shall be entitled to vote at the said meeting in person or by proxy. Furthermore, the Company's definitive Information states:

Item 2.DISSENTERS' RIGHT OF APPRAISAL

The Corporation Code limits the exercise of the appraisal right by any dissenting stockholder to the following instances:

- a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (Section 81);
- b. In case of the sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (Section 81);
- c. In case of merger or consolidation (Section 81);
- d. In case of investments in another corporation, business or purpose (Section 42).

If the matters to be taken up do not include any of the above, the appraisal right will not be available.

However, if at any time after this Information Statement has been sent out, an action which may give rise to the right of appraisal is proposed at the meeting, any stockholder who voted against the proposed action and who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

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?
 - a. Date of sending out notices: October 22, 2010
 - b. Date of the Annual/Special Stockholders' Meeting: November 14, 2014
4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting. None
5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of Previous Meeting	<u>75.67%</u>	-	-
Approval of Management Report and Audited Financial Statements	<u>75.67%</u>		
Ratification of Management's Acts	<u>75.67%</u>		
Authority to enter into a Management Agreement with Marcventures Mining Development Corp.	<u>75.67%</u>		
(A) Amendment of the Articles of Incorporation: (a) to change the Principal Office address; (b) to include in its purpose the issuance of corporate guarantees and sureties in favor of its subsidiaries	<u>75.67%</u>		

and affiliates; and (c) to increase the number of directors from 7 to 9; (B) Amendment of the By Laws: (a) to change the annual meeting to last Friday of May of each year and (b) to grant compensation to the Members of the Board.			
Election of Directors	<u>75.67%</u>		
Appointment of external Auditors	<u>75.67%</u>		
Other Matters	<u>75.67%</u>		

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

The results of the Annual Stockholders' meeting are immediately disclosed to the PSE Edge and to the Securities and Exchange Commission via SEC form 17-C.

(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
NA	NA
NA	NA
NA	NA

(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	<u>Cesar Zalamea</u> <u>Macario Te</u> <u>Isidro C. Alcantara</u> <u>Augusto Serafica</u> <u>Marianne Regina Dy</u> <u>Carlos Alfonso T. Ocampo</u> <u>Antonio H. Ozaeta</u>	<u>November 14, 2014</u>		<u>0.00%</u>	<u>75.67%</u>	
Special	None for 2014					

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

Representatives from the Company's stock transfer office are present to count/or validate the votes.

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

YES

(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	Sec. 58. The Corporate code states:
Notary	

Submission of Proxy	Proxies. Stockholders and members may vote in person or by proxy in all meetings of stockholders or members. Proxies shall in writing, signed by the stockholder or member and filed before the scheduled meeting with the corporate secretary. Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it is intended. No proxy shall be valid and effective for a period longer than five (5) years at any one time.
Several Proxies	
Validity of Proxy	
Proxies executed abroad	
Invalidated Proxy	
Validation of Proxy	
Violation of Proxy	Section 3 of the Company's By-Laws states: "At any meeting of the stockholders may so vote by proxy, provided that the proxy shall have been appointed in writing by the stockholder himself or by his duly authorized attorney. The instrument authorizing a proxy to act shall be submitted at least ten (10) days before the meeting. Proxies shall be validated at least five (5) days before the meeting. At any meeting of stockholders, the holder as of record for the time being of a m majority of the stock of the Company then issued and outstanding represented in person and by proxy, shall constitute a quorum for the transaction of business, save and except in those several matters in which the laws of the Philippines require the affirmative vote of a greater proportion and in the absence of a quorum the stockholders attending or represented at the time and place of which such meeting shall have been called or to which it may have been adjourned or any officer entitled to call such meeting to order or to act as secretary thereof may adjourn such meeting for a period not exceeding twenty.

(h) Sending of Notices

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

Policies	Procedure
Definitive Information Statement, accompanied or preceded by Management Report should be sent at least 15 business days prior to stockholders meeting.	Sent either thru the Company's chosen messengerial service, post office or hand delivered by the Company's messenger.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	<u>2169</u>
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	<u>October 22, 2014</u>
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	<u>October 22, 2014</u>
State whether CD format or hard copies were distributed	<u>hard copies</u>
If yes, indicate whether requesting stockholders were provided hard copies	YES

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

Each resolution to be taken up deals with only one item.	YES
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	YES
The auditors to be appointed or re-appointed.	YES

An explanation of the dividend policy, if any dividend is to be declared.	YES- IF DECLARED
The amount payable for final dividends.	YES-IF DECLARED
Documents required for proxy vote.	YES

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

2) Treatment of Minority Stockholders

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

Policies	Implementation
<p>The Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely:</p> <ul style="list-style-type: none"> I. Right to vote on all matters that require their consent or approval; II. Pre-emptive right to all stock issuances of the corporation; III. Right to inspect corporate books and records; IV. Right to information; V. Right to Dividends; VI. VI.A appraisal Rights. <p>The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.</p> <p>The Company's CG manual provides:</p> <p>4.1.4.2 As required under Article 1 Section 2 of the By-Laws of the Corporation, the minority shareholders who hold not less than 1/4 of the outstanding capital stock of the Corporation shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.</p> <p>4.1.4.3 The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include, such information and, if not included, then the minority shareholders holding not less than 1/4 of the outstanding capital stock of the Corporation shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".</p>	<ol style="list-style-type: none"> 1. Shareholders are informed at least 15 business days before the scheduled date of the Annual Stockholders' Meeting. Notice for the November 14, 2014 Annual Stockholders' Meeting was sent on October 22, 2014. 2. Each share entitles the holder to one vote that may be exercised in person or by proxy at shareholders meeting, including the Annual Stockholders' Meeting. 3. Voting procedures on matters presented for approval to the stockholders in the Annual Stockholders' meeting are set out in the Definitive Information Statement, which is sent to all stockholders of record at least 15 days before the date of meeting. 4. Shareholders are provided through public records, communication media, and the Company's website, the disclosures, announcements and reports filed with the SEC, PSE, IC and other regulating agencies. 5. The Board of Directors are authorized to declare dividends out of the unrestricted retained earnings of the Company, which may be payable in cash, in property, or in stock to all Stockholders.

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

8 **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.**

Although the Company has appointed an Investor Relations Officer (IRO), the Company has no formal IRO Program. Shareholders are encouraged to call or personally visit the Company's head office or stock transfer office for clarifications regarding their holdings in the Company. Furthermore, the company's IRO together with the Company's Corporate Information Officers oversees most aspects of shareholder meetings, press conferences, private meetings with investors for a "one-on-one" briefings.

All major announcements are reviewed by the board of directors and discussed with the Corporate Information Officer for the proper disclosure requirements.

	Details
(1) Objectives	NA
(2) Principles	NA
(3) Modes of Communications	NA
(4) Investors Relations Officer	NA

As designated in the company's Corporate Governance Manual, the Chief Information Officer is responsible for the review and approval of all public disclosures and reports to be submitted to the Exchange or the Commission and the formulation of clear policy on communicating or relating relevant information to corporate stakeholders to fully inform them of corporate activities.

	Details
(1) Objectives	<u>To keep stockholders informed on important developments in the corporation</u>
(2) Principles	<u>Promote transparency and good corporate governance through accurate, timely and effective communication with stockholders.</u>
(3) Modes of Communications	<u>Through submission of reports and disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange and making these available in the company's website (www.marcenturesholdings.com)</u>
(4) Investors Relations Officer	

- 2) **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 abides by the principles of transparency, fairness and objectivity in such transactions. Major decisions of such nature require the approval of the Board and its stockholders as necessary.

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

There is no such transaction that took place in year 2014. In case of such a transaction, the Board usually appoints an independent/external auditor or other third party to evaluate the transaction price.

9 **CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

MARC is steadfast in the belief that mining can and should be done in a responsible manner.

The activities of MMDC, its wholly owned subsidiary, are governed and shaped by the principle of Sustainability that the use of resources today, must not compromise the needs of tomorrow. This is reflected in the way MMDC operates. MMDC began its environmental and social development programs as early as 2009, two years before government regulations required the company to do so.

Since then, MMDC has forged strong and productive partnerships with local communities, which it continues to nurture today. Constant dialogue and consultation with local partners ensures that the programs and activities it implements address the

primary needs of each of the communities in which MMDC operates. MMDC believes that with the continued implementation of these environmental and social development programs, it will be able to help build thriving communities, where residents enjoy benefits brought about by growth and development, which will last long after mining operations have ceased.

Initiative	Beneficiary
<p><u>Social Development Management Program (SDMP) of MMDC</u></p> <p>Each of the activities in the SDMP is designed to address the most pressing needs of the communities, improve their welfare, and uplift their standard of living. The main thrusts of the SDMP are to provide basic welfare services like Information, health care and nutrition, develop community infrastructure, offer sustainable forms of livelihood, and, most importantly, to open of a wide spectrum of opportunities, through education.</p> <p><i>Information, Communication and Education (IEC)Program</i> Intensive Information, Communication, and Education campaigns are conducted regularly to keep the residents well informed to any development projects and SDMP implementations. Issues and concerns of the community are raised during the regular community consultation and Community Technical Working Group meetings. The environmental and social commitments of the Project may be reviewed and the accomplishment evaluated. Corrective actions are worked out jointly by the company and the community.</p> <p>Information dissemination will be in the form of regular radio program, Newsletter, Brochures, information Billboards, regular community “pulong-pulong”/ consultation, meetings, and other forms and avenues for public information.</p> <p><i>Human Resource Development Program</i> Human Resource Development Program will ensure that residents benefited directly from the project. Technical and Vocational Skills Training for the prioritized residents will be conducted. Specialized trainings on project proposal making, livelihood project management, financial management and other capability building mechanisms will be made available to the proponents.</p> <p><i>Cooperative and People’s Organization</i> The cooperatives and neighborhood associations will be assisted technically and financially in all their collective capacity and capability building endeavors. These are in the form of values formation, leadership and other specialized trainings, team building activities, and community projects. Eventually the same organizations will be tapped to perform Community Based Resource Management (CBRM) so that rehabilitated areas and forest resources will be managed and/or utilized reasonably even beyond the project life.</p> <p><i>Alternative Means of Livelihood</i> This program is designed to raise household income level and improve their standard of living. This will also ensure sustainability even after the project life. Livelihood project are, therefore, given more priority and must be in place prior to decommissioning of the project. Another principal objective of proving livelihood projects will be to ensure that the affected population will not resort to pursuing environment destructive activities to support food and other household needs.</p> <p><i>Education Program</i> Education is one of the programs of this project that will necessarily ensure sustainability after the project life. This will provide opportunities for learning and quality education of affected communities. It can be projected that through this program many would be able to finish primary and secondary education.</p>	<p>Communities covered by mining areas</p>

Aside from adopting a school and providing assistance for school classrooms and other facilities and education/instructional materials, this program will provide other educational services to ensure graduation from primary and secondary school.

Health, Nutrition and Sanitation

This program will help ensure an improved and efficient delivery of health services. It will also launch medical outreach, regular medical clinics, supplemental feeding and health education to affected communities. Malnutrition, especially among children, will be addressed and arrested. Parents will be taught the values of proper diet, nutrition, preventive medication and sanitation. The health profile of every family beneficiary will also be monitored and every problem will then be given proper medical attention.

Environmental & Safety Management Program

A comprehensive and deliberate environmental and safety management program for the company and affected communities is needed to avoid disturbing the water resources, livelihood and health of the residents. Intensive environmental, safety and waste management education/seminars will be regularly conducted. This will not only control pollution but will also provide additional income to every household.

Infrastructure Development Program

Assistance for establishment, repair and maintenance of infrastructures will be provided. However, because infrastructure projects are more costly, implementation will be in accordance to the prioritized needs per community and in partnership with concerned communities and other funding institutions or agencies. Infrastructure assistance for water systems.

10 BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

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

	Process	Criteria
Board of Directors	<u>Self – Assessment</u>	<u>The board and its committee's performance of its duties and responsibilities in terms of leading corporate governance best practices.</u>
Board Committees	<u>Self – Assessment</u>	
Individual Directors	<u>Self – Assessment</u>	
CEO/President	<u>Self – Assessment</u>	

11 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

The Company is not aware of any violation or breach of the corporate governance manual involving directors, officers, management and employees.

Violations	Sanctions
NA	NA
NA	NA
NA	NA

After due notice and hearing, the following penalties shall be imposed on the company's directors, officers, staff and affiliates and their respective directors, officers and staff in case of violation of any of the provisions of the CG Manual

<u>Violations</u>	<u>Sanctions</u>
<u>First Violation</u>	<u>Reprimand</u>
<u>Second Violation</u>	<u>Suspension from office</u>
<u>Third Violation</u>	<u>Removal from office or removal from directorship.</u>

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned; thereunto duly authorized, in the City of **MAKATI CITY** on **APR 15 2015**.

SIGNATURES


Antonio H. Ozaeta

Vice Chairman/Independent Director


Atty. Roberto San Jose
Corporate Secretary


Atty. Ana Katigbak

Compliance Officer


Diane Madelyn Ching
Compliance Officer

SUBSCRIBED AND SWORN to before me this **APR 15 2015** day of **APR 15 2015**, 20__ , affiant(s) exhibiting to me their _____, as follows:

NAME/NO.	DATE OF ISSUE	PLACE OF ISSUE
ANTONIO H. OZAETA/EB2278138	4-21-11	DFA MANILA
ANA MARIA A. KATIGBAK/EB6978724	12-20-12	DFA MANILA
ROBERTO SAN JOSE/EB6079962	8-8-12	DFA MANILA
DIANE MADELYN CHING/EB3886703	10-17-11	DFA MANILA

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Book No. ✓
Series of ✓

ATTY. GERVAZIO B. ORTIZ, JR.
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2016
PTR NO. 4748512/01/05-2015/MAKATI
IBP NO. 656155 LIFETIME MEMBER
APPT. NO. M-38/2016/ROLL NO. 40067
MCLE:0011225 JAN. 7, 2013