

COVER SHEET

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S.E.C. Registration Number

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(FORMERLY EAST ASIA POWER RESOURCES CORPORATION)

(Company's Full Name)

**21st FLOOR, PACIFIC STAR BUILDING, SEN. GIL PUYAT CORNER MAKATI
AVE., MAKATI CITY**

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

| |
|--------------------|
| Neko Lyree U. Cruz |
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Contact Person

| |
|---------------|
| (632) 7938905 |
|---------------|

Company Telephone Number

SEC FORM - ACGR

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Month Day Fiscal Year

FORM TYPE

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Month Day 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

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Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Date of Report (Date of earliest event reported): **June 30, 2013**
2. SEC Identification Number: **60566**
3. BIR Tax Identification No. : **004-504-281-000**
4. Exact name of issuer as specified in its charter:

CENTURY PROPERTIES GROUP INC.

5. Province, country or other jurisdiction of incorporation: **Metro Manila**
6. Industry Classification Code: (SEC Use Only)
7. Address of principal office/Postal Code: **21st Floor, Pacific Star Building, Sen. Gil Puyat Avenue
corner Makati Avenue, Makati City**
8. Issuer's telephone number, including area code: **(632) 793-8905**

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A. BOARD MATTERS

1) Board of Directors

| | |
|---|----------|
| Number of Directors per Articles of Incorporation | Nine (9) |
|---|----------|

| | |
|---|----------|
| Actual number of Directors for the year | Nine (9) |
|---|----------|

(a) Composition of the Board

Complete the table with information on the Board of Directors:

| Director's Name | Type of Executive (ED), Non-Executive (NED) or Independent Director (ID) | If nominee, identify the Principal | Nominator in the last election (If it states the relationship with the nominator) | Date first elected | Date last elected (If ID, state the number of years served as ID) | Elected when (Annual/Special Meeting) | No. of years served as Director |
|-------------------------|--|------------------------------------|---|--------------------|---|---------------------------------------|---------------------------------|
| Jose E.B. Antonio | ED | CPI | Dindin Cruz – None | 07/11/2011 | 06/27/2012 | Annual | 2 |
| Atty. Monico V. Jacob | ID | CPI | Dindin Cruz – None | 07/11/2011 | 06/27/2012, 2yrs | Annual | 2 |
| Washington Z. Sycip | ID | CPI | Dindin Cruz – None | 07/11/2011 | 06/27/2012, 2yrs | Annual | 2 |
| John Victor R. Antonio | ED | CPI | Dindin Cruz – None | 07/11/2011 | 06/27/2012 | Annual | 2 |
| Jose Marco R. Antonio | ED | CPI | Dindin Cruz – None | 07/11/2011 | 06/27/2012 | Annual | 2 |
| Jose Roberto R. Antonio | ED | CPI | Dindin Cruz – None | 07/11/2011 | 06/27/2012 | Annual | 2 |
| Jose Carlo R. Antonio | ED | CPI | Dindin Cruz – None | 07/11/2011 | 06/27/2012 | Annual | 2 |
| Rafael G. Yaptinchay | ED | CPI | Dindin Cruz – None | 07/11/2011 | 06/27/2012 | Annual | 2 |
| Ricardo P. Cuerva | NED | CPI | Dindin Cruz - None | 07/11/2011 | 06/27/2012 | Annual | 2 |

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

The Board of Directors of CPGI believes that corporate governance is a necessary component of what constitutes sound strategic business management. CPGI undertakes every effort necessary to create awareness and promote best governance standards. The company has only one class of shares and each share carries one vote. The compliance officer handles the disclosure duties to ensure adherence to mandated regulatory compliances, corporate principles and best practices. The corporate powers, business and property of the corporation are exercised and controlled by the Board of Directors.

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

The Board gives the essential chart of the vision and mission of the company in line with the corporate objectives of Management. However, the Vision and Mission statements of the company are not specifically discussed in the Board meetings unless necessary to amend or improve its statement. To date, the Board has not amended nor changed its company statement on its vision and mission.

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

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

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

| Director's Name | Corporate Name of the Group Company | Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman. |
|-------------------------|---|--|
| Jose E.B. Antonio | Century Properties Inc. (CPI, Parent Company) | No type of directorship indicated (NA), Chairman |
| | Century City Development Corporation (CCDC) | NA, Chairman |
| | Century City Corporation (CCC) | NA, Chairman |
| | Century Limitless Corporation (CLC) | NA, Chairman |
| | Century Properties Management Inc. (CPMI) | NA, Chairman |
| John Victor R. Antonio | CPI | NA |
| | CCDC | NA |
| | CCC | NA |
| | CLC | NA |
| | CPMI | NA |
| Jose Marco R. Antonio | CPI | NA |
| | CCDC | NA |
| | CCC | NA |
| | CLC | NA |
| | CPMI | NA |
| Jose Roberto R. Antonio | CPI | NA |
| | CCC | NA |
| | CLC | NA |
| Jose Carlo R. Antonio | CPI | NA |
| | CLC | NA |
| | CPMI | NA |
| Rafael G. Yaptinchay | CPI | NA |
| | Triventures Construction Management Inc. | NA, Chairman |
| Ricardo P. Cuerva | CPI Pinehill Construction Corporation | NA, Chairman |

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

(ii) Directorship in Other Listed Companies

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

| Director's Name | Name of Listed Company | Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman |
|-----------------------|---|---|
| Rafael G. Yaptinchay | Marc Ventures Inc. | Independent |
| Atty. Monico V. Jacob | STI Education Systems Holdings Inc. | Independent |
| Washington Sycip | Belle Corporation First Phil. Holdings Corp. Lopez Holdings Corp Metro Pacific Investment Corp Philippine National Bank PHINMA Group | Independent Independent Independent Independent NED Independent |

(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 | Relationship | Shareholder |
|-------------------------|--------------|---------------------------------------|
| Jose E.B. Antonio | CPI | Majority Shareholder |
| John Victor R. Antonio | CPI | Shareholder, son of Jose E.B. Antonio |
| Jose Marco R. Antonio | CPI | Shareholder, son of Jose E.B. Antonio |
| Jose Roberto R. Antonio | CPI | Shareholder, son of Jose E.B. Antonio |
| Jose Carlo R. Antonio | CPI | Shareholder, son of Jose E.B. Antonio |

(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:

| Directorship | Limit | Maximum number of companies |
|------------------------|------------------|-----------------------------|
| Executive Director | No limits placed | N.A. |
| Non-Executive Director | No limits placed | N.A. |
| CEO | No limits placed | N.A. |

(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 |
|-------------------------|-------------------------|--|--------------------|
| Jose E.B. Antonio | 1 nominal | 2,102,738,635/CPI | 21.70 |
| Jose Victor R. Antonio | 1 nominal | 525,361,160/CPI | 5.42 |
| Jose Marco R. Antonio | 1 nominal | 525,361,160/CPI | 5.42 |
| Jose Roberto R. Antonio | 1 nominal | 525,361,160/CPI | 5.42 |
| Jose Carlo R. Antonio | 1 nominal | 525,361,160/CPI | 5.42 |
| Rafael G. Yaptinchay | 1 nominal | 121,635,343/CPI | 1.26 |
| Ricardo P. Cuerva | 1 nominal | 1,092,130,097/CPI | 11.27 |
| TOTAL | 7 | 5,417,948,715 | 55.91 |

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 | Jose E.B. Antonio |
| CEO/President | Jose E.B. Antonio |

The Chairman and CEO of the Company is held by one individual. Mr. Jose E.B. Antonio is the current Chairman of the Board and Chief Executive Officer of the Company who has the moral integrity and excellent business acumen to effectively manage the Company in its corporate goals and objectives. The Board having a mix of non-executive and independent directors are separate from Management and gives the assurance of a balanced view and perspective with regards to matters pertaining to board decisions.

(b) Roles, Accountabilities and Deliverables

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

| | Chairman | Chief Executive Officer |
|------------------|--|--|
| Role | Foster long term growth | Manages company operations |
| Accountabilities | Policies formulation and expressed fiduciary duties towards shareholders | Initiate and develop corporate objectives and implement policies |
| Deliverables | Comply with principles of good governance | Meet revenue and growth targets |

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

The board looks for suitable candidates within the organization and provides training and opportunities for growth and development to identified potential candidates who could fill positions once vacant

4) Other Executive, Non-Executive and Independent Directors

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

The company strives to promote diversity within the Board. Positions which are not taken up by the major shareholders are filled by members who have relevant experience and can bring ideas and opinions that is both beneficial for the Company and its shareholders.

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

The company's independent directors are well versed in corporate matters, experts in the field of financial, law and industry matters. Other non executive directors are experts in their own sector or industry.

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

| | Executive | Non-Executive | Independent Director |
|-------------------------|--------------------------------|--|--|
| Role | Represents Management | Represents major shareholders' interests | Provides neutral observations |
| Accountabilities | Management of business affairs | Ensures sustainable growth | Setting high standards for best practice |
| Deliverables | Meet corporate objectives | Monitors company progress | Safeguard interest of all shareholders |

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

An independent director shall mean a person other than an officer or employee of the corporation, its parent or its subsidiaries, or any other individual having a relationship with the corporation as would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

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.

In compliance with the SEC Memorandum circular no 9 series of 2011, an independent director has a term limit of five years. After the 5 year term limit, a two year (2) grace period is implemented with no term limits.

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 |
|-------------|-----------------|--------------------------|---------------|
| NA | NA | NA | NA |

(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 | Nominated/Elected | Ex-officio – CEO |
| (ii) Non-Executive Directors | Nominated/Elected | Major Shareholders |
| (iii) Independent Directors | Nominated/Elected | Expertise in industry; Experience and knowledge |
| b. Re-appointment | | |
| (i) Executive Directors | Election at Annual Stockholders Meeting | One vote for one share |
| (ii) Non-Executive Directors | Election at Annual Stockholders Meeting | One vote for one share |
| (iii) Independent Directors | Election at Annual Stockholders Meeting | One vote for one share |
| c. Permanent Disqualification – No Directors Permanently Disqualified | | |
| (i) Executive Directors | NA | NA |
| (ii) Non-Executive Directors | NA | NA |
| (iii) Independent Directors | NA | NA |
| d. Temporary Disqualification – No Directors Temporarily Disqualified | | |
| (i) Executive Directors | NA | NA |
| (ii) Non-Executive Directors | NA | NA |
| (iii) Independent Directors | NA | NA |
| e. Removal – No Directors removed from office | | |
| (i) Executive Directors | NA | NA |
| (ii) Non-Executive Directors | NA | NA |
| (iii) Independent Directors | NA | NA |
| f. Reinstatement – No Directors removed from or re-instated into office | | |
| (i) Executive Directors | NA | NA |
| (ii) Non-Executive Directors | NA | NA |
| (iii) Independent Directors | NA | NA |
| g. Suspension – No Directors suspended | | |
| (i) Executive Directors | NA | NA |
| (ii) Non-Executive Directors | NA | NA |
| (iii) Independent Directors | NA | NA |

Voting Result of the last Annual General Meeting

| Name of Director | Votes Received |
|-------------------------|--------------------------------|
| Jose E.B. Antonio | 8,007,724,000 shares or 89.97% |
| Atty. Monico V. Jacob | 8,007,724,000 shares or 89.97% |
| Washington Z. Sycip | 8,007,724,000 shares or 89.97% |
| John Victor R. Antonio | 8,007,724,000 shares or 89.97% |
| Jose Marco R. Antonio | 8,007,724,000 shares or 89.97% |
| Jose Roberto R. Antonio | 8,007,724,000 shares or 89.97% |
| Jose Carlo R. Antonio | 8,007,724,000 shares or 89.97% |
| Rafael G. Yaptinchay | 8,007,724,000 shares or 89.97% |
| Ricardo P. Cuerva | 8,007,724,000 shares or 89.97% |

6) Orientation and Education Program

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

No formal orientation program. The Board of Directors shall take note on the need to implement a policy program for new directors. The current board members are all on their 2nd year in office since CPGI has changed its Management from East Asia Power Resources last 2011.

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

1. Corporate Governance Orientation Course for Directors and Officers – August 2011, conducted by Sycip Gorres and Velayo
2. ISO Training Seminar for Systems and Data – May 2012, Neville Clark Inc.
3. Strategic Planning Seminar – July 2012, In-house, Corporate Planning Group
4. Risk Management Seminar – October 2012, Ateneo Graduate School of Business

(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 |
|--------------------------|------------------|---------|------------------------------|
| NA | NA | NA | NA |
| NA | NA | NA | NA |

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

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 | Does not vote on activities in which there is a conflict of interest | Are not allowed to be involved in the decision making process if conflict of interest is present | Are not allowed to be involved in the decision making process if conflict of interest is present |
| (b) Conduct of Business and Fair Dealings | Should follow best practices and company policies | Should follow best practices and company policies | Should follow best practices and company policies |
| (c) Receipt of gifts from third parties | No formal policy | No formal policy | No formal policy |
| (d) Compliance with Laws & Regulations | Monitored by the compliance officer and other officers | Monitored by the compliance officer and other officers | Monitored by the compliance officer and other officers |
| (e) Respect for Trade Secrets/Use of Non-public Information | Policy on non-disclosure in place. Discouraged from using such information | Policy on non-disclosure in place. Discouraged from using such information | Policy on non-disclosure in place. Discouraged from using such information |
| (f) Use of Company Funds, Assets and Information | Regulated through Manual on Corporate Governance | Regulated through Manual on Corporate Governance | Regulated through Manual on Corporate Governance |
| (g) Employment & Labor Laws & Policies | Meet at least the minimum criteria set by the labor authorities | Meet at least the minimum criteria set by the labor authorities | Meet at least the minimum criteria set by the labor authorities |
| (h) Disciplinary action | Based on Manual of Corporate Governance | Based on Manual of Corporate Governance and Company policy | Based on Manual of Corporate Governance and Company policy |
| (i) Whistle Blower | No formal company policy | No formal company policy | No formal company policy |
| (j) Conflict Resolution | No formal company policy | No formal company policy | No formal company policy |

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

The rules and procedures have been disseminated to management and employees

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

An infringement of the rules and policies are reported to senior management and suitable action is taken within the bounds of law and accordingly with the process of company policies on business ethics. For senior management and directors, the process for infraction and penalties are stated in the manual for corporate governance and accordingly implemented by the SEC.

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 | All related party transactions have to be on an arms-length basis if the company gets the most competitive product from a related party. Contracts are reviewed by senior management, approved by the majority of the board, monitored and recorded accordingly by the Compliance officer such contracts are deemed material for disclosure and affects directly the shareholders of the company and other officers in charge for other contracts as the case may be. |
| (2) Joint Ventures | All related party transactions have to be on an arms-length basis if the company gets the most competitive product from a related party. Contracts are reviewed by senior management, approved by the majority of the board, monitored and recorded accordingly by the Compliance officer such contracts are deemed material for disclosure and affects directly the shareholders of the company and other officers in charge for other contracts as the case may be. |
| (3) Subsidiaries | All related party transactions have to be on an arms-length basis if the company gets the most competitive product from a related party. Contracts are reviewed by senior management, approved by the majority of the board, monitored and recorded accordingly by the Compliance officer such contracts are deemed material for disclosure and affects directly the shareholders of the company and other officers in charge for other contracts as the case may be. |
| (4) Entities Under Common Control | All related party transactions have to be on an arms-length basis if the company gets the most competitive product from a related party. Contracts are reviewed by senior management, approved by the majority of the board, monitored and recorded accordingly by the Compliance officer such contracts are deemed material for disclosure and affects directly the shareholders of the company and other officers in charge for other contracts as the case may be. |
| (5) Substantial Stockholders | All related party transactions have to be on an arms-length basis if the company gets the most competitive product from a related party. Contracts are reviewed by senior management, approved by the majority of the board, monitored and recorded accordingly by the Compliance officer such contracts are deemed material for disclosure and affects directly the shareholders of the company |
| (6) Officers including spouse/children/siblings/parents | No such related party transaction |
| (7) Directors including spouse/children/siblings/parents | No such related party transaction |
| (8) Interlocking director relationship of Board of Directors | The board member has to have knowledge of industry if he/she serves on the board of subsidiary etc. |

(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.

| | Details of Conflict of Interest (Actual or Probable) |
|--|---|
| Name of Director/s Jose E.B. Antonio John Victor R. Antonio Jose Marco R. Antonio Jose Roberto R. Antonio Jose Carlo R. Antonio Ricardo P Cuerva | No actual conflict of interest involved. Jose E.B. Antonio is the father of siblings Messrs. John Victor R. Antonio, Jose Marco R. Antonio, Jose Carlo R. Antonio and Jose Roberto R. Antonio. Through CPI, of which all are shareholders, they own the majority shares of CPGI. Mr. Cuerva is one of the shareholders of CPI. No actual nor probable conflict of interest as of to date |
| Name of Officer/s | N.A. |
| Name of Significant Shareholders PCD Nominee Corporation Foreign and Filipino | PCD Nominee corporation owns beneficial shares of more than 5%. No actual nor probable conflict of interest is involved since these shares are publicly held and traded. |

(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 | No formal mechanism in place currently |
| Group | No formal mechanism in place currently |

5) Family, Commercial and Contractual Relations

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

| Names of Related Significant Shareholders | Type of Relationship | Brief Description of the Relationship |
|--|----------------------|--|
| Jose E.B. Antonio John Victor R. Antonio Jose Marco R. Antonio Jose Roberto R. Antonio Jose Carlo R. Antonio | Family | Jose E.B. Antonio is the father of siblings Messrs. John Victor R. Antonio, Jose Marco R. Antonio, Jose Carlo R. Antonio and Jose Roberto R. Antonio. Through CPI, of which all are shareholders, they own the |

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

| | | |
|-------------------|--|--|
| | | majority shares of CPGI. |
| Ricardo P. Cuerva | Shareholder of Parent Company of CPGI and indirect beneficial owner of shares of CPGI. Business partner of the subsidiaries for construction under Century Properties Construction Group | Mr. Cuerva is one of the business partners of the CPGI subsidiaries for construction under Century Properties Construction Group |

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

| Names of Related Significant Shareholders | Type of Relationship | Brief Description |
|---|---|---|
| Ricardo P. Cuerva | Indirect shareholder of the parent company CPI and CPGI | Mr. Cuerva is the Chairman of Pinehill Corporation, which owns 11% of CPI and indirectly the beneficial owner of CPGI. He also manages the construction of projects of the subsidiaries |

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

No such shareholders agreements in place that may impact control, ownership and strategic direction of the company

| Name of Shareholders | % of Capital Stock Owned (Parent) | Brief Description of the Transaction |
|----------------------|-----------------------------------|--------------------------------------|
| NA | NA | NA |

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.

The company has not had disputes in the last 3 years with the stockholders, regulatory authorities and third parties. Though there is no formal alternative dispute resolution in place, the company will seek advise from independent parties to resolve the matter.

The company further undertakes that it shall formulate a system for alternative dispute resolutions in the next committee board meeting to be incorporated in the manual of good governance.

| | Alternative Dispute Resolution System |
|--------------------------------------|---------------------------------------|
| Corporation & Stockholders | None in place |
| Corporation & Third Parties | None in place |
| Corporation & Regulatory Authorities | None in place |

C. BOARD MEETINGS & ATTENDANCE

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

Board meetings are held as needed, but at least once in every quarter. The company generally decides on these meetings a few weeks in advance of the date these take place rather than pre-scheduling before or at the beginning of the year.

- 2) Attendance of Directors – All directors were re-elected in June 2012.

| Board | Name | Date of Election | No. of Meetings Held during the year | No. of Meetings Attended | % |
|-------------|-------------------------|------------------|--------------------------------------|--------------------------|--------|
| Chairman | Jose Eduardo B. Antonio | June 2012 | 6 | 6 | 100% |
| Member | John Víctor R. Antonio | June 2012 | 6 | 5 | 83.33% |
| Member | Jose Marco R. Antonio | June 2012 | 6 | 6 | 100% |
| Member | Jose Carlo R. Antonio | June 2012 | 6 | 6 | 100% |
| Member | Jose Roberto R. Antonio | June 2012 | 6 | 6 | 100% |
| Member | Ricardo P. Cuerva | June 2012 | 6 | 5 | 83.33% |
| Member | Rafael G. Yaptinchay | June 2012 | 6 | 6 | 100% |
| Independent | Washington Z. Sycip | June 2012 | 6 | 4 | 66.66% |
| Independent | Atty. Monico V. Jacob | June 2012 | 6 | 6 | 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. Non-executive directors do not have separate meeting during the year.

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

Under the Corporations Bylaws, a majority of the number of directors constitutes a quorum for the transaction of corporate business and every decision of at least majority of the directors present in the meeting at which there is a quorum is valid as a corporate act except for the election of officers and other corporate acts expressly stated in the SEC and PSE requiring the vote of the majority of all members of the Board.

- 5) Access to Information

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

Generally, all board papers are sent at least one week prior to the meeting

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

Yes. All board members have independent access through landline, mobile, email, fax and other means of communication.

- (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?

Under the companys manual of corporate governance, the Corporate Secretary must be a licensed lawyer and the role of the corporate secretary is expressly stated in the manual. He is basically the individual who keeps the

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

official records of the company, particularly the minutes and transactions of the meetings held by the Board and shareholders. Apart from the principal function, and as required by the Company's Bylaws, he is the custodian of record books showing details required by law with respect to stockholdings of the corporation, attends to the giving and serving of notices of the corporation; certifies to corporate acts and countersigns corporate documents or certificates; and makes reports or statements as may be required by law or rules.

Such role includes assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc.

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

The corporate secretary is a licensed in law practice; an attorney with expertise in legal and corporate law.

(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 | Copies of presentations provided for by Management |
| Audit | Copies of presentations provided for by Management |
| Nomination | Copies of presentations provided for by Management |
| Remuneration and Compensation | Copies of presentations provided for by Management |
| Others (specify) Risk Management Committee | Copies of presentations provided for by Management |

6) External Advice

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

| Procedures | Details |
|--|---|
| No formal procedure but members can ask for expert external advise | External advise not requested in the past |

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 |
|-------------------|-----------------|--------|
| N.A. | No changes made | N.A. |

D. REMUNERATION MATTERS

1) Remuneration Process

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

| Process | CEO | Top 4 Highest-Paid Management Officers |
|---|-------------------------------|---|
| (1) Fixed remuneration | Based on industry standards | Based on industry standards |
| (2) Variable remuneration | Not provided | Not provided |
| (3) Per diem allowance | Not provided | Per diem allowance is given to Management officers who are on duty travel abroad for sales events |
| (4) Bonus | Based on annual profitability | Based on annual profitability |
| (5) Stock Options and other financial instruments | Not provided | Not provided |
| (6) Others (specify) | Not provided | Not provided |

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 | Fixed annual payment | Basic Pay, performance bonus depending on profitability | Based on Industry standard |
| Non-Executive Directors | Pier Diem for Independent Directors / No Remuneration for other NED | Pier diem for Ind. Directors and NED heading committees | Based on industry standard |

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

| Remuneration Scheme | Date of Stockholders' Approval |
|---------------------|--------------------------------|
| NA | NA |

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 | 46,769,656 | 0 | 0 |
| (b) Variable Remuneration | 0 | 0 | 0 |
| (c) Per diem Allowance | 0 | 0 | 550,000 |
| (d) Bonuses | 0 | 0 | 0 |
| (e) Stock Options and/or other financial instruments | 0 | 0 | 0 |
| (f) Others (Specify) | 0 | 0 | 0 |
| Total | 46,769,656 | 0 | 550,000 |

| Other benefits | Executive Directors | Non-Executive Director (other than independent directors) | Independent Directors |
|---|----------------------------|---|----------------------------|
| 1) Advances | No other benefits provided | No other benefits provided | No other benefits provided |
| 2) Credit granted | No other benefits provided | No other benefits provided | No other benefits provided |
| 3) Pension Plan/s Contributions | No other benefits provided | No other benefits provided | No other benefits provided |
| (d) Pension Plans, Obligations incurred | No other benefits provided | No other benefits provided | No other benefits provided |
| (e) Life Insurance Premium | No other benefits provided | No other benefits provided | No other benefits provided |
| (f) Hospitalization Plan | No other benefits provided | No other benefits provided | No other benefits provided |
| (g) Car Plan | No other benefits provided | No other benefits provided | No other benefits provided |
| (h) Others (Specify) | No other benefits provided | No other benefits provided | No other benefits provided |
| Total | NA | NA | NA |

4) Stock Rights, Options and Warrants

(a) Board of Directors

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

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

(b) Amendments of Incentive Programs

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

| Incentive Program | Amendments | Dated of Stockholders' Approval |
|-------------------|------------|---------------------------------|
| NA | NA | NA |

5) Remuneration of Management

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

| Name of Officer/Position | Total Remuneration |
|----------------------------|--------------------|
| Ramon S. Villanueva | 23,987,577 |
| Domie S. Eduvane | |
| Carlos Benedict K. Rivilla | |
| Gerry Ilagan | |
| Kristina Lowella Garcia | |

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 (NEB) | Independent Director (ID) | | | | |
| Executive | 5 | 0 | 0 | NA | Oversees the implementation of policies and corporate matters | Perform oversight management functions and decisions for board | Management of overall system of operation for CPPI and subsidiaries |
| Audit | 2 | 0 | 1 | Develop a transparent financial management system | Check all financial reports against its compliance; monitors external audit | Performs oversight financial management functions | Pre-approve all audit plans and scope of work |
| Nomination | 1 | 1 | 1 | Determine personnel that can act as guides to the company's future undertakings. | Pre-screen and shortlist candidates | Define role duties and responsibilities | Decide if candidates possess the right qualifications |
| Remuneration | 1 | 1 | 1 | Compensate competent personnel adequately for retention | Establish procedures to develop policy on executive remuneration | Provide oversight over remuneration of senior management and other key personnel | Designate amount of remuneration to attract and retain the right individuals |
| Others (specify) Risk Management | 1 | 0 | 2 | Safeguard the company from potential and adherent risks | Establish procedures to safeguard management from exposed risks and prevention of potential risks | Provides oversight on risk management | To implement procedures and resolutions for addressing risks |

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 | Jose E.B. Antonio | June 2012 | 4 | 4 | 100 | 1 yr |
| Member (ED) | John Victor R. Antonio | June 2012 | 4 | 4 | 100 | 1 yr |
| Member (ED) | Jose Marco R. Antonio | June 2012 | 4 | 4 | 100 | 1 yr |
| Member (ED) | Jose Roberto R. Antonio | June 2012 | 4 | 4 | 100 | 1 yr |
| Member (ED) | Jose Carlo R. Antonio | June 2012 | 4 | 4 | 100 | 1 yr |

(b) Audit Committee

| Office | Name | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|----------------|-----------------------|---------------------|----------------------|--------------------------|-----|------------------------------------|
| Chairman (Ind) | Monico Jacob | June 2012 | 3 | 3 | 100 | 1 yr |
| Member (ED) | Jose Carlo R. Antonio | June 2012 | 3 | 3 | 100 | 1 yr |
| Member (ED) | Jose Marco R. Antonio | June 2012 | 3 | 3 | 100 | 1 yr |

Disclose the profile or qualifications of the Audit Committee members.

Atty. Monico Jacob has extensive exposure and expertise in legal, finance and accounting. Mr. Jacob is also involved in corporate rehabilitation program of PAL and appointed receiver. Mr. Jose Carlo R. Antonio has extensive exposure in investment banking group of Citigroup and Golman Sachs. Mr. Carlo Antonio graduated magna cum laude in Wharton with a degree in Finance and Economics. Mr. Jose Marco Antonio's background as a financial analyst for blackstone Real Estate Partners. Mr. Marco Antonio graduated summa cum laude at Wharton School in Pennsylvania with a dual major in Finance and Management.

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

To assist the Board of Directors in fulfilling its oversight responsibilities for the Company's corporate governance processes and analyze the efficiency of the company's internal and external auditors

(c) Nomination Committee

| Office | Name | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|-------------|------------------------|---------------------|----------------------|--------------------------|-----|------------------------------------|
| Chairman | Jose E.B. Antonio | June 2012 | 2 | 2 | 100 | 1 yr |
| Member (ED) | John Victor R. Antonio | June 2012 | 2 | 2 | 100 | 1 yr |
| Member (ID) | Atty. Monico V. Jacob | June 2012 | 2 | 2 | 100 | 1 yr |

(d) Remuneration Committee

| Office | Name | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|-------------|------------------------|---------------------|----------------------|--------------------------|-----|------------------------------------|
| Chairman | Jose E.B. Antonio | June 2012 | 2 | 2 | 100 | 1 yr |
| Member (ED) | John Victor R. Antonio | June 2012 | 2 | 2 | 100 | 1 yr |
| Member (ID) | Atty. Monico V. Jacob | June 2012 | 2 | 2 | 100 | 1 yr |

(e) Others (Specify) Risk Management Committee

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

| Office | Name | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|-------------|-----------------------|---------------------|----------------------|--------------------------|-----|------------------------------------|
| Chairman | Jose E.B. Antonio | Sept. 2012 | 1 | 1 | 100 | 100 |
| Member (ED) | Jose Carlo R. Antonio | Sept. 2012 | 1 | 1 | 100 | 100 |

| | | | | | | |
|-------------|------------------|------------|---|---|-----|-----|
| Member (ID) | Monico V. Jacob | Sept. 2012 | 1 | 1 | 100 | 100 |
| Member (ID) | Washington Sycip | Sept. 2012 | 1 | 1 | 100 | 100 |

3) Changes in Committee Members

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

| Name of Committee | Name | Reason |
|-------------------|------|--------|
| Executive | NA | NA |
| Audit | NA | NA |
| Nomination | NA | NA |
| Remuneration | NA | NA |
| Others (specify) | NA | NA |

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 JV's and endorsement to the board of placement and subscription transactions | NA |
| Audit | Quarterly updates on operations and financial records of corporation | Examined internal control issues at CPGI and subsidiaries |
| Nomination | Review and Evaluate qualifications of nominees | Nominate competent members only |
| Remuneration | Established a transparent procedure on compensation policies | Keep pace with industry standards on compensation |
| Others (specify) Risk Management | Formulate Risk Management policy | Internal controls |

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

| Name of Committee | Planned Programs | Issues to be Addressed |
|----------------------------------|--|---|
| Executive | No Executive program | NA |
| Audit | Regular updates on operational activities | Firm up internal controls for subsidiaries |
| Nomination | Review and evaluate qualifications of all nominees | Continue to attract well qualified board members |
| Remuneration | Establish transparent procedure on compensation policies | Keep pace with industry standards on compensation |
| Others (specify) Risk Management | Improve Risk Management procedures | Internal and operational controls |

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company:

“The Company's philosophy of risk management has its foundation in the concept that taking material risks is required in order to seek rewards and to fulfill the Company's multi-faceted mission. However, these risks should be assessed in order to insure that effective mitigation strategies are employed to the greatest extent possible. Mitigation strategies should consider transferring or insuring risk, reducing the likelihood of the risk occurring, reducing the severity of the risk should it occur, avoiding the risk altogether, or accepting the risk, while continuing to monitor it to ensure it stays within the Company's risk appetite.”

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

“The Risk Management Committee assists the Board of Directors (Board) in fulfilling its responsibility for oversight of the organization's risk management processes. It reviews and endorses to the Board changes or amendments to the ERM Policy, as well as the adequacy and effectiveness of the Company's enterprise risk management process. The Risk Management Committee provides a report to the Board on its assessment of the effectiveness of the risk management process and reviews reports from Internal Audit (IA) with regard to the independent validation of compliance with the approved ERM Policy and assessment of current state of ERM framework”

(c) Period covered by the review: CY 2012

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

“The ERM framework, policy and plan shall be reviewed periodically given the company's current internal and external environment. Based on results of monitoring and reviews, decisions shall be made on the corporate-wide desired state of the ERM framework and how the risk management framework, policy and plan can be improved. These decisions shall lead to improvements in the Company's management of risk and its risk management culture.

Action plans to bridge the gaps between the current and desired states of the ERM framework shall be developed”

(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 |
|--|---|------------------|
| Business Development: <ul style="list-style-type: none"> • Compliance Requirements • Meet demand and expansion requirements | <ul style="list-style-type: none"> • Adequate checklist of items: Zoning, legally permissible, financially viable, and negotiation tie-up with Corporate Legal • Continuous improvement on the Business Development's systems processes and | Site Acquisition |

| | | |
|--|--|---|
| | procedures. | |
| Project and Product Development/Design: Actual over budget <ul style="list-style-type: none"> • Timely delivery of the Product • Quality Product • Actual Product commensurate with the Marketed product | <ul style="list-style-type: none"> • Adequate planning, monitoring, execution (e.g. especially on securing permits and licenses). • Adherence to International/Best Standards/Practices • Continuous improvement on the Project and Product systems processes and procedures. | Product Deliver |
| Pre-Sales Management: <ul style="list-style-type: none"> • Timely deployment of Sales Agents • Sales Support (Training, financial, actual deployment) • Achieve targeted Sales | <ul style="list-style-type: none"> • Adherence to Company's systems processes and procedures. • Discovering and penetrating new markets (e.g. Locally and Internationally) • Continuous improvement on the Pre-Sales systems processes and procedures. | Generate/Produce Sales |
| Documents and Collections: <ul style="list-style-type: none"> • Completeness and timely acquisition and availability(to client) of required documents • Completeness and timely collection of payments | <ul style="list-style-type: none"> • Adherence to Company's systems processes and procedures. • Adequate monitoring of documents and collections • Adherence to International/Best Standards/Practices • Continuous improvement on the Documents and Collections systems processes and procedures. | Complete documents Timely collection of payments |
| Inventory Management: <ul style="list-style-type: none"> • Monitoring of inventory per Project • Timely holding and booking of Units | <ul style="list-style-type: none"> • Adherence to Company's systems processes and procedures. • Adequate monitoring and updating of inventory data • Continuous improvement on the Inventory systems processes and procedures. | Generate/Produce Sales |
| After-Sales Management: <ul style="list-style-type: none"> • Complete and timely submission of required Notices (to Clients) • Proper turn-over of Units • Manage client complaints | <ul style="list-style-type: none"> • Adherence to Company's systems processes and procedures. • Adherence to International/Best Standards/Practices • Continuous improvement on the After-Sales systems processes and procedures. | Client Satisfaction |
| Supporting Functions: <ul style="list-style-type: none"> • Inefficiencies and | <ul style="list-style-type: none"> • Adherence to Company's systems processes and | Various business objectives relating to |

| | | |
|---|--|--|
| ineffectiveness in various supporting business processes | <p>procedures.</p> <ul style="list-style-type: none"> • Adherence to International/Best Standards/Practices • Continuous improvement on the Company's systems processes and procedures. | compliance, reporting and operations |
| <p>Inherent Risks:</p> <ul style="list-style-type: none"> • Significant down-turn of economy of certain targeted Markets • Virus epidemic breakthrough • Economic down-turn of the Philippines • Natural Calamities and Environmental Issues | <ul style="list-style-type: none"> • Adequate planning to ensure inherent risk is manage and minimize based on the risk appetite of the Company • Timely monitoring of significant events which may affect the production of sales. • Business continuity and flexibility to run operations to other targeted Markets | Sustainability and Business Continuity |

(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 |
|--|--|------------------------|
| <p>Business Development:</p> <ul style="list-style-type: none"> • Compliance Requirements • Meet demand and expansion requirements | <ul style="list-style-type: none"> • Adequate checklist of items: Zoning, legally permissible, financially viable, and negotiation tie-up with Corporate Legal • Continuous improvement on the Business Development's systems processes and procedures. | Site Acquisition |
| <p>Project and Product Development/Design:</p> <ul style="list-style-type: none"> • Actual over budget • Timely delivery of the Product • Quality Product • Actual Product commensurate with the Marketed product | <ul style="list-style-type: none"> • Adequate planning, monitoring, execution (e.g. especially on securing permits and licenses). • Adherence to International/Best Standards/Practices • Continuous improvement on the Project and Product systems processes and procedures. | Product Deliver |
| <p>Pre-Sales Management:</p> <ul style="list-style-type: none"> • Timely deployment of Sales Agents • Sales Support (Training, financial, actual deployment) | <ul style="list-style-type: none"> • Adherence to Company's systems processes and procedures. • Discovering and penetrating new markets (e.g. Locally and Internationally) | Generate/Produce Sales |

| | | |
|--|---|---|
| <ul style="list-style-type: none"> • Achieve targeted Sales | <ul style="list-style-type: none"> • Continuous improvement on the Pre-Sales systems processes and procedures. | |
| Documents and Collections: <ul style="list-style-type: none"> • Completeness and timely acquisition and availability(to client) of required documents • Completeness and timely collection of payments | <ul style="list-style-type: none"> • Adherence to Company's systems processes and procedures. • Adequate monitoring of documents and collections • Adherence to International/Best Standards/Practices • Continuous improvement on the Documents and Collection's systems processes and procedures. | <p>Complete documents</p> <p>Timely collection of payments</p> |
| Inventory Management: <ul style="list-style-type: none"> • Monitoring of inventory per Project • Timely holding and booking of Units | <ul style="list-style-type: none"> • Adherence to Company's systems processes and procedures. • Adequate monitoring and updating of inventory data • Continuous improvement on the Inventory systems processes and procedures. | <p>Generate/Produce Sales</p> |
| After-Sales Management: <ul style="list-style-type: none"> • Complete and timely submission of required Notices (to Clients) • Proper turn-over of Units • Manage client complaints | <ul style="list-style-type: none"> • Adherence to Company's systems processes and procedures. • Adherence to International/Best Standards/Practices • Continuous improvement on the After-Sales systems processes and procedures. | <p>Client Satisfaction</p> |
| Supporting Functions: <ul style="list-style-type: none"> • Inefficiencies and ineffectiveness in various supporting business processes | <ul style="list-style-type: none"> • Adherence to Company's systems processes and procedures. • Adherence to International/Best Standards/Practices • Continuous improvement on the Company's systems processes and procedures. | <p>Various business objectives relating to compliance, reporting and operations</p> |
| Inherent Risks: <ul style="list-style-type: none"> • Significant down-turn of economy of certain targeted Markets • Virus epidemic breakthrough • Economic down-turn of the Philippines • Natural Calamities and Environmental Issues | <ul style="list-style-type: none"> • Adequate planning to ensure inherent risk is manage and minimize based on the risk appetite of the Company • Timely monitoring of significant events which may affect the production of sales. • Business continuity and flexibility to run operations | <p>Sustainability and Business Continuity</p> |

| | | |
|--|---------------------------|--|
| | to other targeted Markets | |
|--|---------------------------|--|

(c) Minority Shareholders

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

| |
|--|
| Risk to Minority Shareholders |
| All shareholders have one vote per share; so, minority shareholders voting power is not truncated. |

3) Control System Set Up

(a) Company

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

| Risk Exposure | Risk Assessment (Monitoring and Measurement Process) | Risk Management and Control (Structures, Procedures, Actions Taken) |
|--|--|--|
| Business Development | Inability to meet the demands of the Market and requirements for expansion which may result to opportunity loss. | <ul style="list-style-type: none"> Adequate checklist of items: Zoning, legally permissible, financially viable, and negotiation tie-up with Corporate Legal Continuous improvement on the Business Development's systems processes and procedures. |
| Project/Product development and design | Potential issues on the costs, schedules and actual product which may result to increase in expenses. | <ul style="list-style-type: none"> Adequate planning, monitoring, execution (e.g. especially on securing permits and licenses). Adherence to International/Best Standards/Practices Continuous improvement on the Project and Product systems processes and procedures. |
| Pre-sales Management | Potential loss of production/sales which may result to negative net-income. | <ul style="list-style-type: none"> Adherence to Company's systems processes and procedures. Discovering and penetrating new markets (e.g. Locally and Internationally) Continuous improvement on the Pre-Sales systems processes and procedures. |
| Documents and Collections | Potential issues on completeness and accuracy of documents and collection of payments | <ul style="list-style-type: none"> Adherence to Company's systems processes and procedures. Adequate monitoring and updating of inventory data Continuous improvement on the Document and Collection's systems processes and procedures. |
| Inventory Management | Potential issues on the efficiency and effectiveness on the inventory of projects | <ul style="list-style-type: none"> Adherence to Company's systems processes and procedures. Adequate monitoring and |

| | | |
|------------------------|--|---|
| | | updating of inventory data • Continuous improvement on the Inventory systems processes and procedures. |
| After-Sales Management | Potential issues on client satisfaction | • Adherence to Company's systems processes and procedures. • Adequate monitoring and updating of inventory data • Continuous improvement on the Inventory systems processes and procedures. |
| Supporting Functions | Potential issues on the efficiency and effectiveness of various business processes | • Adherence to Company's systems processes and procedures. • Adequate monitoring and updating of inventory data • Continuous improvement on the Inventory systems processes and procedures. |

(b) Group

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

| Risk Exposure | Risk Assessment (Monitoring and Measurement Process) | Risk Management and Control (Structures, Procedures, Actions Taken) |
|--|--|--|
| Business Development | Inability to meet the demands of the Market and requirements for expansion which may result to opportunity loss. | <ul style="list-style-type: none"> Adequate checklist of items: Zoning, legally permissible, financially viable, and negotiation tie-up with Corporate Legal Continuous improvement on the Business Development's systems processes and procedures. |
| Project/Product development and design | Potential issues on the costs, schedules and actual product which may result to increase in expenses. | <ul style="list-style-type: none"> Adequate planning, monitoring, execution (e.g. especially on securing permits and licenses). Adherence to International/Best Standards/Practices Continuous improvement on the Project and Product systems processes and procedures. |
| Pre-sales Management | Potential loss of production/sales which may result to negative net-income. | <ul style="list-style-type: none"> Adherence to Company's systems processes and procedures. Discovering and penetrating new markets (e.g. Locally and Internationally) Continuous improvement on the Pre-Sales systems processes and procedures. |
| Documents and Collections | Potential issues on completeness and accuracy of documents and collection of payments | <ul style="list-style-type: none"> Adherence to Company's systems processes and procedures. Adequate monitoring and updating of inventory data |

| | | |
|------------------------|--|---|
| | | <ul style="list-style-type: none"> • Continuous improvement on the Document and Collection's systems processes and procedures. |
| Inventory Management | Potential issues on the efficiency and effectiveness on the inventory of projects | <ul style="list-style-type: none"> • Adherence to Company's systems processes and procedures. • Adequate monitoring and updating of inventory data • Continuous improvement on the Inventory systems processes and procedures. |
| After-Sales Management | Potential issues on client satisfaction | <ul style="list-style-type: none"> • Adherence to Company's systems processes and procedures. • Adequate monitoring and updating of inventory data • Continuous improvement on the Inventory systems processes and procedures. |
| Supporting Functions | Potential issues on the efficiency and effectiveness of various business processes | <ul style="list-style-type: none"> • Adherence to Company's systems processes and procedures. • Adequate monitoring and updating of inventory data • Continuous improvement on the Inventory systems processes and procedures. |

(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 |
|---------------------------|---|--|
| Risk Management Committee | Oversight Control by assisting the Board of Directors | <ol style="list-style-type: none"> 1. Oversight function 2. Formulate, review and endorse to the Board an ERM Policy (thru the help of the Risk Management Department) 3. Review adequacy and effectiveness of Risk Management Processes (thru the help of the independent validation of Internal Audit Department) |

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

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

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

"Internal control is a process, effected by the Company's board of directors, management, and other personnel,

designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.”

- *Geared to the achievement of objectives* in one or more categories – operations, reporting and compliance
- *A process* consisting of ongoing tasks and activities – a means to an end, not an end itself
- *Effected by people* – not merely about policy and procedure manuals, systems, and forms, but about people and the actions they take at every level of an organization to affect internal control
- Able to *provide reasonable assurance* – but not absolute assurance, to the Company’s Board of Directors, Executive Committee and Senior Management
- *Adaptable to the Company structure* – flexible in application for the Company or for a particular subsidiary, group, operating unit, or business process

(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 Audit Committee assists the Board of Directors fulfill its responsibility for oversight of the Company’s corporate governance processes. This entails an understanding of the risks, control and financial reporting issues inherent to the Company”

(c) Period covered by the review: CY 2012

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

“At least annually, the Board Audit Committee, to obtain management’s assurance on the state of internal controls, risk management and corporate governance processes, the Committee relies on the expertise and knowledge of Management, the Internal Auditors and External (independent) Auditors.”

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

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 |
|---|---|--|--|---|
| To provide independent and objective assurance and consulting services to add value and improve the Company’s operations, reporting and compliance. | To assist the Board of Directors thru the established Board Audit Committee on the assessment and evaluation of the adequacy and effectiveness of the Company’s governance, risk management process and | In-house Internal Audit | Lujer P. Danao | <ul style="list-style-type: none"> • Directly reporting to the Board Audit Committee • Administratively to the CEO/President or CFO (as the case maybe) |

| | | | | |
|--|------------------------------|--|--|--|
| | system of internal controls. | | | |
|--|------------------------------|--|--|--|

- (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?

As explicitly stated in the Board Audit Committee Charter:

"Set up the Internal Audit Department ("IAD"), including the appointment of the Chief Audit Executive ("CAE"). The Committee, having appointed the CAE, shall also concur in his/her replacement, re-assignment or dismissal."

- (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?

As explicitly stated in the Board Audit Committee Charter:

"The Committee shall establish and identify the reporting lines of the CAE so that the reporting levels allow the IAD to fulfill its responsibilities and maintain its independence (e.g. IAD functionally and administratively reports to the Committee and President or CFO, respectively)."

"Ensure that the Internal Auditors have free and full access to all Company's records, properties and personnel relevant to and required by its function and that the IAD shall be free from interference in determining its scope, performing its work and communicating its results."

- (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 |
|---------------------|--------|
| N/A | N/A |

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

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

| Progress Against Plans | Risk Management Audit Plan |
|------------------------|--|
| Issues ⁶ | <ul style="list-style-type: none"> • Varying execution of Management on the established policies and procedures • Varying assumptions Management of sound internal controls/best practices • Varying interpretations and implementation of Management on international standards. |
| Findings ⁷ | <ul style="list-style-type: none"> • Business Process Improvement (encompassing internal controls and risk management embedded within the Business process) • Lack of formal policies and procedures |
| Examination Trends | Year to Year basis |

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

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

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

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

(f) Audit Control Policies and Procedures

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

| Policies & Procedures | Implementation |
|--|----------------|
| Various policies, procedures, memorandum and implementing guidelines on reporting, compliance and operations (w/c includes authorization, receipts and disbursements and safe guarding of assets). | Implemented |

(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 |
|--|--|---|--|
| External Auditors directly reports to the Board Audit Committee Internal Auditors directly reports to the Board Audit Committee and administratively to the President/CEO (as the case maybe) | All requested information are provided with utmost care and honesty; the Company does not interfere to influence the Analyst's conclusions | All requested information are provided with utmost care and honesty; the Company does not interfere to influence the Bank's conclusions | The Company undertook an ISO-QMS exercise last 2012 with Neville Clarke and is on-going with the process to achieve certification. |

- (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 document will be signed by two (2) independent directors (one of whom is the Chairman of the Board), the Chief Executive Officer and the Compliance Officer".

H. ROLE OF STAKEHOLDERS

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

| | Policy | Activities |
|--|--|--|
| Customers' welfare | Commit to producing high quality real estate that is of global quality | Sales Events |
| Supplier/contractor selection practice | Ability to deliver quality products in a timely manner | Major purchases are generally sent out for bids before decision making |
| Environmentally friendly value-chain | na | na |
| Community interaction | Involve local stakeholders where possible | CSR activities |
| Anti-corruption programmes and procedures? | No specific or formal program | The company as a rule does not indulge in corrupt practices |
| Safeguarding creditors' rights | Transparency in financial dealings | Meet financial & other covenants set by creditors |

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

Yes, the CSR is part of the annual report

3) Performance-enhancing mechanisms for employee participation.

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

The company provides a broad competitive range of benefits in order to promote the health and general well being of its employees. Besides the government mandated benefits, the company offers insurance and other above industry standard benefits such as transportation allowance, communication allowances, bonuses etc.

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

The company engaged the insurance company Philhealthcare inclusive of medical, dental and hospitalization benefits

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

Orientation programs for new employees are handled by our human resources department. Other in house training and development is handled by our corporate planning group.

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

The company's compensation policy is based on the firm's profitability.

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.

We have established an arbitration department with our human resources team. All grievances are addressed to a committee in HR.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

| Shareholder | Number of Shares | Percent | Beneficial Owner |
|-------------|------------------|---------|---|
| PCD Nominee | 2,253,483,971 | 23.2% | Standard Chartered Bank for 5% Deutsche Bank for 8.73% |
| | | | |

| INMAG Senior Management | Number of Directors | Number of Shares / Through (Name of record owner) | % of Capital Stock |
|-------------------------|---------------------|---|--------------------|
| NA | NA | NA | NA |
| | | | |
| | | | |
| TOTAL | | | |

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 | Yes |
| Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners | Yes |
| Training and/or continuing education programme attended by each director/commissioner | Yes |
| Number of board of directors/commissioners meetings held during the year | Yes |
| Attendance details of each director/commissioner in respect of meetings held | Yes |
| Details of remuneration of the CEO and each member of the board of directors/commissioners | Yes |

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 |
|-----------------|-----------|---------------|
| SGV and Co. | 2.8m | Na |
| | | |

4) Medium of Communication

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

Disclosures made to the PSE and SEC, company websites, news releases

5) Date of release of audited financial report: Audited Financial Statement – May 03, 2013

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) | yss |

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

7) Disclosure of RPT

| RPT | Relationship | Nature | Value |
|-----|--------------|--------|-------|
| NA | NA | NA | NA |
| | | | |

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?

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.

| | |
|-----------------|---|
| Quorum Required | 2/3 total shareholdings present/ majority of capital stock present |
|-----------------|---|

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

| | |
|-------------|--|
| System Used | Notice; Presentation of corporate acts; discussion through question and answer |
| Description | Stockholders are apprised of corporate acts requiring stockholders approval in the notice and agenda of meeting and information statement; During the meeting itself, proposed corporate acts on which stockholder approval is sought are presented and explained to the stockholders, and questions/comments are solicited, received and entertained. |

(c) Stockholders' Rights

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

| Stockholders' Rights under The Corporation Code | Stockholders' Rights not in The Corporation Code |
|---|--|
| NA | NA |
| | |
| | |

Dividends

| Declaration Date | Record Date | Payment Date |
|------------------|----------------|--------------|
| April 13, 2012 | April 27, 2012 | May 24, 2012 |

(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 |
|---|-------------------------|
| At stockholders meeting, time is set aside for investors to question the board and management | Part of agenda |
| | |

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

All these decisions are discussed and approved by the shareholders on record. During the AGM, the agenda is sent out to shareholders in advance so that they can prepare to discuss the issues. If management is proposing such changes, the investors have the right to vote with, or against, the management.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

a. Date of sending out notices: June 02, 2012

b. Date of the Annual/Special Stockholders' Meeting: June 27, 2012

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

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

| Resolution | Approving | Dissenting | Abstaining |
|--|--------------------------------|------------|------------|
| Approval of Management report for 2011 | 8,007,724,000 shares or 89.97% | none | none |
| Approval of minutes of meeting for Special stockholders September 26, 2011 | 8,007,724,000 shares or 89.97% | none | none |
| Confirmation of all acts of the board | 8,007,724,000 shares or 89.97% | none | none |
| Election of Directors | 8,007,724,000 shares or 89.97% | none | none |
| Appointment of external auditors | 8,007,724,000 shares or 89.97% | none | none |

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions: votes not published. Will correct and start publishing

(e) Modifications

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

| Modifications | Reason for Modification |
|---------------|-------------------------|
| NA | NA |
| | |
| | |

(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 | Jose EB Antonio; Jose R. Marco R. Antonio; Jose R. Carlo R. Antonio; Monico Jacob; Jose Roberto R. | June 27, 2012 | Motion and seconding; solicitation of objections | 1.07 | 88.90 | 89.97 |

| | | | | | | |
|--|---|--|--|--|--|--|
| | Antonio; Ricardo Cuerva; Rafael G. Yaptinchay; Carlos Benedict K. Rivilla; Brigida S. Aldeguer | | | | | |
| | | | | | | |

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

Should there be a voting by ballot, the external auditors, who are expected to attend shall be authorized to count the votes

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

One vote carries one share

(g) Proxy Voting Policies

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

| | Company's Policies |
|-------------------------------------|---|
| Execution and acceptance of proxies | Conform with by laws |
| Notary | Proxies not required |
| Submission of Proxy | Should be to the corporate secretary before the meeting |
| Several Proxies | NA |
| Validity of Proxy | Na |
| Proxies executed abroad | NA |
| Invalidated Proxy | NA |
| Validation of Proxy | NA |
| Violation of Proxy | NA |

(h) Sending of Notices

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

| Policies | Procedure |
|---|--|
| Send notices two weeks prior to meeting | Notices are sent by post to the last know postal address |
| | |

(i) Definitive Information Statements and Management Report

| | |
|--|--|
| Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials | All shareholders entitled to receive notices |
| Date of Actual Distribution of Definitive Information Statements and Management Report and Other Materials held by market participants/certain beneficial owners | At least 2 weeks prior to AGM |
| Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders | At least two weeks prior to AGM |
| State whether conforming hard copies were distributed | Hard copies |
| If yes, indicate whether requesting stockholders were provided hard copies | NA |

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

| | |
|---|-----|
| Each resolution to be taken up deals with only one item. | yes |
| Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election. | Yes |
| The auditors to be appointed or re-appointed. | Yes |
| An explanation of the dividend policy, if any dividend is to be declared. | Yes |
| The amount payable for final dividends. | Yes |
| Documents required for proxy vote. | Yes |

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

2) Treatment of Minority Stockholders

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

| Policies | Implementation |
|---|--|
| Recognizes rights of the minority to influence Board composition by cumulative voting | Notice of meeting/Information Statement expressly states set of procedures for cumulative voting |
| Equal treatment of shareholders holding same class of shares | One share one vote |
| | |
| | |

- (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.
No formal polices yet
- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

| | Details |
|---------------------------------|---|
| (1) Objectives | Timely disclosure of materials |
| (2) Principles | Enable investors to make appropriate investment decisions |
| (3) Modes of Communications | Disclose info to PSE and SEC, upload to website |
| (4) Investors Relations Officer | Kristina Garcia |

- 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?

All these major decisions have to be approved by the board of directors and stockholders if necessary

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

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

| Initiative | Beneficiary |
|--|------------------------------|
| Adopt a community or charity association | Operation Smile organization |

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 |
|-----------------------------|---|-------------------------------------|
| Board of Directors | Periodic self appraisal | Board discussion and participation |
| Board Committees | Periodic self-appraisal | Meeting targets set by te committee |
| Individual Directors | Periodic self appraisal | Board discussions and participation |
| CEO/President | Periodic review of management and the CEO/President | Attainment of corporate objectives |

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 |
|------------------|---|
| First Violation | Verbal reprimand / Memo |
| Second violation | Suspension |
| Third reprimand | Council for employee actions; removal from office |

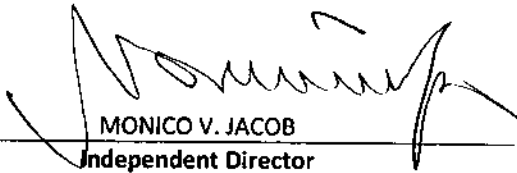
Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of MAKATI CITY on JUL 01 2013 20 .

SIGNATURES



JOSE E.B. ANTONIO

Chairman of the Board and Chief Executive Officer



MONICO V. JACOB

Independent Director



WASHINGTON Z. SY CIP

Independent Director



NEKO LYREE U. CRUZ

Compliance Officer

MAKATI CITY **JUL 01 2013**
SUBSCRIBED AND SWORN to before me this _____ day of _____ 20____, affiant(s) exhibiting to me their _____ as follows:

NAME/NO.

DATE OF ISSUE

PLACE OF ISSUE

Doc No. 348
Page No. 7
Book No. XXIV
Series of 2013

NOTARY PUBLIC
DOMIE S. EDUVANE
Commission No. M-190
Notary Public for Makati City
Until December 31, 2013
PTR No. 3176681 / 01.03.12 / Makati C
IBP No. 877870 / 01.04.12 / Zarabale