

COVER SHEET

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S.E.C. Registration Number

A	L	P	H	A	L	A	N	D		C	O	R	P	O	R	A	T	I	O	N				

(Company's Full Name)

A	L	P	H	A	L	A	N	D		S	O	U	T	H	G	A	T	E		T	O	W	E	R
2	2	5	8		C	H	I	N	O		R	O	C	E	S		A	V	E	N	U	E		
C	O	R	N	E	R		E	D	S	A		M	A	K	A	T	I		C	I	T	Y		

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

Rodolfo Ma. A . Ponferrada

3372031

1	2
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Month

3	1
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Day

Fiscal Year

SEC FORM ACGR

FORM TYPE

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Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

Total Amount of Borrowings

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Total No. of Stockholders

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Domestic

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Foreign

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Contact Person

\_\_\_\_\_

Company Telephone Number

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To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

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## A. BOARD MATTERS

### 1) Board of Directors

Number of Directors per Articles of Incorporation	15
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Actual number of Directors for the year	15
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#### (a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) <sup>1</sup>	Elected when (Annual /Special Meeting)	No. of years served as director
Roberto V. Ongpin	ED	Boerstar Corporation	Eric O. Recto	November 11, 2009	April 20, 2012	Annual Meeting	3
Eric O. Recto	ED	Masrickstar Corporation	Eric O. Recto	November 11, 2009	April 20, 2012	Annual Meeting	3
Mario A. Oreta	ED	N/A	Eric O. Recto	November 11, 2009	April 20, 2012	Annual Meeting	3
Craig Webster	NED	Alphaland Holdings (Singapore) Pte. Ltd.	Eric O. Recto	November 27, 2009	April 20, 2012	Annual Meeting	3
Peter Davies	NED	Alphaland Holdings (Singapore) Pte. Ltd.	Eric O. Recto	December 20, 2011	April 20, 2012	Annual Meeting	1
Dennis O. Valdes	NED	N/A	Eric O. Recto	November 11, 2009	April 20, 2012	Annual Meeting	3
Joanna O. Duarte	ED	N/A	Eric O. Recto	May 26, 2011	April 20, 2012	Annual Meeting	2
Marriana H. Yulo	ED	N/A	Eric O. Recto	May 26, 2011	April 20, 2012	Annual Meeting	2
Rodolfo Ma. A. Ponferrada	ED	N/A	Eric O. Recto	November 11, 2009	April 20, 2012	Annual Meeting	1
Michelle S. Ongpin	NED	N/A	Eric O. Recto	April 20, 2012	April 20, 2012	Annual Meeting	2
Fernando R. Santico, Jr.	NED	N/A	Eric O. Recto	May 26, 2011	April 20, 2012	Annual Meeting	2
Delfin J. Wenceslao, Jr.	NED	N/A	Eric O. Recto	May 26, 2011	April 20, 2012	Annual Meeting	2
Margarito B. Teves	ID	N/A	Eric O. Recto – no relationship	May 26, 2011	April 20, 2012	Annual Meeting	2
Mario J. Locsin	ID	N/A	Eric O. Recto – no relationship	November 11, 2009	April 20, 2012	Annual Meeting	4
Ramon S. Ang	ID	N/A	Eric O. Recto – no relationship	April 20, 2012	April 20, 2012	Annual Meeting	1

#### (b) Brief summary of the corporate governance policy

The Board of Directors and Management of the Company recognize that good corporate governance is key to achieving the Company's objective of maximizing shareholder value. The institution of the Code on Corporate

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

Governance seeks to provide the process and structure by which the business and affairs of the Company are directed and managed, in order to enhance long-term shareholder value through the enhancement of corporate performance and accountability.

Compliance with the Code of Corporate Governance is ensured by the Corporate Compliance Officer in coordination with the Chairman and President of the Company. Regular meetings are made between Management and the Board of Directors, to review and evaluate the Company's performance and address key policy matters. The Board is provided with timely and complete information for each meeting. Each director has direct access to the advice and services of management and the corporate secretary, and in appropriate circumstances, seek independent professional advice concerning the Company's affairs.

All directors are required to submit themselves for re-election every year. In consideration for their re-election, the nomination committee reviews and presents attendance and participation in meetings of the Company.

All directors are briefed by Management on the Company's business operations as well as a regular tour of the Company's manufacturing operations.

The audit committee first reviews the Company's audited financials, who then recommends approval from the board of directors before they are presented to the stockholders of the Company. It is also the audit committee which ensures independence and objectivity of the external auditors.

The Company is continually seeking measures of improving its corporate governance to further enhance corporate performance and accountability. The Directors and Management have been encouraged to regularly attend corporate governance seminars and corporate governance consultants on methods by which it can enhance its corporate performance and accountability.

Since its adoption, no deviation from the Company's Manual Code of Corporate Governance has been noted.

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

Since its adoption in 2011, the vision and mission have not been reviewed. It has been implemented thru its projects.

**(d) Directorship in Other Companies**

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Roberto V. Ongpin	Alphaland Development Inc., Alphaland Balesin Island Resort Corporation, Alphaland Balesin Island Club, Inc., Alphaland Marina Corporation, Alphaland Marina Club Inc., Alphaland Makati Place, Inc., The City Club at Alphaland Makati Place, Inc., Alphaland Aviation, Inc.	Executive - Chairman
Eric O. Recto	Alphaland Development Inc., Alphaland Balesin Island Resort Corporation, Alphaland Balesin Island Club, Inc., Alphaland Marina Corporation, Alphaland Marina Club Inc., Alphaland Makati Place, Inc., The City Club at Alphaland Makati Place, Inc., Alphaland Aviation, Inc., Alphaland Makati Tower, Inc., Alphaland Property Management Corporation, Aklan Boracay Properties, Inc.	Executive
Mario A. Oreta	Alphaland Development Inc., Alphaland Balesin Island Resort Corporation, Alphaland Balesin Island Club, Inc.,	

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

	Alphaland Marina Corporation, Alphaland Marina Club Inc., Alphaland Makati Place, Inc., The City Club at Alphaland Makati Place, Inc., Alphaland Aviation, Inc., Alphaforce Security Agency, Inc., Alphaland Reclamation Corporation, Choice Insurance Brokerage, Inc.	Executive
Craig Webster	Alphaland Makati Place, Inc.	Non-Executive
Dennis O. Valdes	Choice Insurance Brokerage, Inc.	Non-Executive
Marriana H. Yulo	Aklan Boracay Properties, Inc., Choice Insurance Brokerage, Inc., Alphaland Ukiyo, Inc.	Executive
Mario J. Locsin	Alphaland Balesin Island Club, Inc., Alphaland Marina Club Inc., The City Club at Alphaland Makati Place, Inc.	Independent
Margarito B. Teves	Alphaland Balesin Island Club, Inc., Alphaland Marina Club, Inc., The City Club at Alphaland Makati Place, Inc.	Independent
Rodolfo Ma. A. Ponferrada	Alphaland Balesin Island Resort Corporation, Choice Insurance Brokerage, Inc.	Executive

(ii) Directorship in Other Listed Companies

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Roberto V. Ongpin	ISM Communications Corporation	Chairman – Executive
	Philweb Corporation	Chairman – Executive
	Atok-Big Wedge Co., Inc.	Chairman – Executive
	Petron Corporation	Non-Executive
	San Miguel Corporation	Non-Executive
	PAL Holdings, Inc.	Non-Executive
	Ginebra San Miguel, Inc.	Non-Executive
Eric O. Recto	Philippine Bank of Communications	Chairman – Non-Executive
	ISM Communications Corporation	Executive
	Philweb Corporation	Executive
	Atok-Big Wedge Co. Inc.	Executive
	Petron Corporation	Executive
	San Miguel Corporation	Non- Executive
	Manila Electric Company	Non- Executive
Mario A. Oreta	ISM Communications Corporation	Non- Executive
	Philweb Corporation	Independent
	Atok-Big Wedge Co., Inc.	Non- Executive
Mario J. Locsin	Philippine Bank of Communications	Non-Executive
	ISM Communications Corporation	Executive
	Philweb Corporation	Non-Executive
	Atok-Big Wedge Co., Inc.	Non- Executive
Dennis O. Valdes	Philweb Corporation	Executive
	ISM Communications Corporation	Non- Executive
	Atok-Big Wedge Co., Inc.	Non- Executive
Marriana H. Yulo	Atok-Big Wedge Co., Inc.	Executive
Michelle S. Ongpin	Atok-Big Wedge Co., Inc.	Non- Executive
Rodolfo Ma. A. Ponferrada	Atok-Big Wedge Co., Inc.	Executive
Delfin J. Wenceslao, Jr.	Philweb Corporation	Non- Executive
	Atok-Big Wedge Co., Inc.	Non- Executive
Ramon S. Ang	PAL Holdings, Inc.	Executive - Chairman
	San Miguel Corporation	Executive- Chairman
	Petron Corporation	Executive- Chairman
	Manila Electric Company	Non- Executive
	Philweb 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
Eric O. Recto	Masrickstar Corporation	Vice Chairman & Majority Shareholder of the significant shareholder
Craig Webster	Alphaland Holdings (Singapore) Pte. Ltd.	Nominees of Ashmore Investment Management Ltd. – the company that manages the funds that own the significant shareholder
Peter Davies		

- (iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

	Guidelines	Maximum Number of Directorships in other companies
<b>Executive Director</b>	Under the Manual on Corporate Governance of the Company, the Board of Directors may impose guidelines for the number of directorships held by its members. To date, the Board has elected not to fix a maximum. However, one of the considerations for each nominee for election to Board is his/her directorship in other companies to guide the Board in determining whether the nominee will have the time to perform his/her functions as a director of the Company.	None.
<b>Non-Executive Director</b>		None.
<b>CEO</b>		None.

(e) Shareholding in the Company

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Roberto V. Ongpin	1	291,168,265 – Boerstar Corporation; RVO Capital Ventures Corporation; Azurestar Corporation	14.71%
Eric O. Recto	1	756,039,117- Masrickstar Corporation; Boerstar Corporation; RVO Capital Ventures Corporation	38.10%
Mario A. Oreta	1	10,000,000 – Major Holdings Corporation; Major Properties, Inc.	0.50%
Craig Webster	1	n/a	Nil
Peter Davies	1	n/a	Nil
Dennis O. Valdes	1	n/a	Nil
Marriana H. Yulo	100	n/a	Nil
Joanna O. Duarte	100	n/a	Nil



Rodolfo Ma. A. Ponferrada	100	n/a	Nil
Mario J. Locsin	100	n/a	Nil
Margarito B. Teves	100	n/a	Nil
Ramon S. Ang	100	n/a	Nil
Michelle S. Ongpin	100	n/a	Nil
Fernando R. Santico, Jr.	100	n/a	Nil
Delfin J. Wenceslao, Jr.	1	n/a	Nil
<b>TOTAL</b>	<b>807</b>	<b>1,057,207,382</b>	<b>53.31%</b>

## 2) Chairman and CEO

- (a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes ☐

No ☒

Identify the Chair and CEO:

Chairman of the Board	Roberto V. Ongpin
CEO	Roberto V. Ongpin

While the same person assumes the role of Chairman and CEO, a separate person assumes the role and responsibilities of the Company's President. All actions of management are submitted to the stockholders for their ratification.

## (b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	Presides over the meetings of the Board of Directors and the Executive Committee	Acts as principal executive officer and head of management
Accountabilities	To the shareholders	To the Board of Directors
Deliverables	Not specified	Profitable performance of the Company

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

For all senior positions, including that of the CEO, there is a key deputy assigned who can take over whenever there is a vacancy.

## 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?

Yes. All qualifications of the members of the Board are reviewed by the Nominations Committee.

Under the Company's Manual on the Corporate Governance Manual, the membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process. The non-executive directors should possess such qualifications and statute that would enable them to effectively participate in the deliberations of the Board.

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

There is no express rule requiring that the Board include at least one non-executive director. However, in practice, the Nominations Committee ensures that there is at least one non-executive director who has experience in the sector or industry the company belongs to.

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

	Executive	Non-Executive	Independent Director
Role	<p>The Manual doesn't distinguish between executive and non-executive directors.</p> <p>It is the Board's responsibility to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.</p> <p>The Board should formulate the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.</p>		The independent director is subject to the same general responsibilities and specific duties and responsibilities of a director.
Accountabilities	<p>To the shareholders</p> <p>In their capacity as executive officers of the Company, they are accountable to the Board of Directors.</p>	To the shareholders	To the shareholders
Deliverables	<p>To:</p> <p>a. Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly-motivated management officers. Adopt an effective succession planning program for Management;</p> <p>b. Provide sound strategic policies and guidelines to the corporation on major capital expenditures. Establish programs that</p>	-do-	-do-

	<p>can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.</p> <p>c. Ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices.</p> <p>d. Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Company. If feasible, the Company's CEO or chief financial officer shall exercise oversight responsibility over this program;</p> <p>e. Identify the sectors in the community in which the Company operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.</p> <p>f. Adopt a system of checks and balances within the Board. A regular review of the effectiveness of such system should be conducted to ensure integrity of the decision-making and reporting processes at all times. There should be a continuing review of the Company's internal control system in order to maintain its adequacy and</p>		
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	<p>effectiveness;</p> <p>g. Identify key risks areas and performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operations and financial viability;</p> <p>h. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company and its joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;</p> <p>i. Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.</p> <p>j. Establish and maintain an alternative dispute resolution system that can amicably settle conflicts or differences between the Company and its stockholders, and between the Company and third parties, including regulatory authorities; and</p> <p>k. Meet at such times or frequency as may be needed. The minutes of such meetings should be</p>		
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	<p>duly recorded.</p> <p>Independent views during Board meetings should be encouraged and given due consideration.</p> <p>l. Keep the activities and decision of the Board within its authority under the Articles of Incorporation, By-laws and in existing laws, rules and regulations.</p> <p>m. Appoint a Compliance Officer who shall have the rank of at least vice president. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.</p>		
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Provide the company's definition of "independence" and describe the company's compliance to the definition.

Section 2.2.1.5 of the Manual provides that 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 Corporation.

The independent director is subject to the same general responsibilities and specific duties and responsibilities of a regular director. While an independent director should always attend Board meetings, his absence shall not affect the quorum requirement.

This definition is consistent with the Corporate Governance Code.

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 adheres to and adopts the term limits set down in SEC Memorandum Circular No. 9 Series of 2011.

#### 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	Not applicable	Not applicable	Not applicable

No resignation/death/removal happened during the period.

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

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

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	Any shareholder can submit a nomination for election to the board to be submitted prior to the conduct of the stockholders' meeting. The Nomination Committee evaluates then submits its recommendation to the shareholders for election.	a. Holder of at least one (1) share of stock of the Company; b. He shall have at least a college education or equivalent academic degree; c. Practical understanding of the business of the Company; d. He shall be at least twenty one (21) years old; e. Membership in good standing in relevant industry, business or professional organizations; and f. Previous business experience.
(ii) Non-Executive Directors		
(iii) Independent Directors		In addition to the above, he shall, apart from his fees and shareholdings, be independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with this exercise of independent judgment in carrying out his responsibilities as a director of the Company.
b. Re-appointment		
(i) Executive Directors	- same -	- same -
(ii) Non-Executive Directors		
(iii) Independent Directors		Subject to term limitations
c. Permanent Disqualification		
(i) Executive Directors	Any shareholder can notify the Board of the existence of any criteria for permanent disqualification. This will be evaluated by the Nominations Committee. Upon recommendation of the Nominations Committee, the director concerned will no longer be included in the roster of directors for election.	i. Any person convicted by final judgment or order by a competent judicial or competent administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
(ii) Non-Executive Directors		
(iii) Independent Directors		ii. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor or floor broker; or (b) acting as director or officer of a bank, quasi-bank,

		<p>trust company, investment house or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraph a and b above, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or the Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or the BSP, or has otherwise been retrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization.</p> <p>iii. Any person convicted by final judgment or order by a competent judicial or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>iv. Any person who has been adjudged by final judgment or order of the Commission, or a court or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Corporation Code, the Securities Regulation Code, or any other law administered by the Commission or BSP, or any rule, regulation or order of the Commission or the BSP;</p> <p>v. Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;</p> <p>vi. Any person judicially declared to be insolvent;</p> <p>vii. Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and</p> <p>viii. Conviction 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</p>
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		date of his election or appointment.
d. Temporary Disqualification		
(i) Executive Directors	<p>Any shareholder can notify the Board of the existence of any criteria for temporary disqualification. This will be evaluated by the Nominations Committee. Upon recommendation of the Nominations Committee, the director concerned will temporarily disqualified.</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>	<p>i. 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>ii. Absence in more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his/her 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>iii. Dismissal/termination for cause as in another corporation covered by the Code of Corporate Governance. 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>iv. If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with; and</p> <p>v. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.</p>
(ii) Non-Executive Directors		
(iii) Independent Directors		
e. Removal		
(i) Executive Directors	<p>Any shareholder can notify the Board of the existence of any criteria for permanent disqualification. This will be evaluated by the Nominations Committee. Upon recommendation of the Nominations Committee, the director can be removed in accordance with the procedure laid down in Section 22 of the Corporation Code.</p>	<p>1. Any ground for permanent disqualification</p> <p>2. Loss of any qualification for election</p>
(ii) Non-Executive Directors		
(iii) Independent Directors		
f. Re-instatement		
(i) Executive Directors	<p>To be evaluated by the Nominations Committee if the disqualification no longer exists or has been amply remedied.</p>	<p>A temporarily disqualified director takes the appropriate action to remedy or correct the disqualification.</p>
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	<p>Any shareholder can notify the Board of the existence of any criteria for permanent disqualification. This will be evaluated by the Nominations Committee. Upon recommendation</p>	<p>Violation of the Company's Manual of Corporate Governance</p>
(ii) Non-Executive Directors		
(iii) Independent Directors		



	of the Nominations Committee, the director can be removed in accordance with the procedure laid down in Section 22 of the Corporation Code.	
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#### Voting Result of the last Annual General Meeting

During the last stockholders' meeting, all votes of the stockholders present and represented were distributed equally among the 15 nominees.

#### 6) Orientation and Education Program

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

The Corporate Secretary furnishes all directors a copy of the Company's Manual on Corporate Governance. He also reminds the directors to attend the seminar on corporate governance.

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

On January 12, 2012, some of the Company's directors and officers attended a seminar on corporate governance conducted by the Bankers Institute of the Philippines, Inc.

(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
None			

### B. CODE OF BUSINESS CONDUCT & ETHICS

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	Disclosure of possible conflict of interest is required. The existence of a conflict of interest or the appearance of conflict can be a ground for removal from office.	Disclosure of possible conflict of interest is required. The existence of a conflict of interest or the appearance of conflict can be a ground for removal from office and for termination from employment.	Disclosure of possible conflict of interest is required. The existence of a conflict of interest or the appearance of conflict can be a ground for termination from employment.
(b) Conduct of Business and Fair Dealings	All directors are expected to exhibit fair play in dealing with and for the Company.	Honesty and transparency is mandated. Any violation can be a ground for disciplinary action,	Honesty and transparency is mandated. Any violation can be a ground for disciplinary action, depending on the

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

		depending on the gravity.	gravity.
(c) Receipt of gifts from third parties	This is discouraged.	This is highly discouraged to avoid conflicts in interest. The Company has a policy providing guidelines for receiving gifts.	The Company adheres to the policy that its officers and employees are not allowed to accept gifts and other inducements from third-parties (i.e. suppliers, contractors, etc.). A policy on non-acceptance of gifts was provided to officers and employees for their compliance.
(d) Compliance with Laws & Regulations	All directors are required to disclose any pending litigation or proceeding.	All officers are required to disclose any pending litigation or proceeding.	All employees are required to disclose any pending litigation or proceeding.
(e) Respect for Trade Secrets/Use of Non-public Information	All directors are required to keep confidential the Company's trade secrets and private information. Insider trading is not allowed.	All are required to keep confidential the Company's trade secrets and private information. Violation of confidentiality can be a ground for disciplinary action, depending on the gravity.	All are required to keep confidential the Company's trade secrets and private information. Violation of confidentiality can be a ground for disciplinary action, depending on the gravity.
(f) Use of Company Funds, Assets and Information	Use of Company assets is highly monitored and is only allowed for legitimate business purpose.	Use of Company assets is highly monitored and is only allowed for legitimate business purpose. Misuse of company assets can be a ground for disciplinary action, depending on the gravity.	Use of Company assets is highly monitored and is only allowed for legitimate business purpose. Misuse of company assets can be a ground for disciplinary action, depending on the gravity.
(g) Employment & Labor Laws & Policies	Not applicable.	Not applicable.	The Company has a employee handbook in compliance with the Labor Code of the Philippines and its implementing rules and regulations.
(h) Disciplinary action	Subject to disqualification from office (permanent or temporary)	Discretion of the Board and/or the Management Committee	All grounds for disciplinary action is laid down in the employee handbook. The procedure for the imposition of such actions is also laid down, fully respecting the employee's right to due process.
(i) Whistle Blower	No formal policy is adopted.	The Company has designated the appropriate departments to address any whistle blowing. All procedure and information obtained is kept confidential.	The Company has designated the appropriate departments to address any whistle blowing. All procedure and information obtained is kept confidential.
(j) Conflict Resolution	This is in accordance with the Manual on	Members of Senior Management are	All employees must report to their respective

	Corporate Governance.	encouraged to discuss and settle conflict among themselves. The Chairman or higher officer can intervene to settle the conflict.	supervisors any conflict for resolution.
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- 2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees? Yes.
- 3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

The Company has enforced the provisions of the provisions of its Code of Discipline in cases infractions and offenses committed by its employees. The Company makes sure that affected employees are given all the rights available under existing laws and regulation.

#### 4) Related Party Transactions

##### (a) Policies and Procedures

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

Related Party Transactions	Policies and Procedures
(1) Parent Company	Transactions from any related party are evaluated on arm's length commercial terms and subject to bidding against third party suppliers. Purchases and services are usually awarded on the basis of lowest cost provider.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	All are disclosed to the stockholders in the Company's annual reports.
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	Whenever applicable, the concerned director inhibits himself from voting on the approval/consideration of the transaction.
(8) Interlocking director relationship of Board of Directors	<p>All material information about the Company, which could adversely affect its viability or the interests of the stockholders, shall be publicly and timely disclosed. Such information shall include related party transactions, among others.</p> <p>It is the duty of the Board to formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company and its joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board</p> <p>A director/officer should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He shall avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may</p>

	arise on the part of a director/officer, he shall fully and immediately disclose it and shall not participate in the decision-making process. A director/officer who has a continuing material conflict of interest shall seriously consider resigning from his position.
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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.

Not applicable. There is no actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

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

(ii) Mechanism

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

	Directors/Officers/Significant Shareholders
Company	All interest is required to be disclosed. The necessary due diligence will be conducted before a transaction is closed.
Group	All interest is required to be disclosed. The necessary due diligence will be conducted before a transaction is closed.

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,<sup>4</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:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
Roberto V. Ongpin (Boerstar Corporation, RVO Capital Ventures Corporation & Azurestar Corporation) & Eric O. Recto (Masrickstar Corporation & Boerstar Corporation)	Family	Mr. Ongpin is the uncle of Mr. Recto (3 <sup>rd</sup> civil degree of consanguinity).

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

<sup>4</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity.

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

- (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
Corporation & Stockholders	None
Corporation & Third Parties	None
Corporation & Regulatory Authorities	None

No system has been adopted since there has been no conflict in the past three years.

## C. BOARD MEETINGS & ATTENDANCE

- Are Board of Directors' meetings scheduled before or at the beginning of the year? No. Board meetings are set by the Chairman if needed. The affairs of the Corporation are managed thru the Executive Committee which meets regularly.
- Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Roberto V. Ongpin	4/20/2012	1	1	100%
Member	Eric O. Recto	4/20/2012	1	1	100%
Member	Mario A. Oreta	4/20/2012	1	1	100%
Member	Michelle S. Ongpin	4/20/2012	1	1	100%
Member	Fernando R. Santico, Jr.	4/20/2012	1	1	100%
Member	Peter Davies	4/20/2012	1	1	100%
Member	Joanna O. Duarte	4/20/2012	1	1	100%
Member	Rodolfo Ma. A. Ponferrada	4/20/2012	1	1	100%
Member	Dennis O. Valdes	4/20/2012	1	1	100%
Member	Craig Webster	4/20/2012	1	1	100%
Member	Marriana H. Yulo	4/20/2012	1	1	100%
Member	Delfin J. Wenceslao, Jr.	4/20/2012	1	1	100%
Independent	Ramon S. Ang	4/20/2012	1	1	100%
Independent	Margarito B. Teves	4/20/2012	1	1	100%
Independent	Mario J. Locsin	4/20/2012	1	1	100%

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

No.

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

No. The quorum requirement is majority of the members of the Board (lowest integer greater than 50%; or 8 out of 15). Under the By-laws of the Company, a majority of the members present (there being a quorum) is required to pass a resolution.

- 5) Access to Information

- (a) How many days in advance are board papers<sup>5</sup> for board of directors meetings provided to the board? For regular meetings, no specific notice period is given. It would depend on the agenda of the meeting.

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

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

Under the Company's Manual on Corporate Governance, the company secretary has the following duties and responsibility:

- a. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Company;
- b. Be loyal to the mission, vision and objectives of the Company;
- c. Work fairly and objectively with the Board, Management and stockholders;
- d. Have appropriate administrative and interpersonal skills;
- e. If he is at the same time the Company's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- f. Have a working knowledge of the operations of the Company;
- g. Inform the members of the Board, in accordance with the by-laws of the Company, 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;
- h. Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;
- i. Ensure that all Board procedures, rules and regulations are strictly followed by the members; and
- j. If he is also the Compliance Officer, perform all the duties and responsibilities of the said

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<sup>5</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.

officer as provided for in this Manual

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

Yes. The Corporation's current Corporate Secretary, Mr. Rodolfo Ma. A. Ponferrada, is a lawyer by profession.

- (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	The Corporate Secretary ensures that the agenda and documents needed for the scheduled committee meeting are sent to the members at least one (1) day before. Each member of the committee is likewise free to contact the Corporate Secretary at any time to obtain any relevant information.
Audit	-do-
Nomination	-do-
Compensation	-do-
Others (specify)	Not applicable

- 6) External Advice

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

Procedures	Details
None. But Directors are free to secure external advice at their own expense.	

- 7) Change/s in existing policies

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

Existing Policies	Changes	Reason
Audit Committee procedures	Adoption of an Audit Committee Charter	Compliance with a recent circular of the SEC.

## 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	Management recommends the rate. This is deliberated upon by the Compensation Committee then forwarded to the Executive Committee or to the full Board of Directors for approval.	Management recommends the rate. This is deliberated upon by the Compensation Committee then forwarded to the Executive Committee or to the full Board of Directors for approval.
(2) Variable remuneration	Not applicable	Not applicable
(3) Per diem allowance	Not applicable	Not applicable
(4) Bonus	Not applicable	Not applicable
(5) Stock Options and other financial instruments	Not applicable	Not applicable
(6) Others (specify)	Not applicable	Not applicable

### 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	<p>The Article III By-laws of the Company provides the following provision on the compensation for the Board of Directors:</p> <p>"Section 8. Compensation - By resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive</p>	<p>In addition to the per diem allowed under Section 8, Article III of the Company's By-laws, the Executive Directors receive additional compensation for the services rendered to the Corporation by virtue of their being its executive officers.</p>	<p>The per diem is calculated based on an estimate of how much is the reasonable expense necessary to attend the board meetings. This is submitted to the stockholders for their ratification during stockholders' annual meeting.</p> <p>For their additional compensation, this is calculated based on management's recommendation, subject to the prior</p>



	and allocate an amount of not more than ten percent (10%) of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper subject to approval of the stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.”		approvals of the Compensation Committee and the Board of Directors.
Non-Executive Directors		PER DIEM	The per diem is calculated based on an estimate of how much is the reasonable expense necessary to attend the board meetings. This is submitted to the stockholders for their ratification during stockholders’ annual meeting.

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors?

Yes. Please see Section 8, Article III of the Company’s By-laws quoted above.

Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders’ Approval
No scheme has been proposed and approved.	Not applicable

### 3) Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	None	None	None
(b) Variable Remuneration	None	None	None
(c) Per diem Allowance	None	None	None
(d) Bonuses	None	None	None
(e) Stock Options and/or other financial	None	None	None

instruments			
(f) Others (Specify)	None	None	None
<b>Total</b>			

<b>Other Benefits</b>	<b>Executive Directors</b>	<b>Non-Executive Director (other than independent directors)</b>	<b>Independent Directors</b>
1) Advances	None	None	None
2) Credit granted	None	None	None
3) Pension Plan/s Contributions	None	None	None
(d) Pension Plans, Obligations incurred	None	None	None
(e) Life Insurance Premium	None	None	None
(f) Hospitalization Plan	None	None	None
(g) Car Plan	None	None	None
(h) Others (Specify)	None	None	None
<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:

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

The Company doesn't have a stock rights, options or warrants for its directors.

##### (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:

<b>Incentive Program</b>	<b>Amendments</b>	<b>Date of Stockholders' Approval</b>

This not applicable. The Company does not have any incentive programs in effect as of the end of 2012.

#### 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
Kenneth A. Go – VP-Planning & Design	Php8,076,485.00
Cristina B. Zapanta – VP-Accounting	
Wilhelm Bolton – SVP-Club Manager	
Josefino Siasat – SVP-Procurement	
Conrad Nicholson M. Celdran – VP-General Manager	

### 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	0	0	By-laws of the Company and	Oversees the management of the Company; Grants the necessary corporate approval for transactions done in the ordinary course of business	Acts as the Board of Directors, as regards approvals and transactions of the Company in the ordinary course of its business.	The Executive Committee may act, by majority vote of all its members, on such specific matters within the competence of, and as may be delegated by the Board of Directors.
Audit	1	0	2	Audit Committee Charter	Under the Audit Committee Charter, the Committee shall have the following functions and responsibilities:  a. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process and monitoring of compliance with applicable laws, rules and regulations;  b. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include regular receipt from Management of information on risk exposures and risk management activities. The		a. Oversee the work of the external auditor of the Company in the conduct of its annual audit.  b. Resolve any disagreements between management and the external auditor regarding financial reporting.  c. Pre-approve all auditing and permitted non-audit services

					<p>Committee shall also promote risk awareness in the Company;</p> <p>c. Perform oversight functions over the Company's internal and external auditors. It shall ensure that the internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective functions;</p> <p>d. 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>e. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts. The Committee shall review and approve management's representation letter before submission to the external auditor;</p> <p>f. Organize an internal audit department and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;</p> <p>g. Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;</p> <p>h. Review the reports submitted by the internal and external auditors;</p> <p>i. Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:</p> <p style="padding-left: 40px;">i. Any changes in accounting policies and practices</p> <p style="padding-left: 40px;">ii. Major judgmental areas</p>	<p>performed by the Company's external auditor.</p> <p>d. Whenever necessary, retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation. After such investigations, the Committee shall have the authority to implement the appropriate remedies to address any finding of wrongdoing or inaccurate reporting and whenever necessary institute the appropriate legal actions to protect the best interest of the Company.</p> <p>e. Seek any information it requires from employees--all of whom are directed to cooperate with the committee's requests--or external parties.</p> <p>f. Meet with company officers, external auditors, or outside counsel, as necessary.</p>
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					<ul style="list-style-type: none"> <li>iii. Significant adjustments resulting from audit</li> <li>iv. Going concern assumptions</li> <li>v. Compliance with accounting standards</li> <li>vi. Compliance with tax, legal and regulatory requirements</li> <li>vii. Unusual or complex transactions including all related party transactions</li> </ul> <ul style="list-style-type: none"> <li>j. Coordinate, monitor and facilitate compliance with laws, rules and regulations</li> <li>k. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the 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. The non-audit work, if allowed, shall be disclosed in the Company's annual report.</li> <li>l. Establish and identify the reporting line of the Internal Auditor to enable to properly fulfill his duties and responsibilities. He shall functionally report directly to the Committee. The Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties</li> </ul>		
Nomination	2	0	1	Manual on Corporate Governance; By-laws of the Company	Ensures that all candidates for directorships possess all the necessary qualifications	Reviews the qualifications of all nominations for directorships and makes its recommendation to the Board of Directors	Recommends to the Board all qualified nominees for directorships
Compensation	2	0	1	Manual on Corporate Governance; By-laws of the Company	Reviews the compensation, benefits and incentives provided by the Corporation	Approves level of pay and benefits consistent with the policies of the Corporation.	Recommends to the Board the level of pay and benefits to be given to officers and employees of the Corporation
Others (specify)							

## 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 (ED)	Roberto V. Ongpin	April 20, 2012	7	7	100%	3 years
Member (ED)	Eric O. Recto	April 20, 2012	7	7	100%	3 years
Member (ED)	Mario A. Oreta	April 20, 2012	7	7	100%	3 years

### (b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Margarito B. Teves	April 20, 2012	2	2	100%	2
Member (ED)	Eric O. Recto	April 20, 2012	2	2	100%	3
Member (ID)	Mario J. Locsin	April 20, 2012	2	2	100%	3

Disclose the profile or qualifications of the Audit Committee members.

Members of the Committee shall preferably have adequate accounting and finance backgrounds , as such qualifications are interpreted by the Board in its business judgment. They shall have the competence to understand the Company's business, financial systems, management and environment in order to fulfill the purpose of the Committee. At least one member of the Committee shall have audit experience, which may include any of the following skills:

- i. understanding of accounting principles applicable to the Company and its financial statements;
- ii. experience in preparing, auditing or reviewing and/or analyzing financial statements of at least of the same scope as that required for the Company;
- iii. experience in actively overseeing a finance and accounting team in the preparation of financial statements;
- iv. understanding of internal controls and procedures for financial reports.

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

As part of its oversight functions, the Audit Committee –

- a. Oversees the work of the external auditor of the Company in the conduct of its annual audit.
- b. Resolves any disagreements between management and the external auditor regarding financial reporting.
- c. It shall ensure that the internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective functions;
- d. 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. The Committee shall review and approve management's representation letter before submission to the external auditor;

- e. Reviews the reports submitted by the internal and external auditors;
- f. Evaluates and determines the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the 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.

(c) Nominations Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Ramon S. Ang	April 20, 2012	1	1	100%	1
Member (ED)	Roberto V. Ongpin	April 20, 2012	1	1	100%	3
Member (ED)	Mario A. Oreta	April 20, 2012	1	1	100%	3

(d) Compensation Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Mario J. Locsin	April 20, 2012	1	1	100%	3
Member (ED)	Roberto V. Ongpin	April 20, 2012	1	1	100%	3
Member (NED)	Eric O. Recto	April 20, 2012	1	1	100%	3

(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						
Member (ED)						
Member (NED)						
Member (ID)						
Member						

3) Changes in Committee Members

None.

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

Name of Committee	Name	Reason
Executive		
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	Approval of all corporate acts done in the ordinary course of business.	No significant or controversial issue arose during the year.
Audit	Approval of Audit Committee Charter and financial statements of the Company and the internal audit program.	No significant or controversial issue arose during the year.
Nomination	Submitted the short-list of nominees for election to the Board of Directors of the Company.	No significant or controversial issue arose during the year.
Remuneration	Approved the compensation package recommended by the human resource department and management.	No significant or controversial issue arose during the year.
Others (specify)		

5) Committee Program

None.

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		
Nomination		
Remuneration		
Others (specify)		

None.

## F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The main purpose of the Corporation's dealings in financial instruments is to fund its operations and capital expenditures.

The Corporation's risk management policies are established to identify and analyze the risks faced by it, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Corporation's activities. All risks faced by the Corporation are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Corporation's operations and detriment forecasted results. The Corporation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.



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

After reviewing the financial statements and management report of the Company for the fiscal year, the Board of Directors believes that the Company has an adequate risk management system.

- (c) Period covered by the review; Fiscal Year ended December 31, 2012

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

The risk management system is regularly reviewed annually.

And

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

## 2) Risk Policy

- (a) Company

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

Risk Exposure	Risk Management Policy	Objective
Credit Risk	Credit risk represents the risk of loss the Company would incur if credit customers and counterparties fail to perform their contractual obligations. The Company's credit risk arises principally from the Company's cash in banks and cash equivalents, trade receivables and refundable deposits.	To limit the Company's credit risk.
Liquidity Risk	Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages this risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.	To limit the Company's liquidity risk.
Market Risk	Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will	To limit the Company's market risk.

	<p>adversely affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.</p> <p>The Company is subject to transaction and translation exposures resulting from currency exchange fluctuations. The Company regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the current exchange rates so as to minimize the risks related to these foreign currency denominated assets and liabilities.</p>	
Capital Management	<p>The Company monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses, other current liabilities and due to related parties. Total equity comprises all components of equity including capital stock and deficit.</p> <p>There were no changes in the Company's approach to capital management during the year.</p>	To constantly monitor and regulate the Company's capital management.

(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	Credit risk represents the risk of loss the Company would incur if credit customers and counterparties fail to perform their contractual obligations. The Company's credit risk arises principally from the Company's cash in banks and cash equivalents, trade receivables and refundable deposits.	To limit the Company's credit risk.
Liquidity Risk	Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall	To limit the Company's liquidity risk.

	<p>due. The Company manages this risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.</p>	
Market Risk	<p>Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will adversely affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.</p> <p>The Company is subject to transaction and translation exposures resulting from currency exchange fluctuations. The Company regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the current exchange rates so as to minimize the risks related to these foreign currency denominated assets and liabilities.</p>	To limit the Company's market risk.
Capital Management	<p>The Company monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses, other current liabilities and due to related parties. Total equity comprises all components of equity including capital stock and deficit.</p> <p>There were no changes in the Company's approach to capital management during the year.</p>	To constantly monitor and regulate the Company's capital management.

(c) Minority Shareholders

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

<b>Risk to Minority Shareholders</b>
While management believes that it does everything it can to protect its minority shareholders by placing the proper checks and balances on its Board of Directors and officers, one potential risk is a conflict of interest arises between the majority and the minority, especially when it comes to profit/revenue/dividend distribution.

3) Control System Set Up

(a) Company

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

<b>Risk Exposure</b>	<b>Risk Assessment</b>	<b>Risk Management and Control</b>
	<b>(Monitoring and Measurement Process)</b>	<b>(Structures, Procedures, Actions Taken)</b>
Credit Risk - the risk that customers will not be able to pay their obligations to the Company on time.	Risk Reduction. Receivable balances are monitored on an ongoing basis with the result that the Company exposure to bad debts is not significant.	All customers who wish to trade on credit terms are subject to credit verification procedures. For transactions that are not denominated in the functional currency of the Company, credit terms are not offered without the specific approval of the Chief Finance Officer. Mall and Tower Tenants are required security deposits and rental advances which can be used by the customer for rental payments. Members are required to pay post-dated checks for club shares installments.  A Credit Committee composed of members from Property Management, Billing and Collections and Sales and Marketing Department meets on a periodic basis to assess collectability of outstanding receivables from mall and tower tenants, members, guests and other customers. Available options include issuance of Statement of Accounts, Demand Letters, among others.
Liquidity Risk - the risk that the Company will not be able to settle or meet its obligations on time.	Risk Reduction. The Company assesses risk based on business needs, tax, capital or regulatory considerations, if applicable, through numerous sources of finance in order to maintain flexibility	The policy of the Company is to first exhaust lines available from affiliated companies before local bank lines are availed of. The Company seeks to manage its liquid funds through cash planning on a weekly basis. The Company uses historical figures and experiences and forecasts from its collections and disbursements. 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. Also, the Company only places funds in the money market when the current cash position exceeds the Company's current requirements. Placements are strictly made based on cash planning assumptions and covers only a short period of time.

		<p>Sales and Marketing Department are required to provide the Management Committee with the Sales Report on a monthly basis. Treasury Department, on the other hand, provides Collection Reports to the Management Committee on a regular basis.</p>
<p>Financial Reporting Risk - the risk the financial reports submitted to SEC and other regulatory agencies are not fairly presented.</p>	<p>Risk Reduction. A combination of ongoing, periodic monitoring and board oversight is being used to ensure that the financial reports and other public documents submitted to regulatory bodies are reviewed and scrutinized prior to release.</p>	<p>The Finance Division through the Accounting Head and CFO periodically reviews the Financial reports submitted to regulatory bodies.</p> <p>The Audit Committee reviews and assesses the effectiveness of controls surrounding the financial report preparation and consolidation through independent verifications made by both external and internal auditors.</p> <p>Personnel being hired under the Finance Division are properly scrutinized on their competencies. Only licensed professionals and those with considerable experience are hired.</p>
<p>Operation Risk - Potential Loss due to delays in project completion.</p>	<p>Risk Reduction. On a regular basis, members of the Management Committee composed of Executive and Senior Management team meet each other to discuss on the difficulties and impediments regarding the completion of projects.</p>	<p>Project Management team are required to report the actual percentage of completion to the Management Committee. Any potential deviations with the expected completion date are discussed and resolved during said meetings. Frequent ocular inspections by members of the Management Committee is being conducted to project sites.</p> <p>In addition, the Company hires a general contractor who will monitor the completion of some projects.</p> <p>Financial Planning Department coordinates with the Project Management team to monitor actual expenses incurred vis-à-vis budget. Any unusual expenses are verified. Said reports are submitted to the Management Committee for their resolution.</p>
<p>Environmental Risk - Loss of property from natural accidents and phenomenon.</p>	<p>Risk Transfer. Company properties are being re-valued and insured on an annual basis.</p> <p>Risk Reduction. Company bought fire engines in the Balesin island to help reduce fire. Annual fire drills are being conducted for the Mall and Tower.</p>	<p>The Company has engaged an insurance brokerage firm, which ensures that all its properties are insured.</p>
<p>Environmental Risk - Loss of life due to construction and other-related hazards.</p>	<p>Risk Transfer. Employees are enrolled in a Medical Insurance, Group Personal Accident Insurance, Life Insurance and Travel Insurance.</p>	<p>The Company has engaged an insurance brokerage firm which ensures that all employees are enrolled with the appropriate insurance.</p>

	Risk Reduction. Company doctors and nurses are available to provide immediate first aid. Safety helmets and precautionary measures are established in construction sites.	
Strategic Risk - Financial Losses due to mismanagement or improper implementation of decisions.	Risk Reduction. Top Management regularly conducts periodic monitoring and oversight.	<p>The Management Committee meets on a regularly periodic basis to discuss on potential threats that the Company might suffer due to mismanagement by Company officers.</p> <p>The Executive Committee of the Board of Directors, acting as an oversight body, meets on a periodic basis to discuss on the direction that the Company will take.</p>
Quality Risk - Financial Losses due to poor quality of materials/services used/rendered.	<p>Risk Reduction. A Committee is established to ensure the procurement and bidding processes are complied with thereby improving quality of projects.</p> <p>Officers and employees are required to attend regular trainings to keep abreast with current standards and best industry practices.</p>	<p>Bids and Awards Committee, in coordination with Procurement and Logistics, ensures that vendors/contractors contracted have undergone both technical and commercial evaluation by the Project Management team. Accreditation and re-accreditation processes are being initiated by the Procurement and Logistics Division.</p> <p>Further, Project Engineers are required to monitor the quality of materials used and services rendered prior to recommendation for payment.</p> <p>Employees are required by the HR Department to enroll to internal and external trainings to ensure consistency on the quality of services rendered to customers.</p>
Regulatory and Compliance Risk - risk arising from violations, or non-conformance with laws, rules and regulations, prescribed practices, or ethical standards.	Risk Reduction.	Legal and HR Departments, through established policies and procedures, ensure that Company officers and employees complied with laws, rules and regulations, prescribed practices or ethical standards. A Code of Discipline has been enacted and communicated to Officers and Employees during annual general meetings.
Reputational Risk - risk arising from negative public opinion which will affect the Company's ability to establish relationships or services or continue servicing existing relationships.	Risk Reduction.	Legal and Corporate Communication Departments work hand in hand to protect Company's reputation to the public.
Legal Risk - risk arising as a result of unenforceable contracts, lawsuits and adverse judgements.	Risk Reduction.	All contracts and Company covenants, prior to being signed by authorized Company representatives, are scrutinized by the Legal Department for any unwanted provisions.
Misappropriation of Assets and other Fraud (Management or Employee) - risk of loss arising from either internal or external fraud within the Company.	<p>Risk Reduction. Policies and Procedures are established by the Company to protect both employee and employer rights in case of alleged "frauds."</p> <p>Periodic monitoring being conducted by Internal audit.</p>	<p>A Reporting hotline has been communicated to Officers and Employees in compliance with the Company's Whistle blowing policy.</p> <p>Other policies (Grievance, Code of Conduct, Code of Discipline) are established to form as basis in handling employee accusations for "alleged" misappropriation of assets or fraud.</p>

	Risk Transfer. Insurance are being availed to persons handling cash, securities and payroll.	
Security Risk - risk of loss from all manner of security breaches including competitors' access to confidential information.	Risk Reduction.	Company access points are being secured. Both physical (security guards), technological (CCTVs) and other measures are set in place.  A policy on "Need to Know" or "Least Access Privilege" is in place to confidential information. Further, employees, officers, OJTs, contractuels and third parties are required to sign Confidentiality and Non-disclosure agreements.
Unreasonable compensation and benefits provided to Senior Management.	Risk Reduction.	Compensation and benefits given to key management personnel require prior approval from the Chairman of the Board.  A Salary Structure has been established by the HR Department as guidelines on the reasonableness of compensation and benefits provided to key management personnel.
Key Personnel Risk - risk of loss due to having only one person with vital risk management skills or knowledge	Risk Reduction.	Continuous trainings and hiring of back-up personnel for functions that are deemed critical and highly sensitive.
Technology Risk - risk arising from changes and trends in technology, lack of protection of information or data, etc.	Risk Reduction. IT Governance and applicable resources given to the IT Department are being monitored by a Committee.	The Company's IT department is currently in charge of monitoring use of resources given to the department. A separate committee (IT Steering) will soon be established to focus on this particular risk.

(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	Risk Management and Control
	(Monitoring and Measurement Process)	(Structures, Procedures, Actions Taken)
Credit Risk - the risk that customers will not be able to pay their obligations to the Group on time.	Risk Reduction. Receivable balances are monitored on an ongoing basis with the result that the Group exposure to bad debts is not significant.	All customers who wish to trade on credit terms are subject to credit verification procedures. For transactions that are not denominated in the functional currency of the Group, credit terms are not offered without the specific approval of the Chief Finance Officer. Mall and Tower Tenants are required security deposits and rental advances which can be used by the customer for rental payments. Members are required to pay post-dated checks for club shares installments.  A Credit Committee composed of members from Property Management, Billing and Collections and Sales and Marketing Department meets on a periodic basis to assess collectibility of outstanding receivables from mall and tower tenants, members, guests and other customers. Available options include issuance of Statement of

		Accounts, Demand Letters, among others.
Liquidity Risk - the risk that the Group will not be able to settle or meet its obligations on time.	Risk Reduction. The Group assesses risk based on business needs, tax, capital or regulatory considerations, if applicable, through numerous sources of finance in order to maintain flexibility	<p>The policy of the Group is to first exhaust lines available from affiliated companies before local bank lines are availed of. The Group seeks to manage its liquid funds through cash planning on a weekly basis. The Group uses historical figures and experiences and forecasts from its collections and disbursements. 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. Also, the Group only places funds in the money market which are exceeding the Group requirements. Placements are strictly made based on cash planning assumptions and covers only a short period of time.</p> <p>Sales and Marketing Department are required to provide the Management Committee with the Sales Report on a monthly basis. Treasury Department, on the other hand, provides Collection Reports to the Management Committee on a regular basis.</p>
Financial Reporting Risk - the risk the financial reports submitted to SEC and other regulatory agencies are not fairly presented.	Risk Reduction. Combination of ongoing, periodic monitoring and board oversight are being used to ensure that the financial reports and other public documents submmitted to regulatory bodies are reviewed and scrutinized prior to release.	<p>The Finance Division through the Accounting Head and CFO periodically reviews the Financial reports submitted to regulatory bodies.</p> <p>The Audit Committee reviews and assesses the effectiveness of controls surrounding the financial report preparation and consolidation through independent verifications made by both external and internal auditors.</p> <p>Personnel being hired under the Finance Division are properly scrutinized on their competencies. Licensed professionals and those with considerable experience are being hired.</p>



Operation Risk - Potential Loss due to delays in project completion.	<p>Risk Reduction. On a regular basis, members of the Management Committee composed of Executive and Senior Management team meet each other to discuss on the difficulties and impediments regarding the completion of projects.</p>	<p>Project Management team are required to report the actual percentage of completion to the Management Committee. Any potential deviations with the expected completion date are discussed and resolved during said meetings. Frequent ocular inspections by members of the Management Committee is being conducted to project sites.</p> <p>In addition, the Group hires a general contractor who will monitor the completion of some projects.</p> <p>Financial Planning Department coordinates with the Project Management team to monitor actual expenses incurred vis-à-vis budget. Any unusual expenses are verified. Said reports are submitted to the Management Committee for their resolution.</p>
Environmental Risk - Loss of property from natural accidents and phenomenon.	<p>Risk Transfer. Group properties are being re-valued and insured on an annual basis.</p> <p>Risk Reduction. Group bought fire engines in the Balesin island to help reduce fire. Annual fire drills are being conducted for Mall and Tower.</p>	<p>The Group has engaged an insurance brokerage firm, which ensures that all its properties are insured.</p> <p>Business Continuity Plan is established.</p>
Environmental Risk - Loss of life due to construction and other-related hazards.	<p>Risk Transfer. Employees are enrolled in a Medical Insurance, Group Personal Accident Insurance, Life Insurance and Travel Insurance.</p> <p>Risk Reduction. Group doctors and nurses are available to provide immediate first aid. Safety helmets and precautionary measures are established in construction sites.</p>	<p>The Group has engaged an insurance brokerage firm which ensures that all employees are enrolled with the appropriate insurance.</p> <p>Business Continuity Plan is established.</p>
Strategic Risk - Financial Losses due to mismanagement or improper implementation of decisions.	<p>Risk Reduction. Top Management regularly conducts periodic monitoring and oversight.</p>	<p>Management Committee meets on a periodic basis to discuss on potential threats that the Group might suffer due to mismanagement by Group officers.</p> <p>The Board of Directors, acting as an oversight body, meets on a periodic basis to discuss on the direction that the Group will take.</p>

Quality Risk - Financial Losses due to poor quality of materials/services used/rendered.	<p>Risk Reduction. A Committee is established to ensure the procurement and bidding processes are complied with thereby improving quality of projects.</p> <p>Officers and employees are required to attend regular trainings to keep abreast with current standards and best industry practices.</p>	<p>Bids and Awards Committee, in coordination with Procurement and Logistics, ensures that vendors/contractors contracted have undergone both technical and commercial evaluation by the Project Management team. Accreditation and re-accreditation processes are being initiated by the Procurement and Logistics Division.</p> <p>Further, Project Engineers are required to monitor the quality of materials used and services rendered prior to recommendation for payment.</p> <p>Employees are required by the HR Department to enroll to internal and external trainings to ensure consistency on the quality of services rendered to customers.</p>
Regulatory and Compliance Risk - risk arising from violations, or non-conformance with laws, rules and regulations, prescribed practices, or ethical standards.	Risk Reduction.	Legal and HR Departments, through established policies and procedures, ensure that Group officers and employees complied with laws, rules and regulations, prescribed practices or ethical standards. A Code of Discipline has been enacted and communicated to Officers and Employees during annual general meetings.
Reputational Risk - risk arising from negative public opinion which will affect the Group's ability to establish relationships or services or continue servicing existing relationships.	Risk Reduction.	Legal and Corporate Communication Departments work hand in hand to protect Group's reputation to the public.
Legal Risk - risk arising as a result of unenforceable contracts, lawsuits and adverse judgments.	Risk Reduction.	All contracts and Group covenants, prior to being signed by authorized Group representatives, are scrutinized by the Legal Department for any unwanted provisions.
Misappropriation of Assets and other Fraud (Management or Employee) - risk of loss arising from either internal or external fraud within the Group.	<p>Risk Reduction. Policies and Procedures are established by the Group to protect both employee and employer rights in case of alleged "frauds."</p> <p>Periodic monitorings being conducted by Internal audit.</p> <p>Risk Transfer. Insurance are being availed to persons handling cash, securities and payroll.</p>	<p>A Reporting hotline has been communicated to Officers and Employees in compliance with the Group's Whistle blowing policy.</p> <p>Other policies (Grievance, Code of Conduct, Code of Discipline) are established to form as basis in handling employee accusations for "alleged" misappropriation of assets or fraud.</p>
Security Risk - risk of loss from all manner of security breaches including competitors' access to confidential information.	Risk Reduction.	<p>Group access points are being secured. Both physical (security guards), technological (CCTVs) and other measures are set in place.</p> <p>A policy on "Need to Know" or "Least Access Privilege" is in place to confidential information. Further, employees, officers, OJTs, contractual and third parties are required to sign Confidentiality and Non-disclosure agreements.</p>

Unreasonable compensation and benefits provided to Senior Management.	Risk Reduction.	Compensation and benefits given to key management personnel require prior approval from the Chairman of the Board.  A Salary Structure has been established by the HR Department as guidelines on the reasonableness of compensation and benefits provided to key management personnel.
Key Personnel Risk - risk of loss due to having only one person with vital risk management skills or knowledge	Risk Reduction.	Continuous trainings and hiring of back-up personnel for functions that are deemed critical and highly sensitive.
Technology Risk - risk arising from changes and trends in technology, lack of protection of information or data, etc.	Risk Reduction. IT Governance and applicable resources given to the IT Department are being monitored by a Committee.	The Group's IT department is currently in charge of monitoring use of resources given to the department. A separate committee (IT Steering) will soon be established to focus on this particular risk.

(c) Committee

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

Committee/Unit	Control Mechanism	Details of its Functions
Board of Directors	Oversight	Provides strategic, operational, reporting and compliance objectives/direction to senior management.
Management Committee	Oversight	Ensures that strategic, operational, reporting and compliance objectives/directions provided by Board of Directors are being implemented by operations and tactical levels of management.

Internal Audit Committee	Oversight	<ul style="list-style-type: none"> <li>- Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process and monitoring of compliance with applicable laws, rules and regulations;</li> <li>- Provide oversight over Management's activities in managing credit, liquidity, operational, legal and other risks of the Company;</li> <li>- Perform oversight functions over the Company's internal and external auditors. It shall ensure that internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties, and personnel to enable them to perform their respective functions;</li> <li>- Review the annual internal audit plan to ensure its conformity with the objectives of the Company;</li> <li>- Prior to the commencement of the audit, discuss with the external auditor on 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;</li> <li>- Organize an Internal Audit Department and consider the appointment of an Independent Internal Auditor and the terms and conditions of its engagement and removal;</li> <li>- Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;</li> <li>- Review the reports submitted by internal and external auditors;</li> <li>- Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters: <ul style="list-style-type: none"> <li>a. Any changes in accounting policies and practices;</li> <li>b. Major judgmental areas;</li> <li>c. Significant adjustments resulting from audit;</li> <li>d. Going concern assumptions;</li> <li>e. Compliance with accounting standards;</li> <li>f. Compliance with tax, legal and regulatory requirements;</li> </ul> </li> <li>- Coordinate, monitor and facilitate compliance with laws, rules and regulations;</li> <li>- Evaluate and determine non-audit work;</li> <li>- Establish and identify the reporting line of the Internal Auditor to enable them to properly fulfill his duties and responsibilities.</li> </ul>
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Credit Committee	Oversight and Recommending Body	Monitors the collectability of outstanding receivables from tenants, customers, members and guests.
Bids and Awards Committee	Oversight and Recommending Body	Recommend vendors and contractors for the CEO's approval. Ensures that Procurement and Logistics and Other Departments comply with bids and awards procedures.
Internal Audit Department	Independent Monitoring	Conducts an independent assessment and evaluation on the Company's/Group's design and operating effectiveness and efficiency on governance, controls and risk management.
Finance Division	Compliance and Process, Accounting Control	Ensures that accounting and process controls are in place and complied with (Second line of defense).
Financial Planning Department	Compliance and Budget Control	Ensures that Company/Group expenses (CAPEX and OPEX) are within budget. Any variances are examined for reasonableness.
Legal Department	Compliance	Ensures that the Company/Group complies with relevant laws and regulations.
HR Department	Compliance	Ensures that Employees comply with prescribed policies and procedures for consistency in its application.
Corporate Communications Department	Compliance	Manages public's perception of the Company/Group.
Procurement and Logistics Department	Compliance	Ensures that requesting departments comply with bids and awards procedures.
Project Management Department	Compliance	Ensures that project completion is adequately monitored.

## G. INTERNAL AUDIT AND CONTROL

### 1) Internal Control System

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

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

The Company defines Internal Control as a process, effected by an entity's Board of Directors, Management and other personnel, which is designed to provide reasonable assurance regarding

the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations,
- Reliability of reporting, and
- Compliance with applicable laws and regulations.

The Internal Audit Department (IAD), with strict accountability for confidentiality and safeguarding records and information, is authorized, full, free, and unrestricted access to any and all of the Group's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the IAD in fulfilling its roles and responsibilities.

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

The Board of Directors has reviewed the effectiveness of the internal control system. The Board finds that the system is c effective and adequate

- (c) Period covered by the review; 2012

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

Once a year.

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

## 2) Internal Audit

- (a) Role, Scope and Internal Audit Function

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

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Internal Auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the Company, its affiliates and subsidiaries (collectively referred as the "Group"). It assists the Group in accomplishing its objectives by bringing a	The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Group's governance, risk management, and internal process as well as the quality of performance in carrying out assigned responsibilities to achieve the Group's stated goals and objectives. This	In-house	Maria Lourdes A. De Guzman	The IAD directly reports to the Audit Committee and Chairman of the Board of Directors. On administrative matters, IAD reports to the President of the Company.

systematic and disciplined approach to evaluate and improve the effectiveness of the Company's risk management, control and governance processes.	includes: <ul style="list-style-type: none"> <li>• Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information,</li> <li>• Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the Group,</li> <li>• Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets,</li> <li>• Evaluating the effectiveness and efficiency with which resources are employed,</li> <li>• Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned,</li> <li>• Monitoring and evaluating governance processes, and</li> <li>• Monitoring and evaluating the effectiveness of the Group's risk management processes.</li> </ul>			

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

Yes.

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

The IAD reports directly to the Audit Committee.

Yes. It has direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel.

- (d) Resignation, Re-assignment and Reasons

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

Name of Audit Staff	Reason
Not applicable.	

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

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

<b>Progress Against Plans</b>	The IAD was able to fully implement its audit plan for 2012.
<b>Issues<sup>6</sup></b>	No significant issue was discovered.
<b>Findings<sup>7</sup></b>	Not applicable.
<b>Examination Trends</b>	During the conduct of the audit, the IAD observed mostly operational and cash management matters. However, most have been resolved already or are in the process of being resolved.

[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.]

<sup>6</sup> "Issues" are compliance matters that arise from adopting different interpretations.

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



(f) Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
• Internal Audit Charter	Implemented 2012
• Internal Audit Manual:  The manual consists of the following sections: <ul style="list-style-type: none"><li>○ Description of Internal Audit's purpose, authority and responsibility,</li><li>○ Compliance with Standards for Internal Auditing,</li><li>○ Compliance with Code of Ethics,</li><li>○ Attributes of Internal Auditors,</li><li>○ Continuing Professional Development,</li><li>○ Types of Audits conducted,</li><li>○ Preparation, Review and Approval of Audit Plan</li><li>○ Audit Process (Planning, Risk Assessment, Kick-off meetings, Fieldworks, Communication of Results of Audit, Engagement supervision, Archiving of working papers, auditors evaluation, etc.)</li></ul>	Implemented 2012
• Conducting Advisory Services Policy	Implemented 2012

(g) Mechanisms and Safeguards

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
Issuance of Conflict of Interest Statement	Issuance of Conflict of Interest Statement	Issuance of Conflict of Interest Statement	Issuance of Conflict of Interest Statement
Assessment of possible Threat to Independence for engagements conducted by auditors.			

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

The Chairman and CEO, as well as the 2 independent directors and the corporate secretary, all of whom have signed this document, attest that, to the best of their knowledge, 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."

## H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	<p>The Company ensures that each and every one of its Clientele is treated in the highest of regard and takes it upon itself to ensure that they are provided products and services, which are delivered in good faith and of great quality.</p> <p>The Company also only offers projects that are not only beneficial to its primary customers, but also positively affect the people and the environment surrounding them.</p> <p>It is also the policy to ensure that Clients are given various means to connect with the Company (whether through one of its sales directors or online) in case there are concerns or feedback.</p>	<p>The Company's current customer relationship management system employs the use of any of the following: personal correspondence with any of the sales directors, a sales hotline, email correspondence, and sales inquiries forms available from the project websites. Multiple client databases and an internal information network also ensure that client profiles are customizable, so each and every client receives services, which are unique to his/her preferences.</p>
Supplier/contractor selection practice	<p>It is the Company's policy to deal with suppliers that are: environmental-friendly and responsible, do not employ child labor/are not sweat shops, and efficient and effective.</p> <p>The Company also demands only the highest performance and quality products from suppliers.</p> <p>As part of our "No Tokens/No Gifts" policy, the Company also discourages and penalizes those who provide officers and employees with favors in terms of services, materials, etc.</p>	<p>Accreditation of suppliers, which covers ensuring that suppliers abide by labor laws and/or do not show signs of employee maltreatment; conducting performance appraisal twice a year, and abides by government procurement act in conducting biddings for major projects to ensure that only the most qualified suppliers are awarded the required contracts.</p>
Environmentally friendly value-chain	None	None
Community interaction	The Company recognizes its social responsibility to the community affected by its projects and business.	The Company as implemented a CSR program at Balesin Island. Please see a more details in Section L of this report.
Anti-corruption programmes and procedures	The Company has an Anti-Corruption Manual that outlines its guidelines and procedure on this matter.	Dissemination of the manual.
Safeguarding creditors' rights	None.	None.

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

3) Performance-enhancing mechanisms for employee participation.

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

The Company has a non-contributory health insurance policy for all of its regular employees. Each employee is entitled to designate one qualified dependent. This policy covers hospitalization, out-patient care and dental care.

The Company also has a medical clinic within the premises with a qualified doctor and nurse on-board available for its employees.

Further, the Company has a non-contributory group personal accident insurance for its regular employees. This includes an accidental death and qualified disabilities coverage.

Lastly, it has a life insurance policy for all of its regular employees. It includes basic life insurance and coverage for total and permanent disability rider.

In times of emergency and under special circumstances, the Company also provides financial assistance for employees in need.

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

None.

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.

The Company has a Whistle Blowing Policy governing such complaints. The Human Resource Department, in coordination with the Administration Department, shall be principally responsible in ensuring the consistent implementation of this policy.

The Company shall designate a dedicated phone line and e-mail address for employees and other stakeholders to freely communicate any fraud, misappropriations, discrimination, sexual harassment and other wrongful conduct within the organization. Any person making such report may, if so desired, make the report anonymously, subject to the needs of disclosure for the proper investigation to prosper. Any employee also has the right to report such matters to his/her immediate supervisor.

All information obtained during the course of the investigation of such complaints will be kept confidential to the highest extent possible.

The Company will ensure that no employee or stakeholder who in good faith reports a violation under this policy will suffer any harassment or retaliation. The Company will not tolerate any harassment or victimization of a whistleblower. Any such harassment or victimization will be treated as a serious disciplinary offense, which will be dealt with under the Company's existing disciplinary rules and regulations.

**I. DISCLOSURE AND TRANSPARENCY**

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Masrickstar Corporation	709,472,340	35.75%	Eric O. Recto
Alphaland Holdings (Singapore) Pte. Ltd.	717,457,849	36.16%	Funds controlled by Ashmore Investment

			Managed Limited
Boerstar Corporation	167,788,430	8.45%	Roberto V. Ongpin and Eric O. Recto
D.M. Wenceslao and Associates, Inc.	147,375,700	7.43%	D.M. Wenceslao and Associates, Inc.
RVO Capital Ventures Corporation	142,656,743	7.19%	Roberto V. Ongpin and Eric O. Recto

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Roberto V. Ongpin	1	291,941,039	14.71%
Eric O. Recto	1	756,039,117	38.10%
Mario A. Oreta	1	10,000,000	0.50%
Marriana H. Yulo	100	0	Nil
Joanna O. Duarte	100	0	Nil
TOTAL	203	1,057,980,156	53.31%

2) Does the Annual Report disclose the following:

Key risks	Yes.
Corporate objectives	Yes.
Financial performance indicators	Yes.
Non-financial performance indicators	Yes.
Dividend policy	Yes.
Details of whistle-blowing policy	No.
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes.
Training and/or continuing education programme attended by each director/commissioner	Not applicable. The Company doesn't have this programme.
Number of board of directors/commissioners meetings held during the year	No. This is included in a separate report submitted to the SEC annually.
Attendance details of each director/commissioner in respect of meetings held	No. This is included in a separate report submitted to the SEC annually.
Details of remuneration of the CEO and each member of the board of directors/commissioners	No. The remuneration of the CEO, together with other top paid executives, is reported as an aggregate. The members of the Board of

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

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
<b>SGV &amp; Co.</b>	<b>Php1,430,000.00</b>	<b>Php200,000.00</b>

4) Medium of Communication

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

- Email
- Posting of notices in designated places in the Office Premises
- When necessary, SMS
- Personal delivery of hardcopies of documents to the intended recipient

5) Date of release of audited financial report: April 15, 2012

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 (Related Party Transaction)

Entity	Relationship	Nature of Transaction	Amount
Shang Global City Properties, Inc.	Associate	Advances to	494,121,776.00
Fort Bonifacio Shangri-La Hotel, Inc.	Associate	Advances to	485,378,224.00
Alphaland Heavy Equipment Corp.	Associate	Advances from	(1,266,667.00)
		Purchases	67,665,676.00

		Rentals	58,735.00
Alphaland Ukiyo, Inc	Subsidiary	Advances to	44,490.00
		Rentals	1,677,430.00
		Purchases	179,476.00
Alphaforce Security Agency, Inc.	Associate	Advances to	28,157.00
		Rentals	366,844.00
		Purchases- Security Services	15,787,842.00
Masrickstar Corporation	Shareholder	Advances to	2,752,588.00
Rayas Equity Development Corporation	Related Party to Masrickstar	Advances to	1,114,116.00
Ashmore Cayman SPC Ltd.	Related Party to Alphaland Holdings	Advances to	1,315,378.00
The City Club at Alphaland Makati Place, Inc.	Affiliate	Advances to	4,023,764.00
Alphaland Balesin Island Club, Inc.	Affiliate	Advances to	48,565,649.00
Alphaland Marina Club, Inc.	Affiliate	Advances to	49,959,894.00
D.M. Wenceslao & Associates, Inc.	Shareholder	Advances from	(6,530,769.00)
Wendel Holdings Co., Inc.	Related Party to DMWAI	Advances from	(3,254,956.00)
Boerstar Corporation	Shareholder	Advances to	10,475.00
Azurestar Corporation	Shareholder	Advances to	1,650.00
Alphaland Bay City Corporation	Associate	Advances to	27,325,184.00
Alphaland Property Management Corporation	Affiliate	Advances to	23,135.00
Alphaland Holdings (Singapore) Pte Ltd.	Shareholder	Advances to	28,060.00
Alphaland Holdings Co., Inc.	Subsidiary	Advances to	400.00
TOTAL			1,189,376,551.00

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 from any related party are evaluated on arm's length commercial terms and subject to bidding against third party suppliers. Purchases and services are usually awarded on the basis of lowest cost provider.

When such transactions are submitted to the Board for approval, the concerned director abstains from voting.

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

Explain the system used to approve corporate acts.

<b>System Used</b>	Cumulative system
<b>Description</b>	Every stockholder entitled is entitled to one vote. However, with respect to the election of directors, the stockholders may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the number of directors to be elected.

(c) Stockholders' Rights

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

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
	None.

Except for the pre-emptive right which has been denied under the Articles of Incorporation of the Company, the stockholders' of the Company have all the rights granted to them under the Corporation Code.

Dividends

Declaration Date	Record Date	Payment Date
None.	Not applicable	Not applicable

(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
During a stockholders' meeting, the Chairman ensures that there is an open forum for any	During the meeting, the Chairman informs the stockholders at the onset that there will be an

stockholder present to raise any issue that he/she may wish to be discussed.	open forum at the later part of the meeting wherein they can raise any matter they want with the Board or to the body.

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
  - a. Amendments to the company's constitution – In accordance with the Corporation Code
  - b. Authorization of additional shares – When required by law and applicable regulations, the issuance of additional shares will be submitted to the shareholders for their approval
  - c. Transfer of all or substantially all assets, which in effect results in the sale of the company – In accordance with the Bulk Sales Law
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? No. 15 business days in accordance with the IRR of the SRC
  - a. Date of sending out notices: For the annual meeting on 2012, the notice of sent to the stockholders on March 27, 2012. However, this was first published when the Company disclosed the setting of the meeting to the PSE on February 15, 2012.
  - b. Date of the Annual/Special Stockholders' Meeting: April 20, 2012.
4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

None of the stockholders present or represented asked any questions.

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

Resolution	Approving	Dissenting	Abstaining
Approval of the minutes of the previous meeting of the stockholders on May 26, 2011	Unanimous	None.	None.
Approval of the Annual Report of Management and Approval of the Audited Financial Statements for 2011	Unanimous	None.	None.
Ratification of Acts of the Board of Directors and Management Since the Last Annual Meeting of Stockholders	Unanimous	None.	None.
Election of Directors	Unanimous	None.	None.
Appointment of External Auditor	Unanimous	None.	None.

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

The results were immediately disclosed to the PSE on the same date of the meeting after it has



adjourned.

(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: None.

Modifications	Reason for Modification

(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	Roberto V. Ongpin Eric O. Recto Mario A. Oreta Dennis O. Valdes Michelle S. Ongpin Peter Davies Delfin J. Wenceslao, Jr. Fernando R. Santico, Jr. Marriana H. Yulo Margarito B. Teves Rodolfo Ma. A. Ponferrada Jovita D.S. Larrazabal Jesusa A. Arellano-Aguda	April 20, 2012	Show of hands	Nil	95.49 %	95.49%
Special	No special stockholders' meeting was held in 2012.					

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

No. If necessary, the votes will be validated by the office of the Corporate Secretary.

(iii) Do the company's common shares carry one vote for one share? Yes. 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.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	The Company does not solicit proxies. But shareholders are free to attend by proxies.
Notary	None.
Submission of Proxy	10 business days prior to the scheduled meeting
Several Proxies	Allowed
Validity of Proxy	Maximum of 5 years
Proxies executed abroad	Allowed
Invalidated Proxy	If submitted late or not properly executed or cannot be validated
Validation of Proxy	5 business days prior to the scheduled meeting
Violation of Proxy	Company will not honor.

(h) Sending of Notices

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

Policies	Procedure
Immediately upon setting of the meeting, this is publicly disclosed thru the PSE.	Submission to the PSE for publication
Notices are sent to each shareholder 15 business days prior to the date of the annual stockholders meeting	Registered mail

(i) Definitive Information Statements and Management Report

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	All stockholders of the Company as of the record date disclosed.
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	March 27, 2012
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	March 27, 2012
<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>	Hard copies of the reports were made available during the stockholders' meeting. Each stockholder was also given the option of making a request to the Office of the Corporate Secretary for the provision of hard copies of the reports.

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

Each resolution to be taken up deals with only one item.	Yes.
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes.
The auditors to be appointed or re-appointed.	Yes.
An explanation of the dividend policy, if any dividend is to be declared.	Not applicable. No dividends were declared.
The amount payable for final dividends.	Not applicable. No dividends were declared.
Documents required for proxy vote.	Not applicable. No proxies were solicited.

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

## 2) Treatment of Minority Stockholders

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

Policies	Implementation
Voting rights	<p>Each share of stock is entitled to one vote during stockholders' meetings. However, at all elections of directors, every stockholder entitled to vote may vote such number of stocks for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit.</p> <p>Section 5, Article I of the By-Laws provide in part:</p> <p>"At every meeting of the stockholders of the Company, every stockholder entitled to vote shall be entitled to one vote for each share of stock standing in his name on the books of the Company; provided, however, that in the case of the election of directors, every stockholder entitled to vote shall be entitled to accumulate his vote in accordance with the provisions of law in such case made and provided. Xxx"</p> <p>Sec. 7.1.2 of the Manual provides:</p> <p>"7.1.2.1 Shareholders shall have the right to elect, remove and replace directors and vote on</p>

	<p>certain corporate acts in accordance with the Corporation Code.</p> <p>7.1.2.2 Cumulative voting shall be used in the election of directors.</p> <p>7.1.2.3 A director shall not be removed without cause if it will deny minority shareholders representation in the Board.”</p>
Right of Appraisal	<p>Pursuant to Sections 81 and 42 of the Corporation Code, shareholders of the Corporation constituting at least two-thirds (2/3) of the outstanding capital stock, may exercise their right of appraisal in the following instances:</p> <ul style="list-style-type: none"> <li>(i) an amendment of the articles of incorporation which has the effect of changing or restricting the rights of any stockholder or class of share, or of authorizing preferences in respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (Section 81);</li> <li>(ii) sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the property or assets of the corporation;</li> <li>(iii) incurring, creating or increasing bonded indebtedness;</li> <li>(iv) increase or decrease of capital stock;</li> <li>(v) merger or consolidation of the corporation with another corporation or other corporations;</li> <li>(vi) dissolution of the corporation;</li> <li>(vii) declaration of stock dividends;</li> <li>(viii) removal of directors;</li> <li>(ix) extension or limitation of corporate term;</li> <li>(x) investment of corporate funds in another corporation or business or for any purpose other than the primary purpose for which the corporation was organized;</li> <li>(xi) delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws.</li> </ul> <p>A shareholder who shall have voted against any proposed action may exercise his appraisal right by making a written demand on the Corporation within thirty (30) days after the date of the Shareholders’ Meeting. Failure to make the demand within the prescribed period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the Corporation shall pay the dissenting stockholder upon surrender of the stock certificates representing his shareholdings in the Corporation based on the fair value thereof as of the day prior to the date of the shareholders’ meeting, excluding any appreciation or</p>

	<p>depreciation in anticipation of such corporate actions, provided that no payment shall be made to the dissenting shareholder unless the Corporation has unrestricted retained earnings to cause such payment.</p> <p>If within a period of sixty (60) days from the date of the corporate action was approved by the stockholders, the withdrawing stockholder and the Corporation cannot agree on the fair value of shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the shareholder, another by the Corporation and the third by the two thus chosen. The findings of the majority of the appraiser shall be final and their award shall be paid by the Corporation within thirty (30) days after such award is made.</p>
Power of inspection (Sec. 7.1.3 of the Manual)	<p>All shareholders shall be allowed to inspect Company's books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.</p>
Right to Information	<p>Sec. 7.1.4 of the Manual provides:</p> <p>"7.1.4.1 The Shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Company's shares, dealings with the Company, relationships among directors and key officers, and the aggregate compensation of directors and officers.</p> <p>7.1.4.2 The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.</p> <p>7.1.4.3 The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes"."</p>
Right to Dividends	<p>Sec. 7.1.5 of the Manual provides:</p> <p>"7.1.5.1 Shareholders shall have the right to receive dividends subject to the Company's dividend policy.</p>

	<p>7.1.5.2 The Company shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite Company expansion projects or programs approved by the Board or b) when the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies as required by regulatory bodies.”</p>
<p>Sec. 7.2 of the Manual provides:</p> <p>“It shall be the duty of the directors to promote shareholders’ rights, remove impediments to the exercise of shareholders’ rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders’ voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting 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. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.”</p>	
<p>Sec. 7.3 of the Manual provides:</p> <p>“The Board should be transparent and fair in the conduct of the annual and special stockholders’ meetings of the Company. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholders’ favor.”</p>	
<p>Right to propose the holding of meetings</p>	<p>Sec. 7.4 of the Manual provides:</p> <p>“Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly</p>

	to the business of the Company.”
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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.

The Company does not have an Investor Relations Officer. It has a Corporate Information Officer and a Corporate Communications Department who are in-charge of all company announcements.

- 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.

The Company doesn’t have a dedicated investor relations program. The Corporate Information Officer serves as the officer responsible for investor relations program.

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

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

The Company will comply with the applicable rules and regulations.

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

Not applicable

#### L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
<b>1. E-learning Program</b> <ul style="list-style-type: none"> <li>Hired professional licensed teachers</li> <li>Modernized learning equipments, facilities and fully air-conditioned classroom</li> </ul> <p>To improve the quality of education of primary and secondary students of Balesin and introducing modern education using current technology.</p>	The students in the local community in Brgy. Balesin, Balesin Island.
<b>2. Scholarship Program</b> <ul style="list-style-type: none"> <li>Qualified selected scholars</li> <li>Consistent scholastic record</li> </ul> <p>To send potential and competent high school honor</p>	High school honor and graduating students in the local community in Brgy. Balesin, Balesin Island.

and graduating students to college outside of Balesin.	
<b>3. Hiring and Training of CSR Teachers</b> <ul style="list-style-type: none"> <li>• Qualified and licensed professional teachers</li> <li>• Attendance on seminars and trainings</li> </ul> <p>To upgrade and maintain the teaching methodology appropriate for the E-learning program.</p>	The students in the local community in Brgy. Balesin, Balesin Island.
<b>4. A. Construction of Balesin Chapel and Sacred Images</b> <ul style="list-style-type: none"> <li>• Balesin Chapel</li> <li>• Sacred images</li> </ul> <b>B. Religious Activities</b> <ul style="list-style-type: none"> <li>• Regular Sunday masses</li> <li>• Holy week and other festival activities</li> </ul> <p>To assist in the free expression of religious beliefs and aid the wholistic development and concerned individuals.</p>	Members, guests and employees of the Balesin Island Club and local residents of Brgy. Balesin, Balesin Island.
<b>5. Outreach Programs</b> <ul style="list-style-type: none"> <li>• Occasional medical and dental missions</li> <li>• Holiday season gift giving on December 2012</li> <li>• Alphaland employee volunteering program on December 2012</li> <li>• School feeding program</li> </ul> <p>To encourage basic healthy lifestyle and assist local families with the best favorable contribution with help from Alphaland and its employees.</p>	Local residents of Brgy. Balesin, Balesin Island.
<b>6. Livelihood</b> <ul style="list-style-type: none"> <li>• Hired local resident as CSR farmers</li> <li>• Support to fishing community and barangay tanod</li> <li>* Aid to craftsmen at the Ifugao village</li> </ul> <p>Empowerment of local residents and indigenous labor force.</p>	Certain local farmers, fishermen, barangay tanod and Ifugao craftsmen located at Brgy. Balesin, Balesin Island.
<b>7. Resources</b> <ul style="list-style-type: none"> <li>• Establishment of Balesin cooperative grocery store</li> <li>• Supply of various agricultural products</li> <li>• Construction of desalinated drinking water system for the Barangay</li> </ul> <p>To make water and other non-food and food provisions be accessible at arms reach and to sustain an ample harvest of farm products</p>	Local residents of Brgy. Balesin, Balesin Island.

#### 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>	None.	None.
<b>Board Committees</b>	None.	None.
<b>Individual Directors</b>	The Nominations Committee annually evaluates the eligibility of the directors for re-election. The stockholders, based on the reports provided to them, have the right to elect these directors.	Practical understanding of the business of the Company; Membership in good standing in relevant industry, business or professional organizations; Previous business experience. Doesn't possess any ground for disqualification
<b>CEO/President</b>	The Board of Directors have the discretion in evaluating the CEO.	

## N. INTERNAL BREACHES AND SANCTIONS

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

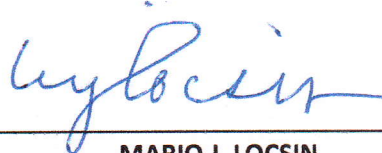
Violations	Sanctions
For any violation of the Corporation's Manual on Corporate Governance	<p>Sec. 9 of the Manual provides:</p> <p>"9 PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL</p> <p>To strictly observe and implement the provisions of this manual, the following penalties shall be imposed, after notice and hearing, on the Company's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Manual:</p> <p>9.1 In case of first violation, the subject person shall be reprimanded.</p> <p>9.2 Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation.</p> <p>9.3 For third violation, the maximum penalty of removal from office shall be imposed.</p> <p>9.4 The commission of a third violation of this manual by any member of the Board of the Company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.</p> <p>9.5 The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board."</p>

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of MANILA on June 11, 2013


# SIGNATURES



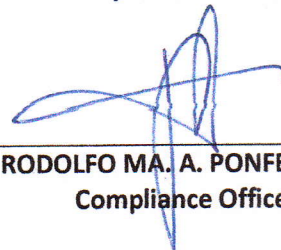
**ROBERTO ONGPIN**  
Chairman of the Board & Chief Executive Officer



**MARIO J. LOCSIN**  
Independent Director



**MARGARITO B. TEVES**  
Independent Director

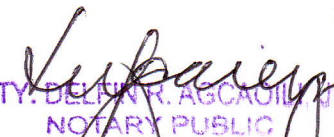


**RODOLFO MA. A. PONFERRADA**  
Compliance Officer

**SUBSCRIBED AND SWORN** to before me this 11<sup>th</sup> day of June 2013, affiant(s) exhibiting to me their respective Competent Evidence of Identity ("CEI"), as follows:

NAME	IDENTITY DOCUMENT	DATE OF ISSUE / PLACE OF ISSUE	EXPIRY DATE
ROBERTO V. ONGPIN	Passport No. EB5765525	27 Jun 2012 / DFA – Manila	26 Jun 2017
MARIO J. LOCSIN	Passport No. EB7357251	11Feb2013 / DFA – Manila	10 Feb 2018
MARGARITO B. TEVES	Passport No. EB0095211	13 Apr 2010 / DFA – Manila	12 Apr 2015
RODOLFO MA. A. PONFERRADA	Passport No. EB3482290	25 Aug 2011 / DFA - Manila	24 Aug 2016

Doc No. 37;  
Page No. 43;  
Book No. 43;  
Series of 2013.

  
ATTY. DELFIN R. AGCAOILI, JR.  
NOTARY PUBLIC  
UNTIL DECEMBER 31, 2013  
PTR NO. 0285334 / 2012-2013 M.L.A.  
IBP NO. 873892 / 2013 M.L.A.  
ROLL NO. 24655 / TIN - 144-519-084  
MOL E ID - 0013521  
Comm. No. 2013 - 023