



30 May 2017

**THE PHILIPPINE STOCK EXCHANGE, INC.**

3<sup>rd</sup> Floor, Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue, Makati City

Attention: **Mr. Jose Valeriano B. Zuño III**  
OIC- Head, Disclosure Department

Gentlemen:

In compliance with the Disclosure Rules of the Philippine Stock Exchange, we submit herewith the amended Annual Corporate Governance Report of Concrete Aggregates Corporation for the year 2016.

The ACGR for 2016 will likewise be posted in the Company website pursuant to the said Circular.

Thank you and best regards.

Very truly yours,

  
**ISAGANI ELIAS A. ELACIO**  
Corporate Information Officer

# COVER SHEET

3 6 1 4 0

S.E.C. Registration Number

C O N C R E T E A G G R E G A T E S

C O R P .

(Company's Full Name)

9 T H F L R . O R T I G A S B L D G . O R T I G A S

A V E . , P A S I G C I T Y

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

JOSE ANTONIO V. EVANGELISTA III

Contact Person

6311231

Company Telephone Number

1 2 3 1

Month Day  
Fiscal Year

0 6 2 9

Month Day  
Annual Meeting

S E C F O R M - A M E N D E D A C G R 2 0 1 6

FORM TYPE

P E R M I T T O O F F E R S E C U R I T I E S

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

565

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

PSE Security Code \_\_\_\_\_  
SEC Number 36140  
File Number \_\_\_\_\_

**CONCRETE AGGREGATES CORPORATION**

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(Company's Full Name)

9<sup>TH</sup> FLOOR, ORTIGAS BUILDING, ORTIGAS AVENUE, PASIG CITY

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(Company's Address)

631-1231  
fax no.: 631-6517

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(Company's Telephone Number)

DECEMBER 31

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(Fiscal Year Ending)  
(Month & Day)

**ANNUAL CORPORATE GOVERNANCE REPORT FOR 2016 - AMENDED**

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(FORM TYPE)

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(Amendment Designation if Applicable)

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Period Ended Date

**PERMIT TO OFFER SECURITIES FOR SALE**

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(Secondary License Type, if any)

**SECURITIES AND EXCHANGE COMMISSION**

**Annual Corporate Governance Report**

1. For the fiscal year ended **2016**
2. SEC Identification Number **36140**
3. BIR Tax Identification No. **000-201-881**
4. Exact name of registrant as specified in its charter **CONCRETE AGGREGATES CORP.**
5. **Philippines**  
Province, Country or other jurisdiction of  
Incorporation or organization
6. (SEC Use Only)   
Industry Classification Code;
7. **9<sup>th</sup> Floor, Ortigas Building, Ortigas Avenue, Pasig City** **1600**  
Address of principal office Per Amended Articles of Incorporation approved Postal Code  
by the SEC on March 23, 2009
8. **(02) 631-1231 fax no.: 631-6517**  
Registrant's telephone number, including area code
9. **Not Applicable**  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Shares	27,466,449

11. Are any or all of these securities listed on the Philippine Stock Exchange?

Yes (x) No ( )

12. Check whether the registrant:

has filed all reports required to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a) – 1 thereunder and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes (x) No ( )

has been subject to such filing requirements for the 90 days.

Yes (x) No ( )



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## A. BOARD MATTERS

### 1) Board of Directors

Number of Directors per Articles of Incorporation	7 <sup>1</sup>
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Actual number of Directors for the year	7 <sup>2</sup>
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#### (a) Composition of the Board<sup>3</sup>

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
Jose Emmanuel H. Jalandoni	NED	Ortigas and Company, Limited Partnership	Jose C. Ibviosa (unrelated to the Independent Directors)	25 June 2015	30 June 2016	Annual Meeting	2
Jeffrey C. Lim	NED	Ortigas and Company, Limited Partnership		25 June 2015	30 June 2016	Annual Meeting	2
Ma. Asuncion O. Padilla	NED	Ortigas and Company, Limited Partnership		25 June 2015	30 June 2016	Annual Meeting	2
Jose T. Sio	NED	Ortigas and Company, Limited Partnership		25 June 2015	30 June 2016	Annual Meeting	2
Jaime E. Ysmael	ED	Ortigas and Company, Limited Partnership		25 June 2015	30 June 2016	Annual Meeting	2
Roberto M. Paterno	ID	Ortigas and Company, Limited Partnership		31 March 2005	30 June 2016	Annual Meeting	5
Samson C. Lazo	ID	Ortigas and Company, Limited Partnership		29 June 2006	30 June 2016	Annual Meeting	5

- (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.

*CAC has adopted a corporate governance policy with the objective of institutionalizing the principles of good corporate governance in the entire organization. The Board of Directors and Management, employees and stockholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization.*

<sup>1</sup> Amended based on SEC Form 17-C on the Amendment of the Articles of Incorporation of CAC filed on 24 September 2015

<sup>2</sup> Included in the number is Mr. Roberto M. Paterno who passed away on 2 October 2016 which was reported via an SEC Form 17-C Report filed on 6 October 2016

<sup>3</sup> Amended based on SEC Form 17-C on the Highlights of the Annual Stockholders' Meeting and Organizational Meeting of the Board filed on 30 June 2016

*The Board of Directors (The “Board”) is primarily responsible for the governance of the corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management. It is the Board’s responsibility to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders. (Revised Manual on Corporate Governance)*

*It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights. The Board also provides the minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation. (Revised Manual on Corporate Governance)*

*All material information about the corporation which could adversely affect its viability or the interests of the stockholders and other stakeholders are publicly and timely disclosed. All disclosed information will be released via the approved stock exchange mechanisms and submissions to the Commission (Revised Manual on Corporate Governance)*

*Finally, the Company is set to revise its Code of Corporate Governance in 2017 pursuant to SEC Memorandum Circular No. 19 Series of 2016 which includes revisions recommended by the SEC regarding the role of the directors.*

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

*The vision and mission of the Company, including the Manual on Corporate Governance, are reviewed by the Board periodically at such times as may be determined by the Board. (Revised Manual on Corporate Governance)*

- (d) Directorship in Other Companies

- (i) Directorship in the Company’s Group<sup>2</sup>

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

<b>Director’s Name</b>	<b>Corporate Name of the Group Company</b>	<b>Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.</b>
Jose Emmanuel H. Jalandoni	OCLP Holdings, Inc. (which is the sole general partner of Ortigas & Company, Limited Partnership [OCLP])	Non-Executive
Jeffrey C. Lim	OCLP Holdings, Inc. (which is the sole general partner of Ortigas & Company, Limited Partnership [OCLP])	Non-Executive
Ma. Asuncion O. Padilla	OCLP Holdings, Inc. (which is the sole general partner of Ortigas & Company, Limited Partnership [OCLP])	Non-Executive
Jose T. Sio	OCLP Holdings, Inc. (which is the sole general partner of Ortigas & Company, Limited Partnership [OCLP])	Non-Executive
Jaime E. Ysmael	OCLP Holdings, Inc. (which is the sole general partner of Ortigas & Company, Limited Partnership [OCLP])	Executive (Chairman of the Board)

<sup>2</sup> 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.
Jose T. Sio	SM Investments Corporation China Banking Corporation Atlas Consolidated Mining and Development Corporation Belle Corporation	Non-Executive Non-Executive Non-Executive Non-Executive
Jaime E. Ysmael	Cebu Holdings, Incorporated	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
Jose Emmanuel H. Jalandoni	Ortigas and Company, Limited Partnership	Ortigas and Company, Limited Partnership is majority-owned by OCLP Holdings, Inc., and Jose Emmanuel H. Jalandoni is a director and stockholder of OCLP Holdings, Inc.
Jeffrey C. Lim	Ortigas and Company, Limited Partnership	Ortigas and Company, Limited Partnership is majority-owned by OCLP Holdings, Inc., and Jeffrey C. Lim is a director and stockholder of OCLP Holdings, Inc.
Ma. Asuncion O. Padilla	Ortigas and Company, Limited Partnership	Ortigas and Company, Limited Partnership is majority-owned by OCLP Holdings, Inc., and Ma. Asuncion O. Padilla is a director and stockholder of OCLP Holdings, Inc.
Jose T. Sio	Ortigas and Company, Limited Partnership	Ortigas and Company, Limited Partnership is majority-owned by OCLP Holdings, Inc., and Jose T. Sio is a director and stockholder of OCLP Holdings, Inc.
Jaime E. Ysmael	Ortigas and Company, Limited Partnership	Ortigas and Company, Limited Partnership is majority-owned by OCLP Holdings, Inc., and Jaime E. Ysmael is a director, Chairman of the Board, President and stockholder of OCLP Holdings, Inc.

- (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:

YES (Sec. 2.2.2.1.3. of the Revised Manual on Corporate Governance)

	Guidelines	Maximum Number of Directorships in other companies
<b>Executive Director</b>	The executive directors shall submit themselves to a low indicative limit on membership in other corporate boards.	<i>Pursuant to SEC Memorandum Circular No. 19 Series of 2016, directors of the Company shall be allowed to serve as directors for publicly listed companies for a maximum of five companies.</i>
<b>Non-Executive Director</b>	The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations	
<b>CEO</b>	The Chief Executive Officer shall submit himself to a low indicative limit on membership in other corporate boards.	

- (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 Emmanuel H. Jalandoni	1	-	negligible
Jeffrey C. Lim	1	-	negligible
Ma. Asuncion O. Padilla	7,119	-	0.02
Jose T. Sio	1	-	negligible
Jaime E. Ysmael	1	-	negligible
Samson C. Lazo	1	-	negligible
Roberto M. Paterno	1	-	negligible
<b>TOTAL</b>	<b>7,125</b>	-	<b>0.02</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: Jaime E. Ysmael

Chairman of the Board	Jaime E. Ysmael
CEO/President	Jaime E. Ysmael

Pursuant to SEC Memorandum Circular No. 19, Series of 2016, a lead independent director among the independent directors will be designated by the Board if the Chairman elected during the 2017 organizational meeting of the Board is not independent, or if the positions of the Chairman of the Board and Chief Executive Officer are held by one person.

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer/President
Role	Preside at all meetings of stockholders and of the directors. (Amended By-laws)	Exercise general supervision over all the other officers of the corporation. (Amended By-laws)
Accountabilities	Submit matters of policy for the consideration of the Board.	Execute in behalf of the corporation contracts and agreements, which the said corporation may enter into. Sign, endorse, and deliver alone or in conjunction with other officials, all checks, drafts, bills of exchange and promissory notes on behalf of the corporation.
Deliverables	Take the initiative in establishing new business connections for the corporation and of studying the possibilities of new fields of investment.	Submit an annual report of the operations of the corporation to the Board and at such other time as the latter may request, and an annual report thereof to the stockholders at the annual meeting.

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

*Ans: The Board of Directors makes sure that in the selection of the Company's key personnel, only those who have the potential to be future leaders of the Company are selected. Also, the key personnel are encouraged to take professional training courses in preparation to take senior management positions in the Company. The Company is likewise preparing a Retirement Age and Management Succession policy that will be in place by the end of 2017.*

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.

*Ans: The Company is likewise preparing a Board Diversity policy that will be in place by the end of 2017. In addition, the Company has always made a conscious effort to engage those whose experience and background contributes to the success of the organization.*

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

*Ans: Yes, Mr. Samson C. Lazo, an independent director, is a recognized expert in the industry.*

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

	<b>Executive</b>	<b>Non-Executive</b>	<b>Independent Director</b>
<b>Role</b>	The Board of Directors is primarily responsible for the governance of the corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide independent check on Management. <i>(Revised Manual on Corporate Governance)</i>	The Board of Directors is primarily responsible for the governance of the corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide independent check on Management. <i>(Revised Manual on Corporate Governance)</i>	The Board of Directors is primarily responsible for the governance of the corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide independent check on Management. <i>(Revised Manual on Corporate Governance)</i>
<b>Accountabilities</b>	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. <i>(Revised Manual on Corporate Governance)</i>	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. <i>(Revised Manual on Corporate Governance)</i>	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. <i>(Revised Manual on Corporate Governance)</i>
<b>Deliverables</b>	Provide sound strategic policies and guidelines to the corporation on major capital expenditures and establish programs that can sustain its long-term viability and strength. <i>(Revised Manual on Corporate Governance)</i>	Provide sound strategic policies and guidelines to the corporation on major capital expenditures and establish programs that can sustain its long-term viability and strength. <i>(Revised Manual on Corporate Governance)</i>	Provide sound strategic policies and guidelines to the corporation on major capital expenditures and establish programs that can sustain its long-term viability and strength. <i>(Revised Manual on Corporate Governance)</i>

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

*Ans: "Independence," as it relates to an independent director, is defined as a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any corporation that meets the requirements of the Securities Regulation Code. (Nomination Committee Charter).*

*The Company's independent directors are "independent" as the term is defined in the Nomination Committee Charter.*

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.

*Ans: The Company follows the previous SEC rule of a term limit of 5 years for the first term followed by a 2-year cooling off period and second 5-year term thereafter. However, the Company will now comply with SEC Memorandum Circular No. 19, series of 2016, which is effective as of 1 January 2017 which sets a maximum cumulative term of nine years.*

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:

<b>Name</b>	<b>Position</b>	<b>Date of Cessation</b>	<b>Reason</b>
Mr. Jaime M. Ortigas	Director	2 March 2016	Pursuant to the approval by the SEC of the Corporation's application to amend its Articles and By-Laws and reduce the number of its directors from eleven (11) to seven (7)
Mr. Jose C. Rodriguez IV	Director		
Atty. Edmundo L. Tan	Director		
Atty. Michael David I. Abundo III	Director		
Roberto M. Paterno	Director (Independent)	2 October 2016	Death

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

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

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
<p>(i) Executive Directors (ii) Non-Executive Directors</p>	<p>The Committee shall convene to screen and evaluate the list of candidates submitted to it to fill up seven (7) seats of the Board (inclusive of two independent directors) prior to the date of election conducted by the corporation's stockholders during the annual stockholders' meeting normally held in June of each year. The screening, short listing and nomination of duly qualified candidates shall be completed not later than thirty (30) business days prior to the date of the actual meeting of the stockholders which shall be determined by the Board in its regular meetings. <i>(Nomination Committee Charter)</i></p>	<p>The criteria for the selection/appointment of the Executive and Non-Executive Directors are as follows:</p> <p>a. He shall be a holder of at least one (1) share of stock of the Corporation;</p> <p>b. He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;</p> <p>c. He shall be at least twenty one (21) years old;</p> <p>d. He shall have proven to possess integrity and probity; and</p> <p>e. He shall be assiduous. <i>(Nomination Committee Charter)</i></p>
<p>(iii) Independent Directors</p>	<p>The following is the process for the selection/appointment of Independent Directors:</p> <p>a. The Nomination of Independent Directors shall be conducted by the Nomination Committee prior to stockholders' meeting, and all recommendations shall be signed by the nominating stockholders.</p> <p>b. The Committee shall pre-screen the qualifications and prepare a Final List of Candidates which shall contain all the information about all the nominees for Independent Directors as required, which list, shall be made available</p>	<p>In addition to the criteria for the selection/appointment of Executive and Non-Executive Directors, the criteria for the selection/appointment of an Independent Director are as follows:</p> <p>a. Not a director or officer or substantial stockholder of the corporation or its related companies.</p> <p>b. Not a relative of any director, officer or substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders.</p> <p>c. Not acting as a nominee or representative of a substantial shareholder of the corporation, any of its related companies or any of its shareholders.</p> <p>d. Not employed in any executive capacity by the</p>

	<p>to the Commission and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement.</p> <p>c. Only nominees whose names appear in the Final List of Candidates shall be eligible for election as Independent Directors. <i>(Nomination Committee Charter)</i></p>	<p>company, any of its related companies or any of its substantial shareholders within the last five (5) years, either personally or through his firm.</p> <p>e. Not engaged in any transaction with the corporation or with any of its related companies or with any of its substantial shareholders. <i>(Nomination Committee Charter)</i></p>
<b>b. Re-appointment</b>		
<p>(i) Executive Directors (ii) Non-Executive Directors</p>	<p>The Committee shall convene to screen and evaluate the list of candidates submitted to it to fill up seven (7) seats of the Board (inclusive of two independent directors) prior to the date of election conducted by the corporation's stockholders during the annual stockholders' meeting normally held in June of each year. The screening, short listing and nomination of duly qualified candidates shall be completed not later than thirty (30) business days prior to the date of the actual meeting of the stockholders which shall be determined by the Board in its regular meetings. <i>(Nomination Committee Charter)</i></p>	<p>The criteria for the selection/appointment of the Executive and Non-Executive Directors are as follows:</p> <p>a. He shall be a holder of at least one (1) share of stock of the Corporation;</p> <p>b. He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;</p> <p>c. He shall be at least twenty one (21) years old;</p> <p>d. He shall have proven to possess integrity and probity; and</p> <p>e. He shall be assiduous. <i>(Nomination Committee Charter)</i></p>
<p>(iii) Independent Directors</p>	<p>The following is the process for the selection/appointment of Independent Directors:</p> <p>a. The Nomination of Independent Directors shall be conducted by the Nomination Committee prior to stockholders' meeting, and all recommendations shall</p>	<p>In addition to the criteria for the selection/appointment of Executive and Non-Executive Directors, the criteria for the selection/appointment of an Independent Director are as follows:</p> <p>a. Not a director or officer or substantial stockholder of the corporation or its related companies.</p>

	<p>be signed by the nominating stockholders.</p> <p>b. The Committee shall pre-screen the qualifications and prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors as required, which list shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement.</p> <p>c. Only nominees whose names appear in the Final List of Candidates shall be eligible for election as Independent Directors. <i>(Nomination Committee Charter)</i></p>	<p>b. Not a relative of any director, officer or substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders.</p> <p>c. Not acting as a nominee or representative of a substantial shareholder of the corporation, any of its related companies or any of its shareholders.</p> <p>d. Not employed in any executive capacity by that public company, any of its related companies or any of its substantial shareholders within the last five (5) years, either personally or through his firm.</p> <p>e. Not engaged in any transaction with the corporation or with any of its related companies or with any of its substantial shareholders. <i>(Nomination Committee Charter)</i></p>
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**c. Permanent Disqualification**

<p>(i) Executive Directors</p>	<p>In case of resignation, disqualification or cessation of executive directorship and only after notice has been made with the Securities and Exchange Commission within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors if still constituting a quorum, upon the nomination of the Nomination Committee, otherwise, said vacancies shall be filled by the stockholders in a regular or special meeting called for that purpose. An independent director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office. <i>(Nomination Committee Charter)</i>.</p>	<p>The following are the criteria for the permanent disqualification of Executive Directors:</p> <p>a. Any person convicted by final judgment or order of any competent judicial or 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;</p>
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		<p>b. 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; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in (a), (b) and (c) 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 Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained 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</p>
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		<p>of the organization;</p> <p>c. Any person convicted by final judgment or order by a court 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>d. Any person who has been adjudged by final judgment or order of the Commission, 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, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rules, regulations or orders;</p> <p>e. Any person earlier elected as independent director who becomes an officer, employee or consultant of the corporation;</p> <p>f. Any person judicially declared as insolvent;</p> <p>g. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in the above sub-paragraphs (a) to (d) above; and</p> <p>h. Any person convicted by final judgment of an offense punishable by imprisonment</p>
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		<p>for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment (<i>Manual on Corporate Governance</i>).</p>
<p>(ii) Non-Executive Directors</p>	<p>In case of resignation, disqualification or cessation of non-executive directorship and only after notice has been made with the Securities and Exchange Commission within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors if still constituting a quorum, upon the nomination of the Nomination Committee, otherwise, said vacancies shall be filled by the stockholders in a regular or special meeting called for that purpose. An independent director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office. (<i>Nomination Committee Charter</i>).</p>	<p>The following are the criteria for the permanent disqualification of Non-Executive Directors:</p> <p>a. Any person convicted by final judgment or order of any competent judicial or 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;</p> <p>b. 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; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of</p>

		<p>the capacities mentioned in (a), (b) and (c) 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 Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained 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>c. Any person convicted by final judgment or order by a court 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>d. Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully</p>
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		<p>aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rules, regulations or orders;</p> <p>e. Any person earlier elected as independent director who becomes an officer, employee or consultant of the corporation;</p> <p>f. Any person judicially declared as insolvent;</p> <p>g. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in the above sub-paragraphs (a) to (d) above; and</p> <p>h. Any person convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment (<i>Manual on Corporate Governance</i>).</p>
(iii) Independent Directors	<p>In case of resignation, disqualification or cessation of independent directorship and only after notice has been made with the Securities and Exchange Commission within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors if still constituting a quorum, upon the nomination of the Nomination Committee, otherwise, said</p>	<p>The following are the criteria for permanent disqualification of an Independent Director:</p> <ol style="list-style-type: none"> <li>1. The disqualifications of a regular director as expressly stipulated in the Corporation's Manual of Corporate Governance shall apply to Independent Directors;</li> <li>2. In addition, the</li> </ol>

	<p>vacancies shall be filled by the stockholders in a regular or special meeting called for that purpose. An independent director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office <i>(Nomination Committee Charter).</i></p>	<p>Independent Director shall likewise be disqualified during his tenure under the following instances or causes:</p> <p>a. He becomes an officer or employee of the corporation;</p> <p>b. His beneficial security ownership exceeds 10% of the outstanding capital stock of the company where he is such director;</p> <p>c. Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family <i>(Nomination Committee Charter).</i></p>
<b>d. Temporary Disqualification</b>		
(i) Executive Directors	<p>In case of resignation, disqualification or cessation of executive directorship and only after notice has been made with the Securities and Exchange Commission within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors if still constituting a quorum, upon the nomination of the Nomination Committee, otherwise, said vacancies shall be filled by the stockholders in a regular or special meeting called for that purpose. An independent director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office. <i>(Nomination Committee Charter).</i></p>	<p>Any of the following shall be a ground for the temporary disqualification of a director:</p> <p>a. Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;</p> <p>b. Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the board of directors during said incumbency. This disqualification applies for purposes of the succeeding election;</p> <p>c. Dismissal/termination from directorship in another listed corporation for cause. This</p>

		<p>disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;</p> <p>d. Being under preventive suspension by the Corporation;</p> <p>e. Conviction that has not yet become final referred to in the grounds for the disqualification of directors (<i>Nominations Committee Charter</i>).</p> <p>f. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.</p> <p>g. Dismissal or termination for cause as director of any corporation covered by the Revised Code of Corporate Governance promulgated by the Commission. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.</p> <p>h. If any of the judgments or order cited in the grounds for permanent disqualification has not yet become final (<i>Manual on Corporate Governance</i>).</p>
(ii) Non-Executive Directors	<p>In case of resignation, disqualification or cessation of non-executive directorship and only after notice has been made with the Securities and Exchange Commission within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors if still</p>	<p>Any of the following shall be a ground for the temporary disqualification of a director:</p> <p>a. Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in</p>

	<p>constituting a quorum, upon the nomination of the Nomination Committee, otherwise, said vacancies shall be filled by the stockholders in a regular or special meeting called for that purpose. An independent director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office. <i>(Nomination Committee Charter).</i></p>	<p>effect as long as his refusal persists;</p> <p>b. Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the board of directors during said incumbency. This disqualification applies for purposes of the succeeding election;</p> <p>c. Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;</p> <p>d. Being under preventive suspension by the Corporation;</p> <p>e. Conviction that has not yet become final referred to in the grounds for the disqualification of directors. <i>(Nomination Committee Charter)</i></p> <p>f. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.</p> <p>g. Dismissal or termination for cause as director of any corporation covered by the Revised Code of Corporate Governance promulgated by the Commission. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.</p>
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		<p>h. If any of the judgments or order cited in the grounds for permanent disqualification has not yet become final (<i>Manual on Corporate Governance</i>).</p>
<p>(iii) Independent Directors</p>	<p>In case of resignation, disqualification or cessation of independent directorship and only after notice has been made with the Securities and Exchange Commission within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors if still constituting a quorum, upon the nomination of the Nomination Committee, otherwise, said vacancies shall be filled by the stockholders in a regular or special meeting called for that purpose. An independent director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office. (<i>Nomination Committee Charter</i>).</p>	<p>Any of the following shall be a ground for the temporary disqualification of a director:</p> <p>a. Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;</p> <p>b. Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the board of directors during said incumbency. This disqualification applies for purposes of the succeeding election;</p> <p>c. Dismissal/termination from directorship in another listed corporation for a cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;</p> <p>d. Being under preventive suspension by the Corporation;</p> <p>e. Conviction that has not yet become final referred to in the grounds for the disqualification of directors. (<i>Nomination Committee Charter</i>).</p> <p>f. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing</p>

		<p>Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.</p> <p>g. Dismissal or termination for cause as director of any corporation covered by the Revised Code of Corporate Governance promulgated by the Commission. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.</p> <p>h. If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of the subscribed capital stock. The disqualification shall be lifted if the limit is later complied with (<i>Manual on Corporate Governance</i>).</p>
<b>e. Removal</b>		
(i) Executive Directors	<p>Under the Corporation Code, a director may be removed by a vote of the stockholders representing at least 2/3 of the outstanding capital stocks in a meeting called for the purpose (<i>Corporation Code of the Philippines</i>).</p>	<p>Under the law, any director or trustee of a corporation may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock, or if the corporation be a non-stock corporation, by a vote of at least two-thirds (2/3) of the members entitled to vote: Provided, That such removal shall take place either at a regular meeting of the corporation or at a special meeting called for the purpose, and in either case, after previous notice to stockholders or members of the corporation of the intention to propose such removal at the meeting. A special meeting of the stockholders or members of a corporation for the purpose of removal of directors or</p>

		<p>trustees, or any of them, must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock, or, if it be a non-stock corporation, on the written demand of a majority of the members entitled to vote. Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders or members by any stockholder or member of the corporation signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in this Code. Removal may be with or without cause: Provided, That removal without cause may not be used to deprive minority stockholders or members of the right of representation to which they may be entitled under Section 24 of the Corporation Code (<i>Corporation Code of the Philippines</i>).</p>
(ii) Non-Executive Directors	<p>Under the Corporation Code, a director may be removed by a vote of the stockholders representing at least 2/3 of the outstanding capital stocks in a meeting called for the purpose (<i>Corporation Code of the Philippines</i>).</p>	<p>Under the law, any director or trustee of a corporation may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock, or if the corporation be a non-stock corporation, by a vote of at least two-thirds (2/3) of the members entitled to vote: Provided, That such removal shall take place either at a regular meeting of the corporation or at a special</p>

		<p>meeting called for the purpose, and in either case, after previous notice to stockholders or members of the corporation of the intention to propose such removal at the meeting. A special meeting of the stockholders or members of a corporation for the purpose of removal of directors or trustees, or any of them, must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock, or, if it be a non-stock corporation, on the written demand of a majority of the members entitled to vote. Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders or members by any stockholder or member of the corporation signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in this Code. Removal may be with or without cause: Provided, That removal without cause may not be used to deprive minority stockholders or members of the right of representation to which they may be entitled under Section 24 of the Corporation Code (<i>Corporation Code of the Philippines</i>).</p>
(iii) Independent Directors	Under the Corporation Code, a director may be removed by a vote of the stockholders representing at least 2/3 of the	Under the law, any director or trustee of a corporation may be removed from office by a vote of the stockholders

	<p>outstanding capital stocks in a meeting called for the purpose <i>(Corporation Code of the Philippines)</i>.</p>	<p>holding or representing at least two-thirds (2/3) of the outstanding capital stock, or if the corporation be a non-stock corporation, by a vote of at least two-thirds (2/3) of the members entitled to vote: Provided, That such removal shall take place either at a regular meeting of the corporation or at a special meeting called for the purpose, and in either case, after previous notice to stockholders or members of the corporation of the intention to propose such removal at the meeting. A special meeting of the stockholders or members of a corporation for the purpose of removal of directors or trustees, or any of them, must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock, or, if it be a non-stock corporation, on the written demand of a majority of the members entitled to vote. Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders or members by any stockholder or member of the corporation signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in this Code. Removal may be with or without cause: Provided, That removal without cause may not be used to deprive</p>
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		minority stockholders or members of the right of representation to which they may be entitled under Section 24 of the Corporation Code ( <i>Corporation Code of the Philippines</i> ).
<b>f. Re-instatement</b>		
(i) Executive Directors (ii) Non-Executive Directors	<p>The following process for election may be followed for purposes of re-instatement:</p> <p>The Committee shall convene to screen and evaluate the list of candidates submitted to it to fill up eleven (11) seats of the Board (inclusive of two independent directors) as required by the law) prior to the date of election conducted by the corporation's stockholders during the annual stockholders' meeting normally held in June of each year. The screening, short listing and nomination of duly qualified candidates shall be completed not later than thirty (30) business days prior to the date of the actual meeting of the stockholders which shall be determined by the Board in its regular meetings. (<i>Nomination Committee Charter</i>)</p>	<p>The Criteria for selection/appointment of the Executive and Non-Executive Directors are as follows:</p> <p>a. He shall be a holder of at least one (1) share of stock of the Corporation;</p> <p>b. He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;</p> <p>c. He shall be at least twenty one (21) years old;</p> <p>d. He shall have proven to possess integrity and probity; and</p> <p>e. He shall be assiduous. (<i>Nomination Committee Charter</i>)</p>
(iii) Independent Directors	<p>The following process for election may be followed for purposes of re-instatement:</p> <p>The following is the process for the selection/appointment of Independent Directors:</p> <p>a. Nomination of Independent Directors shall be conducted by the Nomination Committee prior to stockholders' meeting, and all recommendations shall be signed by the nominating stockholders.</p> <p>b. The Committee shall pre-screen the qualifications and</p>	<p>In addition to the criteria for the selection/appointment of Executive and Non-Executive Directors, the criteria for the selection/appointment of an Independent Director are as follows:</p> <p>a. Not a director or officer or substantial stockholder of the corporation or its related companies.</p> <p>b. Not a relative of any director, officer or substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders.</p>

	<p>prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors as required, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement.</p> <p>Only nominees whose names appear in the Final List of Candidates shall be eligible for election as Independent Directors. <i>(Nomination Committee Charter)</i></p>	<p>c. Not acting as a nominee or representative of a substantial shareholder of the corporation, any of its related companies or any of its shareholders.</p> <p>d. Not employed in any executive capacity by that public company, any of its related companies or any of its substantial shareholders within the last five (5) years, either personally or through his firm.</p> <p>e. Not engaged in any transaction with the corporation or with any of its related companies or with any of its substantial shareholders.</p> <p>Independent Directors should likewise possess the minimum qualifications of a regular director mentioned above. <i>(Nomination Committee Charter)</i></p>
<b>g. Suspension</b>		
(i) Executive Directors	None	None
(ii) Non-Executive Directors	None	None
(iii) Independent Directors	None	None

However, the Company is set to revise its Code of Corporate Governance in 2017 pursuant to SEC Memorandum Circular No. 19 Series of 2016 which includes revisions recommended by the SEC on the adoption of a Board Nomination and Election Policy which will be in place by the end of 2017.

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Jose Emmanuel H. Jalandoni	21,647,648
Jeffrey C. Lim	21,647,648
Ma. Asuncion O. Padilla	21,647,648
Jose T. Sio	21,647,648
Jaime E. Ysmael	21,647,648
Roberto M. Paterno	21,647,648
Samson C. Lazo	21,647,648

\* Amended based on SEC Form 17-C on the Highlights of the Annual Stockholders' Meeting and Organizational Meeting of the Board filed on 30 June 2016

6) Orientation and Education Program

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

*Ans: Although there is currently no formal process, the Company encourages its new directors to enroll in Corporate Governance orientation and training programs such as those conducted by the Institute of Corporate Directors. However, the Company is preparing a Director and Key Officers Training policy that will be in place by the end of 2017*

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

*Ans: Directors and Senior Management attend regular external courses/training<sup>4</sup>. Some of the trainings attended are the following:*

1. *Distinguished Corporate Governance Speaker Series*
2. *Corporate Governance Training*
3. *AMLA Seminar*
4. *Corporate Governance Workshop*
5. *Finance Asia – Philippine capital Markets Forum Hong Kong*
6. *Annual Philippine Corporation Finance Conference*
7. *Philippine Government Leadership*
8. *CFA Philippine Investment Conference*
9. *Finance Asia's CFO Summit*
10. *The Philippines Credit, Bonds and Project Finance Discussion Forum*
11. *World Economic Forum*
12. *Gaining the Edge: How Leading Philippine Companies are Using Bonds to their Advantage*
13. *Annual Forum on Good Governance, Business Ethics and Compliance*
14. *Iloilo Business Forum*
15. *JPMorgan Eco Briefing*
16. *Finance Asia – Rising Stars of the Philippines Forum*
17. *P&A Banking Forum: A New World of Regulations & Integration*
18. *BDO/The Asset Economic Forum*
19. *BDO Economic Forum*
20. *JPMorgan Insights Tour*
21. *Follow the Money: Where's the Next Investment Wave?*
22. *ING Eco Briefing*
23. *The Asset – Finex CFO & Treasurers' Roundtable*
24. *HSBC Eco Briefing*
25. *BDO Investment Forum*
26. *Updates on the Amendments to the Anti-Money Laundering Law*
27. *Updates in Labor Law*
28. *Virtual Law Practice With A Difference*
29. *Update on SC Circulars*
30. *Pre-Writing, Drafting and Revised Pleadings (Legal Writing)*
31. *Appellate Practice and Procedure*
32. *Confidentiality of ADR Proceedings*

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<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.

<sup>4</sup> CAC's Individual Development Plan for Senior Management.

33. *Recent SC Decisions and Current Practice of Voluntary Arbitration In The Settlement of Labor Disputes (ADR)*
34. *Ethical Consideration in Fee Arrangements (Legal Ethics)*
35. *Prosecution of Trademarks (Oral Advocacy) Arguing Before the Supreme Court (Trial Skills)*
36. *Magallona vs. Executive Secretary Scope and Breadth of the Philippine National Territory (International Law)*
37. *Updates in Civil Procedure (Substantive/Procedural Law) The Judicial Affidavit Rule*
38. *Update in Legal Ethics*
39. *Legal Ethics*
40. *Benchbook Features*
41. *SEC-PSE Corporate Governance Forum*

- (c) Continuing education programs for senior management/officers: programs and seminars and roundtables attended during the year.

<b>Name of Director/Officer</b>	<b>Date of Training</b>	<b>Program</b>	<b>Name of Training Institution</b>
Jose Emmanuel H. Jalandoni	03/08/16	Annual Corporate Governance Training Program	Institute of Corporate Directors
Jeffrey C. Lim	08/03/16	Corporate Governance Training Program	Institute of Corporate Directors
Ma. Asuncion O. Padilla	10/07/16	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Jose T. Sio	09/14/16	Corporate Governance Seminar	SGV & Co.
Jaime E. Ysmael	03/08/16	Annual Corporate Governance Training Program	Institute of Corporate Directors
Davee M. Zuñiga	08/03/16	Corporate Governance Training Program	Institute of Corporate Directors
Michael David I. Abundo III	11/29/16	Corporate Governance & AMLA Seminar	Philippine Corporate Enhancement and Governance, Inc.
Samson C. Lazo	12/16/16	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Jose Antonio V. Evangelista III	07/22/16	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Cesar D. Buenaventura	10/28/16	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Ronilo B. Quiat	08/03/16	Corporate Governance Forum	Securities and Exchange Commission
Isagani Elias A. Elacio	12/20/16	Corporate Governance & AMLA Seminar	Philippine Corporate Enhancement and Governance, Inc.
Mario S. Evangelista	11/16/16	Corporate Governance Orientation Program	Institute of Corporate Directors

## **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:

*Ans: The Company has already adopted specific policies regarding Conflict of Interest, Insider Trading, and Whistleblowing. The Company is likewise revising its Code of Corporate Governance in 2017 pursuant to SEC Memorandum Circular No. 19 Series of 2016 which includes preparing additional policies on corporate disclosure and anti-corruption programs.*

<b>Business Conduct &amp; Ethics</b>	<b>Directors</b>	<b>Senior Management</b>	<b>Employees</b>
(a) Conflict of Interest	The Company has adopted a policy on Conflict of Interest to set requirements for all directors, officers and employees to observe the highest degree of transparency, selflessness and integrity in the performance of their duties, free from any form of conflict with personal interest	The Company has adopted a policy on Conflict of Interest to set requirements for all directors, officers and employees to observe the highest degree of transparency, selflessness and integrity in the performance of their duties, free from any form of conflict with personal interest	The Company has adopted a policy on Conflict of Interest to set requirements for all directors, officers and employees to observe the highest degree of transparency, selflessness and integrity in the performance of their duties, free from any form of conflict with personal interest
(b) Conduct of Business and Fair Dealings	None	None	None
(c) Receipt of gifts from third parties	None	None	None
(d) Compliance with Laws & Regulations	None	None	None
(e) Respect for Trade Secrets/Use of Non-public Information	The Company has adopted an Insider Trading Policy to regulate the buying or selling of CAC securities by directors, officers and employees of the Company who are considered to have knowledge, from time to time, of material facts or changes in the affairs of the Company which have not been disclosed to the public, including any information likely to affect the market price of CAC's securities.	The Company has adopted an Insider Trading Policy to regulate the buying or selling of CAC securities by directors, officers and employees of the Company who are considered to have knowledge, from time to time, of material facts or changes in the affairs of the Company which have not been disclosed to the public, including any information likely to affect the market price of CAC's securities.	The Company has adopted an Insider Trading Policy to regulate the buying or selling of CAC securities by directors, officers and employees of the Company who are considered to have knowledge, from time to time, of material facts or changes in the affairs of the Company which have not been disclosed to the public, including any information likely to affect the market price of CAC's securities.
(f) Use of Company Funds, Assets and Information	None	None	None
(g) Employment &	None	None	None

Labor Laws & Policies			
(h) Disciplinary action	None	None	None
(i) Whistle Blower	The Company adopted a Whistleblower Policy to encourage directors, officers, and employees, and all suppliers, business partners, contractors and sub-contractors to come forward and raise serious concerns about a perceived wrongdoing, malpractice or a risk involving the Company	The Company adopted a Whistleblower Policy to encourage directors, officers, and employees, and all suppliers, business partners, contractors and sub-contractors to come forward and raise serious concerns about a perceived wrongdoing, malpractice or a risk involving the Company	The Company adopted a Whistleblower Policy to encourage directors, officers, and employees, and all suppliers, business partners, contractors and sub-contractors to come forward and raise serious concerns about a perceived wrongdoing, malpractice or a risk involving the Company
(j) Conflict Resolution	None	None	None

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

*Ans: Some of the relevant policies of the Company relating to business conduct or ethics are posted on the Company's website.*

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

*For matters relating to misconduct or unethical behavior, the Audit Committee has the power to conduct or authorize investigations and is empowered to retain independent counsel, accountants, or others to assist it in the conduct of any investigation, and perform the following specific functions:*

- a. Review and assess the Company’s processes for administering a code of ethical conduct.*
- b. Review with the Internal Audit Head and the External Auditor the results of their review of the Company’s monitoring of compliance with the Company’s code of conduct.*
- c. Review policies and procedures with respect to officers’ expense accounts and privileges, including their use of corporate assets, and consider the results of any review of these areas by the Internal Auditor or the External Auditor. (Audit Committee Charter)*

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	<i>While the Company does not have a formal policy on related party transactions, Board committees are created to study and review any proposed transactions with the parent company – OCLP – and the proper approval procedures are followed, including the submission of any such transactions for stockholders’ approval in accordance with the Corporation Code. A Related Party Transactions Policy has likewise been prepared and is pending approval.</i>
(2) Joint Ventures	Not applicable
(3) Subsidiaries	Not applicable
(4) Entities Under Common Control	Not applicable
(5) Substantial Stockholders	Not applicable
(6) Officers including spouse/children/siblings/parents	Not applicable
(7) Directors including spouse/children/siblings/parents	Not applicable
(8) Interlocking director relationship of Board of Directors	Not applicable

(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	None
Name of Officer/s	None
Name of Significant Shareholders	None

(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.

	<b>Directors/Officers/Significant Shareholders</b>
Company	<p>The Company's directors are required to execute and file Business Interest Disclosure Forms on an annual basis. The forms are filed with and maintained by the Company's human resources department.</p> <p>In addition, the Company has a Conflict of Interest Policy in place which provides as follows:</p> <p>(a) No employee shall engage or continue to be engaged in business with a competitor, customer or supplier of the Company or any of its subsidiaries or affiliates or, persons doing business with or for the Company without the prior written approval of the President. (<i>Conflict of Interest Policy</i>)</p> <p>(b) All employees engaged in any non-CAC/Company business shall fully disclose the relevant facts including the names of their business partners or associates. (<i>Conflict of Interest Policy</i>)</p>

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,<sup>5</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
N/A	N/A	N/A

- (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
Ortigas & Company, Limited Partnership (OCLP)	Contractual	Management Agreement dated 28 October 2010 between OCLP and the Company, whereby OCLP provides general management services to the Company. The Agreement has been renewed and its term is extended up to 31 October 2020.

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

<sup>5</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity.

company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
N/A	N/A	N/A
N/A	N/A	N/A

6) Alternative Dispute Resolution

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

	Alternative Dispute Resolution System
<b>Corporation &amp; Stockholders</b>	There is no formal alternative dispute resolution system in place.
<b>Corporation &amp; Third Parties</b>	There is no formal alternative dispute resolution system in place.
<b>Corporation &amp; Regulatory Authorities</b>	There is no formal alternative dispute resolution system in place.

**C. BOARD MEETINGS & ATTENDANCE**

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

*Ans: Board of Directors' meetings are held quarterly, and the dates thereof are pre-determined at the beginning of the year.*

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman (from 30 June 2016 onwards)	Jaime E. Ysmael	30 June 2016	2	2/2	100%
Member (from 30 June 2016 onwards)	Jose Emmanuel H. Jalandoni	30 June 2016	2	2/2	100%
Member (from 30 June 2016 onwards)	Ma. Asuncion O. Padilla	30 June 2016	2	2/2	100%
Member (from 30 June 2016 onwards)	Jeffrey C. Lim	30 June 2016	2	2/2	100%
Member (from 30 June 2016 onwards)	Jose T. Sio	30 June 2016	2	2/2	100%
Independent (from 30 June 2016 until 2 October 2016)	Mr. Roberto M. Paterno	30 June 2016	2	1/2	50%
Independent (from 30 June 2016 onwards)	Mr. Samson C. Lazo	30 June 2016	2	1/2	50%

\* Amended based on the advisement letter filed on 3 January 2017

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

*Ans: None.*

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

*Ans: A majority of the directors shall be necessary at all meetings to constitute a quorum for the transaction of any business and every decision of a majority of the quorum duly assembled as a board shall be valid as a corporate act. (Art III, Sec.2, By-Laws)*

- 5) Access to Information

- (a) How many days in advance are board papers<sup>6</sup> for board of directors meetings provided to the board?

*Ans: By Company practice, board papers are sent to the directors along with the Notice of the meeting at least seven (7) days before the date of the meeting. Furthermore, materials for board presentations are also distributed to the directors at the start of the meetings.*

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

*Ans: Yes, the board members have independent access to Management and the Corporate Secretary.*

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

*Ans: The Company/Corporate Secretary has the following role/responsibilities under the Company's By-laws:*

- 1. Keep minutes of all meetings of the Board of Directors and of the Stockholders;*
- 2. Keep the stock and transfer book and the corporate seal, which he shall stamp on all documents requiring such seal of the corporation;*
- 3. Fill and countersign all the certificates of the stock issued, making corresponding annotations on the margin or stub of such certificate upon issuance;*
- 4. Give, or cause to be given, all notices required by law or by-laws of the corporation as well as notices of all meetings of the Board of Directors and Stockholders; and*
- 5. Perform such other duties as may be prescribed by the Board of Directors or the President.*

*Under the Revised Manual on Corporate Governance, the Company Secretary has the following additional duties:*

- 1. Responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the corporation;*
- 2. Work fairly and objectively with the Board, Management and stockholders;*
- 3. Have a working knowledge of the operations of the corporation;*
- 4. Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;*
- 5. Attend all Board meetings; and*
- 6. Ensure that all Board procedures, rules and regulations are strictly followed by the members.*  
*(Revised Manual on Corporate Governance)*

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<sup>6</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.

Furthermore, the Company is set to revise its Code of Corporate Governance in 2017 pursuant to SEC Memorandum Circular No. 19 Series of 2016 which includes revisions recommended by the SEC regarding the role of the Corporate Secretary.

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

Ans: Yes, the Corporate Secretary is a lawyer and has undergone adequate training to serve as such.

- (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 Company ensures that directors have access to any information necessary for any committee meeting.
Audit	The Audit Committee has unrestricted access to all information relevant to its responsibilities, and may ask members of management to provide pertinent information as necessary. <i>(Audit Committee Charter)</i>
Nomination	The current procedures on nomination ensures that directors have access to any information necessary for any committee meeting.
Remuneration	The Company ensures that directors have access to any information necessary for any committee meeting.
Others (specify)	N/A

- 6) External Advice

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

Procedures	Details
Engagement of independent counsel, accountants, or other external consultants as necessary through coordination with management.	Under the Audit Committee Charter, the committees may engage independent counsel, accountants, or others to assist it in the conduct of any investigation <i>(Audit Committee Charter)</i>

- 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
	There were no changes in existing policies introduced by the Board during its most recent term. However, the Company is set to revise its Code of Corporate Governance in 2017 pursuant to SEC Memorandum Circular No. 19	

	<i>Series of 2016 which includes revisions recommended by the SEC regarding the adoption of certain policies.</i>	
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#### 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	Not applicable	The Planning & Engineering Manager, who was replaced by the Mining Engineer, is a regular employee of the Company, and is the only managerial employee who has received compensation from the Company for the last three years. For the executive officers of the Company, such as the President, Executive Vice President, General Manager, Treasurer and Head of Finance, Corporate Secretary, Special Projects Head, and Assistant Corporate Secretary, there is no compensation given by the Company for their services, as they are performing these services not as regular employees of the Company but pursuant to the Management Agreement between the Company and OCLP.
(2) Variable remuneration	Not applicable	Not applicable
(3) Per diem allowance	Not applicable	Not applicable
(4) Bonus	Not applicable	The Board of Directors may, on a case-to-case basis, grant such other bonuses to its management officer(s) based on performance and on the performance of the Company.
(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.

	<b>Remuneration Policy</b>	<b>Structure of Compensation Packages</b>	<b>How Compensation is Calculated</b>
Executive Directors	None. The Executive Directors are seconded by virtue of the Management Agreement between the Company and OCLP and they do not receive any additional compensation for such services.	None	None
Non-Executive Directors	<p>The Company's Compensation Policy states: The compensation programs of the Corporation are intended to ensure that highly qualified Directors, Officers and Key Managers are attracted, motivated and retained for the Corporation's continued success and market leadership.</p> <p>In order to attain this objective, the Corporation believes that its compensation programs (a) should establish and maintain salary levels competitive with relevant industries and markets and at all times take into consideration internal equity; (b) should include reward systems tied to meeting annual and long-term Corporation financial and performance goals; and (c) should be such that actual compensation differentiates better performers from others.</p> <p>The amount of the bonus granted to Directors may not exceed 10% of the Corporation's operating income for the past year.</p> <p>Should the Corporation realize any extraordinary or non-recurring income, a separate bonus may be granted, the amount of which may not exceed 10% of the extraordinary income realized.</p> <p>However, the total bonus to be granted may not exceed 10% of the Corporation's total net income before income taxes for the year, and the multiplier percentage applied to extraordinary income</p>	Please see Compensation policy	Please see Compensation policy

	<p>shall not be greater than the multiplier percentage applied to operating income.</p> <p>The distribution of the bonus may be based on actual attendance at Board meetings and Board Committee meetings.</p> <p>The grant of bonuses to Directors should be approved by the Remuneration Committee, the Board of Directors, and the stockholders.</p> <p>The total compensation of Directors (including per diems, bonuses, etc.) may not exceed 10% of the Corporation's net income before income taxes during the preceding year.</p> <p>The Directors, as such, shall receive such other compensation for their services as may be from time to time approved by the stockholders. (Compensation for Directors and Officers Policy)</p>		
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Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
<p>The Remuneration Committee periodically evaluates and, if the Committee deems appropriate, recommend to the Board adjustments in the amount of per diems taking into consideration that the total compensation of Directors (including per diems, bonuses, etc.) do not exceed 10% of the Corporation's net income before income taxes during the preceding year. The Committee may also recommend to and review with the Board any proposal to grant bonuses or other forms of remuneration to Directors, provided that any such proposal shall be subject to stockholders' approval as required by law and that the amount of the bonus granted to Directors does not exceed 10% of the Corporation's operating income for the past year. The Directors, therefore, shall not decide on their own compensation.</p>	<p>There were no decisions relating to the total remuneration of the board of directors that were presented or approved by the stockholders in the last three years.</p>

3) Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	N/A (Note: Services of Executive Directors are rendered by virtue of the Management Agreement between OCLP and CAC).	N/A	N/A
(b) Variable Remuneration	N/A	N/A	N/A
(c) Per diem Allowance	N/A	P7,500.00 each director per board meeting and P5,000.00 per diem allowance for each committee meeting attended.	P7,500.00 each director per board meeting and P5,000.00 per diem allowance for each committee meeting attended.
(d) Bonuses	N/A	A special bonus for the year 2012 amounting to P500,000.00 was divided equally by the Non-Executive Directors and approved by the stockholders during a meeting last 15 February 2013.	N/A
(e) Stock Options and/or other financial instruments	N/A	N/A	N/A
(f) Others (Specify)	N/A	N/A	N/A
<b>Total</b>		P0.05 million for all non-executive directors. (Annual Report SEC 17-A for 2016)	

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	N/A	N/A	N/A
2) Credit granted	N/A	N/A	N/A
3) Pension Plan/s Contributions	N/A	N/A	N/A
(d) Pension Plans, Obligations incurred	N/A	N/A	N/A
(e) Life Insurance Premium	N/A	N/A	N/A
(f) Hospitalization Plan	N/A	N/A	N/A

(g) Car Plan	N/A	N/A	N/A
(h) Others (Specify)	N/A	N/A	N/A
<b>Total</b>			

4) Stock Rights, Options and Warrants

(a) Board of Directors

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

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

(b) Amendments of Incentive Programs

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

Incentive Program	Amendments	Date of Stockholders' Approval
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A

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
Roslin Ivy. R. Ricamara/Planning & Engineering Manager	Salary & Per Diems (Aggregate Amount) for 2016 Php300,000.00
N/A	
N/A	Bonus (Aggregate Amount) for 2016
N/A	-
N/A	Other Annual Compensation for 2016

	Php42,500.00
Rializza Maramba/Mining Engineer	Salary & Per Diems (Aggregate Amount) for 2016 Php67,500.00
	Bonus (Aggregate Amount) for 2016 Php15,000.00
	Other Annual Compensation for 2016 Php50,000.00

## 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		5		None	Perform functions specifically delegated to it by the Board of Directors.		Power to act on all such matters within the competence of the Board of Directors as may be specifically delegated to it by the Board of Directors.
Audit		3	1	Yes	Assist the Board in fulfilling its oversight responsibilities by reviewing the financial information, the systems of internal controls, and the audit process ( <i>Audit Committee Charter</i> ).	Provide an open avenue of communication between the Board, Management, the Internal Auditors, and the External Auditor.	To authorize investigations into any matters within the Committee's scope of responsibilities, review internal controls and assess significant risks, review financial reporting, recommend the external auditor, and supervise the Company's internal auditor.
Nomination	1	3		Yes	* Promulgate guidelines or criteria to govern the	The Committee shall convene to screen and evaluate the list of	The power to review and evaluate the qualifications of

				<p>conduct of the nomination of directors.</p> <p>* Pre-screen the qualifications and prepare a final list of all candidates for directors.</p> <p>* Put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees.</p> <p>*Prepare a final list of candidates which shall contain all information about the nominees.</p> <p>*Prepare a final list of candidates which shall contain all information about the nominees.</p> <p><i>(Nomination Committee Charter)</i></p>	<p>candidates submitted to it to fill up the eleven (11) seats of the Board (inclusive of two independent directors as required by law) prior to the date of election conducted by the corporation's stockholders during the annual stockholders' meeting normally held in June of each year.</p>	<p>all persons nominated to the Board as well as those nominated to other positions requiring Board appointment.</p>
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Remuneration		3		No	<p>Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the corporation's culture, strategy and the business environment in which it operates.</p>	<p>* Designate the amount of remuneration, which shall be in a sufficient level to attract and retain the services of qualified and competent directors and officers</p> <p>* Establish a formal and transparent procedure for developing a policy on executive remuneration or determination of remuneration levels of individual directors, if any, and officers, depending on the particular needs of the corporation</p> <p>* Develop a form on Full Business Interest Disclosure as part of the pre-employment requirement for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired</p> <p>* Disallow any director to decide his or her own remuneration</p> <p>* Provide in the corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of all</p>	
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						<p>compensation paid to its directors and top four (4) management officers during the previous fiscal year</p> <p>* Review (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirement that must be periodically met in their respective posts</p> <p>*Or in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above (<i>Manual on Corporate Governance</i>).</p>	
Others (specify)							

\* Updated as of 31 December 2016

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)	Jaime E. Ysmael	30 June 2016	0	N.A.	N.A.	1
Member (ED)	Jose Emmanuel H. Jalandoni	30 June 2016	0	N.A.	N.A.	1
Member (NED)	Jeffrey C. Lim	30 June 2016	0	N.A.	N.A.	1

Member (NED)	Jose T. Sio	30 June 2016	0	N.A.	N.A.	1
Member(NED)	Ma. Asuncion O. Padilla	30 June 2016	0	N.A.	N.A.	1

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Samson C. Lazo	30 June 2016	0	N.A.	N.A.	9
Member (NED)	Jose Emmanuel H. Jalandoni	30 June 2016	0	N.A.	N.A.	1
Member (NED)	Jeffrey C. Lim	30 June 2016	0	N.A.	N.A.	1
Member (NED)	Ma. Asuncion O. Padilla	30 June 2016	0	N.A.	N.A.	1

\* Based on available records

Disclose the profile or qualifications of the Audit Committee members.

Ans: Samson C. Lazo

73 years old, Filipino, Independent Director, CAC (current term of office: 30 June 2016 to present)  
 Bachelor of Arts, Ateneo de Manila University  
 Bachelor of Science in Civil Engineering, University of the Philippines  
 Construction Executive Program, Stanford University  
 Advanced Management Program, Harvard Business School  
 PRC-Licensed Civil Engineer  
 President and Chief Operating Officer, Private Infra Development Corporation (until June 2012)  
 Fellow, Institute of Corporate Directors  
 Fellow, Philippine Institute of Civil Engineers, College of Fellows  
 President, Philippine Institute of Civil Engineers, East Metro Chapter (up to 2012)  
 Member, Rotary Club of Pasig  
 Commissioner, Construction Industry Arbitration Commission (up to 2011)

Jose Emmanuel H. Jalandoni

50 years old, Filipino, Director, CAC (current term of office: 30 June 2016 to present)  
 Bachelor's Degree in Legal Management, Ateneo de Manila University  
 Master's Degree in Business Administration, Asian Institute of Management  
 Director, OCLP Holdings, Inc.  
 Senior Vice President, Ayala Land, Inc.  
 Director, OCLP Holdings, Inc.  
 Chairman of the Board, ALI Capital Corp.  
 Chairman of the Board, ALI Commercial Center Inc.  
 Chairman of the Board, ALI Makati Hotel and Residences, Inc.  
 Chairman of the Board, ALI Makati Hotel Property, Inc.  
 Chairman of the Board, ALI Triangle Hotel Ventures, Inc.  
 Chairman of the Board, ARCA South Integrated Terminal, Inc.  
 Chairman of the Board, ARCA South Hotel Ventures, Inc.  
 Chairman of the Board, Arvo Commercial Corporation  
 Chairman of the Board, Asterion Technopod Incorporated  
 Chairman of the Board, Ayala Hotels, Inc.  
 Chairman of the Board, AyalaLand Hotels and Resorts Corp.  
 Chairman of the Board, AyalaLand Medical Facilities Leasing, Inc.  
 Chairman of the Board, AyalaLand Offices, Inc.

Chairman of the Board, Bacuit Bay Development Corp.  
Chairman of the Board, Bonifacio Hotel Ventures, Inc.  
Chairman of the Board, Capitol Central Hotel Ventures, Inc.  
Chairman of the Board, Cebu Insular Hotel Company, Inc.  
Chairman of the Board, Central Block Developers, Inc.  
Chairman of the Board, Chirica Resorts Corporation  
Chairman of the Board, Circuit Makati Hotel Ventures, Inc.  
Chairman of the Board, DirectPower Services, Inc.  
Chairman of the Board, Ecoholdings Company, Inc.  
Chairman of the Board, Econorth Resort Ventures, Inc.  
Chairman of the Board, Ecosouth Hotel Ventures, Inc.  
Chairman of the Board, Ecozone Power Management, Inc.  
Chairman of the Board, Enjay Hotels, Inc.  
Chairman of the Board, Greenhaven Property Ventures Inc.  
Chairman of the Board, Integrated Eco-Resort Inc.  
Chairman of the Board, Laguna Technopark, Inc.  
Chairman of the Board, Lio Resort Ventures, Inc.  
Chairman of the Board, North Liberty Resort Ventures, Inc.  
Chairman of the Board, North Triangle Hotel Ventures, Inc.  
Chairman of the Board, Northgate Hotel Ventures, Inc.  
Chairman of the Board, Orion Land, Inc.  
Chairman of the Board, Pangulasian Island Resort Corp.  
Chairman of the Board, Paragua Eco-Resort Ventures, Inc.  
Director, President and CEO, Prime Orion Philippines, Inc.  
Chairman of the Board, Regent Horizons Conservation Co., Inc.  
Chairman of the Board, Sentera Hotel Ventures, Inc.  
Chairman of the Board, Sicogon Island Tourism Estate Corp.  
Chairman of the Board, Sicogon Town Hotel, Inc.  
Chairman of the Board, Soltea Commercial Corp.  
Chairman of the Board, Southcrest Hotel Ventures, Inc.  
Chairman of the Board, Ten Knots Development Corp.  
Chairman of the Board, Ten Knots Phils., Inc.  
Chairman of the Board, Tutuban Properties, Inc.  
Chairman of the Board, Whiteknight Holdings, Inc.  
Chairman of the Board and President, Alinet.Com.Inc.  
Vice Chairman, CMPI Land, Inc.  
Director, Accendo Commercial Corp.  
Director, Alabang Commercial Corp.  
Director, ALI Eton Property Development Corp.  
Director, AyaGold Retailers, Inc.  
Director, Ayala Property Management Corp.  
Director, AyalaLand Commercial Reit, Inc.  
Director, Berkshires Holdings, Inc.  
Director, Bonifacio Land Corporation  
Director, Columbus Holdings, Inc.  
Director, Emerging City Holdings, Inc.  
Director, Fort Bonifacio Development Corp.  
Director, Philippine FamilMart CVS, Inc.  
Director, Philippine Integrated Energy Solutions, Inc.  
Director, Station Square East Commercial Corp.  
Director and President, CMPI Holdings, Inc.  
Director and President, Prime Orion Philippines, Inc.

Jeffrey C. Lim

56 years old, Filipino, Director, CAC (current term of office: 30 June 2016 to present)

Bachelor's Degree in Accountancy, University of the East, Manila

Executive Development Program, Asian Institute of Management

PRC-Licensed Certified Public Accountant

Director, OCLP Holdings, Inc.

Director, Capitol Commons Corp.

President and Corporate Information Officer, SM Prime Holdings, Inc.

President, SM Development Corporation

Member, Council of Governors of the Asia Pacific Real Estate – Singapore

Ma. Asuncion O. Padilla

50 years old, Filipino, Director, CAC (current term of office: 30 June 2016 to present)

Bachelor's Degree in Management Engineering, Ateneo de Manila University

Director, OCLP Holdings, Inc.

Director, Capitol Commons Corp.

Director, Sagitro, Inc.

Director, Leafar Commercial Corporation

Director, Leafar Foundation, Inc.

Director, 3K BFusion Corporation

Director, Tri Tuazon Megadevelopment Inc.

Director, Tri C5 megadevelopment Inc.

Director, Tri Loyola Megadevelopment Inc.

Director, Tri Bulacan Megadevelopment Inc.

Director, Tri Gastambide Megadevelopment Inc.

Director, Tri Sky Megadevelopment Corporation

Director, Tri Morato Megadevelopment Inc.

Director, Tri Sta. Rosa Megadevelopment Inc.

Director, Tri Calamba Megadevelopment Inc.

Director, Tri City Megadevelopment Corporation

Director, Amio Megadevelopment Inc.

Director, Hosia Condominium Corp.

Director, Creative Realty Dev. Inc.

Director, Point Ad Inc.

Director, Family Eatertainment Concepts, Inc.

Director, Balibago Angeles Bar and Grill Inc.

Director, Magsaysay Olongapo Bar and Grill Inc.

Director, Marcos Highway Bar and Grill Inc.

Director, Philcoa Bar and Grill Inc.

Director, Tuazon Bar and Grill Inc.

Director, Dasmariñas Bar and Grille Inc.

Director, Sumulong Dalig Restaurant Inc.

Director, Bocobo Bar and Grill Inc.

Director, EDSA Taft Bar and Grill Inc.

Director, Padis Pub Inc.

Director, Padis Place Inc.

Director, Padis Cues Inc.

Director, Padis Land, Inc.

Director, Baguio Padis, Inc.

Director, First Alabang Fun Sports Inc.

Director, Lazer MAXX Games Shop Arcade Inc.

Director, Gotcha, Inc.

Director, Big Red Barn Inc.

Director, Fun Ranch Megadevelopment Inc.

Director, Jump Yard Trampoline, Inc.

Director, Padi's Point/Vicente A. Padilla Jr. Co.  
 Director, First San Fernando Fun Sports Inc.  
 Director, Lipa Batangas Sisig Restaurant Inc.  
 Director, Barkada Entertainment Inc.  
 Director, Jumping Jack Sports Inc.  
 Director, Leaps N' Bounds Inc.  
 Director, Dragon Arcade Megadevelopment Inc.  
 Director, Tri Angeles Megadevelopment Inc.  
 Director, Tri Lipa Megadevelopment Inc.  
 Director, Tri Sucat Megadevelopment Inc.

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

*Ans: The Audit Committee's responsibilities relative to the external auditor are as follows:*

- a. *Recommend to the board of directors the External Auditor to be nominated, approve the compensation of the External Auditor, and review and disapprove the discharge of the External Auditor;*
  - b. *Review the scope and approach of the annual audit with the External Auditor before the audit commences and ensure coordination where more than one audit firm is involved;*
  - c. *Assess the External Auditor's process for identifying and responding to key audit and internal control risks.*
  - d. *Review the External Auditor's identification of issues and business and financial risks and exposures.*
  - e. *Confirm and assure the independence of the External Auditor;*
  - f. *Evaluate and determine the non-audit work by the External Auditor and keep under review the non-audit fees paid to the External Auditor and in relation to the Company's total expenditure on consultancy.*
  - g. *Instruct the External Auditor to communicate to report directly to the audit committee any serious difficulties or disputes with management.*
- (Audit Committee Charter)*

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Roberto M. Paterno	30 June 2016	1	1	100%	10
Non-voting Member	Michael David I. Abundo III	30 June 2016	1	1	100%	5
Member (NED)	Ma. Asuncion O. Padilla	30 June 2016	1	1	100%	1
Member (NED)	Jose Emmanuel H. Jalandoni	30 June 2016	1	1	100%	1
Member (NED)	Jeffrey C. Lim	30 June 2016	1	1	100%	1

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Roberto M. Paterno	30 June 2016	0	N.A.	N.A.	10
Member (NED)	Ma. Asuncion O. Padilla	30 June 2016	0	N.A.	N.A.	1
Member	Jose Emmanuel H.	30 June 2016	0	N.A.	N.A.	1

(NED)	Jalandoni					
Member (NED)	Jeffrey C. Lim	30 June 2016	0	N.A.	N.A.	1

(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	N/A	N/A	N/A	N/A		N/A
Member	N/A	N/A	N/A	N/A		N/A
Member	N/A	N/A	N/A	N/A		N/A
Member	N/A	N/A	N/A	N/A		N/A
Member	N/A	N/A	N/A	N/A		N/A

2) 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
Nomination	Roberto M. Paterno	Death
Remuneration	Roberto M. Paterno	Death
Others (specify)	N/A	N/A

Furthermore, the Company is set to revise its Code of Corporate Governance in 2017 pursuant to SEC Memorandum Circular No. 19 Series of 2016 wherein the Company will establish a Corporate Governance Committee which will replace both the Remuneration and Nomination Committees.

3) 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	N/A	N/A
Audit	Implemented an action plan to address the gaps between the Audit Committee Charter and the Guidelines contained in SEC Memo Circular No. 4	The possible gap between the Audit Committee Charter and the Guidelines.
Nomination	Evaluated nominees for Director for the 2016 Annual Stockholders' Meeting and issued a final list of nominees.	The qualifications of the nominees for the 2016 Annual Stockholders' Meeting
Remuneration	N/A	N/A
Others (specify)	N/A	N/A

4) 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	A review of the Company's 5-year strategic plan and direction was recently conducted.	The review is intended to ensure that the Company's direction and business plans remain relevant and up-to-date.
Audit	The possible amendment of the Audit Committee Charter, considering the Guidelines set forth in SEC Memo Circular No. 4.	The gap between CAC's Audit Committee Charter and the Guidelines.
Nomination	Evaluation of nominees for Director for the next Annual Stockholders' Meeting.	Nominees for Directors of the Company.
Remuneration	N/A	N/A
Others (specify)	N/A	N/A

## F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

*Ans: The risk management function is currently handled by Management in the course of ordinary operations with oversight by the Board of Directors. However, the Company intends to adopt an enterprise wide risk management program and appoint a Chief Risk Officer to coordinate and spearhead the Company's risk management efforts.*

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

*Ans: The Board as a whole reviews and ensures that a sound internal audit, control and compliance system is in place taking into consideration the scope of operations of the Company. However, this is not attested to in writing.*

(c) Period covered by the review;

*Ans: The review of the risks faced by the Company is conducted every quarter.*

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

*Ans: In the course of reviewing the risks faced by the Company every quarter, the Board indirectly reviews the risk management system currently in place.*

(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:

*Ans: The risk management function is currently handled by Management in the course of ordinary operations with oversight by the Board of Directors. However, as mentioned above, the Company intends to adopt an enterprise wide risk management program and appoint a Chief Risk Officer to coordinate and spearhead the Company's risk*

management efforts.

Risk Exposure	Risk Management Policy	Objective
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A

(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:

*Ans: The risk management function for the Group is currently handled by the Company's Management in the course of ordinary operations with oversight by the Company's Board of Directors. However, the Company intends to adopt an enterprise wide risk management program and appoint a Chief Risk Officer to coordinate and spearhead the Company's risk management efforts*

Risk Exposure	Risk Management Policy	Objective
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A

(c) Minority Shareholders

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

Risk to Minority Shareholders
None

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:

*Ans: The Board as a whole reviews and ensures that a sound internal audit, control and compliance system is in place, taking into consideration the scope of operations of CAC. The Company has a Manual on Corporate Governance, which contains policies, rules and regulations for compliance with the requirements of the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE). The Company likewise has a Board-approved Internal Approving Procedure that sets forth the requirements for the approval of certain corporate actions. In addition, the Company intends to adopt an enterprise wide risk management program and appoint a Chief Risk Officer to coordinate and spearhead the Company's risk management efforts.*

*Currently, the operation of the Company's mine site is being undertaken by a third party, Lafarge Holcim Aggregates, Inc. (LHAI) by virtue of an Operating Agreement executed last June 2008. Under the Operating Agreement, LHAI is required to comply with all relevant rules and regulations applicable to aggregates mining in the course of its operations. As such, any and all potential risks are required to be recognized and addressed by LHAI. Nevertheless, the Company ensures that it is aware of any potential risk thru regular coordination meetings with LHAI.*

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Environmental Risk	The Company regularly coordinates with its third party	Any and all risks that are identified during the regular coordination

	operator through regular monthly coordination meetings wherein current or potential risks are identified and appropriate measures are agreed upon for implementation.	meetings are brought to the attention of management along with the courses of action to be recommended for its approval.
Legal Risk	<p>The Company's Internal Audit likewise conducts an annual review of the company, which includes a review of the third party operator in accordance with the terms and conditions of the Operating Agreement. Additional reviews may likewise be conducted by the Internal Audit as and when it is needed.</p> <p>In addition, the Company likewise informs the third party operator during the regular monthly coordination meetings of any notices of violation that may have been issued by government instrumentalities.</p>	<p>Any and all risks that are identified by the Internal Audit during the annual reviews are brought to the attention of Audit Committee along with the courses of action to be recommended for its approval.</p> <p>Any notice of violation received by the Company is brought to the attention of the third party operator for the latter to implement the appropriate corrective or mitigating measures.</p>

(b) Group

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

*Ans: The risk management function for the Group is currently handled by the Company's Management in the course of ordinary operations with oversight by the Company's Board of Directors and the above discussed processes and procedures are applied to the Group as a whole.*

(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:

*Ans: The Board as a whole reviews and ensures that a sound internal audit, control and compliance system is in place, taking into consideration the scope of operations of the Company. In addition, the Company intends to adopt an enterprise wide risk management program and appoint a Chief Risk Officer to coordinate and spearhead the Company's risk management efforts.*

**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;

*Ans: The Company's Internal Auditor assesses the risk exposure of auditable units/process in the organization and develops the annual internal audit plan based on the results of said risk assessment.*

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they

consider them effective and adequate;

*Ans: The Board as a whole reviews and ensures that a sound internal audit, control and compliance system is in place taking into consideration the scope of operations of the Company. However, this is not attested to in writing.*

(c) Period covered by the review;

*Ans: The most recent review conducted by the Internal Auditor of the Company's Internal Control System covered the year 2016.*

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

*Ans: The Company's Internal Auditor reports semi-annually to the Audit Committee the result of audit undertakings and the status of audit recommendations and/or management action plans in mitigating the reported risks.*

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

*Ans: A review was conducted for the year 2016.*

## 2) Internal Audit

(a) Role, Scope and Internal Audit Function

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

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
<p>Assesses the effectiveness of, and adherence to, internal controls, compliance and risk management policies, procedures and practices prescribed by the organization.</p> <p>It assists the Audit Committee, the Board of Directors and senior management in fulfilling their responsibilities with respect to the adequacy and effectiveness of the</p>	<p>It has the authority to audit and investigate any activity, or the individual responsible for such activity.</p> <p>It has unrestricted access to records, information, personnel and physical properties throughout the organization relevant to the performance of the audit function.</p>	<p>In-house</p>	<p>Mario S. Evangelista</p>	<p>Internal Audit is under the overall direction of the Internal Audit Manager who reports administratively to the President. The Internal Audit Manager reports on a functional basis to the Chairperson of the Audit Committee.</p> <p>The Internal Audit Manager reports at least semi-annually to the Audit</p>

internal control environment.				Committee.
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- (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?

*Ans: Yes. The Audit Committee reviews and concurs in the appointment, replacement, reassignment, or dismissal of the Internal Audit Head. (Audit Committee Charter)*

- (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?

*Ans: The Audit Committee establishes and identifies the reporting line of the Internal Audit Head so that the reporting level allows the Internal Audit activity to fulfill its responsibilities. The Internal Audit Head reports directly to the Audit Committee functionally. The Audit Committee ensures that the internal auditors shall have free and full access to the Company’s records, properties and personnel relevant to the internal audit activity and that the internal audit activity should be free from interference in determining the scope of internal audit examinations, performing work, and communicating results. (Audit Committee Charter)*

- (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
Anchelle L. Leano*	Will help the family business
Aizel S. Munlwin**	Will be a full-time mother

\* Resigned effective on 30 July 2016

\*\* Resigned effective on 2 September 2016

- (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>	<b>On track</b>
<b>Issues<sup>7</sup></b>	<b>On track</b>
<b>Findings<sup>8</sup></b>	<b>On track</b>
<b>Examination Trends</b>	<b>On track</b>

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

- a. Preparation of an audit plan inclusive of a timeline and milestones;
- b. Conduct of examination based on the plan;

<sup>7</sup> “Issues” are compliance matters that arise from adopting different interpretations.

<sup>8</sup> “Findings” are those with concrete basis under the company’s policies and rules.

- c. Evaluation of the progress in the implementation of the plan;
- d. Documentation of issues and findings as a result of the examination;
- e. Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;
- f. Conduct of the foregoing procedures on a regular basis.

(f) Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
The Audit Committee, with the assistance of the Internal Auditor, considers and reviews with Management, the significant findings during the year and Management’s responses thereto, including the timetable for implementation of the recommendations to correct weaknesses in internal control.	Internal control procedures are adequate. Their effectiveness will be assessed in 2017.

(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
The Audit Committee Charter provides that the Audit Committee shall ensure that the internal audit activity should be free from interference in determining the scope of internal and audit examinations, performing work, and communicating results.	None	None	None

- (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.

*Ans: The Chairman of the Board and President, Mr. Jaime E. Ysmael, and the Corporate Secretary/Compliance Officer, Atty. Jose Antonio V. Evangelista III, can attest to the Company’s full compliance with the SEC Code of Corporate Governance.*

**H. ROLE OF STAKEHOLDERS**

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

*The Company has recently approved the amendment of its Manual on Corporate Governance pursuant to SEC Memorandum Circular No. 9 series of 2014, which required the amendment to the corporate governance manuals of companies in order to formally recognize the importance and role of other stakeholders in the matter of corporate governance. In general, the Company understands and responds to community concerns and it works under the following principles: (1) place a broad interpretation on the environment and the community; (2) listens to community concerns; and (3) acknowledges the various needs of special interest groups. However, the Company does not have specific policies regarding the items listed below.*

*Nevertheless, the Company and the community in which it operates implemented various development programs hand-in-hand and in accordance with the agreed schedule and manner of implementation indicated in the Company's approved Social Development and Management Program, which was approved on December 15, 2004 by the Mines and Geosciences Bureau (MGB). The Company believes that community development programs produce continual and collective benefits for the company, the community and the environment.*

*Beginning 2008 corporate social responsibility initiatives aimed at the host barangays of the Company's mine site as well as the host municipality have been undertaken by its third party quarry operator on behalf of the Company. In 2016, LHAJ spent approximately PHP17.4 million for various education and infrastructure projects in favor of Barangays San Roque and San Isidro. The projects include road concreting and canal construction for infrastructure projects while education projects consisted of providing school supplies, rehabilitation of daycare centers and providing equipment for classrooms.*

	<b>Policy</b>	<b>Activities</b>
Customer's welfare	<b>N/A</b>	<b>N/A</b>
Supplier/contractor selection practice	<b>N/A</b>	<b>N/A</b>
Environmentally friendly value chain	<b>N/A</b>	<b>N/A</b>
Community interaction	<i>In general, the Company understands and responds to community concerns and it works under the following principles: (1) place a broad interpretation on the environment and the community; (2) listens to community concerns; and (3) acknowledges the various needs of special interest groups</i>	Public Consultations were conducted with residents of Barangays San Roque and San Isidro respectively for purposes of obtaining public input on the Company's mine rehabilitation plans
Anti corruption programmes and procedures	<i>The Company has already adopted specific policies regarding Conflict of Interest, Insider Trading, and Whistleblowing. The Company is likewise revising its Code of Corporate Governance in 2017 pursuant to SEC Memorandum Circular No. 19 Series of 2016 which includes preparing additional policies on corporate disclosure and anti-corruption programs</i>	Upon adoption of its policy on anti-corruption, the Company will begin cascading the same and implement activities pursuant to such policy
Safeguarding creditors' rights	<b>N/A</b>	<b>N/A</b>

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

*Ans: No, the Company does not have a separate CR or sustainability report.*

c. Performance-enhancing mechanisms for employee participation.

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

*Ans: The Company adopted a policy on health, safety, training and welfare geared to promote health and provide important resources that not only help build a positive working relationship but also promote good work habits and financial relief to its employees.*

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

*Ans: The Company maintains a comprehensive medical insurance policy which provides for in-patient and out-patient benefits for employees and qualified dependents. Employees are entitled to medicine reimbursements, use of gym and clinic facilities within the office premises, and are encouraged to undergo annual executive check-up or physical examinations for health maintenance. Employees are likewise provided with life insurance coverage against injury or demise.*

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

*Ans: The Company encourages employees to attend trainings and workshops that will develop and hone their competencies. A yearly analysis is conducted and resources are allocated to fund the training and developmental needs of each employee.*

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

*Ans: The Compensation programs of the Company are intended to ensure that highly qualified Directors, Officers and Key Managers are attracted, motivated and retained for the Corporation's continued success and market leadership.*

*In order to attain this objective, the Corporation believes that its compensation programs (a) should establish and maintain salary levels competitive with relevant industries and markets and at all times take into consideration internal equity; (b) should include rewards system tied to meeting annual and long-term Corporation financial and performance goals; and (c) should be such that actual compensation differentiates better performers from others.*

d. What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behavior? Explain how employees are protected from retaliation.

*The Company adopted a whistleblower policy that provides a formal mechanism and avenue to raise serious concerns such as, but not limited to, corrupt practices and unethical conduct by employees.*

*All reports are treated in confidence and the identity of the whistleblower is not disclosed. Furthermore, any harassment or retaliatory action shall be subject to disciplinary or legal action pursuant to relevant policies and procedures of the Company, as well as any applicable laws.*

**I. DISCLOSURE AND TRANSPARENCY**

a. Ownership Structure

i. Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
<b>Ortigas &amp; Company, Limited Partnership</b>	<b>21,007,586</b>	<b>76.48%</b>	<b>Ortigas &amp; Company, Limited Partnership (Same Entity)</b>

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Michael David I. Abundo III	1	0	Negligible
Davee M. Zuñiga	0	0	N/A
Cesar D. Buenaventura	0	0	N/A
Jose Antonio V. Evangelista III	1	0	Negligible
Ronilo B. Quiat	0	0	N/A
Isagani Elias A. Elacio	0	0	N/A
<b>TOTAL</b>	<b>2</b>	<b>0</b>	<b>Negligible</b>

b. Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	N/A
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, except that the Date of first appointment is not stated
Training and/or continuing education programme attended by each director/commissioner	No. Such information is not required to be included in the Annual Report.
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, as applicable.

c. External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
<b>Isla Lipana &amp; Co.</b>	<b>P210,000.00</b>	<b>P25,000.00 out-of-pocket expenses</b>

d. Medium of Communication

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

1. Verbal Communication (i.e. phone calls)
2. Written Correspondence (i.e. personally delivered letters, registered mail, e-mail)
3. The Company's website
4. Reports and disclosures to the SEC and PSE.

e. Date of release of audited financial report: *17 April 2017*

f. Company Website

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

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

The Company did not have any analysts or media briefings in 2016.

g. Disclosure of RPT

RPT	Relationship	Nature	Value
OCLP and CAC	CAC is a subsidiary of OCLP	In November 2007, OCLP purchased the Company's 12 hectares of land located in Longos, Bagumbayan, Quezon City.	Php1.13 billion, with a Php260 million down payment and the remaining balance payable in forty equal quarterly payments starting April 2009 at interest of 6% per annum on the principal
OCLP and CAC	CAC is a subsidiary of OCLP	In July 2010, OCLP purchased the Company's property located in Tatala, Binangonan, Rizal.	Php30.9 million with a Php3.09 million down payment and the remaining balance payable in three equal annual payments starting July 2011 at 6% interest per annum on the principal
OCLP and CAC	CAC is a subsidiary of OCLP	The Company renewed the Management Agreement with OCLP last 26 October 2015	In 2016, the monthly management fee paid by the Company to OCLP amounted to

		which agreement will commence on 1 November 2015.	Php153,796.07 inclusive of Value-added Tax (VAT)
OCLP and CAC	CAC is a subsidiary of OCLP	The Company receives non-interest bearing, unsecured advances from OCLP.	Around Php0.25 million

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?

*Ans: The Company has not defined a specific process for RPT's. However, the Company complies with all applicable laws and regulations, including the Corporation Code of the Philippines and the PSE Disclosure Rules, in relation to the disclosure and approval of related party transactions. In particular, the necessary stockholders' approvals are obtained when required by law.*

## 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>	Majority of the outstanding capital stock
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#### (b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

*Ans: At every meeting of stockholders of the corporation, every stockholder entitled to vote shall be entitled to one vote for each share of stock registered in his name in the books of the corporation. Every stockholder may so vote by proxy, provided the proxy shall be appointed in writing by the stockholder himself or by his duly authorized representative. (CAC's By-Laws).*

<b>System Used</b>	Voting
<b>Description</b>	The system used to approve corporate acts is done through voting, either by a show of hands, by viva voce, or through ballots.

#### (c) Stockholders' Rights

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

<b>Stockholders' Rights under The Corporation Code</b>	<b>Stockholders' Rights <u>not</u> in The Corporation Code</b>
Regular and Special Meetings of Stockholders or Members. — Regular meetings of stockholders or members shall be held annually on a date fixed in the by-laws, or if not so fixed, on any date in April of every year as determined by the board of directors or trustees: Provided, That written notice	Special meetings of stockholders may be called by the President or by the Board of Directors whenever he or they may deem it necessary and it shall be the duty of the President to call such special meeting whenever the stockholders on record of not less than one-fourth of the

<p>of regular meetings shall be sent to all stockholders or members of record at least two (2) weeks prior to the meeting, unless a different period is required by the by-laws.</p> <p>Special meetings of stockholders or members shall be held at any time deemed necessary or as provided in the by-laws: Provided, however, That at least one (1) week written notice shall be sent to all stockholders or members, unless otherwise provided in the by-laws.</p> <p>Notice of any meeting may be waived, expressly or impliedly, by any stockholder or member.</p> <p>Whenever, for any cause, there is no person authorized to call a meeting, the Securities and Exchange Commission, upon petition of a stockholder or member, and on the showing of good cause therefor, may issue an order to the petitioning stockholder or member directing him to call a meeting of the corporation by giving proper notice required by this Code or by the by-laws. The petitioning stockholder or member shall preside thereat until at least a majority of the stockholders or members present have chosen one of their number as presiding officer. (Section 50, Corporation Code)</p>	<p>outstanding capital stock with voting privilege shall so request in writing. (CAC's Amended By-Laws)</p>
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**Dividends**

*Ans: In 2016, the Company declared a cash dividend of Php1.092 per share for CAC's Common "A" and "B" shares out of the unrestricted retained earnings of 2015.*

Declaration Date	Record Date	Payment Date
17 March 2016	4 April 2016	14 April 2016

**(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
The stockholders present during the meeting are encouraged to ask questions to ensure that the right information is properly communicated to them.	As each agenda item is discussed during the meeting, and after all agenda items for the meeting have been discussed, the Chairman opens the floor for questions from the stockholders present.

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

- a. Amendments to the company's constitution

*Ans: The Company adheres to the requirements of the Corporation Code and the Securities Regulation Code, including the notice and voting requirements for this corporate action.*

- b. Authorization of additional shares

*Ans: The Company adheres to the requirements of the Corporation Code and the Securities Regulation Code, including the notice and voting requirements for this corporate action.*

- c. Transfer of all or substantially all assets, which in effect results in the sale of the company

*Ans: The Company adheres to the requirements of the Corporation Code and the Securities Regulation Code, including the notice and voting requirements for this corporate action.*

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?

Ans: The Company complies with the requirements of the Securities Regulation Code for the sending of the Notices of the Annual Stockholders' Meetings. For the 2016 Annual Stockholders' Meeting, the Notices were sent out 15 business days before the meeting scheduled on 30 June 2016.

- a. Date of sending out notices:

*Ans: 9 June 2016*

- b. Date of the Annual/Special Stockholders' Meeting:

- c. *Ans: 30 June 2016*

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

*Ans: None*

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

6. Resolution	7. Approving	8. Dissenting	9. Abstaining
Approval of the Minutes of the Annual Stockholders' Meeting held last 25 June 2015	All stockholders present	None	None
Approval of the Audited Financial Statements for the year 2015	All stockholders present	None	None
Ratification of Acts, Resolutions and Decisions of the Incumbent Board of Directors and Management	All stockholders present	None	None
Appointment of Isla Lipana & Co. as External Auditors	All stockholders present	None	None
Election of Directors	All stockholders present	None	None

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

*Ans: SEC Form 17-C was filed with the SEC and the PSE immediately after the meeting on 30 June 2016.*

(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
N/A	N/A
N/A	N/A
N/A	N/A

(f) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	<u>Directors</u> 1. Jose Emmanuel H. Jalandoni 2. Jeffrey C. Lim 3. Ma. Asuncion O. Padilla 4. Jose T. Sio 5. Jaime E. Ysmael 6. Roberto M. Paterno 7. Samson C. Lazo  <u>Officers</u> 10. Michael David I. Abundo III 11. Jose Antonio V. Evangelista III 12. Isagani Elias A. Elacio	30 June 2016	A motion to approve is made; if it is seconded, and there are no objections, then the resolution is deemed approved/carried by the stockholders present.	2.23%	76.54%	78.77%

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

*Ans: No, the office of the Corporate Secretary handles the counting and validation of 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.

*Ans: Yes, each share is entitled to one (1) vote.*

(g) Proxy Voting Policies

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

	<b>Company's Policies</b>
Execution and acceptance of proxies	At every meeting of stockholders of the corporation, every stockholder entitled to vote shall be entitled to one vote for each share of stock registered in his name in the books of the corporation. Every stockholder may so vote by proxy, provided the proxy shall be appointed in writing by the stockholder himself or by his duly authorized representative. In addition, CAC implements the SEC Rules and Regulations on proxies, as well as the pertinent provisions of the Corporation Code and the Securities Regulation Code.
Notary	CAC implements the SEC Rules and Regulations on proxies, as well as the pertinent provisions of the Corporation Code and the Securities Regulation Code.
Submission of Proxy	CAC implements the SEC Rules and Regulations on proxies, as well as the pertinent provisions of the Corporation Code and the Securities Regulation Code.
Several Proxies	CAC implements the SEC Rules and Regulations on proxies, as well as the pertinent provisions of the Corporation Code and the Securities Regulation Code.
Validity of Proxy	CAC implements the SEC Rules and Regulations on proxies, as well as the pertinent provisions of the Corporation Code and the Securities Regulation Code.
Proxies executed abroad	CAC follows the SEC Rules and Regulations in accordance with the Corporation Code and the SRC.
Invalidated Proxy	CAC implements the SEC Rules and Regulations on proxies, as well as the pertinent provisions of the Corporation Code and the Securities Regulation Code.
Validation of Proxy	CAC implements the SEC Rules and Regulations on proxies, as well as the pertinent provisions of the Corporation Code and the Securities Regulation Code.
Violation of Proxy	CAC implements the SEC Rules and Regulations on proxies, as well as the pertinent provisions of the Corporation Code and the Securities Regulation Code.

(h) Sending of Notices

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

<b>Policies</b>	<b>Procedure</b>
Notices of the time and place of holding the annual meeting or any special meeting of the stockholders, shall be given either by posting the same enclosed in a postage prepared envelope	Together with copies of the Definitive Information Statement, notices of the time and place of holding the annual meeting or any special meeting of the stockholders are sent by hand or

addressed to each stockholder of record entitled to vote at the address left by the stockholders with the Secretary of the corporation, or his last known address, or by delivering the same to him in person, at least three (3) days before the date set for such meeting. The notice of every special meeting shall state briefly the objects of the meeting and no other business shall be transacted at such meeting except by the consent of all stockholders of the corporation entitled to vote. (Amended By-Laws)	by registered mail to each stockholder of record at least fifteen (15) days before the date set for such meeting. The notice of every special meeting shall state briefly the objects of the meeting and no other business shall be transacted at such meeting except by the consent of all stockholders of the corporation entitled to vote.

(i) Definitive Information Statements and Management Report

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	557 stockholders as of record date for the 2016 ASM.
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	9 June 2016
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	9 June 2016
<b>State whether CD format or hard copies were distributed</b>	Hard copies only
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	

(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, except that the Date of first appointment is not stated, as it is not required.
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	N/A
The amount payable for final dividends.	N/A
Documents required for proxy vote.	N/A

2) Treatment of Minority Stockholders

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

Policies	Implementation
<p>The Board shall be committed to respect the following rights of the minority stockholders as provided in the Corporation Code, namely:</p>	<p>It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights.</p>
<p>The right to vote on all matters that require their consent or approval;</p>	<p>Minority stockholders are reminded of, and allowed to exercise, their right to vote at all stockholders' meetings.</p> <p>The Board is transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders are encouraged to personally attend such meetings. If they cannot attend, they are 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 is resolved in the stockholder's favor.</p> <p>The Board promotes the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights. The Board takes the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information is made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval. Although all stockholders should be treated equally or without discrimination, the Board gives minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.</p>
<p>Pre-emptive rights to all stock issuances of the corporation (unless denied in the articles of incorporation);</p>	<p>The Company has no specific policy on pre-emptive rights, but complies with the requirements on shareholders' rights contained in the Corporation Code.</p>
<p>Right to information;</p>	<p>The reports or disclosures required under the Company's Manual of Corporate Governance are prepared and submitted to the Commission by the responsible Committee or officer through the corporation's Compliance Officer.</p> <p>All material information about the corporation which could adversely affect its viability or the interests of the stockholders are publicly and timely disclosed. Such information include</p>

	<p>earnings results, acquisition or disposal of assets, off balance sheet transactions, related party transactions and direct and indirect remuneration of members of the Board and Management.</p> <p>All disclosed information are released via the approved stock exchange mechanisms and submissions to the Commission.</p> <p>The Board commits at all times to fully disclose material information dealings. It causes the filing of all required information for the interest of the stakeholders.</p>
Right to Dividends; and	<p>Minority stockholders receive dividends in accordance with the declaration of such by the Board of Directors.</p>
Appraisal Right.	<p>The shareholders may exercise their appraisal rights, under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;</li> <li>• In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and</li> <li>• In case of merger or consolidation.</li> </ul>

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

*Ans: Yes. The minority stockholders of CAC have the right to nominate candidates for the board of directors through the Nomination Committee.*

**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.

*Ans: The Company currently has no formal policy on external and internal communications.*

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.

*Ans: The Company currently has no formal investor relations program.*

	Details
(1) Objectives	N/A
(2) Principles	N/A
(3) Modes of Communications	Through written notifications, letters, emails, publications and the Company website.
(4) Investors Relations Officer	Atty. Isagani Elias A. Elacio

- 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?

*Ans: The Company has no specific rules and procedures in this regard.*

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

*Ans: N/A*

#### L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

The Company and the community in which it operated implemented various development programs hand-in-hand and in accordance with the agreed schedule and manner of implementation indicated in the Company's approved Social Development and Management Program (SMDP), which was approved on 15 December 2004 by the Mines and Geosciences Bureau (MGB).

In 2008, the Company turned over the funds intended for the implementation of its SDMP for the community and the environment to the operator of its quarry, Batong Angono Aggregates Corporation. Recently the Company's quarry operator changed its company name to Lafarge Republic Aggregates, Inc. and thereafter, Lafarge Holcim Aggregates, Inc. (LHAI).

Beginning 2008 corporate social responsibility initiatives aimed at the host barangays of the Company's mine site as well as the host municipality have been undertaken by LHAI on behalf of the Company. In 2016, LHAI spent approximately PHP17.4 million for various education and infrastructure projects in favor of Barangays San Roque and San Isidro. The projects include road concreting and canal construction for infrastructure projects while education projects consisted of providing school supplies, rehabilitation of daycare centers and providing equipment for classrooms.

Initiative	Beneficiary
Implementation of a Social Development Program including a continuing Information, Education and Communication (IEC) Program to explain to all stakeholders the mitigative measures embodied in its Environment Impact Statement, as well as the ECC conditions among the local residents and community assistance program for livelihood and skills training among affected families.	Residents and inhabitants of the mining/quarrying site.
Helping develop the host and neighboring communities of the Contract Area, local geo-science and mining technology, and mitigating environment effects of Quarry Operations.	Residents and inhabitants of the mining/quarrying site, including the neighboring communities.

Help create self-sustaining income-generating activities, such as but not limited to reforestation and production of goods and services needed by the mine.	Residents and inhabitants of the mining/quarrying site, including the neighboring communities
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**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>		
<b>Board Committees</b>	The Board reviews the performance of Board Committees, including the policies implemented and the contributions made during the year.	The Board reviews the annual performance of the Committees in general terms.
<b>Individual Directors</b>	The Board reviews the performance of each individual director, including the contributions made during the year.	The Board reviews the annual performance of the individual directors in general terms.
<b>CEO/President</b>	The Board reviews the performance of the CEO/President, including the policies implemented and the contributions made during the year.	The Board reviews the CEO/President’s annual performance in general terms.

**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	The subject person shall be reprimanded ( <i>Revised Manual on Corporate Governance</i> )
Second Violation	Suspension from office shall be imposed. The duration of the suspension shall depend on the gravity of the violation. ( <i>Revised Manual on Corporate Governance</i> )
Third violation	The maximum penalty of removal from office shall be imposed. ( <i>Revised Manual on Corporate Governance</i> )

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 Pasig on 26 May 2017.

SIGNATURES



Jaime E. Ysmael  
**Chairman of the Board and President**



Michael David I. Abundo III  
**General Manager**



Jose Antonio V. Evangelista III  
**Corporate Secretary and Compliance Officer**



Samson C. Lazo  
**Independent Director**

SUBSCRIBED AND SWORN to before me this 09 day of MAY 2017, affiant(s) exhibiting to me his passport, driver's license, or PRC ID as follows:

09 MAY 2017 PASIG CITY  
09 MAY 2017

NAME/NO.	DATE OF ISSUE	PLACE OF ISSUE
Jose Antonio V. Evangelista III/REB Lic. No. 0028726	8 April 2016	PRC Manila

**ALLAN NARCISO P. MACASAET**  
Notary Public for the Cities of Pasig, Taguig, San Juan  
and Municipality of Pateros, Metro Manila  
**NOTARY PUBLIC**  
December 31, 2017  
Appointment No. 82 (2016-2017)  
16/F, Unit 1602 The Centerpoint Bldg.,  
Julia Vargas Ave., Ortigas Center, Pasig City  
IBP NO. 1058019 - 01/06/2017 - RSM  
PTR NO. 2622908 - 01/17/2017 - Pasig City  
Roll No. 42176

Doc No. 125  
Page No. 26  
Book No. 45  
Series of 2017

SUBSCRIBED AND SWORN to before me this 26 MAY 2017 day of PASIG CITY, 2017, affiant(s) exhibiting to me his passport, driver's license, or PRC ID as follows:

NAME/NO.	DATE OF ISSUE	PLACE OF ISSUE
Jaime E. Ysmael/P1126409A	8 December 2016	DFA NCR East

**ALLAN NARCISO P. MACASAET**  
Notary Public for the Cities of Pasig, Taguig, San Juan  
and Municipality of Pateros, Metro Manila  
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PTR NO. 2622908 - 01/17/2017 - Pasig City  
Roll No. 42176

Doc No. 230  
Page No. 47  
Book No. 45  
Series of 2017

SUBSCRIBED AND SWORN to before me this 25 MAY 2017 day of \_\_\_\_\_ 20\_\_ , affiant(s) exhibiting to me their passport, driver's license, or PRC ID as follows:

NAME/NO.	DATE OF ISSUE	PLACE OF ISSUE
Michael David I. Abundo III/EB8168183	22 May 2013	DFA Manila
Samson C. Lazo/N17-64-005880	22 July 2015	LTO Quezon City

**ALLAN NARCISO P. MACASAET**  
Notary Public for the Cities of Pasig, Taguig, San Juan  
and Municipality of Pateros, Metro Manila  
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