

**UNIVERSAL ROBINA CORPORATION**

**ANNUAL CORPORATE GOVERNANCE REPORT**

**As of February 6, 2015**

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## BOARD MATTERS

### 1) Board of Directors

Number of Directors per Articles of Incorporation	9
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Actual number of Directors for the year	9
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#### (a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director
John L. Gokongwei, Jr.	ED	N/A	Erlinda de Jesus	1954	<u>May 12, 2014</u>	Annual Meeting	<u>60</u>
James L. Go	ED	N/A	Erlinda de Jesus	joined URC in 1964	<u>May 12, 2014</u>	Annual Meeting	<u>50</u>
Lance Y. Gokongwei	ED	N/A	Erlinda de Jesus	joined URC in 1988	<u>May 12, 2014</u>	Annual Meeting	<u>26</u>
Patrick Henry C. Go	ED	N/A	Erlinda de Jesus	January 17, 2000	<u>May 12, 2014</u>	Annual Meeting	<u>14</u>
Frederick D. Go	NED	N/A	Erlinda de Jesus	June 1, 2001	<u>May 12, 2014</u>	Annual Meeting	<u>13</u>
Johnson Robert G. Go, Jr.	NED	N/A	Erlinda de Jesus	May 5, 2005	<u>May 12, 2014</u>	Annual Meeting	<u>9</u>
Robert G. Coyiuto, Jr.	NED	N/A	Erlinda de Jesus	October 28, 2002	<u>May 12, 2014</u>	Annual Meeting	<u>12</u>
Wilfrido E. Sanchez	ID	N/A	Erlinda de Jesus (no relationship with nominator)	May 9, 1995	<u>May 12, 2014</u>	Annual Meeting	<u>19</u>
Pascual S. Guerzon	ID	N/A	Erlinda de Jesus (no relationship with nominator)	September 20, 2007	<u>May 12, 2014</u>	Annual Meeting	<u>7</u>

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

The Board has adopted the Revised Corporate Governance Manual in 2010 for the Company. The Manual elaborates on the governance roles and responsibilities of the Board and its Directors. The Board ensures that all material information about the Company is disclosed to the public on a timely manner. The Board likewise is strongly committed to respect and promote the rights of stockholders in accordance with the Revised Corporate Governance Manual, the Company's Articles of Incorporation, and By-Laws.

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

The Board reviews and approves the vision and mission of the Company when the need arises.

**(b) Directorship in Other Companies**

**(i) Directorship in the Company's Group<sup>1</sup>**

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
John L. Gokongwei, Jr.	JG Summit Holdings, Inc.	Executive
	Robinsons Land Corporation	Executive
	JG Summit Petrochemical Corporation	Executive
	JG Summit Olefins Corporation	Non-Executive
	Cebu Air, Inc.	Non-Executive
	JG Summit Capital Markets Corporation	Executive
	CFC Corporation	Executive
	Bio-Resource Power Generation Corporation	Executive
James L. Go	JG Summit Holdings, Inc.	Executive, Chairman
	Robinsons Land Corporation	Executive, Chairman
	JG Summit Petrochemical Corporation	Executive, Chairman
	JG Summit Olefins Corporation	Executive, Chairman
	Cebu Air, Inc.	Non-Executive
	JG Summit Capital Markets Corporation	Executive
	CFC Corporation	Executive
	Bio-Resource Power Generation Corporation	Executive
Lance Y. Gokongwei	JG Summit Holdings, Inc.	Executive
	Robinsons Land Corporation	Executive
	Cebu Air, Inc.	Executive
	JG Summit Petrochemical Corporation	Executive
	JG Summit Olefins Corporation	Executive
	Robinsons Bank Corporation	Executive, Chairman
	JG Summit Capital Markets Corporation	Executive

<sup>1</sup> The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

Lance Y. Gokongwei	CFC Corporation	Executive
	Bio-Resource Power Generation Corporation	Executive
Patrick Henry C. Go	JG Summit Petrochemical Corporation	Executive
	JG Summit Olefins Corporation	Executive
	JG Summit Holdings, Inc.	Non-Executive
	Robinsons Land Corporation	Non-Executive
	Robinsons Bank Corporation	Non-Executive
Frederick D. Go	CFC Corporation	Non-Executive
	Robinsons Land Corporation	Executive
	Robinsons Recreation Corporation	Executive
	Robinsons Bank Corporation	Executive
	Cebu Air, Inc.	Non-Executive
	JG Summit Petrochemical Corporation	Non-Executive
Johnson Robert G. Go, Jr.	JG Summit Olefins Corporation	Non-Executive
	JG Summit Holdings, Inc.	Non-Executive
Robert G. Coyiuto, Jr.	Robinsons Land Corporation	Non-Executive
Robert G. Coyiuto, Jr.	none	N/A
Wilfrido E. Sanchez	none	N/A
Pascual S. Guerzon	none	N/A

**(ii) Directorship in Other Listed Companies**

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

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
John L. Gokongwei, Jr.	A. Soriano Corporation	Non-Executive
	Oriental Petroleum and Minerals Corporation	Non-Executive
	Robinsons Retail Holdings, Inc.	Executive
James L. Go	Oriental Petroleum and Minerals Corporation	Executive, Chairman
	Philippine Long Distance Telephone Company	Non-Executive
	Robinsons Retail Holdings, Inc.	Executive
Lance Y. Gokongwei	Oriental Petroleum and Minerals Corporation	Non-Executive
	Robinsons Retail Holdings, Inc.	Executive
Robert G. Coyiuto, Jr.	Oriental Petroleum and Minerals Corporation	Executive
Wilfrido E. Sanchez	EEl Corporation	Non-Executive
	House of Investments, Inc.	Non-Executive
	LT Group, Inc.	Independent
	Rizal Commercial Banking Corporation	Non-Executive

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

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
John L. Gokongwei, Jr.	JG Summit Holdings, Inc.	Director, Chairman Emeritus
James L. Go	JG Summit Holdings, Inc.	Director, Chairman and CEO
Lance Y. Gokongwei	JG Summit Holdings, Inc.	Director, President and COO
Patrick Henry C. Go	JG Summit Holdings, Inc.	Director
Johnson Robert G. Go, Jr.	JG Summit Holdings, Inc.	Director

**(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:**

The Company has not set a limit on the number of board seats in other companies that an individual director or CEO may hold simultaneously. Guidelines observed are stated in Article II Section 13 of the Revised Corporate Governance Manual.

	Guidelines	Maximum Number of Directorships in other companies
<b>Executive Director</b>	A Director shall exercise due discretion in accepting and holding directorships and officerships in other corporations. A Director may hold any number of directorships or officerships outside the Company provided that, in the Director's opinion, these other positions do not detract or compromise the Director's capacity to diligently perform his duties as a Director of the Company.	The Company has not set a limit on the number of board seats in other companies that an individual director or CEO may hold simultaneously.
<b>Non-Executive Director</b>		
<b>CEO</b>		

**(c) Shareholding in the Company**

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

(As of March 31, 2014)

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
John L. Gokongwei, Jr. (Note 1)	2,479,401	11,700,000 (thru Robina Gokongwei-Pe &/or Elizabeth Gokongwei)	0.65%
James L. Go	1		0.00%
Lance Y. Gokongwei	1		0.00%

Patrick Henry C. Go	45,540		0.00%
Frederick D. Go	11,501		0.00%
Johnson Robert G. Go, Jr.	1		0.00%
Robert G. Coyiuto, Jr.	1		0.00%
Wilfrido E. Sanchez	1		0.00%
Pascual S. Guerzon	1		0.00%
<b>TOTAL</b>	<b>2,536,448</b>	<b>11,700,000</b>	<b>0.65%</b>

Note 1. Sum of shares in the name of "John Gokongwei, Jr." for one (1) share and "Elizabeth Y. Gokongwei and/or John Gokongwei, Jr." for 2,479,400.

## 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:

<b>Chairman of the Board</b>	James L. Go
<b>CEO/President</b>	Lance Y. Gokongwei

(b) Roles, Accountabilities and Deliverables

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

	<b>Chairman</b>	<b>Chief Executive Officer</b>
<b>Role</b>	<ol style="list-style-type: none"> <li>To preside over all meetings of the Board of Directors and the stockholders.</li> <li>To make reports to the stockholders together with the President.</li> <li>To exercise such powers as maybe incidental to his office and perform such duties as the Board of Directors may assign to him.</li> <li>Ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chairman may deem necessary.</li> <li>Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the Directors and Management.</li> <li>Maintain qualitative and timely lines of communication and information between the Board and Management.</li> </ol>	<ol style="list-style-type: none"> <li>To propose and formulate policies and guidelines to be adopted by the Board and perform such other duties as may be assigned to him.</li> <li>To have general supervision and direction over all the other officers of the Company and shall ascertain that their respective duties are properly performed.</li> <li>To ensure that all orders and resolutions of the Board are carried into effect.</li> </ol>
<b>Accountabilities</b>	See above	See above
<b>Deliverables</b>	<ol style="list-style-type: none"> <li>Agenda for meetings</li> <li>Statement of Management's Responsibility for audited financial statements</li> <li>SEC Form 17-A</li> </ol>	<ol style="list-style-type: none"> <li>Statement of Management's Responsibility for audited financial statements</li> <li>SEC Form 17-A</li> <li>SEC Form 17-Q</li> </ol>



	4. SEC Form 17-Q 5. Other reports required by law	4. Other reports required by law
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**3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?**

One of our Company’s core organizational systems is the Advancement Planning (AP) system. The AP system is an on-going process of identifying, assessing, and developing talents to ensure leadership continuity for all key positions and providing opportunities for key talents to grow within the organization. We assess incumbents / identified successors on 2 elements: performance over time and potential. Moreover, each identified successor is assessed based on his/her level of readiness to occupy the higher role. Specific development interventions per successor are also identified as part of the process. Every year, the AP System is reviewed by HR and top management to check whether the planned development interventions took place, and if the level of readiness of identified successors has progressed, among others.

The Competency-Based System and Performance Management System are two other core organizational systems that we have in place which allow us to properly utilize the Advanced Planning System.

**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 said written policy. However, the current Directors have diverse background and work 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 Company does not have a policy that states that at least one non-executive director has experience in the sector or industry the Company belongs to. The Company has non-executive directors that are well experienced that allow them to give objective views, perspectives, and decisions on matters raised to the Board.

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

	Executive	Non-Executive	Independent Director
<b>Role</b>	<p>A Director’s Office is one of trust and confidence. A Director should act in the best interest of the Company in a manner characterized by transparency, accountability, and fairness. He should also exercise leadership, prudence, and integrity in directing the Company towards sustained progress.</p> <p>A Director should observe the following norms of conduct:</p> <ol style="list-style-type: none"> <li>1. Conduct fair business transactions with the Company, and ensure that his personal interest does not</li> </ol>	Same	Same

	<p>conflict with the interests of the Company. 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 Company, or stands to acquire or gain financial advantage at the expense of the Company.</p> <p>2. 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 Company's business. He should be constantly aware of and knowledgeable with the Company'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.</p> <p>3. 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.</p> <p>4. Exercise independent judgment. A director should view each problem or situation objectively. If a disagreement with other Directors arises, he should carefully evaluate</p>		
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	<p>and explain his position. He should not be afraid to take an unpopular position. Corollary, he should support plans and ideas that he thinks are beneficial to the Company.</p> <p>5. Have a working knowledge of the statutory and regulatory requirements that affect the Company, 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 Company's competitiveness.</p> <p>6. 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>7. Have a working knowledge of the Company's control systems. A director shall ensure the continuing soundness, effectiveness, and adequacy of the Company's control environment.</p>		
<b>Accountabilities</b>	See above	See above	See above
<b>Deliverables</b>	<p>1. Exercise the powers of the Board of Directors as stated in the By-Laws</p> <p>2. Executes all resolutions and minutes of the meetings of the Board of Directors.</p>	Exercise the powers of the Board of Directors as stated in the By-Laws	<p>1. Exercise the powers of the Board of Directors as stated in the By-Laws</p> <p>2. Submits at the time of his election a certification confirming that he possesses the qualifications and none of the disqualifications to serve as an independent director of the Company</p>

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

An independent director is 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 the Company and includes, among others, any person who:

- 1 Is not a director or officer or substantial stockholder of the Company or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;
- 2 Does not own more than two percent (2%) of the shares of the Company and/or its related companies or any of its substantial shareholders;
- 3 Is not a relative of any director, officer or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- 4 Is not acting as a nominee or representative of any director or substantial shareholder of the Company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;
- 5 Has not been employed in any executive capacity by the Company, any of its related companies and/or by any of its substantial shareholders within the last two (2) years;
- 6 Is not retained, either personally or through his firm or any similar entity, as professional adviser, by the Company, any of its related companies and/or any of its substantial shareholders, within the last two (2) years; or
- 7 Has not engaged and does not engage in any transaction with the Company and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial.

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

The Company complies with the Corporation Code, Securities Regulation Code, its by-laws and Corporate Governance Manual in the election of independent directors.

**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
Not applicable			

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

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

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors	The By-Laws provides that the directors of the Company shall be elected by plurality vote at the annual meeting of the stockholders for the year at which a quorum is present. At each election for directors, every stock holder shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of shares shall equal, or by distributing such votes as the same principle among any number of candidates.	<ul style="list-style-type: none"> <li>• Must own at least one share of the capital stock of the Company in his own name.</li> <li>• A majority of the directors must be residents of the Philippines.</li> <li>• He must not have been convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years or a violation of the Corporation Code, committed within five years before the date of his election.</li> <li>• He must be of legal age.</li> </ul>
(ii) Non-Executive Directors	The By-Laws provides that the directors of the Company shall be elected by plurality vote at the annual meeting of the stockholders for the year at which a quorum is present. At each election for directors, every stock holder shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of shares shall equal, or by distributing such votes as the same principle among any number of candidates.	<ul style="list-style-type: none"> <li>• Must own at least one share of the capital stock of the Company in his own name.</li> <li>• A majority of the directors must be residents of the Philippines.</li> <li>• He must not have been convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years or a violation of the Corporation Code, committed within five years before the date of his election.</li> <li>• He must be of legal age.</li> </ul>
(iii) Independent Directors	1. The Nomination Committee (the "Committee") shall have at least three (3) members, one of whom is an independent director. It shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same	An independent director shall have the following qualifications:  1.1 He shall have at least one (1) share of stock of the Company;

	<p>shall be properly disclosed in the Company's information or proxy statement or such other reports required to be submitted to the Commission.</p> <p>2. Nomination of independent director/s shall be conducted by the Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.</p> <p>3. The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.</p> <p>4. After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Company is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.</p>	<p>1.2 He shall be at least a college graduate or he has sufficient management experience to substitute for such formal education or he shall have been engaged or exposed to the business of the Company for at least five (5) years;</p> <p>1.3 He shall be twenty one (21) years old up to seventy (70) years old, however, due consideration shall be given to qualified independent directors up to the age of eighty (80);</p> <p>1.4 He shall have been proven to possess integrity and probity; and</p> <p>1.5 He shall be assiduous.</p>
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	<p>5. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as independent director/s. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained nor allowed on the floor during the actual annual stockholders' meeting.</p> <p>6. Election of Independent Director/s</p> <p>6.1 Except as those required under this Rule and subject to pertinent existing laws, rules and regulations of the Commission, the conduct of the election of independent director/s shall be made in accordance with the standard election procedures of the Company or its by-laws.</p> <p>6.2 It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent director/s. He shall ensure that independent director/s are elected during the stockholders' meeting.</p> <p>6.3 Specific slot/s for independent directors shall not be filled-up by unqualified nominees.</p> <p>6.4 In case of failure of election for independent director/s, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy</p>	
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<b>b. Re-appointment</b>		
(i) Executive Directors	Same process as stated above for the selection/appointment of Executive Directors	Same criteria as stated above for the selection/ appointment of Executive Directors
(ii) Non-Executive Directors	Same process as stated above for the selection/appointment of Non-Executive Directors	Same criteria as stated above for the selection/ appointment of Non-Executive Directors
(iii) Independent Directors	Same process as stated above for the selection/appointment of Independent Directors	Same criteria as stated above for the selection/ appointment of Independent Directors
<b>c. Permanent Disqualification</b>		
(i) Executive Directors		He must not have been convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years or a violation of the Corporation Code, committed within five years before the date of his election.
(ii) Non-Executive Directors		He must not have been convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years or a violation of the Corporation Code, committed within five years before the date of his election.
(iii) Independent Directors		No person convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election, shall qualify as an independent director. This is without prejudice to other disqualifications which the Company's Manual on Corporate Governance provides.
<b>d. Temporary Disqualification</b>		
(i) Executive Directors		The Board may provide for the temporary disqualification of a Director for any of the following reasons:  1.1. Refusal to comply with the disclosure requirements of



		<p>the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;</p> <p>1.2. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family, or serious accident. This disqualification applies for purposes of the succeeding election;</p> <p>1.3. Dismissal/termination for cause as Director of any Company covered by this Code. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination.</p> <p>1.4. If the beneficial equity ownership of an Independent Director in the Company or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.</p> <p>1.5. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.</p> <p>A temporarily disqualified Director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>
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<p>(ii) Non-Executive Directors</p>		<p>The Board may provide for the temporary disqualification of a Director for any of the following reasons:</p> <p>1.1. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;</p> <p>1.2. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family, or serious accident. This disqualification applies for purposes of the succeeding election;</p> <p>1.3. Dismissal/termination for cause as Director of any Company covered by this Code. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination.</p> <p>1.4. If the beneficial equity ownership of an Independent Director in the Company or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.</p> <p>1.5. If any of the judgments or orders cited in the grounds for permanent</p>
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		<p>disqualification has not yet become final.</p> <p>A temporarily disqualified Director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>
(iii) Independent Directors		<p>He shall be disqualified during his tenure under the following instances or causes:</p> <p>2.1 He becomes an officer or employee of the Company where he is such member of the board of directors/trustees, or becomes any of the persons enumerated under letter (A) hereof;</p> <p>2.2 His beneficial security ownership exceeds two percent (2%) of the outstanding capital stock of the Company where he is such director;</p> <p>2.3 Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family;</p> <p>Such other disqualifications that the Corporate Governance Manual provides.</p>
<b>e. Removal</b>		
(i) Executive Directors	<ol style="list-style-type: none"> <li>1. It must take place either at a regular meeting or special meeting of the stockholders or members called for the purpose;</li> <li>2. There must be previous notice to the stockholders or members of the intention to remove;</li> </ol>	

	<p>3. The removal must be by a vote of the stockholders representing 2/3 of Outstanding Capital Stock or 2/3 of members.</p> <p>4. The director may be removed with or without cause unless he was elected by the minority, in which case, it is required that there is cause for removal.</p>	
(ii) Non-Executive Directors	<p>1. It must take place either at a regular meeting or special meeting of the stockholders or members called for the purpose;</p> <p>2. There must be previous notice to the stockholders or members of the intention to remove;</p> <p>3. The removal must be by a vote of the stockholders representing 2/3 of Outstanding Capital Stock or 2/3 of members.</p> <p>4. The director may be removed with or without cause unless he was elected by the minority, in which case, it is required that there is cause for removal.</p>	
(iii) Independent Directors		<p>In case of resignation, disqualification or cessation of independent directorship and only after notice has been made with the Commission within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, upon the nomination of the Committee otherwise, said vacancies shall be filled by the stockholders in a regular or special meeting called for that purpose. An independent director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office.</p>

<b>f. Re-instatement</b>		
(i) Executive Directors	Same process as stated above for the selection/appointment of Executive Directors	Same criteria as stated above for the selection/ appointment of Executive Directors
(ii) Non-Executive Directors	Same process as stated above for the selection/appointment of Non-Executive Directors	Same criteria as stated above for the selection/ appointment of Non-Executive Directors
(iii) Independent Directors	Same process as stated above for the selection/appointment of Independent Directors	Same criteria as stated above for the selection/ appointment of Independent Directors
<b>g. Suspension</b>		
(i) Executive Directors	Same process as stated above for the removal of Executive Directors	
(ii) Non-Executive Directors	Same process as stated above for the removal of Non-Executive Directors	
(iii) Independent Directors	Same process as stated above for the removal of Independent Directors	Same criteria as stated above for the removal of Independent Directors

**Voting Result of the last Annual General Meeting held on May 12, 2014**

<b>Name of Director</b>	<b>Votes Received</b>
John L. Gokongwei, Jr.	more than a majority vote
James L. Go	
Lance Y. Gokongwei	
Patrick Henry C. Go	
Frederick D. Go	
Johnson Robert G. Go, Jr.	
Robert G. Coyiuto, Jr.	
Wilfrido E. Sanchez	
Pascual S. Guerzon	

**6) Orientation and Education Program**

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

New directors receive appropriate orientation from the Corporate Secretary when first appointed to the Board. The directors are likewise given an orientation kit that includes the latest Annual Report, Definitive Information Statement, relevant disclosures to the SEC and PSE, Revised Corporate Governance Manual, related governance policies, etc. This is to ensure that new Directors become familiar with the Company's business and governance processes.

**(b) State any in-house training and external courses attended by Directors and Senior Management<sup>2</sup> for the past three (3) years:**

<sup>2</sup> Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

The John Gokongwei Institute for Leadership and Enterprise Development or JG-ILED is the integrated leadership platform for systematic and sustainable development programs of the conglomerate. JG-ILED was established in 2005 with the following objectives: to demonstrate the enterprise commitment to continued learning, organizational growth and career development; to enable leaders to develop strategies for competitiveness, and to develop and grow our employees and create a deep bench of talents.

Under JG-ILED is the Management Development Program (MDP) which aims to enhance the leadership capability and business acumen of all JGS leaders. The following are programs under MDP: Finance for Senior Executives, Strategic Communication Program, Executive Coaching Program, and Advanced Negotiation Skills. Our leadership core has attended these programs. Three new programs were launched recently, namely: Leading and Managing Change, Strategy Planning and Execution and Becoming People Leaders.

Aside from JG-ILED, key business units implement their respective and targeted continuing education programs for their key executives / managers.

**(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
John L. Gokongwei, Jr.	June 17, 2014	Corporate Governance Seminar	Sycip, Gorres, Velayo & Co.
James L. Go			
Lance Y. Gokongwei			
Patrick Henry C. Go	August 13, 2013	Lecture on Tax Updates	Sycip Gorres Velayo & Co.
Pascual S. Guerzon			
Frederick D. Go	August 13, 2013	Tax Updates	Sycip Gorres Velayo & Co.
Johnson Robert G. Go, Jr.			
Robert G. Coyiuto, Jr.			
Wilfrido E. Sanchez			

**B. CODE OF BUSINESS CONDUCT & ETHICS**

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

Business Conduct & Ethics	Directors	Senior Management	Employees
<b>1. Conflict of Interest</b>	The Company's Code of Business Conduct and Conflicts of Interest Policy require employees to make a conscious effort to avoid conflict of interest situations; that his judgment and discretion is not influenced by considerations of personal gain or benefit. A conflict of interest may also occur because of the actions, employment, or investments of an immediate family member of an employee.	Same	Same

<b>2. Conduct of Business and Fair Dealings</b>	The Company's employees that recommend, endorse, or approve the procurement or / sale of goods and services should make a conscious effort to avoid any conflict of interest situation in transactions that they are involved in.	Same	Same
<b>3. Receipt of gifts from third parties</b>	The Company allows the acceptance of gift only during the Christmas Season. There is no restriction in the value of the gift accepted. However, accepted gift with estimated value over Php2,000 must be disclosed to the Conflicts of interest Committee.	Same	Same
<b>4. Compliance with Laws &amp; Regulations</b>	The Company ensures that all transactions comply with relevant laws and regulations. Any deficiencies are immediately rectified.	Same	Same
<b>5. Respect for Trade Secrets/Use of Non-public Information</b>	The Company has policies that ensure proper and authorized disclosure of confidential information. Disclosures to the public can only be done after disclosure to the SEC and PSE by the Company's authorized officers.	Same	Same
<b>6. Use of Company Funds, Assets and Information</b>	Employees are required to safeguard Company resources and assets with honesty and integrity. Employees must ensure that these assets are efficiently, effectively, and responsibly utilized.	Same	Same
<b>7. Employment &amp; Labor Laws &amp; Policies</b>	The Company's Human Resources Unit ensures compliance with employment and labor laws and policies.	Same	Same
<b>8. Disciplinary action</b>	Violation of any provision of the Code of Business Conduct may result to disciplinary action, including dismissal and reimbursement for any loss to the Company that results from the employee's action. If appropriate, a violation may result in legal action against the employee or referral to the appropriate government authorities.	Same	Same
<b>9. Whistle Blower</b>	Any employee may discuss or disclose in writing any concern on potential violation of the Code of Business Conduct with the Conflicts of Interest Committee.	Same	Same

<b>10. Conflict Resolution</b>	The Conflicts of Interest Committee submits recommendations on courses of action to be taken on conflicts of interest situations. Decision is done by the Executive Committee.	Same	Same
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**2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?**

Yes. The Company's Code of Business Conduct has been disseminated to all directors, senior management, and employees.

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

All new employees undergo an orientation program to familiarize themselves with the Code. Relevant disclosure and compliance statements are likewise secured prior employment or engagement with the Company. Employees are likewise required to give relevant disclosures on an annual basis.

**4) Related Party Transactions**

**(a) Policies and Procedures**

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

Related Party Transactions	Policies and Procedures
<b>(1) Parent Company</b>	The Company applies the "arm's-length principle" in transactions entered into with the Parent Company.
<b>(2) Joint Ventures</b>	Treated as arm's-length transaction
<b>(3) Subsidiaries</b>	Treated as arm's-length transaction
<b>(4) Entities Under Common Control</b>	Treated as arm's-length transaction
<b>(5) Substantial Stockholders</b>	Treated as arm's-length transaction
<b>(6) Officers including spouse/children/siblings/parents</b>	Treated as arm's-length transaction
<b>(7) Directors including spouse/children/siblings/parents</b>	Treated as arm's-length transaction
<b>(8) Interlocking director relationship of Board of Directors</b>	The Company, adopts by law, the rules pertaining to interlocking directors, as follows: <ul style="list-style-type: none"> <li>a) If the interests of the interlocking director in the corporations are both substantial (stockholdings exceed 20% of outstanding capital stock)  General Rule: A contract between two or more corporations having interlocking directors shall not be invalidated on that ground alone.  Exception: If the contract is fraudulent or not fair and reasonable.</li> <li>b) If the interest of the interlocking director in one of the corporations is nominal while substantial in the other</li> </ul>



	<p>(stockholdings 20% or more), the contract shall be valid provided the following conditions are present:</p> <ol style="list-style-type: none"> <li>1) The presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting;</li> <li>2) That the vote of such director was not necessary for the approval of the contract;</li> <li>3) That the contract is fair and reasonable under the circumstances.</li> </ol> <p>Where (1) and (2) are absent, the contract can be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock or by the vote of the stockholders representing at least 2/3 of the members in a meeting called for the purpose. Provided that:</p> <ol style="list-style-type: none"> <li>1) Full disclosure of the adverse interest of the directors/trustees involved is made on such meeting;</li> <li>2) The contract is fair and reasonable under the circumstances.</li> </ol>
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**(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.

None.

	Details of Conflict of Interest (Actual or Probable)
<b>Name of Director/s</b>	Not applicable
<b>Name of Officer/s</b>	Not applicable
<b>Name of Significant Shareholders</b>	Not applicable

**(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
<b>Company</b>	Entities and persons that wish to transact business with the Company are required to submit accreditation papers and undergo evaluation by designated committees that recommended accreditation. Disclosures of relationships are required.
<b>Group</b>	Same as above

**5) Family, Commercial and Contractual Relations**

**(a) Indicate, if applicable, any relation of a family,<sup>3</sup> commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:**

<sup>3</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity.

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
None		

(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
JG Summit Holdings, Inc.	Parent Company	The Company, in its regular conduct of business, had engaged in transactions with its major stockholder, JG Summit Holdings, Inc., and its subsidiaries. Please refer to Note 35 (Related Party Transactions) of the Notes to the Audited Consolidated Financial Statements as of September 30, 2012.

(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
None		

#### 6) Alternative Dispute Resolution

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

	Alternative Dispute Resolution System
<b>Corporation &amp; Stockholders</b>	None
<b>Corporation &amp; Third Parties</b>	For cases filed in court involving the corporation and third parties, the corporation submits itself to the court-ordered mediation and judicial dispute resolution process and exhaust all means therein to settle the controversy amicably. For contracts, the corporation includes a dispute resolution clause between the designated officers of the parties to the contract and an arbitration clause, in the event the former fails, as alternative dispute resolution.
<b>Corporation &amp; Regulatory Authorities</b>	None. Regulatory matters are subject to strict adherence and compliance by corporations as they are governed by laws, rules, and regulations.

#### C. BOARD MEETINGS & ATTENDANCE

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

These are scheduled before the beginning of the year.

**2) Attendance of Directors**

Board	Name	Date of Election	No. of Meetings Held during the fiscal year*	No. of Meetings Attended	%
Member	John L. Gokongwei, Jr.	May 12, 2014	10	10	100.00%
Chairman	James L. Go	May 12, 2014	10	10	100.00%
Member	Lance Y. Gokongwei	May 12, 2014	10	10	100.00%
Member	Patrick Henry C. Go	May 12, 2014	10	10	100.00%
Member	Frederick D. Go	May 12, 2014	10	10	100.00%
Member	Johnson Robert G. Go, Jr.	May 12, 2014	10	9	90.00%
Member	Robert G. Coyiuto, Jr.	May 12, 2014	10	9	90.00%
Independent	Wilfrido E. Sanchez	May 12, 2014	10	10	100.00%
Independent	Pascual S. Guerzon	May 12, 2014	10	10	100.00%

*Note: Fiscal year 2014 of URC is from October 1, 2013 to September 30, 2014*

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

No.

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

A quorum at any meeting of the directors shall consist of a majority of the number of directors fixed in the Articles of Incorporation. 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.

**4) Access to Information**

**(a) How many days in advance are board papers<sup>4</sup> for board of directors meetings provided to the board?**

At least three (3) working days before the meeting (together with notice of meeting).

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

Yes. Board members have 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.?**

The Secretary shall issue notices of all meetings, shall keep their minutes, and shall sign with the Chairman or the President the certificates of stock and such other instruments that require such signature. He shall record all the votes and proceedings of the stockholders and of the Directors in a book kept for that purpose. He shall have charge of the corporate seal of the Company. He shall keep at the principal office of the Company the stock and transfer book and therein keep a record of all the stock, the names of stockholders

<sup>4</sup> Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

alphabetically arranged with the addresses to which notices may be sent, the installments paid and unpaid on all stock for which subscription has been made and the date of payment of any installment, a statement of every alienation, sale or transfer of stock made, the date hereof and by and to whom made. He shall perform such other duties as may be properly delegated to him.

The Corporate Secretary shall:

1. Be loyal to the mission, vision, and objectives of the Company.
2. Work fairly and objectively with the Board, Management, and stockholders.
3. Possess appropriate administrative and interpersonal skills.
4. Have a working knowledge of the operations of the Company.
5. Be aware of the laws, rules, and regulations necessary in the performance of his duties and responsibilities.
6. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meeting of the Board and its Committees, as well as other official records of the Company.
7. Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Company.
8. As to agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting.
9. Inform the members of the Board, in accordance with the by-laws, 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.
10. Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so.
11. Ensure that all Board procedures, rules, and regulations are strictly followed by the members.

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

Yes.

**(e) Committee Procedures**

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

Yes

No

Committee	Details of the procedures
Executive	<p>To enable the Directors to properly fulfill their duties and responsibilities, Management should provide the Directors with complete, adequate and timely information about the matters to be taken in their meetings.</p> <p>Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a Director to enable him to properly perform his duties and responsibilities. Hence, the Directors are given independent access to Management and to the Corporate Secretary.</p> <p>The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts, and internal financial documents.</p>
Audit	
Nomination	
Remuneration	

5) External Advice

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

Procedures	Details
The Directors, either individually or as a Board, and in furtherance of their duties and responsibilities, shall have access to independent professional advice at the Company's expense.	

6) 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
None		

D. REMUNERATION MATTERS

1) Remuneration Process

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

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Based on the compensation structure and policies of the Company on salary adjustments, promotions and performance assessments	
(2) Variable remuneration	None	
(3) Per diem allowance	Each director shall receive a reasonable per diem for his attendance at meetings	
(4) Bonus	Determined upon achievement of performance-based matrix	
(5) Stock Options and other financial instruments	None	
(6) Others (specify)	Rice, medicine allowance and leave credits	

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	Performance-based matrices		
Non-Executive Directors	Each director shall receive a reasonable per diem for his attendance at meetings		

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
Ratification of acts of the Board of Directors and its committees, officers and management	<u>May 12, 2014</u>
Ratification of acts of the Board of Directors and its committees, officers and management	<u>April 18, 2013</u>
Ratification of acts of the Board of Directors and its committees, officers and management	<u>April 18, 2012</u>

### 3) Aggregate Remuneration

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

The summary compensation table, as set forth below, shows the aggregate compensation of the: (a) CEO and 4 most highly compensated executive officers; and (b) all other directors and officers as a group unnamed.

Name	Position	Actual - Fiscal Year			
		Salary	Bonus	Others	Total
A. CEO and Four (4) most highly compensated executive officers		₱ 47,406,451	₱900,000	₱205,000	₱48,511,451
1. John L. Gokongwei, Jr.	Director, Chairman Emeritus				
2. James L. Go	Director, Chairman				
3. Lance Y. Gokongwei	Director, President and Chief Executive Officer				
4. Patrick O. Ng	Executive Vice President				
5. Cornelio S. Mapa, Jr.	Executive Vice President				
B. All other officers and directors as a group unnamed		₱ 98,408,445	₱1,800,000	₱405,000	₱100,613,445

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	See above	See above	See above
(b) Variable Remuneration	See above	See above	See above
(c) Per diem Allowance	See above	See above	See above

(d) Bonuses	See above	See above	See above
(e) Stock Options and/or other financial instruments	See above	See above	See above
(f) Others (Specify)	See above	See above	See above
<b>Total</b>			

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances			
2) Credit granted			
3) Pension Plan/s Contributions	Please refer to the Notes to the Audited Consolidated Financial Statements as of September 30, 2013		
(d) Pension Plans, Obligations incurred	Please refer to the Notes to the Audited Consolidated Financial Statements as of September 30, 2013		
(e) Life Insurance Premium			
(f) Hospitalization Plan	Healthcare coverage and benefits are provided by the Company through a health maintenance organization		
(g) Car Plan			
(h) Others (Specify)			
<b>Total</b>			

#### 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:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
Not applicable				

##### (b) Amendments of Incentive Programs

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

Incentive Program	Amendments	Date of Stockholders' Approval
None		

## 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
Patrick O. Ng, Executive Vice President	See table in paragraph 3 above.
Cornelio S. Mapa, Jr., Executive Vice President	

## 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	3	2	-				The Executive Committee may act by majority vote of its members, in the course of the normal business or businesses of the Company, on such matters within the competence of the Board, except with respect to: (i) approval of any action for which shareholders' approval is required; (ii) filling of vacancies in the Board of Directors; (iii) amendment or repeal of the By-Laws, or the adoption of new By-Laws of the Company; (iv) amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable; (v) declaration and distribution of cash dividends to shareholders; and (vi) any matter that may be limited by law or by the Board of Directors by the majority vote of its members.
Audit	3	1	2				The Audit Committee shall have the following functions: <ol style="list-style-type: none"> <li>Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal controls, audit process and monitoring of compliance with applicable laws, rules and regulations.</li> <li>Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function may include regular receipt from Management of information on risk exposures and risk management activities.</li> <li>Perform oversight functions over the Company's Internal and External Auditors. It should ensure that the Internal and External Auditors are given reasonable access to all material records, properties and personnel to enable them to perform their respective audit functions.</li> </ol>



				<p>4. Review the Annual Internal Audit Plan to ensure its conformity with the objectives of the Company. The Plan shall include the audit scope, resources and budget necessary to implement it.</p> <p>5. 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.</p> <p>6. Ensure the establishment of an Internal Audit Department and the appointment of a Corporate Auditor and the terms and conditions of its engagement and removal.</p> <p>7. Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security.</p> <p>8. Review the reports submitted by the Internal and External Auditors.</p> <p>9. Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following</p> <ul style="list-style-type: none"> <li>• any change/s in accounting policies and practices;</li> <li>• major judgmental areas;</li> <li>• significant adjustments resulting from the audit;</li> <li>• going concern assumptions;</li> <li>• compliance with accounting standards; and</li> <li>• compliance with tax, legal and regulatory requirements.</li> </ul> <p>10. Coordinate, monitor and facilitate compliance with laws, rules and regulations.</p> <p>11. 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 Company'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. If the non-audit work is allowed, this should be disclosed in the Company's Annual Report.</p> <p>12. Establish and identify the reporting line of the Corporate Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report</p>
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				<p>directly to the Audit Committee.</p> <p>13. The Audit Committee shall ensure that, in the performance of the work of the Corporate Auditor, he shall be free from interference by outside parties.</p>
Nomination	3	1	1	<p>The Nomination Committee shall be responsible for ensuring that the selection of new members of the Board is transparent with the end objective of having the Board increase shareholder value. For this purpose, the Nomination Committee shall:</p> <ol style="list-style-type: none"> <li>1. Pre-screen, evaluate the qualifications and shortlist all candidates nominated to become a Director in accordance with pertinent provisions of the Articles of Incorporation and By Laws of the Company, as well as established guidelines on qualifications and disqualifications.</li> <li>2. Recommend guidelines in the selection of nominee/s for Director/s which may include the following based on the perceived needs of the Board at a certain point in time: <ol style="list-style-type: none"> <li>a. Nature of the business of the corporations which he is a Director of</li> <li>b. Age of the Director nominee</li> <li>c. Number of directorships/active memberships and officerships in other corporations or organizations</li> <li>d. Possible conflict of interest</li> </ol> </li> <li>3. Recommend guidelines in the determination of the optimum number of directorships/ active memberships and officerships in other corporations allowable for Directors. The capacity of Directors to serve with diligence shall not be compromised.</li> <li>4. Recommend to the Board regarding the size and composition of the Board in view of long term business plans, and the needed appropriate skills and characteristics of Directors.</li> <li>5. Assess the effectiveness of the Board's processes and procedures in the election or replacement of Directors.</li> </ol>
Remuneration	3	1	1	<p>The Remuneration and Compensation Committee recommends for Board approval a formal and transparent policy and system of remuneration and evaluation of the Directors and Management Officers. For this purpose, the Committee shall:</p> <ol style="list-style-type: none"> <li>1. Recommend a formal and transparent procedure for developing a policy on executive remuneration and evaluation and for fixing the remuneration packages of</li> </ol>

				<p>Directors and Management Officers that is consistent with the Company's culture, strategy, and business environment.</p> <p>2. Recommend the amount of remuneration, which shall be in a sufficient level to attract and retain Directors and Management Officers who are needed to run the Company successfully.</p> <p>3. Disallow any Director to decide his remuneration.</p> <p>4. Ensure that Full Business Interest Disclosure is part of the pre-employment requirements for all incoming Management Officers, which among others compel all Management Officers to declare under the penalty of perjury all of their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.</p> <p>5. Review recommendations concerning the existing Human Resources Development Handbook, with the objective of strengthening provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.</p> <p>6. Provide in the Company's Annual Reports, information and proxy statements a clear, concise and understandable disclosure of aggregate compensation of its Executive Officers for the previous fiscal year and the ensuing year as prescribed by the Commission or other regulatory agency.</p>
Others (specify)	None			

## 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	James L. Go	<u>April 18, 2013</u>				<u>13 years</u>
Member (ED)	John L. Gokongwei, Jr. Lance Y. Gokongwei	<u>April 18, 2013</u> <u>April 18, 2013</u>				<u>13 years</u> <u>13 years</u>
Member (NED)	Frederick D. Go Johnson Robert G. Go, Jr.	<u>April 18, 2013</u> <u>April 18, 2013</u>				<u>7 years</u> <u>8 years</u>

**(b) Audit Committee**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Wilfrido E. Sanchez	<u>April 18, 2013</u>	4	4	100%	<u>9 years</u>
Member (ED)	John L. Gokongwei, Jr.	<u>April 18, 2013</u>	4	4	100%	<u>11 years</u>
	James L. Go	<u>April 18, 2013</u>	4	4	100%	<u>11 years</u>
	Lance Y. Gokongwei	<u>April 18, 2013</u>	4	4	100%	<u>11 years</u>
Member (NED)	Johnson Robert G. Go, Jr.	<u>April 18, 2013</u>	4	4	100%	<u>8 years</u>
Member (ID)	Pascual S. Guerzon	<u>April 18, 2013</u>	4	4	100%	<u>5 years</u>

**Disclose the profile or qualifications of the Audit Committee members.**

1. The Board establishes the Audit Committee and appoints the members of the Committee.
2. This Audit Committee reports functionally to the Board.
3. The Audit Committee shall be composed of at least three (3) members from the Board, at least one (1) of whom shall always be Independent Director. The Board shall ensure that each member should have adequate competence and/or experience on accounting, finance and audit to enable them to discharge their responsibilities.
4. The Board shall appoint an Independent Director as Committee Chairman.
5. The Audit Committee, as a body, shall have neither executive nor managerial powers and duties in the Company except those relating to the management of the Corporate Auditor.

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

See above functions of the Audit Committee.

**(c) Nomination Committee**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	James L. Go	<u>April 18, 2013</u>	1	1	100%	<u>11 years</u>
Member (ED)	John L. Gokongwei, Jr.	<u>April 18, 2013</u>	1	1	100%	<u>11 years</u>
	Lance Y. Gokongwei	<u>April 18, 2013</u>	1	1	100%	<u>11 years</u>
Member (NED)	Johnson Robert G. Go, Jr.	<u>April 18, 2013</u>	1	1	100%	<u>8 years</u>
Member (ID)	Wilfrido E. Sanchez	<u>April 18, 2013</u>	1	1	100%	<u>11 years</u>

**(d) Remuneration Committee**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	James L. Go	<u>April 18, 2013</u>	Note 1			<u>11 years</u>
Member (ED)	John L. Gokongwei, Jr.	<u>April 18, 2013</u>				<u>11 years</u>
	Lance Y. Gokongwei	<u>April 18, 2013</u>				<u>11 years</u>
Member (NED)	Johnson Robert G. Go, Jr.	<u>April 18, 2013</u>				<u>8 years</u>
Member (ID)	Pascual S. Guerzon	<u>April 18, 2013</u>				<u>5 years</u>

Note 1: Discussed at Board meetings

**(e) Others (Specify)**

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

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	None					
Member (ED)						
Member (NED)						
Member (ID)						
Member						

**3) Changes in Committee Members**

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

Name of Committee	Name	Reason
Executive	None	
Audit		
Nomination		
Remuneration		
Others (specify)		

**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		
Audit	Review of inventory management, revenue management, marketing activities, sales transactions, cash management, monitoring of ageing stocks, scrap materials disposal, quality control procedures.	No significant issues that would put the Company at major risk
Nomination	Recommendation of nominees to be included in the final list of independent directors	No significant issues that would put the Company at major risk
Remuneration	Recommendation of budgets for merit increase and salary adjustments	No significant issues that would put the Company at major risk
Others (specify)	None	

**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		
Audit	Internal audit plan for the coming fiscal year	No significant issues that would put the Company at major risk
Nomination	Pre-screen qualifications of nominees for independent directors	No significant issues that would put the Company at major risk
Remuneration	Review and evaluate existing remuneration policies and procedures	No significant issues that would put the Company at major risk
Others (specify)	None	

## F. RISK MANAGEMENT SYSTEM

### 1) Disclose the following:

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

The Company aims to identify, measure, analyze, monitor, and control all forms of risks that would affect the Company.

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

There is no statement issued. The Audit Committee reviews the effectiveness of risk management systems employed by the Company.

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

The Audit Committee periodically reviews the risk management system of the Company through its meetings and review of required reports.

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

The adequacy of the risk management system is reviewed annually by the Audit Committee. On a quarterly basis, specific risk management processes and findings are reviewed and evaluated.

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

Not applicable.

### 2) Risk Policy

#### (a) Company

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

Risk Exposure	Risk Management Policy	Objective
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.	The Company trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.	It is the Company's objective that losses are minimized due to credit risks.
Liquidity risk is the risk of not being able to meet funding obligations such as the repayment of liabilities or payment of asset purchases as they fall due.	The Company's liquidity management involves maintaining funding capacity to finance capital expenditures and service maturing debts, and to accommodate any fluctuations in asset and liability levels due to changes in the Company's business operations or unanticipated events created by customer behavior or capital market conditions. The Company maintains a level of cash and cash equivalents deemed sufficient to finance its operations. It also maintains a portfolio of highly marketable and diverse financial assets that assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can access to meet liquidity needs.	To minimize risk of not being able to meet funding obligations.
<p>Market risks</p> <ul style="list-style-type: none"> <li>• Interest rate risk</li> <li>• Foreign currency risk arises on financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured.</li> <li>• Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks.</li> </ul>	<p>The Company's exposure to market risk for changes in interest rates relates primarily to the Company's short-term and long-term debt obligations. The Company's policy is to manage its interest cost using a mix of fixed and variable rate debt.</p> <p>Prudent fund management is employed to minimize effects of fluctuations in interest and currency rates.</p>	The Company seeks to maintain a square or minimal position on its foreign currency exposure

<p>Business risks</p> <ul style="list-style-type: none"> <li>• Competition</li> <li>• Raw materials</li> <li>• Food safety concerns <ul style="list-style-type: none"> <li>– The Company's business could be adversely affected by the actual or alleged contamination or deterioration of certain of its flagship products, or of similar products produced by third parties.</li> </ul> </li> <li>• Mortalities – The Company's agro-industrial business is subject to risks of outbreaks of various diseases that could result to mortality losses.</li> <li>• Intellectual property rights</li> <li>• Weather and catastrophe – Weather condition may affect the Company's ability to obtain raw materials and the cost of those raw materials.</li> <li>• Environmental laws and other regulations</li> </ul>	<p>The Company's ability to compete effectively includes continuous efforts in sales and marketing of its existing products, development of new products and cost rationalization.</p> <p>The Company's production operations depend upon obtaining adequate supplies of raw materials on a timely basis. To mitigate the risk of inadequate supplies, alternative sources of raw materials are used in the Company's operations.</p> <p>The Company ensures that the products are safe for human consumption, and that the Company conforms to standards and quality measures prescribed by regulatory bodies such as Bureau of Foods and Drugs, Sugar Regulatory Administration, Bureau of Animal Industry, and Department of Agriculture. Disease control measures are adopted by the Company to minimize and manage the risk.</p> <p>Security measures are continuously taken to protect its patents, licenses and proprietary formulae against infringement and misappropriation.</p> <p>The Company and its subsidiaries continually maintain sufficient inventory level to neutralize any shortfall of raw materials from major suppliers, whether local or imported.</p> <p>The Company is continually complying with environmental laws and regulations, such as the wastewater treatment plants as required by the Department of Environment and Natural Resources, to lessen the effect of these risks.</p>	<p>To minimize risks arising from competition, inadequate supply of raw materials, mortalities and regulatory issues.</p>
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**(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:**



Risk Exposure	Risk Management Policy	Objective
Credit risk	<p>Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group transacts only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.</p> <p>The Group has a counterparty credit risk management policy which allocates investment limits based on counterparty credit ratings and credit risk profile.</p>	It is the Group's objective that losses are minimized due to credit risks.
Market risk	<p>Market risk is defined as the possibility of loss due to adverse movements in market factors such as exchange rates and prices.</p> <p>Market risk is the risk of loss to future earnings, to fair value or future cash flows of a financial instrument as a result of changes in its price, in turn caused by changes in interest rates, foreign currency exchange rates, equity prices and other market factors.</p>	It is the Group's objective to minimize effects of market risk.
Foreign currency risk	Foreign currency risk arises on financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured. The Group makes use of derivative financial instruments, such as currency swaps, to hedge foreign currency exposure.	The Group seeks to maintain a square or minimal position on its foreign currency exposure.
Interest rate risk	The Group's exposure to market risk for changes in interest rates relates primarily to the Parent Company's and its subsidiaries'	The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt.

	<p>long-term debt obligations which are subject to floating rate. The Group makes use of derivative financial instruments, such as interest rate swaps, to hedge the variability in cash flows arising from fluctuation in benchmark interest rates.</p>	
Liquidity risk	<p>Liquidity risk is the risk of not being able to meet funding obligations such as the repayment of liabilities or payment of asset purchases as they fall due. The Group's liquidity management involves maintaining funding capacity to finance capital expenditures and service maturing debts, and to accommodate any fluctuations in asset and liability levels due to changes in the Group's business operations or unanticipated events created by customer behavior or capital market conditions. The Group maintains a level of cash and cash equivalents deemed sufficient to finance its operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include obtaining bank loans and capital market issues both onshore and offshore.</p>	<p>To minimize risk of not being able to meet funding obligations.</p>

**(c) Minority Shareholders**

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

<b>Risk to Minority Shareholders</b>
<p>Due to statutory limitations on the obligations of majority shareholders with respect to minority shareholders, minority shareholders are subject to the risk of the exercise by the majority shareholders of their voting power. However, the Corporation Code provides for minority shareholders' protection in certain instances wherein a vote by the shareholders representing at least two-thirds of the Company's outstanding capital stock is required. The Corporation Code also grants shareholders an appraisal, right allowing a dissenting shareholder to require a corporation to purchase his shares in certain instances.</p>

### 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	The Credit and Collection Department (CCD) of the Company continuously provides credit notification and implements various credit actions, depending on the assessed risks, to minimize credit exposure. Receivable balances of trade customers are being monitored on a regular basis and appropriate credit treatments are executed for overdue accounts. Likewise, other receivable balances are also being monitored and subjected to appropriate actions to manage credit risk.	The Company trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.
Liquidity risk	As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, which may include obtaining bank loans and capital market issuance, both onshore and offshore.	The Company's liquidity management involves maintaining funding capacity to finance capital expenditures and service maturing debts, and to accommodate any fluctuations in asset and liability levels due to changes in the Company's business operations or unanticipated events created by customer behavior or capital market conditions. The Company maintains a level of cash and cash equivalents deemed sufficient to finance its operations. It also maintains a portfolio of highly marketable and diverse financial assets that assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can access to meet liquidity needs.

(b) Group

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit risk	Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group transacts only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.	The Group has a counterparty credit risk management policy which allocates investment limits based on counterparty credit ratings and credit risk profile.
Market risk	Market risk is defined as the possibility of loss due to adverse movements in market factors such as exchange rates and prices. Market risk is present in both trading and non-trading activities. Market risk is the risk of loss to future earnings, to fair value or future cash flows of a financial instrument as a result of changes in its price, in turn caused by changes in interest rates, foreign currency exchange rates, equity prices and other market factors.	The Group makes use of derivative financial instruments to hedge against fluctuations in interest rates and foreign currency exposure.
Foreign currency risk	Foreign currency risk arises on financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured.	The Group makes use of derivative financial instruments, such as currency swaps, to hedge foreign currency exposure.
Interest rate risk	The Group's exposure to market risk for changes in interest rates relates primarily to the Parent Company's and its subsidiaries' long-term debt obligations which are subject to floating rate.	The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. The Group makes use of derivative financial instruments, such as interest rate swaps, to hedge the variability in cash flows arising from fluctuation in benchmark interest rates.
Liquidity risk	Liquidity risk is the risk of not being able to meet funding obligations such as the repayment of liabilities or payment of asset purchases as they fall due. The Group's liquidity management involves maintaining	The Group maintains a level of cash and cash equivalents deemed sufficient to finance its operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual

	funding capacity to finance capital expenditures and service maturing debts, and to accommodate any fluctuations in asset and liability levels due to changes in the Group's business operations or unanticipated events created by customer behavior or capital market conditions.	cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include obtaining bank loans and capital market issues.
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**(c) Committee**

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

<b>Committee/Unit</b>	<b>Control Mechanism</b>	<b>Details of its Functions</b>
Board of Directors (BOD)	The BOD of the Company and the respective BOD of each subsidiary are ultimately responsible for the oversight of the Group's risk management processes that involve identifying, measuring, analyzing, monitoring and controlling risks. Each BOD has created the board-level Audit Committee to spearhead the managing and monitoring of risks.	
Audit Committee (AC)	The AC shall assist the Group's BOD in its fiduciary responsibility for the over-all effectiveness of risk management systems, and both the internal and external audit functions of the Group. Furthermore, it is also the AC's purpose to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes.	The AC aims to ensure that: <ul style="list-style-type: none"> <li>a. financial reports comply with established internal policies and procedures, pertinent accounting and auditing standards and other regulatory requirements;</li> <li>b. risks are properly identified, evaluated and managed, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks, and crisis management;</li> <li>c. audit activities of internal and external auditors are done based on plan, and deviations are explained through the performance of direct interface functions with the internal and external auditors; and</li> </ul>

		d. the Group's BOD is properly assisted in the development of policies that would enhance the risk management and control systems.
Enterprise Risk Management Group (ERMG)	The ERMG was created to be primarily responsible for the execution of the enterprise risk management framework.	The ERMG's main concerns include: <ul style="list-style-type: none"> <li>a. recommending risk policies, strategies, principles, framework and limits;</li> <li>b. managing fundamental risk issues and monitoring of relevant risk decisions;</li> <li>c. providing support to management in implementing the risk policies and strategies; and</li> <li>d. developing a risk awareness program.</li> </ul>
Compliance Officer	The Compliance Officer assists the BOD in complying with the principles of good corporate governance.	He shall be responsible for monitoring actual compliance with the provisions and requirements of the Corporate Governance Manual and other requirements on good corporate governance, identifying and monitoring control compliance risks, determining violations, and recommending penalties on such infringements for further review and approval of the BOD, among others.

**G. INTERNAL AUDIT AND CONTROL**

**1) Internal Control System**

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

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

Internal Control System covers systematic measures which include reviews, checks and balances, methods and procedures. The Company conducts its business in an orderly and efficient manner, safeguards its assets and resources, deters and detects errors and fraud, ensures the accuracy and completeness of its accounting data, prepares reliable and timely financial and management information and complies with the Company policies and procedures.

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

No statement is currently issued that attest to the effectiveness of the internal control system.

The Company understands that the primary responsibility for the design, implementation and maintenance of internal control rest on Management; while the Board and its Audit Committee oversee actions of Management and monitor the effectiveness of controls put in place.

Audit Committee’s purpose is to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes. Monitor and evaluate the adequacy and effectiveness of the Company’s internal control system, including financial reporting control and information technology security. And this committee meets quarterly and as often as necessary.

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

Not applicable.

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

Every quarter, the Internal Audit reports to the Audit Committee the summary of results of audit engagements / reviews and audits covering operational units of the Company and specific areas identified by Management. Material issues and its remedial measures, as reported by the Internal Audit group are monitored by Management and Audit Committee.

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

Not applicable.

**2) Internal Audit**

**(a) Role, Scope and Internal Audit Function**

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

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Corporate Internal Audit’s role is to provide an independent, objective assurance and consulting services within the Company designed to add value and improve the Company’s operations.	Scope of internal audit includes the examination and evaluation of the Company’s risk management, controls, and processes.	In-house	Mr. Emmanuel B. De Pano	Corporate Internal Audit, headed by Corporate Audit Executive, reports functionally to the Audit Committee of the Board of Directors.

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

Internal Audit function is in-house. This question is not applicable.

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

The Internal Auditor functionally reports directly to the Audit Committee. As such, the Audit Committee establishes and identifies the reporting line of the Internal Auditor to enable the Internal Audit Group to properly fulfill its duties and responsibilities. The Audit committee ensures that, in the performance of the work of the Internal Audit, said group shall be free from interference by outside parties.

**(d) Resignation, Re-assignment and Reasons**

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

Name of Audit Staff	Reason
None	Not applicable

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

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

<b>Progress Against Plans</b>	On-going
<b>Issues<sup>5</sup></b>	No significant issues that would put the Company at major risk.
<b>Findings<sup>6</sup></b>	No significant findings that would put the Company at major risk.
<b>Examination Trends</b>	No significant examination trends were noted.

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

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

**(f) Audit Control Policies and Procedures**

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

<sup>5</sup> “Issues” are compliance matters that arise from adopting different interpretations.

<sup>6</sup> “Findings” are those with concrete basis under the company’s policies and rules.



Policies & Procedures	Implementation
<p>The Internal Auditor submits to the Audit Committee quarterly reports of the highlights of the audit engagements and a semi-annual report of the internal audit's activities and performance relative to the audit plans and strategies as approved by the Audit Committee.</p> <p>The Internal Auditor submits the yearly Audit plans to the Audit Committee who approves the same. Quarterly, the former reports to the latter the highlights of the audit engagements. On a monthly basis, audit plans are monitored and any changes in the audit plans are reported by the Audit teams to the Internal Auditor, who in turn updates the Audit Committee.</p>	Implemented

**(g) Mechanism and Safeguards**

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<p>To provide independence of the Internal Audit Group, the Chief Audit Executive reports directly to the Audit Committee in a manner outlined in the Audit Charter.</p> <p>The Audit Committee performs oversight functions over the Company's internal and external auditors. It should act independently from each other and that both auditors are given unrestricted access to records, properties and personnel to enable them to perform their respective audit functions.</p>	<p>The Company and its officers, staff and any other person who are privy to the material non-public information are prohibited to communicate material non-public information about the Company to any person, unless the Company is ready to simultaneously disclose the material non-public information to the Commission and to the Exchanges except if the disclosure is made to:</p> <ul style="list-style-type: none"> <li>• A person who is bound by duty to maintain trust and confidence to the Company such as but not limited to its auditors, legal counsels,</li> </ul>	<p>The Company and its officers, staff and any other person who are privy to the material non-public information are prohibited to communicate material non-public information about the Company to any person, unless the Company is ready to simultaneously disclose the material non-public information to the Commission and to the Exchanges except if the disclosure is made to:</p> <ul style="list-style-type: none"> <li>• A person who is bound by duty to maintain trust and confidence to the Company such as but not limited to its auditors, legal counsels,</li> </ul>	<p>The Company and its officers, staff and any other person who are privy to the material non-public information are prohibited to communicate material non-public information about the Company to any person, unless the Company is ready to simultaneously disclose the material non-public information to the Commission and to the Exchanges except if the disclosure is made to:</p> <ul style="list-style-type: none"> <li>• A person who is bound by duty to maintain trust and confidence to the Company such as but not limited to its auditors, legal counsels,</li> </ul>

	<p>investment bankers, financial advisers; and</p> <ul style="list-style-type: none"> <li>• A person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.</li> </ul>	<p>investment bankers, financial advisers; and</p> <ul style="list-style-type: none"> <li>• A person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.</li> </ul>	<p>investment bankers, financial advisers; and</p> <ul style="list-style-type: none"> <li>• A person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.</li> </ul>
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**(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.**

Compliance with the principles of good governance is one of the objectives of the Board of Directors. To assist the Board in achieving this purpose, the Board has designated a Compliance Officer, who reports to the Chairman, who shall be responsible for monitoring the actual compliance of the Company with the provisions and requirements of good governance, identifying and monitoring control compliance risks, determining violations, and recommending penalties for such infringements for further review and approval of the Board, among others.

## H. ROLE OF STAKEHOLDERS

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

	<b>Policy</b>	<b>Activities</b>
<b>Customers' welfare</b>	The Company has Customer Relations Policy and procedures to ensure that customers' welfare are protected and questions addressed	Customers are informed of the Company's customer relations contacts to ensure that their welfare and questions are addressed.
<b>Supplier/contractor selection practice</b>	We have Supplier Accreditation Policy to ensure that the Company's suppliers and contractors are qualified to meet its commitments to the Company.	Suppliers and contractors undergo accreditation and orientation on Company policies.
<b>Environmentally friendly value-chain</b>	The Company complies with government mandated policies on the environment.	Required environment management systems and energy management are rigidly complied with by the Company.
<b>Community interaction</b>	The Company focuses on uplifting the socio-economic condition of the country through education.	The Company partners with organizations that promote education of Filipinos through grants, endowments, scholarships, and educational facilities.
<b>Anti-corruption programmes and procedures?</b>	The Company has policies that cover Business Conduct, Conflict of Interest Policy, Offenses Subject to Disciplinary Action Policy, among others.	New employees are oriented regarding policies and procedures related to Business Conduct and similar policies. All employees are given periodic reminders.

<b>Safeguarding creditors' rights</b>	The Company abides with its financial and legal commitments to creditors.	There is regular communication with creditors through briefings and the like.
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2) **Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?**

No. The Company's Corporate Responsibility Report is part of the Annual Report.

3) **Performance-enhancing mechanisms for employee participation.**

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

The Company abides by safety, health, and welfare standards and policies set by the Department of Labor and Employment. Likewise, the Company has Security and Safety Manuals that are implemented and regularly reviewed to ensure the security, safety, health, and welfare of the employees in the work place.

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

To ensure that the employees of the Company maintain a healthy balance between work and life, health and wellness programs are organized for these employees. Professionals are invited to conduct classes of Zumba, Tai Chi, and other activities in our work site. The Company has also partnered with fitness gyms to offer special membership rates to employees. This is in addition to the free use of gym facilities in the different installations.

Year on year, the Company has facilitated vaccinations such as against flu and cervical cancer that are offered not only to employees but to their dependents as well. The Company has worked with healthcare providers in identifying top diseases based on utilization report and has invited resource speakers to talk about preventive measures.

To ensure the safety of the Company's employees, a Corporate Emergency Response Team (CERT) has been created that will be activated and will become the "command center", orchestrating initiatives across the conglomerate during a crisis. Also, the CERT shall be responsible for the periodic review of contingency plans and the institution's emergency preparedness and response procedures to ensure that effective responses and responsible policies are in place to deal with crisis or emergency situations.

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

The Company continuously provides learning and development opportunities for its employees through the John Gokongwei Institute for Leadership and Enterprise Development or what is commonly known as JG-ILED.

JG-ILED is the leadership platform for systematic and sustained development programs across the conglomerate. Its mission is to enable a high performing organization that will facilitate the learning process and develop the intellectual and personal growth of all employees through targeted and customized trainings and development programs.

JG-ILED curriculum comprises of the following:

Core Program – programs designed to ensure employees have the foundation needed to perform job effectively. It also covers key people skills training that will help supervisors and managers in leading their teams to perform to the optimum level.

- Basic Management Program (BMP)
- Coaching for Effectiveness (CFE)
- Problem Solving and Decision Making (PSDM)

- Employee Discipline Program (EDP)
- Achieving Customer Service Excellence (ACSE)

Management Development Program – programs that aims to enhance the leadership capability and business acumen of all JGS leaders.

- Finance for Senior Executives
- Strategic Communication Program
- Executive Coaching Program
- Advanced Negotiation Skills
- Leading and Managing Change
- Strategy Planning and Execution
- Becoming People Leaders

Human Resources Development Program – courses designed to ensure employees have a common understanding of the HR processes and systems by which the Company operates.

- Job Evaluation
- Competency-Based System
- Organization Design and Manpower Planning
- Labor Relations Management
- Performance Management System
- Targeted Selection – Competency Based Interviewing

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

The Company has policies on annual merit increase and salary adjustments that are tied-up to the employees’ performance assessments.

The Company promotes a culture of recognition and value for key and high performing employees who demonstrate excellence at the workplace. Recognition programs are maximized to promote and reinforce behavior that are consistent with the values and desired culture of the Company.

Performance will be the main driver for total rewards. Rewards programs are therefore differentiated across businesses and among employees according to their contributions and levels of performance with a significant share given to high performers.

The Company provides adequate benefits to cover the needs of its employees, where possible, through shared accountability between the Company and its employees.

The rewards philosophy adopts an integrated approach, embodied by the 3Ps in compensation: Pay for the Position, Pay for the Performance, and Pay for the Person. The Company Pays for the Position through its job evaluation system. It Pays for Performance through its performance management system which is linked to its merit increases. The Company Pays for the Person through its competency-based and succession planning systems.

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

Employees can submit complaints to the Conflict of Interest Committee or any officer of the Company who would relay said complaints to the Committee. These complaints are handled confidentially by the Committee wherein the identities of the employees that submitted the complaint are not divulged.

**I. DISCLOSURE AND TRANSPARENCY**

**1) Ownership Structure**

**(a) Holding 5% shareholding or more**

(As of March 31, 2014)

Shareholder	Number of Shares	Percent	Beneficial Owner
JG Summit Holdings, Inc.	<u>1,215,223,061</u>	<u>55.71%</u>	Same as record owner
PCD Nominee Corporation (Non-Filipino)	<u>680,720,786</u>	<u>31.20%</u>	PCD Participants and their clients
PCD Nominee Corporation (Filipino)	<u>272,898,910</u>	<u>12.51%</u>	PCD Participants and their clients

(As of March 31, 2014)

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
John L. Gokongwei, Jr. Elizabeth Gokongwei &/or John L. Gokongwei, Jr.	1 2,479,400	11,700,000 (through Robina Gokongwei-Pe &/or Elizabeth Gokongwei)	0.65%
James L. Go	1	-	0.00%
Lance Y. Gokongwei	1	-	0.00%
Patrick Henry C. Go	45,540	-	0.00%
Frederick D. Go	11,501	-	0.00%
Johnson Robert G. Go, Jr.	1	-	0.00%
Robert G. Coyiuto, Jr.	1	-	0.00%
Wilfrido E. Sanchez	1	-	0.00%
Pascual S. Guerzon	1	-	0.00%
Vincent Henry C. Go	45,540	-	0.00%
Anne Patricia C. Go	8,855	-	0.00%
<b>TOTAL</b>	<b>2,590,843</b>	<b>11,700,000</b>	<b>0.66%</b>

**2) Does the Annual Report disclose the following:**

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

Attendance details of each director/commissioner in respect of meetings held	No
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

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

The number of Board meetings and attendance details are reported annually to the Commission in a separate disclosure. Details of remuneration are indicated in the Definitive information Statement that is likewise disclosed annually or as needed.

**3) External Auditor's fee**

Name of auditor	Audit Fee	Non-audit Fee
Sycip, Gorres Velayo & Co.	₱6,686,000	₱-

**4) Medium of Communication**

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

The following modes of communication are being used by the Company to disseminate information:

- Electronic and regular mail
- Telecommunication facilities
- Hard copy of documents
- Website

**5) Date of release of audited financial report:**

The Audited Consolidated Financial Statements for the fiscal year ended September 30, 2013 was submitted to the SEC on January 14, 2014.

**6) Company Website**

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

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

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

7) **Disclosure of RPT**

RPT	Relationship	Nature	Value
See Related Party Transactions of the Notes to the Audited Consolidated Financial Statements for the fiscal year ended September 30, 2013.			

**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?**

Transactions between related parties are based on terms similar to those offered to non-related parties.

**J. RIGHTS OF STOCKHOLDERS**

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

**(a) Quorum**

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

<b>Quorum Required</b>	A majority of the subscribed and outstanding capital, present in person or represented by proxy, shall be sufficient at a stockholders’ meeting to constitute a quorum for the election of directors and for the transaction of any business whatsoever, except in those cases in which the Corporation Code requires 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.**

<b>System Used</b>	Included in the agenda of the stockholders’ meeting
<b>Description</b>	Every stockholder shall be entitled to vote for each share of stock held by him, which shall be by viva voce or show of hands.

**(c) Stockholders’ Rights**

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

None

<b>Stockholders’ Rights under The Corporation Code</b>	<b>Stockholders’ Rights <u>not</u> in The Corporation Code</b>
Stockholders’ rights concerning Annual/Special Stockholders’ Meeting are in accordance with the provisions stated in the Corporation Code.	The stockholders’ rights concerning Annual/Special Stockholders’ Meeting are consistent with those laid down in the Corporation Code.

## Dividends

Declaration Date	Record Date	Payment Date
<u>February 6, 2015</u>	<u>February 26, 2015</u>	<u>March 24, 2015</u>

### (d) Stockholders' Participation

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

Measures Adopted	Communication Procedure
Stockholders are given the opportunity to ask questions during the stockholders' meeting.	<ol style="list-style-type: none"> <li>1. Stockholders are provided with disclosures, announcements and reports filed with the SEC and PSE through public records, press statements, and the Company's website.</li> <li>2. Stockholders are informed at least 15 business days before the scheduled date of the annual meeting of stockholders. The notice of meeting includes the date, time, venue and agenda of the meeting, and the record date of stockholders entitled to vote, and the date and place of proxy validation.</li> </ol>

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
  - a. Amendments to the company's constitution
  - b. Authorization of additional shares
  - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

The Company complies with the provisions of the Corporation Code and the Securities Regulation Code on the above matters.

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?

The Company complies with the SRC Rule 20 (Disclosures to stockholders prior to meeting) which provides that the information statement, including the notice of meeting, shall be distributed to stockholders at least 15 business days before the date of the stockholders' meeting. The relevant dates pertaining to the last annual stockholders' meeting of the Company is set forth below:

- a. Date of sending out notices: April 16, 2014
- b. Date of the Annual/Special Stockholders' Meeting: May 12, 2014

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

The usual questions asked during stockholders' meetings pertain to dividends and disclosures made in the audited financial statements of the Company.



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

Resolution	Approving	Dissenting	Abstaining
Election of Board of Directors	More than a majority vote	Not applicable	Less than 1%
Election of External Auditor	More than a majority vote	Not applicable	Less than 1%

Name of Director	Votes Abstain
John L. Gokongwei, Jr.	less than 1%
James L. Go	
Lance Y. Gokongwei	
Patrick Henry C. Go	
Frederick D. Go	
Johnson Robert G. Go, Jr.	
Robert G. Coyiuto, Jr.	
Wilfrido E. Sanchez	
Pascual S. Guerzon	

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

The results of the resolutions approved by the stockholders at the annual meeting of the stockholders of the Company held on May 12, 2014 were disclosed to the Philippine Stock Exchange on May 13, 2014 and to the Securities and Exchange Commission on May 14, 2014.

### (e) Modifications

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

Modifications	Reason for Modification
None	

### (f) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	1. John L. Gokongwei, Jr. 2. James L. Go 3. Lance Y. Gokongwei 4. Patrick	May 12, 2014	By <i>viva voce</i> or show of hands	0.65%	69.57%	70.22%

<u>Henry C. Go</u> <u>5. Frederick D. Go</u> <u>6. Wilfrido E. Sanchez</u> <u>7. Pascual S. Guerzon</u>  <u>8. Cornelio Mapa, Jr.</u> <u>9. Chona R. Ferrer</u> <u>10. Edwin S. Totanes</u> <u>11. Teofilo B. Eugenio, Jr.</u> <u>12. Vincent Henry C. Go</u> <u>13. Ellison Dean C. Lee</u> <u>14. Anna Patricia C. Go</u> <u>15. Sonia A. Zablan</u> <u>16. Ma. Victoria M. Reyes-Beltran</u> <u>17. Michael P. Liwanag</u> <u>18. Socorro M. Banting</u> <u>19. Rosalinda F. Rivera</u>					
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(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Yes, the stock transfer agent of the Company.

(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
<b>Execution and acceptance of proxies</b>	The By-Laws provides that stockholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy, duly given in writing and duly presented to and received by the Secretary for inspection and recording not later than five (5) working days before the time set for the meeting, except such period shall be reduced to one (1) working day for meetings that are adjourned due to lack of the necessary quorum. No proxy bearing a signature which is not legally acknowledged by the Secretary shall be honored at the meetings.
<b>Notary</b>	Not required
<b>Submission of Proxy</b>	See above.
<b>Several Proxies</b>	Not applicable

<b>Validity of Proxy</b>	The By-Laws provides that proxies shall be valid and effective for five (5) years, unless the proxy provides for a shorter period, and shall be suspended for any meeting wherein the stockholder appears in person.
<b>Proxies executed abroad</b>	Not applicable
<b>Invalidated Proxy</b>	
<b>Validation of Proxy</b>	Validation of proxies shall be held at the date, time and place as may be stated in the notice of the stockholders' meeting, which shall not be later than five (5) working days before the time set for the meeting.
<b>Violation of Proxy</b>	Any violation of this Rule on Proxy shall be subject to the administrative sanctions provided for under Section 144 of the Corporation Code and Section 54 of the Securities Regulation Code, and shall render the proceedings null and void.

**(h) Sending of Notices**

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

<b>Policies</b>	<b>Procedure</b>
The Company complies with the SRC Rule 20 (Disclosures to stockholders prior to meeting) which provides that the information statement, including the notice of meeting, shall be distributed to stockholders at least 15 business days before the date of the stockholders' meeting.	By courier and by mail

**(i) Definitive Information Statements and Management Report**

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	<u>1,071</u>
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	<u>April 16, 2014</u>
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	<u>April 16, 2014</u>
<b>State whether CD format or hard copies were distributed</b>	CD format
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	There was no request received for hard copies

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

<b>Each resolution to be taken up deals with only one item.</b>	Yes
<b>Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.</b>	Yes
<b>The auditors to be appointed or re-appointed.</b>	Yes
<b>An explanation of the dividend policy, if any dividend is to be declared.</b>	Yes
<b>The amount payable for final dividends.</b>	Yes
<b>Documents required for proxy vote.</b>	The Company does not solicit proxy votes

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.**

<b>Policies</b>	<b>Implementation</b>
<p>The Company recognizes that the strongest proof of good corporate governance is what is publicly seen and experienced by its stockholders. Therefore, the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the Company and all its stockholders.</p> <p>The Board shall be committed to respect the following rights of the stockholders in accordance with the Corporation Code and the Company's Articles of Incorporation and By-Laws:</p> <ul style="list-style-type: none"> <li>• Right to Vote on All Matters that Require Their Consent or Approval</li> <li>• Right to Inspect Corporate Books and Records</li> <li>• Right to Information</li> <li>• Right to Dividends</li> <li>• Appraisal Right</li> </ul> <p>The Board shall be transparent and fair in the conduct of the annual and special stockholders meetings of the Company. The stockholders shall be encouraged to personally attend such meetings. If they cannot attend, they shall 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>	Implemented

<p>It shall be the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for violation of their rights.</p> <p>The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.</p>	
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**(b) Do minority stockholders have a right to nominate candidates for board of directors?**

Yes

**K. INVESTORS RELATIONS PROGRAM**

- 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.
  - Major Company announcements are reviewed by the President and Chief Executive Officer prior release to the public.
  - For internal communication, the Company uses email, newsletters, annual state of the business meeting etc.
  - For external communication:
    - For financial press release, it is written by Investor Relations and reviewed by Controllers for data accuracy and approved by the President and CEO prior to release. It is then forwarded to the Corporate Secretary for filing in SEC and to Corporate Communications to be sent to the media.
    - For marketing initiated press release, it is written by Corporate Communications and reviewed and approved by Marketing.
  
- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

Details	
(1) Objectives	<ul style="list-style-type: none"> <li>• Effectively communicate the Company's business model, performance, and long-term strategies and prospects to stakeholders and external parties.               <ul style="list-style-type: none"> <li>○ Furnish timely, reliable and useful information to the capital markets</li> <li>○ Enable the public to understand the nature of the different divisions of the business, investment story, as well as the operating and financial risks</li> <li>○ Facilitate interaction between management, existing and potential stockholders; open up access to management</li> <li>○ Ensure compliance to all rules and regulations of the PSE</li> </ul> </li> </ul>

	<p>and SEC and other parties (regulatory and legal)</p> <ul style="list-style-type: none"> <li>• Broaden and diversify shareholder base</li> <li>• Achieve fair valuation for the Company against its peers and benchmark indices</li> </ul>	
(2) Principles	Transparency, accessibility, timeliness and accuracy	
(3) Modes of Communications	Investor Relations	<ul style="list-style-type: none"> <li>○ One-on-one meetings</li> <li>○ Road shows and conferences</li> <li>○ Plant/on-site visits</li> <li>○ Quarterly briefings</li> <li>○ Financial press releases</li> <li>○ Updated website</li> <li>○ IR materials (presentations, transcripts, annual report)</li> </ul>
	Corporate Communications	<ul style="list-style-type: none"> <li>○ Press releases</li> <li>○ Press conference/ media interviews</li> </ul>
(4) Investors Relations Officer	<p>Mr. Michael P. Liwanag Vice President Corporate Planning and Investor Relations T +632.671.5917   <a href="mailto:IR@urc.com.ph">IR@urc.com.ph</a></p>	

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

- The transaction must create value to the market.
- The transaction must be value-accretive.

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

The Company actively evaluates potential mergers and acquisitions. Once URC management believes that the transaction is in-line with the Company’s strategies and will be value-accretive based on internal valuation and analysis, the board appoints an independent party to evaluate the fairness of the transaction price.

**L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

Initiative	Beneficiary
<p><b>Calamity Drive:</b></p> <p>Donations in-kind were given to those affected by natural calamities through non-governmental organizations</p>	
<p><b>Feeding Program:</b></p> <p>GMA Plants - Rosario plant partnered with their Barangay officials for the feeding program. They were able to provide the children of the neighbouring barangay with nutritious snacks. Also, they checked the health condition and progress of the children by monitoring their monthly body weight.</p>	Sitio Putol, Pasig

El Salvador (CDO) - The plant partnered with URC EEM Coop to conduct feeding program to surrounding community.	Barangay Himaya
<b>Gift Giving:</b> GMA Plants - MCD plant partnered with Bagumbayan Pre-school during their Halloween Party and gave goodies to 100 children.	Bagumbayan Pre-school, Quezon City
<b>"Brigada Skwela":</b> Calamba - The plant partnered with San Cristobal elementary school in support to their back to the school programs. They helped in the cleaning and repainting of the classrooms. San Pedro - The Plant EMC (Haring Manok) partnered with elementary schools and supported the Brigada Eskwela or back to school clean up drive of public schools where the plant operates.	San Cristobal Elementary School, Calamba Laguna  San Antonio Elementary School, San Pedro Laguna
<b>Food Safety Lecture:</b> Calamba - The plant initiated a lecture on basic food handling and safety. This is to help eliminate food contamination that can lead to diseases.	Barangay San Cristobal, Calamba Laguna
<b>Clean up Drive:</b> Pampanga - The Plant participated in the city government's initiative to maintain the city's cleanliness and raise awareness on the benefits of proper waste segregation by cleaning identified areas especially near rivers and creeks. Assigned area was the creek near the plant's location.	Pampanga Community

#### M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

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

	Process	Criteria
<b>Board of Directors</b>	The Board may create an internal self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for in the Corporate Governance Manual. The creation and implementation of such self-rating system, including its salient features, may be disclosed in the Company's Annual Report.	

<b>Board Committees</b>	The Audit Committee conducts an annual performance evaluation in compliance with SEC Memorandum Circular No. 4, Series of 2012.	Guidelines for the assessment of the performance of audit committees of companies listed on the exchange under SEC Memorandum Circular No. 4, Series of 2012.
<b>Individual Directors</b>		
<b>CEO/President</b>		

#### **N. INTERNAL BREACHES AND SANCTIONS**

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

<b>Violations</b>	<b>Sanctions</b>
First Violation	The subject person shall be reprimanded.
Second Violation	Suspension from office shall be imposed to the subject person. The duration of the suspension shall depend on the gravity of the violation.
Third Violation	The maximum penalty of removal from office shall be imposed.

**The above answers are based on company records and information given by relevant officers of the Company.**