

# COVER SHEET

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S.E.C. Registration Number

P H I N M A E N E R G Y C O R P O R A T I O N  
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(Company's Full Name)

L E V E L 1 1 - P H I N M A P L A Z A 3 9 P L A Z A  
D R I V E , R O C K W E L L C E N T E R M A K A T I

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

C E C I L L E A R E N I L L O  
Contact Person

8 7 0 0 3 8 8  
Company Telephone Number

1 2 3 1  
Month Day  
Calendar Year

2 0 1 6 A C G R  
FORM TYPE

\_\_\_\_\_  
Month Day  
Annual Meeting

\_\_\_\_\_  
Secondary License Type, If Applicable

C F D  
Dept. Requiring this Doc.

\_\_\_\_\_  
Amended Articles Number/Section

\_\_\_\_\_  
Total No. of Stockholders

\_\_\_\_\_  
Total Amount of Borrowings  
Domestic Foreign

To be accomplished by SEC Personnel concerned

\_\_\_\_\_  
File Number

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# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM – ACGR

### ANNUAL CORPORATE GOVERNANCE REPORT

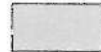


1. Report is Filed for the Year 2016.

2. Exact Name of Registrant as Specified in its Charter

PHINMA ENERGY CORPORATION

11F Phinma Plaza, 39 Plaza Drive Rockwell Center, Makati City 1200  
Address of Principal Office Postal Code



3. SEC Identification Number 0690392745.

5. (SEC Use Only)

Industry Classification Code

6. BIR Tax Identification Number 000-506-020-000

7. 632 8700100

Issuer's Telephone number, including area code

8. Trans-Asia Oil and Energy Corporation

Former name or former address, if changed from the last report

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## A. BOARD MATTERS



## 1. BOARD OF DIRECTORS

Number of Directors per Articles of Incorporation	11
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Actual number of Directors for the year	11
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### (a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type (Executive (ED), Non-Executive (NED) or Independent Director (ID))	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years (served as ID) <sup>1</sup>	Elected when (Annual /Special Meeting)	No. of years served as director
Oscar J. Hilado	NED	Phinma	Ramon R. del Rosario	Sept 1969	April 12, 2016	Annual Meeting	47
Ramon R. del Rosario, Jr.	NED	Phinma	Oscar Hilado	April 2002	April 12, 2016	Annual Meeting	14
Magdaleno B. Albarracin, Jr.	NED	Phinma	Oscar Hilado	1986	April 12, 2016	Annual Meeting	30
Francisco L. Viray	ED	Phinma	Oscar Hilado	Jan 2000	April 12, 2016	Annual Meeting	16
Roberto M. Laviña	ED	Phinma	Oscar Hilado	April 12, 2005	April 12, 2016	Annual Meeting	11
Victor J. del Rosario	NED	Phinma	Oscar Hilado	Sept. 15, 2008	April 12, 2016	Annual Meeting	8
Pythagoras L. Brion, Jr.	ED	Phinma	Oscar Hilado	March 24, 2014	April 12, 2016	Annual Meeting	2
Corazon Dela Paz Bernardo	ID		Oscar Hilado (None)	April 12, 2016	April 12, 2016	Annual Meeting	0
Ricardo V. Camua	ID		Oscar Hilado (None)	1996	April 12, 2016	Annual Meeting	20
David L. Balangue	ID		Ramon del Rosario (None)	March 24, 2010	April 12, 2016	Annual Meeting	6
Guillermo D. Luchangco	ID		Ramon del Rosario (None)	April 22, 2013	April 12, 2016	Annual Meeting	3

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

The company subscribes to corporate governance policies adopted by the board thru its Manual on Good Corporate Governance in August 19, 2002 and subsequently amended to adapt to mandatory changes from the regulating agencies and to correspond to best practices last April 2, 2004, The Manual institutionalizes January 15, 2008, February 21, 2011

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

and finally last June 23, 2014. The Board of Directors and Management's commitment to the principles and best practices of good corporate governance. The Board's dedication to upholding shareholders' rights is embedded in their responsibility to encourage the exercise of voting rights by providing shareholders adequate and timely information which allows them to make sound business decisions. The board further supports the dissemination of information and embolden the inspection of the same to ensure truth and transparency in the company's disclosures and raise its reporting standards.

Minority shareholders are further empowered by the board by granting the right to assembly as well as the right to propose items in the agenda for the shareholder's meeting provided that these bear legitimate business purpose and in accordance with law, jurisprudence and best practice. Lastly, minority shareholders, as stated in the Manual, shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose such matters in the agenda of the shareholders' meeting, being within the definition of "legitimate purposes", and in accordance with law, jurisprudence and best practice.

Overall, the Board shall be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders shall be encouraged to personally attend such meetings. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the bylaws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

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

The Board, upon the recommendation of senior management, reviews the vision and mission of the Company as it deems appropriate. The Board ensures that the plans and actions of the Company are aligned with its vision and mission. On the other hand, corporate strategies are reviewed and discussed semi-annually as part of the Group planning meetings. This exercise was last done June and November 2016.

**(d) Directorship in Other Companies**

**(i) Directorship in the Company's Group**

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Oscar J. Hilado	Phinma, Inc.	Non-Executive (Chairman)
	Phinma Corporation	Non-Executive (Chairman)
	Phinma Property Holdings Corporation	Non-Executive (Chairman)
	Union Galvasteel Corporation	Non-Executive (Chairman)
	Trans-Asia Power Generation Corporation	Non-Executive
	Araullo University	Non-Executive
	Cagayan de Oro College	Non-Executive
	University of Pangasinan	Non-Executive
	University of Iloilo	Non-Executive
	Microtel Inns & Suites (Pilipinas), Inc.	Non-Executive
	Trans-Asia Renewable Energy Corporation	Non-Executive
	Asian Plaza, Inc.	Non-Executive
	Trans-Asia Gold and Minerals	Non-Executive
	Trans Asia Petroleum Corp	Non-Executive
	Palawan 55 Exploration and Production Corp.	Non-Executive



	One Subic Power Generation Corp.	Non-Executive
Magdaleno B. Albarracin, Jr.	Phinma, Inc.	Non-Executive
	Phinma Corporation	Non-Executive
	Phinma Property Holdings Corporation	Non-Executive
	Union Galvasteel Corporation	Non-Executive
	Trans-Asia Power Generation Corporation	Non-Executive
	Trans Asia Petroleum Corp.	Non-Executive
	Palawan 55 Exploration and Production Corp.	Non-Executive
	Araullo University	Non-Executive
	Cagayan de Oro College	Non-Executive
	University of Pangasinan	Non-Executive
	University of Iloilo	Non-Executive
	Asian Plaza, Inc	Non-Executive
	Fuld & Company, Inc.	Non-Executive
	Fuld & Company (Philippines), Inc	Non-Executive
	One Subic Power Generation Corp.	Non-Executive
Ramon R. del Rosario, Jr.	Phinma, Inc.	Executive
	Phinma Corp.	Executive Non-
	Phinma Property Holdings Corporation	Executive Non-
	Union Galvasteel Corporation Trans-	Executive Non-
	Asia Power Generation Corporation	Executive

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



	Araullo University Cagayan de Oro College University of Pangasinan University of Iloilo Microtel Inns & Suites (Pilipinas), Inc. Trans-Asia Renewable Energy Corporation Asian Plaza, Inc. Microtel Development Corp. Fuld & Company, Inc. Fuld & Company (Philippines), Inc. South Luzon Thermal Energy Corp. CIP II Power Corporation Trans Asia Petroleum Corp. One Subic Power Generation Corp.	Non-Executive (Chairman) Non-Executive (Chairman) Non-Executive (Chairman) Non-Executive (Chairman) Non-Executive (Chairman) Non-Executive Non-Executive (Chairman) Non-Executive (Chairman) Non-Executive (Chairman) Non-Executive (Chairman) Non-Executive (Chairman) Non-Executive (Chairman)
Francisco L. Viray	Trans-Asia Power Generation Corp. South Luzon Thermal Energy Corp. CIP II Power Corporation Trans-Asia Petroleum Corp. Palawan 55 Exploration and Production Corp. Trans-Asia Renewable Energy Corp. Maibarara Geothermal Inc. Phinma Corp. One Subic Power Generation Corp.	Executive Executive Executive Executive  Non-Executive (Chairman) Executive Non-Executive Non-Executive Executive
Victor J. del Rosario	Phinma, Inc. Phinma Corporation Phinma Property Holdings Corporation Union Galvasteel Corporation Trans-Asia Power Generation Corporation Trans-Asia Renewable Energy Corp. Araullo University Cagayan de Oro College University of Pangasinan University of Iloilo Asian Plaza, Inc. Microtel Development Corporation Microtel Inns & Suites Fuld & Company, Inc. Fuld & Company (Philippines), Inc. CIP II Power Corporation T-O Insurance Brokers, Inc.	Executive Executive Non-Executive Non-Executive Non-Executive Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive
Roberto M. Laviña	Phinma, Inc. Phinma Corporation Phinma Property Holdings Corporation Union Galvasteel Corporation Trans-Asia Power Generation Corporation Araullo University Cagayan de Oro College University of Pangasinan University of Iloilo Microtel Inns & Suites (Pilipinas), Inc. Trans-Asia Renewable Energy Corporation Asian Plaza, Inc. Microtel Development Corp. Fuld & Company, Inc. Fuld & Company (Philippines), Inc. T-O Insurance Brokers, Inc. CIP II Power Corp Career Academy Asia	Executive Executive Executive Non-Executive Non-Executive Executive Executive Executive Executive Executive Executive Non-Executive Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Executive Executive
David L. Balangue	Trans-Asia Power Generation Corp.	Independent

	One Subic Power Generation Corp.	Independent
Guillermo D. Luchangco	Phinma Corporation Fuld & Company (Philippines), Inc.	Independent Independent
Pythagoras L. Brion, Jr.	Phinma, Inc. Phinma Corp. Asian Plaza, Inc. CIP II Power Corporation Trans-Asia Petroleum Corp. Phinma Property Holdings Corp. Union Galvasteel Corporation Cagayan de Oro College Araullo University University of Pangasinan University of Iloilo Trans-Asia Renewable Energy Corp. Trans-Asia Power Generation Corp. Palawan 55 Exploration and Production Corp. One Subic Power Generation Corp. Coral Way City Hotel Corp. Microtel Development Corp.	Executive Executive Executive Executive Executive Executive Executive Executive Executive Executive Executive Executive Executive Executive Executive Executive Executive Executive Non-Executive Executive

**(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.
Oscar J. Hilado	First Philippine Holdings Corporation Philex Mining Corporation A. Soriano Corporation Rockwell Land Corporation Roxas Holdings, Inc.	Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive
Ramon R. del Rosario, Jr.	Ayala Corporation	Non-Executive
Guillermo D. Luchangco	Roxas & Co., Inc. Ionics, Inc.	Independent Non-Executive
David L. Balangue	Manufacturers Life Insurance (Phils.), Inc. Manulife Financial Plans, Inc. Roxas Holdings, Inc. Holcim Philippines, Inc. Philippine Bank of Communications	Non-executive Non-executive Independent Non-Executive Non-Executive
Corazon del Paz-Bernardo	Philippine Long Distance Telephone Company BDO Unibank, Inc. Roxas & Co., Inc.	Non-Executive Non-Executive 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
Oscar J. Hilado	Phinma, Inc.	Chairman of the Board, director and shareholder.
	Phinma Corp.	Chairman of the Board and shareholder
Magdaleno B. Albarracin, Jr.	Phinma, Inc.	Director and shareholder
	Phinma Corp.	Director and shareholder
Ramon R. del Rosario, Jr.	Phinma, Inc.	Director, President and shareholder
	Phinma Corp.	President & Vice Chairman
Victor J. del Rosario	Phinma, Inc.	Director, Executive Vice President, and shareholder
	Phinma Corp.	Executive Vice President and CFO
Roberto M. Lavina	Phinma, Inc.	Director, Senior Executive Vice President and COO, and shareholder
	Phinma Corp.	Director, Senior Executive Vice President and COO and shareholder
Francisco L. Viray	Phinma Corp.	Director
Pythagoras L. Brion, Jr.	Phinma, Inc.	EVP/CFO
	Phinma Corp.	SVP-Treasurer
Guillermo D. Luchangco	Phinma Corp.	Independent Director

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines: No.

The company values diversity of ideas and recognizes that its directors' experience and knowledge may benefit organizations outside its scope. As such, directors are encouraged to adhere to an indicative low limit on directorships for other companies to ensure that they are able to perform the set duties and responsibilities and have ample productive time to review board papers and make sound business decisions while upholding the Company's core values.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	The Chief Executive Officer and other executive directors shall submit themselves to a low indicative limit on membership in other corporate boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations.	
Non-Executive Director	As above	
CEO	As above	

(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 (as of December 31, 2015)	Number of Direct shares (as of December 31, 2016)	Number of Indirect shares / Through name of record owner	% of Capital Stock
Oscar J. Hilado (Chairman)	4,500,000	6,500,000		.13%
Ramon R. del Rosario Jr. (Vice Chairman)	16,905,513	17,144,364	26,745,698 (thru Emar Corp)	.90%
Francisco L. Viray (President and CEO)	10,212,730	12,495,500	614,000 (thru Jacoba Viray)	.27%
Roberto M. Laviña (SEVP/Treasurer)	3,649,887	3,412,724		.07%
Guillermo D. Luchangco	1	1,500,001		.03%
Magdaleno B. Albarracin Jr.	12,202,926	13,620,926		.28%
Corazon Dela Paz-Bernardo	0	1		0.00%
Ricardo V. Camua	1,225,000	1,802,000		.04%
Victor J. del Rosario	3,620,362	4,620,362	26,745,698 (thru Emar Corp)	.64%
David L. Balangue	1,610,001	2,610,001		.05%
Pythagoras L. Brion, Jr.	565,013	668,724		.01%
TOTAL	55,645,450	64,374,603	54,105,396	2.42%

## 2) CHAIRMAN and CEO

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

Yes ☒

No ☐

Identify the Chair and CEO:

Chairman of the Board	Oscar J. Hilado
CEO/President	Francisco L. Viray

## (b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	<p>Presides at all meetings of the Board of Directors and stockholders. Responsible for leadership in the Board.</p> <p>Chair of Nominations Committee.</p>	<p>General supervision of the company's business, properties and affairs and managing it within the authorities delegated by the Board.</p> <p>Presides over all meetings of the board in the absence of the Chairman.</p>

	Chairman	Chief Executive Officer
Accountabilities/ Deliverables	<p>Efficient operation of the Board and its committees in conformity with the highest standards of corporate governance.</p> <p>Effective communication and harmonious working relationship with shareholders, other stakeholders, non-executive directors and Excom.</p> <p>Promotion of effective communication with shareholders and other stakeholders</p> <p>Constructive debate and effective decision-making.</p> <p>Spearhead a board that initiates change and planning succession on Board and Group Executive appointments.</p> <p>Properly established Board committees which are composed suitably to operate efficiently.</p>	<p>Development of annual plans, consistent with agreed strategies, for presentation to the Board for support.</p> <p>Ensure that an organizational structure is in place including processes and systems to guarantee the efficient deployment of resources.</p> <p>Responsible to the Board for the performance of the business, consistent with the mission and vision of the Company.</p> <p>Timely communication of financial results, milestones, etc. to the investing public.</p> <p>Effective communication and harmonious working relationship with shareholders, other stakeholders, non-executive directors and Excom.</p>
	<p>Provision of sound business support and advice to the CEO in strategy development.</p> <p>Promotion of effective working relationship and communications between executive and non-executive directors and Excom</p> <p>Well-established open relationship with the Chief Executive.</p>	<p>Warrant management succession and development plans.</p> <p>Thorough review of capital investment proposals and efficient identification and management of risks</p> <p>An effective framework of internal controls over risk in relation to all business activities is in place.</p> <p>Close relationship anchored on trust with the Chairman.</p>

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

Succession planning undergoes a rigid process to ensure that the best candidate for the leadership seat is chosen. The Nominations Committee presents to the Board, after consultation and performance assessment, key officers for the ensuing year which the board deliberates on prior appointment. The standards for the appointment of key officers does not rely on current skillset and performance review but also takes into serious consideration, the person's potential while keeping in mind business continuity and alignment with the company's vision and mission. The Human Resource likewise provides leadership programs which aim to aid in the identification of suitable employees and officers to fill key management positions. Under these programs, high potential officers and employees undergo



ngorous training and exposure. These programs are on a continuing basis and adjusted based on the current needs of the Company.

A Leaders' Summit was held in Baguio in February 2016 attended by the Group's middle and senior management where speakers from outside the group were invited to talk about leadership and innovation. The summit also became a venue for teambuilding across the companies of the Group.

The most recent Leaders' Forum was held last November 14, 2016 with the theme "Embrace Change, Inspire Innovation".

#### **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.**

Yes. The company values diversity and supports workforce equality and is strongly against discrimination of any form at all levels thus it ensures through its Manual on Good Corporate Governance that its board members are a combination of executive, non-executive and independent directors with varied but substantial professional knowledge and experience which creates a platform for balance-view discussion necessary to arrive at key business decisions. Further, the Manual safeguards the interests of its shareholders thru this diversity policy to guarantee that no director or small group of directors dominate the decision-making process.

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

Yes, criteria for the nomination/election of a non-executive director are 1) a practical understanding of the business of the company, 2) should possess previous business experience, 3) should have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies and 4) shall be a member of good standing in a relevant industry, business or professional organization.

More specifically, its current roster of directors have a wealth of knowledge and experience from industries which the company operates in headed by Mr. Oscar J. Hilado whose distinguished career includes directorships in other companies such as First Philippine Holdings Corporation and Philex Mining Corporation. Mr. Ramon R. del Rosario, who heads the esteemed Makati Business Club sits as its Vice-Chairman with [ACB1][ABG2][ACB3][ABG4] leadership awards that spans his student and professional life. These includes the Most Outstanding Student of the Philippines, the Ten Outstanding Young Men of the Philippines and MAP's Management Man of the Year. They are further joined by Phinma Energy's first female director, Ms. Corazon de la Paz-Bernardo, Mr Guillermo D. Luchangco who was Chairman of the ICCP group and Mr. David L. Balangue whose 38 years with the country's leading auditing firm, SGV, has allowed him to have extensive knowledge and experience on making efficient business decisions with minimal risks.

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

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness and profitability in a manner consistent with its corporate objectives and fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders.

As stated in the company's Manual on Good Corporate Governance Section 2.2.1.3, the following are the duties and responsibilities of a director:



DUTIES AND RESPONSIBILITIES	DELIVERABLES
<ul style="list-style-type: none"> <li>To exercise that degree of skill, diligence and care that a reasonably prudent person would exercise in similar circumstances. It shall be sufficient for a director to act on an informed basis in good faith and in an honest belief that the action was taken in the best interest of the Company.</li> </ul>	<ul style="list-style-type: none"> <li>Install a process of selection to ensure a mix of competent directors and officers.</li> </ul>
<ul style="list-style-type: none"> <li>To devote time and attention necessary to properly discharge his duties and responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>Determine the Company's purpose, its vision and mission and strategies to carry out its objectives.</li> </ul>
<ul style="list-style-type: none"> <li>To act judiciously</li> </ul>	<ul style="list-style-type: none"> <li>Provide sound strategic policies and guidelines to the Company on major capital expenditures.</li> </ul>
<ul style="list-style-type: none"> <li>To exercise independent judgment</li> </ul>	<ul style="list-style-type: none"> <li>Establish programs that can sustain its long-term viability and strength and periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.</li> </ul>
<ul style="list-style-type: none"> <li>To have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies</li> </ul>	<ul style="list-style-type: none"> <li>Require that the Corporation comply with all relevant laws, regulations and codes of best business practices.</li> </ul>
<ul style="list-style-type: none"> <li>To observe confidentiality</li> </ul>	<ul style="list-style-type: none"> <li>Identify the Corporation's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective communications program, which shall be under the supervision of the Chief Executive Officer.</li> </ul>
<ul style="list-style-type: none"> <li>To ensure the continuing soundness, effectiveness and adequacy of the Company's control environment.</li> </ul>	<ul style="list-style-type: none"> <li>Identify the sectors in the community in which the corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.</li> </ul>
<ul style="list-style-type: none"> <li>To conduct business transactions with the Company, if any, in a manner that is fair and ensures that personal interest does not bias Board decisions.</li> </ul>	<ul style="list-style-type: none"> <li>Adopt a system of internal checks and balances including a continuing review of the corporation's internal control systems.</li> </ul>

DUTIES AND RESPONSIBILITIES	DELIVERABLES
	<ul style="list-style-type: none"> <li>• Formulate policies and procedures that will ensure the integrity and transparency of related party transactions.</li> </ul>
	<ul style="list-style-type: none"> <li>• Establish and maintain an alternative dispute resolution system for the amicable settlement of conflicts and differences among all stakeholders including the regulatory authorities.</li> </ul>
	<ul style="list-style-type: none"> <li>• Appoint a Compliance Officer. In the absence of such appointment, the Corporate Secretary shall act as Compliance Officer.</li> </ul>
	<ul style="list-style-type: none"> <li>• Identify key risk areas and key performance indicators and monitor these factors with due diligence.</li> </ul>
	<ul style="list-style-type: none"> <li>• Properly discharge Board functions by meeting regularly. Independent directors shall, as much as possible, attend all Board meetings. The Board may also require the presence of at least one independent director in its meetings to promote transparency.</li> </ul>
	<ul style="list-style-type: none"> <li>• Independent views during Board meetings shall be given due consideration and all meetings shall be duly minuted</li> </ul>
	<ul style="list-style-type: none"> <li>• Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By- Laws and existing laws, rules and regulation.</li> </ul>
	<ul style="list-style-type: none"> <li>• Define the clear delineation of roles, duties, and responsibilities of the Chair and the Chief Executive Officer as necessary, integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate</li> </ul>



DUTIES AND RESPONSIBILITIES	DELIVERABLES
	governance at all times. Proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspectives if the positions of Chair and CEO are unified.
	<ul style="list-style-type: none"> <li>Require Management to provide the Board with complete, adequate and timely information about the matters to be taken in their meetings to enable the Board to properly fulfill their duties and responsibilities. The board shall also have independent access to Management and the Corporate Secretary including access to independent professional advice at the corporation's expense in furtherance of their duties and responsibilities.</li> </ul>
	Make available to the company's stockholders, via multiple channels, a balanced and comprehensible assessment of the corporation's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

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

The Company assumes the legal definition of "independent director" from the Securities Exchange Commission's Memorandum Circular No. 16, Series of 2002 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 under the Securities Regulation Code (SRC)

The process of electing an independent director starts with the pre-screening of nominees by the Nomination Committee using the guidelines under Section 38 of the SRC and the provisions assessing independence under the Revised Manual on Good Corporate Governance. From this, the Committee reviews credentials and gathers pertinent information regarding the nominee prior deliberation from which the list of nominees is finalized and brought to a vote at the Annual Stockholders' Meeting. On this basis, Messrs. Guillermo D. Luchangco and Roberto F. de Ocampo have been elected as independent directors.

In assessing the independence of the Directors, the Nomination Committee has examined the different relationships enumerated under SRC Rule 38.1 of the SRC IRR that may impair the directors' independence and objectivity, and



affirms that the above-mentioned directors are able to act with independent judgment.

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

In compliance with SEC Circular No. 9 Series, of 2011, the company has a term limit of five consecutive years for independent directors. After the required cooling-off period of two years, the director can return as independent director for another term of five 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:

Name	Position	Date of Cessation	Reason
Antonio V. Del Rosario	Non-executive Director	April 22, 2013	Resignation
Alfredo M. Velayo	Independent Director	August 19, 2013	Resignation
Raymundo O. Feliciano	Independent Director	April 12, 2016	Resignation

### (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:

As the Corporation Code of the Philippines mandates, directors are elected by the company's stockholders during a meeting.

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors	The Nomination Committee pre-screens and short-lists all candidates in accordance with the list of qualifications and disqualifications in the Manual of Corporate Governance	<ul style="list-style-type: none"><li>• Educational Background or extensive business experience</li><li>• Integrity and probity</li><li>• Diligence</li><li>• Ownership of at least one share</li><li>• Nature of Corporations of which he is a director</li><li>• Age</li><li>• Number of directorships</li><li>• No Conflict of Interest</li><li>• Experience in other boards</li><li>• Experience as CEO or COO</li><li>• Knowledge of finance/accounting</li><li>• Knowledge of industry</li><li>• Knowledge of Local and international market and strategic vision</li></ul>
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>b. Re-appointment</b>		
(i) Executive Directors		
(ii) Non-Executive Directors		

Procedure	Process Adopted	Criteria
(iii) Independent Directors	The Nomination Committee pre-screens and short-lists all candidates in accordance with the list of qualifications and disqualifications in the Manual of Corporate Governance	<ul style="list-style-type: none"><li>• Contacts of value</li></ul>
c. Permanent Disqualification		
(i) Executive Directors	The findings and recommendations of the Nomination Committee shall be submitted to the Board for approval; a director whose qualifications are at issue shall not have right to vote when the Board considers his case.	<ul style="list-style-type: none"><li>• Final conviction of offense involving moral turpitude or fraud</li><li>• Finally found to have violated SRC, Corporation Code, BSP Rules</li><li>• Judicially declared insolvent</li></ul>
(ii) Non-Executive Directors		
(iii) Independent Directors		<ul style="list-style-type: none"><li>• Same as above</li><li>• Becomes officer/regular director of any of the companies of the Phinma Group</li></ul>
		<ul style="list-style-type: none"><li>• Beneficial security ownership exceeds 2% of the outstanding shares of the Company</li><li>• Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings</li></ul>
d. Temporary Disqualification		
(i) Executive Directors	The findings and recommendations of the Nomination Committee shall be submitted to the Board for approval; a director whose qualifications are at issue shall not have right to vote when the Board considers his case.	<ul style="list-style-type: none"><li>• Refusal to disclose business interests</li><li>• Absence in more than 50% of all meetings</li><li>• Dismissal/termination from directorship in other listed corporation for cause</li><li>• Non-final confiscation for (c) above</li></ul>
(ii) Non-Executive Directors		
(iii) Independent Directors		
e. Removal		
(i) Executive Directors	The findings and recommendations of the Nomination Committee shall be submitted to the Board for approval; a director whose qualifications are at issue shall not have right to vote when the Board considers his case.	<ul style="list-style-type: none"><li>• See (c) above</li></ul>
(ii) Non-Executive Directors		
(iii) Independent Directors		
f. Re-instatement		



Procedure	Process Adopted	Criteria
(i) Executive Directors	The findings and recommendations of the Nomination Committee shall be submitted to the Board for approval; a director whose qualifications are at issue shall not have right to vote when the Board considers his case.	<ul style="list-style-type: none"><li>• Disclosure of business interest (after refusal)</li><li>• Exoneration from Charges</li></ul>
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	The findings and recommendations of the Nomination Committee shall be submitted to the Board for approval; a director whose qualifications are at issue shall not have right to vote when the Board considers his case.	<ul style="list-style-type: none"><li>• See (d) above</li></ul>

#### Voting Result of the last Annual General Meeting (April 12, 2016)

Name of Director	Approving	Dissenting
Oscar J. Hilado (Chairman)	68.36%	0%
Ramon R. del Rosario, Jr.	68.36%	0%
Francisco L. Viray (President)	68.36%	0%
Roberto M. Laviña	68.36%	0%
Magdaleno B. Albarracin, Jr.	68.36%	0%
Victor J. del Rosario	68.36%	0%
Pythagoras L. Brion, Jr.	68.36%	0%
Ricardo V. Camua (Independent)	68.36%	0%
David L. Balangue	68.36%	0%
Guillermo D. Luchangco	68.36%	0%
Corazon Dela Paz-Bernardo	68.36%	0%

## 6) ORIENTATION AND EDUCATION PROGRAM

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

Every new director shall undergo a briefing in order to assist his/her on-boarding. This briefing is ideally done within the first month of his/her tenure and is to be conducted in a manner that allows him/her to meet with various business heads for an overview of the current business' position. The new director is likewise afforded the opportunity to consult with the Senior Management in order to appropriately get him/her abreast with the various operational issues that beset the company. The company's future plans may likewise be discussed with the Chief Strategy Officer while company and regulatory policies are discussed by the Compliance Office and Corporate Secretary. The new director is also provided a copy of the Manual on Good Corp Governance and advised of company policies pertaining to directors.

### (b) State any in-house training and external courses attended by Directors and Senior Management<sup>2</sup> for the

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



past three (3) years:

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Audit Committee members	Sept 19, 2013	PHINMA Audit Committee Forum – “Audit Committee Roles, Functions and Best Practices”	PHINMA In-house
All Directors and Senior Management	20 June 2013	Business Continuity Management Training	Sycip, Gorres, Velayo and Company
All Directors and Senior Management	July 28, 2014	Corporate Governance Program	Sycip, Gorres, Velayo and Company
All Directors and Senior Management	August 27 2015	Corporate Governance Program	Sycip, Gorres, Velayo and Company
All Directors and Senior Management	September 21, 2016	Corporate Governance Program	Sycip, Gorres, Velayo and Company
Roberto M. Laviña	26 September 2014	Crisis Communication Forum	Jose Avellana
	19 March 2015	Crisis Management & Communication Planning Forum	Andrew Thomas
	29 April 2015	Executive Coaching Champions to Drive Business Impact	DDI
	21 October 2015	Business Resiliency Forum	Tully Moss & Franco del Rosario
	29 June 2016	2 <sup>nd</sup> Phinma Group Integrity Summit	Phinma In-house
Ramon R. del Rosario	4 February 2014	Ayala Group Corporate Governance and Risk Management Summit	Ayala Group
	28 February 2015	Ayala Group Corporate Governance and Risk Management Summit	Ayala Group
	29 April 2015	Executive Coaching Champions to Drive Business Impact	DDI
	29 June 2016	2 <sup>nd</sup> Phinma Group Integrity Summit	Phinma In-house
Victor J. del Rosario	19 March 2015	Crisis Management & Communication Planning Forum	Andrew Thomas
	29 April 2015	Executive Coaching Champions to Drive Business Impact	DDI
	21 October 2015	Business Resiliency Forum	Tully Moss & Franco del Rosario
	29 June 2016	2 <sup>nd</sup> Phinma Group Integrity Summit	Phinma In-house
	October 2, 2013	Invest Philippines : Trade and Investment Opportunities	Invest Philippines
Guillermo D. Luchangco	June 26-27, 2014	2 <sup>nd</sup> Asian Business Conference 2014	Asian Institute of Management
	12 October 2015	Corporate Governance	Sycip, Gorres, Velayo and Company
	19 September 2013	Phinma Group Audit Committee Forum	Juan Carlos Robles
	11 June 2014	Integrity Assurance Programs	Messrs. Peter Perfecto, Lilian Linsangan and Francisco Roman
Pythagoras L. Brion, Jr.	29 April 2015	Executive Coaching Champions to Drive Business Impact	DDI

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Francisco L. Viray	29 April 2015	Executive Coaching Champions to Drive Business Impact	DDI
Raymundo A. Reyes	29 April 2015	Executive Coaching Champions to Drive Business Impact	DDI
Virgilio R. Francisco	30 January 2015	SECB Business Economic Forum	SLTEC Group
	5-6 March 2015	Natural Gas Summit 2015	Leverage International
	19 March 2015	Crisis Management and Communications Planning Forum	PHINMA Group
	24 March 2015	4th Annual Euro Money Philippines Investment Forum	Euromoney
	8-9 June 2015	21st Coal Trans	Coal Trans Conferences
	5-6 August 2015	4th Annual EPC Conference	Trueventus
Mariejo P. Bautista	19 September 2013	Phinma Group Audit and Risk Management Committee Forum	PHINMA Group
	13 January 2014	Balanced Scorecard Workshop	Ateneo de Manila Graduate School of Business
	15-16 May 2014	Records and Documents Management Systems	Archive Technologies Corporation
	26 July and 02 August 2014	Negotiation Skills : Deal or Deadlock	Ateneo de Manila Graduate School of Business
	26-27 August 2014	High Impact Presentations	Dale Carnegie & Associates, Inc.
	11 September 2014	WESM Lecture Series on Feed-In-	Philippine Electricity Market
	16 September 2014	A Workshop on the Preparation of the Statement of Cash Flows	Sycip Gorres Velayo & Co
	16 September 2014	Crisis Communication Forum	PHINMA Group
	1-4 October 2014	Power Purchase Agreement Workshop	Infocus International
	17-18 November 2014	Coal Business and Policy Forum	Leverage International
	1 December 2014	PHINMA Group Enterprise Risk Management Workshop	PHINMA Group
	18 March 2015	PHINMA Integrity Roadshow	PHINMA Group
	19 March 2015	Crisis Management and Communication Planning Forum	PHINMA Group & Ogilvy Public Relations
	29 April 2015	Executive Coaching Champions to Drive Business Impact	PHINMA Group and Development Dimensions International, Inc.
	28 April 10 July 2015	Basic WESM Training	Philippine Electricity Market Corporation
	1 July 2015 & 20 October 2015	Strategy Execution Program	PHINMA Group, John Clements & Harvard Business Publishing
	11 December 2015	Philippine Electricity Summit 2015	PEMC & NGCP
Cecille B. Arenillo	19 September 2013	Phinma Group Audit and Risk Management Committee Forum	Juan Carlos Robles
	11 June 2014	Integrity Assurance Programs	Messrs. Peter Perfecto, Lilian Linsangan and Francisco Roman
	11 June 2014	ASEAN ACGS Workshops	Institute of Corporate Directors
	28 August 2014	Annual Phinma Disaster Preparedness Forum	In-house Program
	19 March 2015	Crisis Management and Communication Planning	Andrew Thomas, Ogilvy



Name of Director/Officer	Date of Training	Program	Name of Training Institution
	14 May 2015	Strategic Negotiations	In-house Program
	21 October 2015	Business Resiliency Forum	Tully Moss & Franco del Rosario
	22 November 2015	SEC-PSE Forum	SEC
Danielle R. del Rosario	01 August 2013	Building a Disaster Resilient Organization	In-house Program
	6 September 2013	NG-LGU Joint Energy Forum	Department of Energy & Department of Interior & Local Government
	5-27 September 2013	Power Trends Energy Forum	Leverage International, Manila
	30 September 2013	Philippine Mid-year Economic Briefing	Philippine Investor Relations Office, NEDA
	17 October 2013	Rising stars of the Philippine Investment Forum	Asian Investor/ Finance Asia
	25-27 October 2013	ASEAN Forum on Corporate Social Responsibility	Asian Institute of Management-RVR Center
	January-March	Managerial Accounting	Ateneo Graduate School of Business-University of Regis Joint MBA Program
	January-March	Management Dynamics	Ateneo Graduate School of Business-University of Regis Joint MBA Program
	April-June	Human Resource Management	Ateneo Graduate School of Business-University of Regis Joint MBA Program
	April-June	Managing Concepts for Information Technology	Ateneo Graduate School of Business-University of Regis Joint MBA Program
	July-August	Financial Management	Ateneo Graduate School of Business-University of Regis Joint MBA Program
	September-October	The Call to Leadership	Ateneo Graduate School of Business-University of Regis Joint MBA Program
	September-October	Marketing Management	Ateneo Graduate School of Business-University of Regis Joint MBA Program
	November-January	Quantitative Methods for Manager	Ateneo Graduate School of Business-University of Regis Joint MBA Program
	13 January 2014	Balanced Scorecard	Ateneo de Manila University
	10-11 March 2014	Crisis Communication Planner	Apex Global (An ECCI Venture)
	12-13 March 2014	Natural Gas Summit	Leverage International
	15-16 March 2014	Records and Documents Management Systems	Lane Archive Technologies Corp.
	18-19 August 2014	Art of Successful Crisis Management	Uni Strategic
	3-4 September 2014	Asean Forum on Corporate Social Responsibility	Asian Institute of Management-RVR
	26 September 2014	Crisis Communication Forum	Trans-Asia in House
	01 December 2014	Phinma Group Enterprise Risk Management Workshop	In-house Project
	January-March	Operations Management	Ateneo Graduate School of Business-University of Regis Joint MBA Program



Name of Director/Officer	Date of Training	Program	Name of Training Institution
	April-June	Leading, Organizational Change	Ateneo Graduate School of Business-University of Regis
	July-August	Marketing Warfare	Ateneo Graduate School of Business-University of Regis Joint MBA Program
	September- October	Economics for Managers	Ateneo Graduate School of Business-University of Regis Joint MBA Program
	3 March 2015	WESM Dispatch Protocol	In house Project
	5-6 March 2015	Natural Gas Summit	Leverage International
	19 March 2015	Crisis Management and Communication Forum	Ogilvy
	28-29 April 2015	Basic WESM Training	Wholesale Electricity Spot Market, PEMC
	19 June 2015	International CSR Summit/ Area Award Ceremony	Enterprise Asia/ Asia Responsible Entrepreneurship Award
	26 June 2015	The Future of the ASEAN Tourism Industry	Center for Philippine Futuristic Studies and Management

**(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year[ACB5][ABG6].**

Name of Director/Officer	Date of Training	Program	Name of Training Institution
All directors	August 27 2015	Corporate Governance Program	Sycip, Gorres, Velayo and Company
All directors	September 22 2016	Corporate Governance Program	Sycip, Gorres, Velayo and Company
Roberto M. Lavina	19 March 2015	Crisis Management & Communication Planning Forum	Andrew Thomas
	29 April 2015	Executive Coaching Champions to Drive Business Impact	DDI
Ramon R. del Rosario	4 February 2014	Ayala Group Corporate Governance and Risk Management Summit	Ayala Group
	June 26-27, 2014	2 <sup>nd</sup> Asian Business Conference 2014	Asian Institute of Management
	28 February 2015	Ayala Group Corporate Governance and Risk Management Summit	Ayala Group
	29 April 2015	Executive Coaching Champions to Drive Business Impact	DDI
	29 June 2016	2 <sup>nd</sup> Phinma Group Integrity Summit	Phinma In-house
Victor J. del Rosario	19 March 2015	Crisis Management & Communications Planning	PHINMA Group – HR
	29 April 2015	Executive Coaching Champions to Drive Business Impact Sessions	DDI
	21 October 2015	Business Resiliency Forum	Tully Moss & Franco del Rosario
	29 June 2016	2 <sup>nd</sup> Phinma Group Integrity Summit	Phinma In-house
Francisco L. Viray	29 April 2015	Executive Coaching Champions to Drive Business Impact	DDI
Pythagoras L. Brion, Jr.	29 April 2015	Executive Coaching Champions to Drive Business Impact	DDI

## B. CODE OF BUSINESS CONDUCT AND ETHICS

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

Business Conduct & Ethics	Directors	Senior Management and Employees
(a) Conflict of Interest	The Manual on Good Corporate Governance serves as the Code of Conduct for all directors of the Company.	<p>The Company's Conflict of Interest Policy approved in June 2014 states that no officer or employee may engage in any business or undertaking that is directly or indirectly in competition with or pre judicial to the interests of that of any company to the PHINMA Group, or to the performance of his job or work assignments. If an employee faces a situation that may involve or lead to a conflict of interest, the employee is required to disclose such information and seek appropriate guidance.</p> <p>With the launch of the PHINMA Integrity Assurance Program, wherein everyone is required to accomplish a disclosure form detailing possible involvements which may create conflict of interest, the company. This supports the policy and ensures that safeguards are in place in order to limit, if not eliminate the impact of, if any, a conflict.</p>
(b) Conduct of Business and Fair Dealings		<p>Company policy states that officers and employees are expected to practice the highest standards of business conduct in every business relationship - with each other and with the customers, business partners, and competitors. This is likewise part of the Company's core values under professionalism.</p> <p>The Company has not been cited for any violation of any rule by its regulators for the last five (5) years.</p>
(c) Receipt of gifts from third parties		<p>Company policy prohibits its employees from accepting and/or offering inappropriate gifts and gratuities that may impair or appear to impair the recipient's objectivity and may affect their ability to properly perform their job and responsibilities including cash- accepting, offering or giving in any amount is prohibited.</p> <p>Gifts/Gratuities- accepting, offering or giving is prohibited if it is (a) beyond nominal value and (b) offered, given or accepted in exchange for an official act or an act under the employee's official responsibilities. All gifts and gratuities worth beyond the nominal value which are offered to the employees must be disclosed to the immediate superior, with a copy furnished to the Integrity Officer, and is subject to the discretion of the immediate superior whether this will be accepted, donated or declined.</p> <p>Loans- all loans acquired from related parties should be properly disclosed with the following information:</p>



Business Conduct & Ethics	Directors	Senior Management and Employees
		<ul style="list-style-type: none"> <li>- Related party involved</li> <li>- Amount of loan</li> <li>- Interest rate</li> <li>- Term</li> <li>- Other pertinent information</li> </ul> <p>Officers and employees are required to disclose these incidents within 30 days via email to their immediate superior who shall review the disclosure together with the Integrity Officer and advise on the decision and course of action that should be taken.</p>
(d) Compliance with Laws & Regulations		<p>Company policy states that all officers and employees shall proceed with the conduct of their business in a manner that is compliant with applicable Philippine laws and regulations. The code of business conduct as well as the Employee's Handbook shall serve as a guide should there be any need for clarification.</p> <p>All officers and employees should work in a clean, orderly and safe environment. The Company requires full compliance with applicable workplace safety and industrial hygiene standards mandated by law.</p> <p>The Company has not been cited for any violation of any rule by its regulators for the last five (5) years.</p>



Business Conduct & Ethics	Directors	Senior Management and Employees
(e) Respect for Trade Secrets/Use of Non-public Information		<p>Company policy states that no director, officer nor employee may use confidential company information for personal gain.</p> <p>Phinma also abides by an Insider Trading Policy which states that purchase and sale of Phinma shares or securities on the basis of potentially share price sensitive information that is not yet public is prohibited. Black-out periods provide specific guidelines for insider-trading regulations. Officers and employees of the publicly-listed companies of PHINMA, together with their relatives, are strictly prohibited from trading shares of their respective companies.</p> <p>In a reissued memo dated October 20, 2015, the Compliance Officer detailed the updated guidelines and procedures for directors and officers when dealing in the Company's securities, during black out notices and knowledge of material information as stated below:</p> <ol style="list-style-type: none"> <li>1. Securities Regulation Code Section 23 and PSE Disclosure Rules Section 13 which states that a director or an officer of the issuer of such security, shall, within five (5) trading days after he becomes such beneficial owner, director or officer, file Form 23-A (Initial Statement of Beneficial Ownership of Securities) indicating the amount of all securities of such issuer of which he is the beneficial owner and shall, within five (5) trading days after any acquisition or disposal, file Form 23-B.</li> </ol> <p>To provide time for the Finance and Compliance Departments to properly submit and report thru PSE EDGE, resp., the director or officer must submit two original signed SEC Form 23-B within twenty four (24) hours from transaction date to the company's Finance Department that should contain, among others, the following:</p> <ol style="list-style-type: none"> <li>1. Nature of transaction (buy or sell)</li> <li>2. Date of transaction</li> <li>3. Number of securities acquired or sold</li> <li>4. Price per share at which securities were acquired and sold</li> </ol>

Business Conduct & Ethics	Directors	Senior Management and Employees
		<p>For the independent directors, please be reminded also that as independent directors, you are restricted from owning more than 2% of the shares of the company where you are an independent director.</p> <p>2. PSE Disclosure Rules Section 13.2 that states a director or a principal officer of an Issuer must not deal in the Issuer's securities during the period within which a material non-public information is obtained and up to two full trading days after the price sensitive information is disclosed.</p> <p>The Compliance Officer (or in her absence, the Finance Head), shall send, via email to all directors and officers, a Blackout Notice whenever a material non public information is disclosed to the SEC/PSE. The blackout period must cover two full trading days and can go longer depending on the time of the disclosure.</p> <p>All directors and officers are enjoined to observe said blackout period and refrain from buying AND/OR selling the Issuer's securities.</p> <p>It is advised that directors and officers should check with the Compliance Officer or the Finance Head before dealing in the Issuer's securities to ensure that no disclosure of a material nature has been (or about to be) disclosed.</p> <p>3. PSE Disclosure Rules Section 4.2 states that Issuers are prohibited to communicate material information to any person, unless disclosure is simultaneously filed with the Exchange.</p> <p>Section 4.2 also says that the rule shall not apply if disclosure is made to 1) a person who is bound by duty to maintain trust and confidence to the Issuer (e.g. auditors, legal counsels) and 2) a person who agrees in writing to maintain in strict confidence the material information and will not take advantage of it for personal gain.</p> <p>Material information means any information relating to the business or affairs of a company that would reasonably be expected to affect the market price of the company's listed securities as well as information that is necessary to enable the Issuer and the public to appraise their position and standing and avoid the creation of a false market. This shall include any information relating to the Issuer's financial condition, prospects, development projects, contracts entered into in the ordinary course of business or otherwise and other information with significant impact on the operations.</p> <p>All directors and officers, who are privy to material nonpublic information, are requested to avoid relaying such material information during interviews and the like IF such material information has not been disclosed to the SEC/PSE as of the time of the interview.</p>



Business Conduct & Ethics	Directors	Senior Management and Employees
(f) Use of Company Funds, Assets and Information		<p>Employees, officers and directors are expected to use company resources wisely and legitimately.</p> <p>Company policy states that malversation of funds and other company assets for personal gain is strictly prohibited and is considered a very serious offense as stated in the Employee Handbook. Commission of the same on its first offense is punishable by dismissal.</p> <p>Using of company's time, materials and equipment or other property to do unauthorized work is considered a Less Serious Offense and is punishable with suspension of at least 3 days to one month.</p>
(g) Employment & Labor Laws & Policies		Company policy states that using official position in order to secure employment for relatives, except if such hiring is with written consent of functional head, who will ascertain and corroborate that the relative employed is the most qualified among applicants.
(h) Disciplinary action		HR policy states that employees are given full notice and a chance to explain his side before any disciplinary action is imposed.
(i) Whistle Blower		<p>Phinma, through its Whistleblowing and Non-Retaliation Policy under the Integrity Assurance Program, provides for a mechanism for reporting perceived and actual irregularities that are contrary to PHINMA's Core Values while providing appropriate protection for whistleblowers from possible retaliation.</p> <p>An Integrity Hotline has been launched which is an independent, dedicated email facility provided by the Company for receiving Whistleblower reports. All reports submitted through this facility shall be received by the Integrity Officer and the PHINMA GIA Head.</p> <p>All reports shall be investigated according to the PHINMA Response Plan.</p> <p>In the event that a whistleblowing report was made in bad faith, appropriate disciplinary or legal action shall be meted pursuant to the policies and procedures of PHINMA, and any applicable laws or regulations.</p>
(j) Conflict Resolution		Installation of committee to handle and resolve conflict.

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

Yes, the Company has a Manual on Good Corp Governance as well as an Employee Handbook and both are provided to directors and officers & employees respectively. The Phinma Integrity Assurance Program that was launched in June 2014 is now fully implemented and covers the following policies:

- Policy on Insider Trading
- Policy on Whistleblowing



- Policy on Sexual Harassment
- Policy on Conflict of Interest
- Policy on Gifts & Gratuities
- Anti-Fraud Policy

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

The implementation and strict compliance of the company's code of ethics is dependent on the combined efforts of the Compliance, Integrity Assurance and Human Resource Team.

The Compliance Team ensures that the company follows and submits itself to the rules and regulations of the regulators such as the Securities and Exchange Commission and the Philippine Stock Exchange while maintaining a mindset of continuously improving to adopt best practices.

The Integrity Assurance Team is in charge of confirming that all covered officers and employees required to fill-up and submit the Confidential Disclosure Form and Conflict of Interest Certification upon employment and every year thereafter complies with the same. In instances when any of the information disclosed has changed, the covered officer or employee has the obligation to amend his Confidential Disclosure Form accordingly. The form details information regarding aspects of an employee's personal and/or professional dealings that may be in conflict with the said program.

The Company's Code of Conduct includes policies on Insider Trading which contains procedures for the implementation of the blackout period. The blackout period prohibits directors, officers and employees of the company to deal in the company's securities two days before and two days after the release of structured reports and two days after the release of unstructured reports. Black out notices are issued by the Compliance Team.

The Human Resources Team deals with guaranteeing that all employees are made aware of the Company's core values, prescribed work attitude as well as penalties and sanctions to be incurred in the event of a violation.

Together, these three units acts as the safeguards of the company in terms of keeping its operations, employees and businesses in compliance with the spirit and the letter of Philippine laws, company policies and its mission and vision.

#### 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	Phinma has set a universal policy for all Related Party Transactions. The policy provides for fairness and transparency in related party transactions between and among the corporation and its parent company, joint
(2) Joint Ventures	

Related Party Transactions	Policies and Procedures
(3) Subsidiaries	ventures, subsidiaries, associate, affiliates, major stockholders officers and directors, including their spouses, children, and dependent siblings and parents and of interlocking director relationships by members of the Board. The terms of any transaction involving related parties must be done at a fair and arm's length basis with the best interest of both parties in mind.
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	<p>The Board with the Audit Committee and PHINMA Management shall determine and provide pre-approved RPTs and thresholds subject for their review and approval.</p> <p>According to the policy, any transaction that exceeds the threshold shall be subject to review and approval of the appropriate RPT Approving Authority as determined by the Board of Directors. The Board shall approve the RPT before its commencement.</p> <p>The Audit and Risk Management Committee shall assist the Board in its review of these RPTs. The Committee shall consider the following factors : 1) Materiality 2) Purpose and timing of the transaction 3) extent of the Related Party's interest in the RPT and 4) Conflict of interest , actual or apparent, of the Related Party participating in the transaction. 5) Any other relevant information.</p> <p>Further, transactions that will need to be disclosed to appropriate governing agencies shall be complied with.</p>
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

**(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>Detection of circumstance/s which may possibly cause conflict of interest relies in the annual submission of disclosure forms which are to be evaluated by immediate superiors and raised to the Integrity Officer for any possible conflict of interest who then shall complete the resolution process.</p> <p>There have been no conflicts of interest between the company, its directors, officers and significant shareholders. In the event that one should arise, all diplomatic means will be exhausted in order to resolve the same prior to resorting to legally available measures. Further, the installation of a committee to handle and resolve the conflict as appropriate shall also be an option.</p>
Group	

#### 4) FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS

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

<b>Names of Related Significant Shareholders</b>	<b>Type of Relationship</b>	<b>Brief Description of the Relationship</b>
PHINMA, Inc.	Ultimate Parent	Management contract with TA Oil; Share of expenses
PHINMA Corp	Significant shareholder	Share of expenses; TA Oil owns shares of PHINMA Corp

- (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:

<b>Names of Related Significant Shareholders</b>	<b>Type of Relationship</b>	<b>Brief Description of the Relationship</b>
PHINMA, Inc.	Ultimate Parent	Management contract with TA Oil; Share of expenses
PHINMA Corp	Significant shareholder	Share of expenses; TA Oil owns shares of PHINMA Corp

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

<b>Name of Shareholders</b>	<b>% of Capital Stock affected (Parties)</b>	<b>Brief Description of the Transaction</b>
None		

#### 5) ALTERNATIVE DISPUTE RESOLUTION

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

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

including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	There has been no dispute or conflict between the corporation and its stockholders, third parties including regulatory authorities for the past three years. In the event that one arises, the Company shall endeavor to resolve the same by exhausting all diplomatic means available prior to resulting to legally available measures.
Corporation & Third Parties	
Corporation & Regulatory Authorities	

### C. BOARD MEETINGS & ATTENDANCE

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

The proposed meeting dates for the ensuing year is provided to all directors and officers at the last board meeting of the prior year to allow them to block off their calendars or promptly advise the Company if there is conflict. Any changes on the dates are disseminated to all at the next board meeting. Thereafter, the Corp Sec sends a notice to all directors and key officers at least a week before the actual board meeting date.

#### 2) Attendance of Directors

Board	Name	No of meetings held during the year (2016)	No of meetings attended	%
Chairman	Oscar J. Hilado	12	12	100
Member	Ramon R. del Rosario	12	12	100
Member	Francisco L. Viray	12	12	100
Member	Victor J. del Rosario	12	11	100
Member	Magdaleno B. Albarracin, Jr.	12	12	100
Member	Raymundo O. Feliciano	12	12	25*
Member	Roberto M. Laviña	12	12	100
Member	Ricardo V. Camua	12	12	100
Member	David L. Balangue	12	12	100
Member	Guillermo D. Luchangco	12	10	100
Member	Pythagoras L. Brion, Jr.	12	12	92
Member	Corazon dela Paz-Bernardo	12	9	75

\*Retired from directorship and was replaced by Ms. Corazon dela Paz-Bernardo

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

There was no such meeting in 2016.

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

No. Under the company's by-laws, only a majority vote shall constitute a quorum to validate a corporate act except as otherwise expressly provided by law.



## 5) Access to Information

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

Board papers are provided at least one day before the board meeting.

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

Yes, Board Members may coordinate with the office of the Corporate Secretary and/or the Management Team should there be a need to clarify an issue or raise a concern.

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

The Corporate Secretary is responsible for the Company's compliance with pertinent statutory and regulatory requirements and enforcing and maintaining the highest standards of corporate governance necessary for the efficient administration and operation of the Company, and for the protection of the interests of the Company and its various stakeholders. The duties of the Corporate Secretary, among others, as expressed in the By-Laws, are the following:

- Keep full minutes of all meetings of the Board of Directors and of the stockholders.
- Keep the stock and transfer book, maintain a current register of stockholders with their corresponding address, and keep the corporate seal, which he shall stamp on all documents requiring such seal of the company.
- Fill and countersign all the certificates of stock issued, making corresponding annotations on the margins of stubs of such certificates upon issuance.
- Give or cause to be given all notices required by law or by the By-Laws of the Company as well as notices of all meetings of the Board of Directors and of the stockholders.
- Perform such duties as may be prescribed by the Board of Directors or the President.

Further, in matters of corporate governance, the Corporate Secretary's duties and responsibilities are as follows:

- Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation.
- As to the agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting.
- Assist the Board in making business judgment in good faith and in the performance of their duties, responsibilities and obligations and work fairly and objectively with the Board, Management, stockholders and other stakeholders.
- Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents prevent him from doing so, and maintain record of the same.

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

Yes. The Corporate Secretary is a member of the Philippine Bar and has a Master of Laws Degree from Harvard Law School.

**(e) Committee Procedures**

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

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 agenda and related materials are sent to the director either in soft copy by email or hard copy at least a day before the meeting by the Controller or Corporate Secretary, as the case may be. Directors can advise the Controller, committee head, Corporate Secretary or the President for any other information they wish to be provided with in advance.
Audit	
Nomination	
Remuneration	
Others (specify)	

## 6) EXTERNAL ADVICE

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

Procedures	Details
Access to external auditors and tax advisers	At the meetings of the Audit and Risk Management Committee and the Board, including the Annual Shareholders Meeting, the external auditor and/or tax consultants are present to answer the director's and/or shareholders' questions.

## 7) CHANGES IN EXISTING POLICIES

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

Existing Policies	Changes	Reason
None		

## D. REMUNERATION MATTERS

### 1) REMUNERATION PROCESS

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

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Decided by Compensation Committee	Proposed by the CEO and approved by the Compensation Committee
(2) Variable remuneration		
(3) Per diem allowance	Approved by the Board	N/A
(4) Bonus	Decided by Compensation Committee	Proposed by the CEO and approved by the Compensation Committee



Process	CEO	Top 4 Highest Paid Management Officers
(5) Stock Options, Grants and other financial Instruments	Plan approved by Shareholders ; Allocation approved by the Board through the Stock Options (Executive) Committee	
(6) Others (specify)		

## 2) REMUNERATION POLICY AND STRUCTURE FOR EXECUTIVE AND NON-EXECUTIVE DIRECTORS

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	In addition to remuneration received as officers of the company, executive directors receive the following :  a. Transportation allowance, paid monthly b. Per diem paid every board meeting c. Directors' bonus which is paid out yearly, after approval of the audited financial statements.	a. Transportation allowance of P 5,000 per month. b. Per diem of P 10,000 for every meeting attended. c. All directors share in the directors' bonus pool which is computed as 5% of audited net income of the parent company after tax and bonus	
Non-Executive Directors	a. Transportation allowance, paid monthly b. Per diem paid every board meeting c. Directors' bonus which is paid out yearly, after approval of the audited financial statements.	a. Transportation allowance of P5,000 per month. b. Per diem of P 10,000 for every meeting attended. c. All directors share in the directors' bonus pool which is computed as 5% of audited net income of the parent company after tax and bonus	

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. No.

Remuneration Scheme	Date of Stockholders' Approval
NA	

## 3) AGGREGATE REMUNERATION

Complete the following table on the aggregate remuneration accrued during the most recent year: (in P'000)

Remuneration Item (for CY 2016)	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	17,113	356	318
(b) Variable Remuneration			
(c) Per diem Allowance	628	564	507
(d) Bonuses	5,847	6,253	8,517
(e) Stock Options and/or other financial instruments			
(f) Others (Specify)			
<b>Total</b>	<b>23,588</b>	<b>7,173</b>	<b>9,342</b>

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

#### 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
Oscar J. Hilado	3,000,000		3,000,000	0.06%
Ramon R. del Rosario, Jr.	2,500,000		2,500,000	0.05%
Francisco L. Viray	3,000,000		3,000,000	0.06%
Roberto M. Laviña	2,500,000		2,500,000	0.05%



Magdaleno B. Albarracin, Jr.	1,500,000		1,500,000	0.03%
Raymundo O. Feliciano	1,500,000		1,500,000	0.03%
Ricardo V. Camua	1,500,000		1,500,000	0.03%
Victor J. del Rosario	1,500,000		1,500,000	0.03%
David L. Balangue	1,500,000		1,500,000	0.03%
Guillermo D. Luchangco	1,500,000		1,500,000	0.03%
Pythagoras L. Brion, Jr.	1,750,000		1,750,000	0.04%

**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
Stock Option Plan	Suspended by the Board on May 7, 2008 Plan suspension lifted on July 22, 2013 and awarded additional options	April 2, 2007

**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
Bautista, Mariejo – SVP Finance & Controller	P41,154Milliom
Francisco, Virgilio – SVP	
Panes, Danilo – AVP Renewable	
Reyes, Raymundo – SVP	
Santos, Rizalino – SVP Power Business	

**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			Functions/ Key Responsibilities & Power
	Executive (ED)	Non-Executive (NED)	Independent (ID)	
Compensation		2	1	<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 Company's culture, strategy and control environment.</p> <p>Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers.</p> <p>Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements 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 with their performance of duties once hired.</p> <p>Disallow any director to decide his/her own remuneration</p> <p>Review the existing Human Resources Development or Personnel Handbook to strengthen provision on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be met periodically in their respective posts or in the absence of such handbook, cause the development of such, covering the same parameters of governance stated above.</p>



Committee	No of Members			Functions/ Key Responsibilities & Power
	Executive (ED)	Non-Executive (NED)	Independent (ID)	
Audit and Risk Management Committee	1	1	2	<p>Check all financial reports against its compliance with both the internal financial management systems and pertinent accounting standards, including regulatory requirements.</p> <p>Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Company, and crisis management</p> <p>Pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit.</p> <p>Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose threat to his independence. The non-audit work, if allowed, shall be disclosed in the annual report.</p> <p>Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal.</p> <p>Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on any change/s in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards and compliance with tax, legal and regulatory requirements.</p> <p>Perform direct interface functions with the internal and external auditors.</p>

				<p>Ensure that the internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties and personnel for the performance of their respective functions.</p> <p>Elevate to international standards the accounting and auditing processes, practices and methodologies.</p> <p>Develop a transparent financial management system to ensure the integrity of internal control activities throughout the company through a step-by-step procedure and policies handbook that will be used by the entire organization.</p> <p>Supervise, as directed by Management, the formulation of rules and procedures on financial reporting, internal control systems, internal audit examinations, compliance with financial reporting requirements and appointment of the external auditor in accordance with the guidelines under the revised Code for the benefit of all stockholders and other stakeholders.</p>
Nomination Committee	1	1	1	Pre-screen and shortlist all candidates nominated to become members of the Board of Directors in accordance with a pre-determined set of qualifications and disqualifications based on the Manual on Good Corporate Governance.
Executive/Stock Option Committee	1	3	1	Pre-clear or approves investment proposals, strategic issues and other matters that may be determined and delegated to it by the Board of Directors.

## 2) COMMITTEE MEMBERS

### a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held (2015)	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Ramon R. del Rosario	April 12, 2016	1	1	100%	>10 years
Member (NED)	Oscar J. Hilado	April 12, 2016	1	1	100%	>10 years
Member (NED)	Magdaleno B. Albarracin, Jr.	April 12, 2016	1	1	100%	>10 years
Member (ED)	Francisco L. Viray	April 12, 2016	1	1	100%	>10 years
Member (ID)	Guillermo D. Luchangco	April 12, 2016	1	0		2 years



**(b) Audit and Risk Management Committee**

Office	Name	Date of Appointment	No. of Meetings Held (2015)	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	David L. Balangue	April 12, 2016	5	5	100%	<10 years
Member (ED)	Roberto M. Lavina	April 12, 2016	5	4	80%	<10 years
Member (ID)	Ricardo V. Camua	From April 7, 2015 to April 11, 2016 and thereafter, appointed as Compensation Committee member	5	5	100%	<10 years
Member (NED)	Victor J. del Rosario	April 12, 2016	5	4	80%	<10 years
Member (ID)	Corazon dela Paz-Bernardo	April 12, 2016	New member effective April 12, 2016			

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

David L. Balangue is an accounting and auditing professional whose career spanned 38 years at SGV & Co., the Philippines' largest audit and accounting professional services firm. He is a former Chairman & Managing Partner of the Firm, and was admitted to partnership in 1982. Mr. Balangue holds a Bachelor's Degree in Commerce, major in Accounting, Magna Cum Laude, from Manuel L. Quezon University and a Master of Management degree, with distinction from the Kellogg School of Management of Northwestern University in Evanston, Illinois, USA as an SGV scholar and where he received a Distinguished Scholar Award and elected to the Beta Gamma Sigma, an exclusive honors fraternity. He placed second highest in the 1972 Philippine CPA Board Examinations. He served as President of the Manila Polo Club, Inc., (2014- 2015), the Financial Executives Institute of the Philippines (2006); Philippine Institute of Certified Public Accountants (2005); and Management Association of the Philippines (2004). Among others, he was President of the Capital Markets Development Council (2008); Chairman of FINEX Foundation (2007); Chairman of MAP Research and Development Foundation (2004); Chairman of Standing Interpretations Committee, Accounting Standards Council (2000-2006); Chairman of Philippines-Korea Economic Council (2002- 2008); Trustee of Philippine Business for Social Progress (2004-2010); Chairman of the Philippine Interpretations Committee of the Philippine Financial Reporting Standards Council (2006-2010); Chairman and President of the SGV Foundation (2003-2010) and Member of the Board of Trustees, Makati Business Club (2000-2011).

At present, he is Chairman of the National Citizens' Movement for Free Elections (NAMFREL) (since 2014); Chairman of the Philippine Council for Population and Development (since 2014); Chairman of the Coalition Against Corruption (since 2011); Chairman of the Philippine Financial Reporting Standards Council (since 2010); Chairman/President of the Makati Commercial Estate Association, Inc. (since 2010), President of the Makati Parking Authority, Inc. (since 2011) and President of Halcyon TCMers, Inc. (a closed family corporation) (since 2002). He sits as an independent director/non-executive director in the following listed companies; Manulife Financial 10 Plans, Inc. Roxas Holdings, Inc., Philippine Bank of Communications, and Holdim Philippines, Inc. and the following private /unlisted companies: Maybank ATR Kim Eng Capital Partners, Inc., ATR Asset Management, Inc., The Manufacturers Life Insurance Co., (Phils.), Inc., OmniPay, Inc., Unistar Credit and Finance Corporation, Trans-Asia Power Generation Co. and One Subic Power Generation Co. He is also a member of the Board of Governors/Trustees of the Habitat for Humanity



(Philippines) Foundation, Inc. In 2015, he attended a training for independent directors on good governance and a training for bank directors on the Anti-Money Laundering Act. Moreover, in the Philippine Financial Reporting Standards Council which he chairs, all new accounting standards are reviewed and approved before these are adopted in the Philippines. Dave is also a columnist in the Philippine Daily Inquirer. He was elected as Independent Director of the Company on March 24, 2010. Dave was born on October 18, 1951 and is 64 years old.

Roberto M. Laviña has a Bachelor of Arts in Economics degree from Ateneo de Manila University and a Masters in Business Management from Asian Institute of Management. He finished his Program for Management Development at Harvard University in 1988. He is the Senior Executive Vice President/Chief Operating Officer (COO) of PHINMA Inc. & PHINMA Corp. and concurrently as President & CEO of PHINMA Property Holdings Corp. He is also the Treasurer of Trans-Asia and is a member of the Board of all the companies in the PHINMA Group which include companies in power generation, education, hotels, steel roofing, property development, oil exploration, strategic consulting and insurance brokerage.

Victor J. del Rosario is an Economics and Accounting graduate of De La Salle University and holds a Master's degree in Business Administration from Columbia University. He was elected as director on September 15, 2008. He is the Vice-Chairman of Union Galvasteel Corporation and is the Executive Vice President and Chief Strategic Officer of PHINMA Inc. For PHINMA Corp, he is Executive Vice President and Chief Finance Officer. He is also a member of the Boards of Directors of PHINMA Inc. and various PHINMA-managed companies. Mr. Del Rosario is the brother of Mr. Ramon R. del Rosario, Jr.

Corazon Dela Paz Bernardo is Honorary President of the International Social Security Association (ISSA), an affiliate of the International Labor Organization, based in Geneva, Switzerland. She had served as President of ISSA from 2004 to 2010, the first woman and first non-European to be elected as such, since its founding in 1927, and was the first woman President of the Social Security System of the Philippines, from 2001 to 2008.

She is also the first woman, anywhere in the world to be elected partner of PriceWaterhouse International in its over 100-year history. She was Chairman and Senior Partner of Joaquin Cunanan & Co. (PriceWaterhouse Coopers, Philippines) from 1981 to 2001 and was in the World Board of PriceWaterhouse World Firm from 1992 to 1995. She was Chairperson of Equitable PCI Bank from 2006 until its merger with Banco de Oro in 2007. She had served member of the boards of several listed Philippine corporations such as San Miguel Corp., Philippine Long Distance Telecommunications Company, Ayala Land and Philex Mining. She had also served as the Commissioner of the Home Development Fund (PAG IBIG), the Philippine Health Insurance Corporation and the National Commission on the Role of Filipino Women.

She was Chairman of National Citizen's Movement for Free Elections for the 2013 national elections. She is Vice-Chairperson of Jaime V. Ongpin Foundation and member of the board of Republic Glass Holdings Corporation and Roxas & Company, Inc as well as the Medical Doctors, Inc. She served as adviser to the Banco de Oro, Inc. board and audit committee as well as Philippine Long Distance Telecommunications Company. She is a Life Member of the Cornell University Council, member of the Board of Trustees of the University of the East, UE Ramon Magsaysay Memorial Medical Center, Medical Doctors, Inc. Miriam College, the Makati Business Club, Meralco Foundation, Inc, Laura Vicuna Foundation and Share Phil among other non-governmental organizations.

She is the past president of the Philippine Institute of Certified Public Accountants (PICPA) and the first woman President of the Management Association of the Philippines (MAP), the Financial Executives Institute of the Philippines, Inc. and the Philippine Fulbright Scholars Association and Cornell Club of the Philippines.

Mrs. Dela Paz – Bernardo, a Certified Public Accountant, graduated from the University of the East with a Bachelor of Business Administration degree in 1960, Magna Cum Laude, and obtained first place in the same year's CPA board 5 examination. She obtained her MBA in 1964 Cornell University in New York as a Fulbright grantee and UE CPA top-notch scholar.

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



- Pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit.
- Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the corporation's annual report;
- Perform direct interface functions with the internal and external auditors.
- Ensure that the internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties and personnel for the performance of their respective functions.
- Assess the performance of the external auditor on an annual basis prior to the committee's endorsement of the external auditor's engagement to the board and shareholders for the succeeding year.

**(c) Nomination Committee**

Office	Name	Date of Appointment	No. of Meetings Held (2015)	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Ramon R. del Rosario	April 12, 2016	1	1	100%	<10 years
Member (NED)	Oscar J. Hilado	April 12, 2016	1	1	100%	<10 years
Member (ID)	Raymundo O. Feliciano	Resigned eff April 12, 2016	1	1	100%	10 years
Member (ID)	David L. Balangue	April 12, 2016	New member			

**(d) Compensation Committee**

Office	Name	Date of Appointment	No. of Meetings Held (2015)	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Oscar J. Hilado	April 12, 2016	0	0		>10 years
Member (NED)	Ramon R. del Rosario, Jr.	April 12, 2016	0	0		>10 years
Member (NED)	David L. Balangue	April 12, 2016	0	0		<10 years

**(e) Others (Specify)**

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

**(f) Stock Option Committee**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	NA					
Member (ED)						
Member (NED)						
Member (ID)						

### 3) CHANGES IN COMMITTEE MEMBERS

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

Name of Committee	Name	Reason
Executive	None	None
Audit and Risk Management	Alfredo M. Velayo	Resigned
	Ricardo V. Carnua	Moved to Compensation Committee effective April 12, 2016
	Corazon dela Paz-Bernardo	New director effective April 12, 2016
Nomination	Antonio V. del Rosario	Resigned
Remuneration	Raymundo O. Feliciano	Resigned effective April 12, 2016
	David L. Balangue	New member effective April 12, 2016
Others (specify)	None	None

### 4) WORK DONE AND ISSUES ADDRESSED

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

Name of Committee	Work Done	Issues Addressed
Executive/Stock Option	Approval of contracts, bids and other major transactions as delegated by the Board.	
Audit and Risk Management	Approved quarterly and annual audited financial statements; approved the revisions of the Audit Charter; reviewed Business Resiliency Program and subsequent reports on action plans, reviewed and approved the Integrity Assurance Program's policies, appointed an Integrity Officer and reviewed and approved audit plan of SGV and Internal Audit, recommendation of external auditor for the succeeding year.	Reviewed key audit issues including RPTs and tax issues.
Nomination	Prequalification and screening of candidates for Board of Directors; Submitted list of nominees to the Board for approval	
Compensation	Salary increases and variable compensation of officers	
Others (specify)		

### 5) COMMITTEE PROGRAM

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



Name of Committee	Planned Programs	Issues to be Addressed
Executive	None	
Audit and Risk Management	Review of Business Resiliency Program and Integrity Assurance Program Review of Internal Audit Charter	To address audit of financial reporting process.  To address plan to organize two separate committees for Audit and Risk Management
Nomination		
Compensation		
Others (specify)		

## F. RISK MANAGEMENT SYSTEM

### 1) Disclose the following:

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

PHINMA adopts a risk philosophy aimed at maximizing business opportunities and minimizing adverse outcomes, thereby enhancing shareholder value by effectively balancing risks and rewards. On March 21 2013 , the PHINMA Executive Committee, approved and mandated the implementation of the Business Continuity Management which has been renamed since then as PHINMA Business Resiliency Program. The program provides a governance framework to develop business resiliency, build capability to safeguard the interests of the PHINMA Group's key shareholders, as well as the reputation and value-creating activities of the company in all its functions and operations.

PHINMA also recognizes risk management as an integral component of good corporate governance and fundamental in achieving its strategic and operational objectives. It improves decision-making, defines opportunities and mitigates material events that may impact shareholder value.

PHINMA's philosophy of risk management has its foundation in the concept that taking risks is required in order to seek rewards and fulfill the company's mission. However, these risks should be continuously identified and assessed to ensure that effective mitigation strategies are employed to the greatest extent possible.

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

A Business Resiliency Program is currently in place for the entire PHINMA Group. This program A Business Resiliency Program is currently in place for the entire PHINMA Group. This program supersedes the previous Business Continuity Management program and expands its coverage further by going beyond the traditional confines of BCM and integrates Risk Management concepts with the disciplines of Disaster Response Planning, Crisis Management and Communications and Business Continuity Planning.

The Audit and Risk Management Committee, who has been tasked to review and monitor the program, conducts a periodic assessment of the top risks per business unit as well as the mitigation plans for the same. The last Risk Management meeting was conducted August of 2016 wherein business heads were asked to make presentations for the identified risks alongside their mitigation plans to the Audit and Risk Management Committee. After which, the Committee decides to approve or request for revision on the mitigation plans

#### (c) Period covered by the review : 2016

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

Effective year 2013, all member companies of the PHINMA Group will undergo a risk assessment exercise on a semi-annual basis in coordination with the Business Resiliency program. The results of these assessments, together with the overall implementation of the risk management system, including the Business Resiliency Program, will be subject to a review of its adequacy and effectiveness by the Audit and Risk Management Committee. The result of such review is then presented and approved by the Audit and Risk Management Committees of the major shareholders of the Company, Phinma Inc. and Phinma Corp as part of their oversight responsibilities. The most recent presentation to the Company's Audit and Risk Management Committee was in Aug 23, 2016.

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

## 2) RISK POLICY

### (a) Company

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

Risk Exposure	Risk Management Policy	Objective
Market Competition	Anticipate and respond to changes in the competitive landscape, wherein market conditions are driven by changes in supply and demand.	To ensure that the Company remains a competitive, significant player in its chosen industry.
Business Continuity	Safeguard the integrity of its facilities and safety of personnel, through resilience and capability building, for an effective response to protect interests of key shareholders, reputation, and value-creating activities for all its functions and operations.	To ensure the safety of its personnel and efficient operations of its facilities during regular business conditions, as well as effective continuity of business operations in the event of a major disruption.
Regulatory Risk	Anticipate and respond to changes in the regulatory environment and advocate for positive and consistent regulatory policies.	To ensure that the Company is able to adapt and respond to changes in the regulatory environment in a strong and timely manner with positive impact for the company.
Reputation Risk	PHINMA Group aims to safeguard the reputation of the company and core values of the group: INTEGRITY, PATRIOTISM & PROFESSIONALISM.	To preserve and protect business integrity through conduct management and purposeful selection of reputable partners, vendors, officers, director, and employees.



Risk Exposure	Risk Management Policy	Objective
Talent Management	Attract, develop, assign and retain excellent talent aligned with long-term career development and succession planning.	To ensure effective implementation of the Business plan with continuity through a competent and agile work force.

**(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:

**Top 5 Risks**

Risk Exposure	Risk Management Policy	Objective
Market Competition	Anticipate and respond to changes in the competitive landscape, wherein market conditions are driven by changes in supply and demand.	To ensure that the Company remains a competitive, significant player in its chosen industry.
Business Continuity	Safeguard the integrity of its facilities and safety of personnel, through resilience and capability building, for an effective response to protect interests of key shareholders, reputation, and value-creating activities for all its functions and operations.	To ensure the safety of its personnel and efficient operations of its facilities during regular business conditions, as well as effective continuity of business operations in the event of a major disruption.
Regulatory Risk	Anticipate and respond to changes in the regulatory environment and advocate for positive and consistent regulatory policies.	To ensure that the Company is able to adapt and respond to changes in the regulatory environment in a strong and timely manner with positive impact for the company.
Reputation Risk	PHINMA Group aims to safeguard the reputation of the company and core values of the group: INTEGRITY, PATRIOTISM & PROFESSIONALISM.	To preserve and protect business integrity through conduct management and purposeful selection of reputable partners, vendors, officers, director, and employees.
Talent Management	Attract, develop, assign and retain excellent talent aligned with long-term career development and succession planning.	To ensure effective implementation of the Business plan with continuity through a competent and agile work force.

**(c) Minority Shareholders**

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

Risk to Minority Shareholders
Pre-emptive right
Appraisal right
Tender Offer

### 3) CONTROL SYSTEM SET-UP

#### (a) Company

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Programs)
Market Competition	The company is in a highly competitive industry wherein market conditions are driven by changes in supply and demand. The firm must anticipate and respond to changes in the market in order to remain competitive.	<p>Strategic planning is done every year with a long-term view for project developments.</p> <p>Purposeful partnerships are formed for expansion and technical exchanges, with regular review and reporting of invested parties.</p> <p>Participating interests in joint ventures remain to be another avenue for expansion and growth.</p> <p>Research on emerging technology is included in project development studies, for current and future applications and improvements.</p>
Business Continuity   Operation, Safety & Disaster Risks	<p>The PHINMA Group established the Business Resiliency Program to monitor, review, and address key business risks for each business unit.</p> <p>The company commits to safeguard the integrity of its facilities and safety of personnel, through resilience and capability building, for an effective response to protect interests of key shareholders, reputation, and value-creating activities for all its functions and operations.</p>	<p>The company has its own business resiliency unit to focus on energy concerns, which regularly reports to the Audit and Risk Committee, as well as to the parent Audit and Risk Committee.</p> <p>The company regularly conducts insurance reviews and seeks third party validation for structural integrity and safety procedures. Regular preventive maintenance is done as a standard practice.</p> <p>The company launched a Behavior-Based Safety and Health Program at the plants, with Crisis Plans and Teams in place.</p>



Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Programs)
Regulatory Risk	<p>The company faces frequent changes in the regulatory landscape which can positively or negatively impact operations and investment decisions.</p>	<p>The company, through management and key personnel, advocate for positive and consistent regulatory policies.</p> <p>Participation in industry groups and active networking is done across the organization to exert positive influence and ensure that the company remains informed in order to be a competitive, significant player in its chosen industry. active networking is done across the organization to exert positive influence and ensure that the company remains informed in order to be a competitive, significant player in its chosen industry.</p>
Reputation Risk	<p>PHINMA launched the Integrity Assurance Program to promote, advocate, and monitor responsible conduct of operations and personnel for the entire group.</p> <p>A key differentiating factor for the company is its professional reputation and relationship with all external and internal stakeholders, including but not limited to its partners, shareholders, LGU's, customers, host communities, and employees.</p>	<p>The company has its own Integrity Assurance unit within the Energy Group for a dedicated roll-out and continuance of the program.</p> <p>Corporate Communication Policies, Branding Guidelines, Social Media, and Web Management are regularly reviewed. Crisis communication plans and teams are in place.</p> <p>CSR initiatives within host communities target to develop sustainable programs rather than grant-based aid.</p> <p>Purposeful selection of reputable partners, vendors, officers, and director are done to preserve and protect business integrity.</p>

<b>Risk Exposure</b>	<b>Risk Assessment (Monitoring and Measurement Process)</b>	<b>Risk Management and Control (Structures, Procedures, Programs)</b>
Talent Management	The Company aims to be "A Thinking Organization" or a knowledge based organization wherein each level is equipped and empowered for critical analysis and sound decision making. The focus is to Attract, Develop, Place, and Retain excellent talent, in order to execute the company's long-range plans.	<p>PHINMA Human Resource Team has instituted a Talent Development Program with tailor-fit training and career enhancing modules, to cater to each level of the organization, with the mindset of long term career development.</p> <p>S.I.G.L.A. or Special Interest Groups for Life-Balance Activities was formed as an employee wellness and employee-driven program with 95% participations.</p> <p>Third party experts were brought in to conduct and develop a succession program to deepen the bench.</p> <p>The company benchmarks with industry for compensation and benefits to attract and retain human capital.</p>

**(b) Group**

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

**Top 5 Risks**

<b>Risk Exposure</b>	<b>Risk Assessment (Monitoring and Measurement Process)</b>	<b>Risk Management and Control (Structures, Procedures, Programs)</b>
Market Competition	The company is in a highly competitive industry wherein market conditions are driven by changes in supply and demand. The firm must anticipate and respond to changes in the market in order to remain competitive.	<p>Strategic planning is done every year with a long-term view for project developments.</p> <p>Purposeful partnerships are formed for expansion and technical exchanges, with regular review and reporting of invested parties.</p> <p>Participating interests in joint ventures remain to be another avenue for expansion and growth.</p> <p>Research on emerging technology is included in project development studies, for current and future applications and improvements.</p>



Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Programs)
Business Continuity   Operation, Safety & Disaster Risks	<p>The PHINMA Group established the Business Resiliency Program to monitor, review, and address key business risks for each business unit.</p> <p>The company commits to safeguard the integrity of its facilities and safety of personnel, through resilience and capability building, for an effective response to protect interests of key shareholders, reputation, and value-creating activities for all its functions and operations.</p>	<p>The company has its own business resiliency unit to focus on energy concerns, which regularly reports to the Audit and Risk Committee, as well as to the parent Audit and Risk Committee.</p> <p>The company regularly conducts insurance reviews and seeks third party validation for structural integrity and safety procedures. Regular preventive maintenance is done as a standard practice.</p> <p>The company launched a Behavior-Based Safety and Health Program at the plants, with Crisis Plans and Teams in place.</p>
Regulatory Risk	<p>The company faces frequent changes in the regulatory landscape which can positively or negatively impact operations and investment decisions.</p>	<p>The company, through management and key personnel, advocate for positive and consistent regulatory policies.</p> <p>Participation in industry groups and active networking is done across the organization to exert positive influence and ensure that the company remains informed in order to be a competitive, significant player in its chosen industry.</p>
Reputation Risk	<p>PHINMA launched the Integrity Assurance Program to promote, advocate, and monitor responsible conduct of operations and personnel for the entire group.</p> <p>A key differentiating factor for the company is its professional reputation and relationship with all external and internal stakeholders, including but not limited to its partners, shareholders, LGU's, customers, host communities, and employees.</p>	<p>The company has its own Integrity Assurance unit within the Energy Group for a dedicated roll-out and continuance of the program.</p> <p>Corporate Communication Policies, Branding Guidelines, Social Media, and Web Management are regularly reviewed. Crisis communication plans and teams are in place.</p> <p>CSR initiatives within host communities target to develop sustainable programs rather than grant-based aid.</p> <p>Purposeful selection of reputable partners, vendors, officers, and director are done to preserve and protect business integrity.</p>

<b>Risk Exposure</b>	<b>Risk Assessment (Monitoring and Measurement Process)</b>	<b>Risk Management and Control (Structures, Procedures, Programs)</b>
Talent Management	The Company aims to be "A Thinking Organization" or a knowledge based organization wherein each level is equipped and empowered for critical analysis and sound decision making. The focus is to Attract, Develop, Place, and Retain excellent talent, in order to execute the company's long-range plans.	<p>PHINMA Human Resource Team has instituted a Talent Development Program with tailor-fit training and career enhancing modules, to cater to each level of the organization, with the mindset of long term career development.</p> <p>S.I.G.L.A. or Special Interest Groups for Life-Balance Activities was formed as an employee wellness and employee-driven program with 95% participations.</p> <p>Third party experts were brought in to conduct and develop a succession program to deepen the bench.</p> <p>The company benchmarks with industry for compensation and benefits to attract and retain human capital.</p>

**(c) Committee**

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

<b>Committee/Unit</b>	<b>Control Mechanism</b>	<b>Details of its Functions</b>
Audit and Risk Management Committee	Semi-annual reporting of risks	The Audit Committee requires all SBUs to assess the status of their key risks on a semi-annual basis. The results of these assessments, together with the corresponding mitigation strategies, are presented to the Audit and Risk Management Committee.
Audit and Risk Management Committee	Independent audits	The Audit and Risk Management Committee oversees the effective implementation of external and internal auditing activities that cover the control activities described above.
Executive/Investment Committee		Reviews and approves policies and directions for investments
Bids and Awards Committee	Tender and bidding	An Adhoc Committee that is responsible for the determination of eligibility, conduct of bidding, evaluation of bids, post qualification of the lowest calculated bid and recommending award of contracts



## **G. INTERNAL AUDIT AND CONTROL**

### **1) Internal Control System**

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

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

Internal control system is an organized means by which the Company's resources are administered, regulated and assessed to ensure operational efficiency, accuracy in reporting, conformity with existing laws, regulations and policies and competent management of risks.

PHINMA's Group Internal Audit Charter is an independent and objective assurance consulting activity that is guided by a philosophy of adding value to improve the operations of the Company. While Internal Audit and Control is the main function of the Company's Internal Audit Department, adherence to the same is every employee's accountability. The Chief Audit Executive shall be bound to report functionally to the Board through the Audit and Risk Management Committee and administratively to Senior Management.

The internal control system for Trans Asia Oil includes any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organizes and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

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

Examinations of the internal control system were performed by Group Internal Audit following the approved Internal Audit Plan and the results thereof were presented to the Audit and Risk Management Committee. Based on this, for the year 2015, the Audit and Risk Management Committee found the internal control system to be adequate and effective.

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

The Audit and Risk Management Committee reviewed the results of internal audit examinations of the internal control system based on the approved Internal Audit Plan for the Calendar Year 2015.

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

Internal controls are reviewed on an ongoing basis by Group Internal Audit, through a risk based audit plan that is presented to and approved by the Audit and Risk Management Committee annually. Controls are evaluated for adequacy and effectiveness by Group Internal Audit using a risk-control matrix and the result of such evaluation is presented to the Audit and Risk Management Committee during its quarterly meetings.

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

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>Evaluating the reliability and integrity of information and the means used to identify, measure, classify and report such information</p> <p>Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have significant impact on the organization</p> <p>Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets</p> <p>Evaluating the effectiveness and efficiency with which resources are employed.</p> <p>Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.</p> <p>Monitoring and</p>	<p>All internal auditing services (assurance and consulting)</p>	<p>In-house</p>	<p>Rolando D. Soliven, CPA, CIA, CFE, CQA, CRMA</p>	<p>A written report is prepared and issued by the Chief Audit Executive or designee following the conclusion of each internal audit engagement. The report is distributed as appropriate and communicated to the Board as well.</p>



Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
<p>evaluating governance processes</p> <p>Monitoring and evaluating the effectiveness of the organization's risk management processes</p> <p>Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization</p> <p>Evaluating specific operations at the request of the Board or Management, as appropriate.</p>				

\*Group Internal Audit (GIA), is an independent, objective provider of assurance services designed to add value and improve the PHINMA Group's operations.

\*\* The Audit and Risk Management Committee, together with senior management, receives a copy of all audit reports. Other recipients, including the operating heads, are provided copies upon the discretion of the Internal Audit Head.

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

Yes. This is explicitly stated in the Internal Audit Charter, as approved by the Audit and Risk Management Committee. The same is also indicated in the Audit and Risk Management Committee Charter, under the Committee's stated responsibilities.

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

The Head of Internal Audit functionally reports to the Audit and Risk Management Committee. As such, the appointment, qualification or termination of the Head requires the Audit and Risk Management Committee's approval. The Audit and Risk Management Committee also receives periodic reports from the internal auditors on the progress of internal audit work and other relevant information. Furthermore, in the Internal Audit Charter, as approved by the Audit and Risk Management Committee, the internal auditors have unrestricted access to the board and to all properties, records and personnel of the Company.

**(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[ACB7].

Name of Audit Staff	Reason
Victoria Mae Pilapil	Voluntary resignation (November 2013)
Allan Pablo	Voluntary resignation (December 2013)
Angeleen B. Manzano	Voluntary resignation (September 2015)
Forrest Shane del Mundo	Voluntary resignation (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.

Progress Against Plans	The 2015 Internal Audit Plan was satisfactorily executed in 2015.
Issues <sup>5</sup>	As defined below, no "issues" were identified during the year.
Findings <sup>6</sup>	No significant findings were found in 2015. Minor concerns identified were promptly and satisfactorily addressed by management.
Examination Trends	No pervasive issues and findings were found in 2015. Minor concerns identified were promptly and satisfactorily addressed by management.

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

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

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

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

Policies & Procedures	Implementation
Internal Audit Charter	Implemented since 2003, revised in 2012
Internal Audit Mission – Vision	Implemented
Code of Ethics	Implemented
Internal Audit KPIs and Initiatives	Annual implementation, with 2013 values

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

<sup>6</sup> "Findings" are those with concrete basis under the company's policies and rules



Policies & Procedures	Implementation
Engagement Planning	Implemented
Internal Audit Reporting	Implemented
Conducting Audit Engagements	Implemented
Risk – Control Matrix	Implemented
Time Reporting	Implemented
Client Feedback Monitoring	Implemented
Communications Protocol	Implemented

**(g) Mechanisms and Safeguards**

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
See below	See below	NA	NA

INTERNAL AUDITOR	EXTERNAL AUDITORS
Code of Ethics – All internal auditors adhere to the Code of Ethics prescribed by the Institute of Internal Auditors (IIA). The said Code lists four principles, one of which is "Independence", which form part of the mandatory guidance for IIA members.	Statement of Independence – The external auditor is required to declare their independence to the Audit Committee prior to their appointment and again after the release of the audit results.
Conflict of Interest – All internal auditors adhere to the PHINMA Code of Conduct, which includes a prohibition on conflict of interest	Inquiry of Disagreements with Management – The Audit Committee inquires the external auditor on matters of disagreement with Management, if any.
Functional Reporting to the Audit Committee – To protect its organizational independence, the Head of internal audit functionally reports to the Audit Committee.	Adherence to Philippine Standards on Auditing – The external auditors are required to state their adherence to local auditing standards prior to their appointment and again after the release of the audit results.
Internal Audit Charter – The internal audit team functions under an Internal Audit Charter as approved by the Audit Committee which, in turn, is empowered by the Board of Directors through its Audit Committee Charter. This Charter provides broad authority levels to the internal audit team, including the authority to determine its own audit scope, techniques and methodologies, and unrestricted access to all properties, records and personnel.	
Risk based Audit Plan – The Internal Audit Plan is approved by the Audit Committee and monitored for effective implementation.	

FINANCIAL ANALYSTS	
To safeguard the independence of financial analysts, the company deals only with professional analysts and do not retain analysts from brokers and bankers. Further, the power sector is a well-developed sector in terms of information and benchmarks hence any partiality of information can be easily detected.	

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

The Chairman and the CEO shall attest to the Company's full compliance with the SEC Code of Corporate Governance as embodied in the Company's Revised Manual on Good Corporate Governance as approved by the Board on February 21, 2011 and further amended and approved on June 23, 2014. All directors, officers and employees have been informed of their responsibilities under the Company's manual and internal procedures are in place to ensure compliance of the same.

## H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	Every business under the PHINMA Group is geared towards making life better in pursuit of its mission of nation-building.	In the conduct of our business, all efforts are taken to ensure that we are able to provide improved access to the essentials of a dignified life in congruence to the company's Mission Statement. The PHINMA Group firmly believes that its commitment to ethical business practices, good corporate governance and social responsibility is vital and integral to the pursuit of its Mission: to help build our Nation through competitive and well-managed business enterprises that enable Filipinos to attain a better quality of life. In its steadfast adherence to the Core Value of Integrity, PHINMA became one of the first to sign the Integrity Pledge and, in turn, launched its own comprehensive, Group-wide implementation through the Integrity Assurance Program.
Supplier/ contractor selection practice	Strict compliance is implemented of the policies on Gift and Gratuities across all the companies under the Phinma Group.	The Phinma Group, under the Integrity Assurance Program, launched a Vendor Integrity Programs (VIP) last August 2015 at PHINMA Plaza in Rockwell, Makati City. This program aims to engage key business partners, particularly its accredited vendors and top service providers, and actively involve them in PHINMA's steadfast commitment to its core



	Policy	Activities
		<p>value of integrity.</p> <p>The VIP kicked off with an orientation session entitled "Partners In Integrity" which was attended by top vendors.</p> <p>Under the VIP, accredited vendors are expected to enter into an Integrity Pact with PHINMA Group. This Integrity Pact embodies the commitment of both PHINMA and its vendors to refrain from engaging in activities that are contrary to PHINMA's core value of Integrity, especially those that relate to bribery, corruption and fraud. This Integrity Pact also includes a firm commitment from the vendor to become a signatory of the Integrity Pledge, a landmark document of the anti-corruption, private-sector campaign known as the Integrity Initiative.</p> <p>Specific to the Phinma Energy Group. A procurement guideline is available on its website to aid suppliers on acceptable business conduct with the company. These guidelines contains two parts: 1) General Procurement Guidelines and 2) Supplier Accreditation and Disciplinary Measures for Erring Suppliers of the Materials Management Department (MMD) whose primary objective is to provide effective planning, procurement, inventory, logistics and monitoring of commodities and services in support of the operating units of the group.</p> <p>Companies who wish to be included in the list of accredited suppliers shall accomplish and submit all documentation requirements such as Vendor Profile, Supplier Accreditation Form, Company Profile and Latest Audited Financial Statements and other related documents. They should also undergo actual visit / inspection of facilities by our staff and should undergo a probationary period of six (6) months. A yearly evaluation of suppliers will be conducted to determine their accreditation status.</p>
Environmentally friendly value-chain	Company policy states that, to the extent possible, the Company favors contracts that include provisions for compliance with environmental laws and regulations.	PHINMA Energy believes in the powerful impact of knowledge and the role it plays in sustainable development. Thus, it launched HELP Earth (Harnessing Energy Literacy for Planet Earth) in September 2009, as a one of the company's milestones for its 40th anniversary. The program's main objective is to empower the youth, through information, to decide on their energy options and consumption in the future. HELP Earth has been the company's CSR banner program –

	Policy	Activities
		<p>piloting in four (4) partner schools in Bulacan and Diliman, Quezon City during its birth year, and expanding to thirty (30) schools in different parts of the country.</p> <p>HELP Earth provides help to partner schools through a multimedia corner composed of a laptop and a projector, together with educational DVDs, and other reference materials. To date, more than 10,000 students and teachers have already benefitted from HELP Earth's multimedia corner packages.</p> <p>With HELP Earth's success, Trans- Asia expanded the program to tapp on the different aspects of partners schools' learning experience. These educational programs – Teacher's Training Program, Hamonni Juan Matipid Interactive Science Exhibit, and Energy Guidebook – have been instrumental in engaging the faculty and students to support and sustain the HELP Earth project.</p> <p>HELP Earth also pursues environment initiatives focused on greening programs, coastal clean-ups, and waste management projects. These programs concretized the ideas shared among the partner schools, and cemented HELP Earth as the flagship CSR program of Trans-Asia.</p>
Community Interaction	As part of its mission of making life better for Filipinos, the company has various corporate social responsibility initiatives in the communities it operates in, and encourages employees to actively participate in its programs.	<p>For 2015, progressive Undertakings for Nation-Building and Life-Enhancing Advocacies or PUNLA is Trans-Asia's response to the needs of its partner communities for a more appropriate and sustainable development. The program aims to nurture these communities to become more self-reliant and empowered. There are three (3) major projects under PUNLA namely: 1) PUNLA-Kabuhayan which aims for sustainable economic development 2) PUNLA-Kababayan which focuses on social welfare and community well-being and 3) PUNLA-Kaligtasan which centers on capacity enhancement to reduce vulnerabilities from disasters.</p> <p>Further, specific to its projects in Guimaras, two new livelihood initiatives have been established namely: Photographic Silkscreen Shirt Printing and Mango Food Product Development.</p> <p>To address the social welfare issues of</p>



	Policy	Activities
		<p>partner communities, Trans-Asia transformed four (4) day care centers to artfully designed learning centers and provided fun and interactive learning materials.</p> <p>Through its project named, Kariton ni Juan, its employees were able to donate additional learning materials which were distributed to partner day care centers. This is aside from implementing a feeding program to help uplift the children's nutritional status which is expected to in turn enhance their learning potential. A total of 176 children were enrolled in the initiative which lasted for 6 months in partnership with Assisi Development Foundation thru their Hapag-asa Nutrition Program.</p>
Anti-corruption programmes and procedures?	It is the policy of the Company to practice the highest standards of business conduct in every business relationship. The Company has adopted the Phinma Group Integrity Assurance Program that embodies these policies.	The Company supports the Integrity Initiative and is a signatory of the Integrity Pledge. Internally, the Company has approved the implementation of the Integrity Assurance Program that includes policies on fraud, sexual harassment, conflict of interest, insider trading, gifts and gratuities and whistle-blowing. One of the program's primary component is the Vendor Integrity Program which is the Company's answer to the call made by the Integrity Initiative to promote transparency and corruption-free business dealings across the country. Its three stages include: Vendor Orientation, Vendor Integrity Pact and Vendor Integrity Pledge. By integrating the Company's Integrity Assurance Program to its dealings with suppliers, the Company aims to proactively eradicate corruptive business practices.
Safeguarding creditors' rights		<p>Creditors are treated with outmost transparency by way of full disclosure of the Company's financial data thru regulating agencies such as the Securities and Exchange Commission as well as The Philippine Stock Exchange. Semestral briefings for bank creditors are spearheaded by the Treasury Department to update bank creditors of the businesses' performance, outlook as well as challenges.</p> <p>The Company's website is duly updated in order to provide necessary updates regarding the Company's financial condition, involvements as well as future engagements that can used as reference by into by the</p>

	Policy	Activities
		<p>Company with regards to obligations are based on terms acceptable to all parties and provide safeguards to all stakeholders.</p> <p>The Integrity Assurance Program (IAP) embodies PHINMA's unwavering commitment and reinforces its steadfast resolve to mutually serve the aspirations of shareholders and the needs of society. This Program also sets forth to guide and govern the entire PHINMA Group, its subsidiaries and controlled affiliates, together with its employees, officers and directors, in making decisions and taking actions that align with the PHINMA Core Values.. All contracts entered</p>

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

Yes, this is included as a section in the Company's glossy Annual Report and includes activities conducted in 2015 together with photos of the said activities.

- 3) Performance-enhancing mechanisms for employee participation.

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

#### **SAFETY**

To ensure building safety, the PHINMA Plaza is equipped with a smoke detection alarm system, where an alarm will be raised on the floor concerned, including floors directly above and below it. Each floor has its own fire exit, a stairway leading to the ground floor. A fire drill is conducted periodically in coordination with the municipality and periodic updates on incidents relating to the employees' safety are provided like reminders on security of personal belongings, security precautions in public places, email blasts on traffic rerouting schemes affecting employees, weather conditions, road conditions, etc.

#### **HEALTH**

PHINMA believes that a key factor to employee's productivity is one's health. It ensures that employees are in good state of health and can competently perform the physical demands on his job. Thus, the Company provides its employees a comprehensive medical check-up yearly so employees are able to be proactive in addressing any medical concerns they may have.

In responding to medical emergencies in the office, medical assistance is available at the company's retainer clinic as well as from the hospitals where the company is accredited in. All employees are provided with life insurance coverage, a hospitalization benefit as well as benefits for annual routine check-ups with accredited clinics and hospitals.

In 2015, the Human Resources Division of the Phinma Group launched the Phinma Wellness Program which is a holistic approach comprising of three dimensions namely: Personal, Social and Physical Wellness. Various activities were held in the course of the year to ensure that the program objective of supporting the employee value proposition, promoting awareness of wellness in a holistic manner and advocating living healthy lifestyles are achieved.



For 2016, below are the list of programs which were launched and/or on-going:

DATE	PROGRAM	FACILITATOR/PROVIDER	NO. OF PARTICIPANTS
May 27, 2016	Wellness Activity: Calligraphy Class	Ink Scribbler	10
June 3, 2016	Wellness Activity: Vaccination Day	TG Vax Marketing	35
June 24, 2016	Wellness Activity: Mystery Manila	Mystery Manila	14
July 1, 2016	Wellness Activity: Photography Class	Michael Eugene Lotho	13
July 11-12, 2016	Coaching for Success	Benchmark Consulting, Inc.	5
August 5, 2016	Professional Presence Workshop	Personi-fil Image Studio, Inc.	16
August 17, 2016	Coaching Clinic	Benchmark Consulting, Inc.	3
July 2016	Phinma Library Open every Fridays	In-house	Open to All

#### **WELFARE: EMPLOYEE RELATIONS AND WELL-BEING PHILOSOPHY**

PHINMA believes that its success depends on how engaged and productive its employees are. Thus, the Company shall continue to invest in quality, holistic, employee-focused and fun-filled programs and activities for the development and well-being of its employees. It shall offer them opportunities for interaction, bonding, sharing of views, creative thinking, and learning.

PHINMA also conforms to the regulatory and statutory requirements of the government. PHINMA subjects to regular audit and site visits of government agencies.

The company fosters open communication by holding semi-annual Employee Convocations where top management addresses all the employees of the Phinma Group to update them on the company's financial performance, business directions and initiatives. This is followed by an Open forum portion where employees can freely ask questions, give their comments and suggestions to top management. The last convocation took place last 29 July 2016.

September 1, 2015 saw the opening of the PHINMA Employee Hub which is an accessible, online portal that allows employees' data access to various Company related information. Further, in 2016, an online training hub was launched to ensure that employees will have better access to training. The Phinma E-Learning hub was launched with the subject of Reputational Risk as its initial offering. This was launched in August 1, 2016

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

##### **HEALTH**

About 48% of employees underwent Annual Routine Check-up for the year 2015. No serious accidents nor material theft or security breach were reported at the office premises. Further, a Flu Vaccination Day was offered to employees last June 2015. Likewise, a Bowling Tournament was held from September 23 to October 07 2015 which fostered a healthy, competitive environment that allowed employees from across the group to engage in sports while building camaraderie.

The company launched **MOVE**—a three-phase fitness program last March 19 tagging Wednesday as "Fitness Day" with the aim of developing physical fitness among employees and enhancing their exercise habits. **TRIOwalk**, a 30-day pedometer challenge, was the first activity under the program participated by 45 Makati-based employees. Last June 11, Run a Mile — an eight-session running clinic started with more than 30 participants to prepare for either 4K, 8K or 12K races in August.

The company launched the **SIGLA** Program for its employees, fondly known as Special Interest Groups for

Life Balance Activities. To date, employees at the head office have spearheaded and participated in nine (9) diverse groups with interests in: Yoga, Dance, Ultimate Frisbee, Badminton, Basketball, Table Tennis, High Impact Intensity Training (HIIT), Music, and Movies. SIGLA was also launched at the company's subsidiaries, and power plant personnel have also initiated their own activities, spurring friendly competition, bonding time between colleagues, and interaction across units. Overall participation is at 80% with a goal to achieve 100% by year end, with many more interest groups coming up with new ideas. Employee Wellness is a core focus area of management with a sustainable and employee-driven initiative through SIGLA.

As part of the Pinma Group, the company participated in the activities under the Pinma Wellness Program. Below is the data for said program.

The Surprise Healthy Snacks which took place in the month of July 2015 had the following number of participants during its month-long run:

COMPANIES	ACTUAL NO.	APPLE	JUICE	OATMEAL	YOGURT
PHINMA Inc.	4	5	4	5	4
PHINMA Corp.	1	1	1	1	1
T-O Insurance	8	8	6	8	6
Foundation	3	3	3	3	3
Trans-Asia	6	4	5	5	5
SLTEC	1	1	1	1	1
TAREC	6	0	6	6	1
%		86%	90%	93%	87%
GRAND TOTAL	164	141	148	153	142

#### **SAFETY**

Last 30 July 2015, a group-wide Earthquake Drill was facilitated by the Business Resiliency Group to better equip the employees with information vital to survival should the circumstance arise. Further, this exercise allowed the employees to internalize and execute plans of action which are to be taken for life survival.

The annual fire drill of Pinma was conducted May 4, 2016 with 90% estimated participation.

An earthquake drill was also held in July 2016 with 100% participation.

The Company's Business Resiliency Program has delegate Marshals for every floor in the Pinma Plaza. These employees are tasked to spearhead evacuation as well as provide immediate feedback to the Business Resiliency of the situation on the ground in case of fires, earthquakes, flood and the likes.

Sufficient warnings and cancellation of work are sent to every employee of the Pinma Group in the event that weather conditions present itself to be less favorable. At the same time, the Business Resiliency Team also provides timely traffic updates to aid the employees in the transportation crisis of the city.

#### **WELFARE**

The company fosters open communication by holding semi-annual Employee Convocations where top management addresses all the employees of the Pinma Group to update them on the company's financial performance, business directions and initiatives. This is followed by an Open forum portion where employees can freely ask questions, give their comments and suggestions to top management. The last convocation took place 29 July 2016.

The Pinma Group held its 2015 annual summer outing in Terrazas de Punta Fuego, Nasugbu, Batangas last 23 May 2015 where 325 employees and guests attended. For 2016, the summer outing was held last April 23, 2016 at Aquaria Water Park, Calatagan, Batangas where 229 employees and guests came.



To enjoin the country in the celebration of the Christmas season, a party was held last December 16, 2015 at the Rockwell Tent with 301 employees present.

As part of the Wellness Program, the company launched an in-house Library thru their Read to Grow campaign. The Library allows book lending during Fridays and book browsing during lunch break. This is to espouse a reading habit amongst its employees. The Read to Grow campaign was launched in July 8, 2016. Since its launching, the library has grown from 230 books to 309 as of writing. These are largely due to donations made by fellow bookworms within the organization.

Similarly, to encourage appreciation of the arts, the company, during its Volunteer Day, held a photo contest thru its social media facility. The selection winners of the contest whose theme centers on "PHINMA Reaches Out" will receive prizes and enjoy work exhibit within the office building. This is done not only to encourage hobbies among employees but also to inspire volunteerism across the group.

In September 19, 2014, the Department of Labor and Employment-NCR awarded the company its Certificate of Compliance on General Labor Standards and Occupational Safety and Health Standards for having been found compliant with general labor standards and occupational safety and health standards pursuant to a joint assessment conducted on Sept 18, 2014.

On April 19, 2016, the company hosted the Pag-Ibig Fund Orientation and Loyalty Card Capturing covering 150 employees.

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

PHINMA (where the company belongs) is committed to the total development of its employees. It recognizes that employee competence and professionalism are essential to the Company's overall success and will therefore provide support for their learning and development. Through the different opportunities for growth that PHINMA provides, it emphasizes the important linkage between excellence and the organization's optimum performance.

Phinma shall promote:

**Total Individual Development.** We believe that values and attitudes are as important as knowledge and skills. Thus, we have both behavioral and technical training for our employees as we believe that personal growth and professional development are inseparable.

**Employee Development as a Line Responsibility.** We believe that the Human Resources Department and the Line Managers are partners in employee development. The Line Managers' role in career development includes determining developmental needs, and creating opportunities for employee's growth and application of learning.

**Self-Improvement and Commitment to Excellence.** We believe that employees play a critical role in the growth of the business. Thus, PHINMA's commitment to excellence requires us to engage in the process of continual improvement and development of our workforce. While we provide different opportunities for learning, our employees are responsible and accountable for the drive to further their own personal and professional development. They are likewise encouraged to apply their learnings in all forms as a commitment to improve themselves and their work performance. This application of learning shall also be the employees' contribution and commitment towards achieving the company's objectives.

Definite measures are being taken to provide employees with training programs and meaningful job interactions. The basic objective is to develop abilities of the employee that can be beneficial in his work-place, home, social and community relationships.

External training covers all specialized training programs that are provided by external consultants or resource speakers. The courses may be offered in the form of public seminars that are conducted by external institutions. It may be an in-house training that is often applicable to the need of a select group or a few individuals.

Internal training covers training programs that are developed internally within the organization (either by HR or by select members of the company) to respond to the needs of a large group of employees. As part of PHINMA's commitment to promote a continuous learning environment, the **PHINMA Group Development Programs** was recently launched. The programs address the learning and development needs of different employee segments and strengthen their competence and skills. All programs have core courses which are common to all, aligned with the core competencies, and are pre-requisite to certain other courses. The following are the various development programs that have started to be implemented this year:

- Staff Excellence Program
- Junior Management Program
- Line Managers' Excellence Acceleration Program
- Leadership Development Program
- Senior Officers' Advancement Resources

Another basic internal training sponsored by HR is the company orientation. This program is tailored for all employees who are newly hired, newly regularized and those who have just rendered their first year of service with the company. The program aims to instill a sense of commitment to the goals and objectives of the company among these employees. The orientation program also updates the participants on the company's rules and regulations including its Code of Conduct under the Integrity Assurance Program.

Below is the complete list of trainings for the year 2015 :

Title	Facilitator	Date/s of Conduct	Number of Participants
Teambuilding and Integrity/Values Session	Daisy Alvior	March 06, 2015	25
Core Values/Integrity Assurance Roadshow	Integrity Assurance	March 16, 2015	41
Crisis Management & Communication Planning Forum	Ogilvy	March 19, 2015	17
Executive Coaching Champions To Drive Business Impact	Development Dimensions International (DDI)	April 29, 2015	2
Core Values/Integrity Assurance Roadshow	Integrity Assurance	May 15, 2015	15
Core Values/Integrity Assurance Roadshow	Integrity Assurance	May 27, 2015	28
Core Values/Integrity Assurance Roadshow	Integrity Assurance	May 29, 2015	21
Risk Management for Maintenance and Construction	Gamesa	June 22, 2015	1
BST Working at Heights	Gamesa	June 23, 2015	1
Environmental Management Training for Managers	PCAPI	July 27, 2015	1
Personal Financial Fitness Program	Mindbroker Corporation	July 31, 2015	11



Title	Facilitator	Date/s of Conduct	Number of Participants
Orientation on ISO 18001:2007 Occupational, Health and Safety Management System	AGC Development Corp.	August 25, 2015	1
Time & Task Management for Productivity	Salt & Light Ventures	August 25, 2015	6
Basic Root Cause Analysis	Rosehall	September 18, 2015	8
Problem Solving and Decision Making Workshop	Salt & Light Ventures	October 16, 2015	1
Nutrition in the Workplace	Adrienne Venish C. Gawtee, RND	October 19, 2015	2
Power Up! TAPGC Team Building Workshop	Learning and OD Section	October 21, 2015	28
Problem Solving and Decision Making Workshop	Salt & Light Ventures	November 05, 2015	2
PHINMA 2015 Leadership Forum	Francis J. Kong	November 09, 2015	18
Effective Presentation Skills	Mindbroker Corporation	April 22-23, 2015	12
PHINMA Strategy Execution	John Clements - Harvard Business Publishing	Aug. 7, 28 & Sept. 18, 2015	1
Preventive Corrective Module Training	UP-ISSI	June 15-19, 2015	1
Total Preventive Maintenance Course	UP-ISSI	June 20 - July 25, 2015	2
Microsoft Advanced Excel	STI	June 25-26, 2015	11
Wind Power Module Training	Gamesa	June 9 - 12, 2015	2
Core Values/Integrity Assurance Roadshow	Integrity Assurance/ Daisy Alvior	March 10 & 18, 2015	67
Strategic Negotiations Workshop	Prof. Manuel J. De Vera (Facilitator)	May 13-14, 2015	9
Total Quality Management Course	UP-ISSI	Sept 5 - Oct 10, 2015	1
Basic Training Course for Pollution Control Officers, Category "B" Establishment	Pollution Control Association of the Phil, Region VI, Inc.	September 14-18, 2015	1

Below are the 2016 trainings which have been completed:

Title	Facilitator	Date/s of Conduct	Number of Participants
Coaching for Success	Benchmark Consulting	May 5-6, 2016	6

Title	Facilitator	Date/s of Conduct	Number of Participants
Business Process Improvement Thru 7 Management Tools	Neville Clarke	April 6-7, 2016	6
Handling Tax Assessment	PICPA NMMC	March 31, 2016	2
Decision Techniques, Problem Solving and Creative Visualization	PICPA	March 22, 2016	2
BOA Updates, Personal Planning	PICPA	March 18, 2016	2
FS and Fundamental of FS Analysis	PICPA NMMC	March 12, 2016	2
Accountancy Profession: Cases & Applications	PICPA	March 09, 2016	2
Ethics and Good Governance	PICPA EMMC	March 07, 2016	2
Comprehensive Corporate Income Taxation & VAT Taxation	PICPA EMMC	March 04, 2016	2
Tax Season Reminders	PICPA EMMC	March 01, 2016	2
Creating Powerful Presentations	Mindbroker Corporation	February 26, 2016	6
Thematic II/ PFRS: Changes in 2016 and Beyond/ 4 units Thematic II/ Accounting for PPE and Investment Properties/ 4 units	Sycip, Gorres, Velayo & Co.	April 29, 2016	12
Thematic I/ BOA Updates, Accountancy Law, Accreditation Requirements, MRA	Sycip, Gorres, Velayo & Co.	May 2, 2016	5



Title	Facilitator	Date/s of Conduct	Number of Participants
Thematic II/ A Workshop on the Preparation of Interim Financial Statements	Sycip, Gorres, Velayo & Co.	May 3, 2016	6
Cyber Security Fundamentals	Sycip, Gorres, Velayo & Co.	May 13, 2016	17
Thematic III/ Ethical, Governance and Quality Principles	Sycip, Gorres, Velayo & Co	May 18, 2016	14
Thematic IV/ Regulatory updates (BIR, BOC, BOI, PEZA)	Sycip, Gorres, Velayo & Co	May 24, 2016	8
Thematic III/ Risk Management and Internal Control Thematic II/ Related Party Transactions and Disclosures	Sycip, Gorres, Velayo & Co	June 3, 2016	21
Thematic V/ Procurement Fraud Fraudulent Disbursements	Sycip, Gorres, Velayo & Co	August 1, 2016	21

Below are the trainings which are to be conducted for the remainder of the year:

Target Date	Program
September 2, 2016	Performance Management and Pro-Active Employee Relations
September 21, 2016	Corporate Governance for Directors and Senior Officers
September 22-23, 2016	Coaching Workshop : Coaching for Success
October 4, 2016	Coaching Clinic
October 13 -14 , 2016	Execution Excellence
October 15, 2016	Wellness Activity : Badminton Day
November 14, 2016	2 <sup>nd</sup> PHINMA Leadership Forum
December 2, 2016	Special Feature: Developing GRIT and Adversity Quotient
December 2, 2016	Wellness Activity : Karaoke Night

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

On April 2, 2007, the Board of Directors and stockholders approved a total of 100 million shares set aside from the unsubscribed portion of the corporation's 2 billion authorized shares for (a) stock grants for officers and managers of the corporation, and (b) stock options for directors, officers and employees of the corporation and its subsidiaries and affiliates.

On January 8, 2008, the Securities and Exchange Commission approved the Company's Executive Stock Grants Plan and Stock Option Plan. The Executive Stock Grants Plan is available to all officers of Trans-Asia and its subsidiaries including unclassified Managers. Upon achievement of company's goals and the determination of any variable compensation, 20% of the entitled officers' or managers' variable compensation are granted in the Company's shares with a 20% discount on weighted average closing price for 20 trading days before the date of grant but not lower than par value of P1.00 per share. The first stock grants were subject to a holding period of one (1) year for the first 1/3 of the shares, two (2) years for the next 1/3 of shares and three (3) years for the last one third. Succeeding stock grants are subject to a holding period of three (3) years. The Stock Option Plan is available to all Directors, permanent officers and employees of Trans-Asia and its affiliates/subsidiaries. Employees may purchase up to 33% of their allocated shares within the first year of the grant, up to 66% on the second year of the grant, and up to 100% on the third year of the grant, in cash at the weighted average closing price for 20 trading days prior to date of grant but not lower than P1.00 per share.

On May 7, 2008, the Company's Stock Option Committee suspended implementation of the Stock Option Plan.

On July 22, 2013, the Company lifted the suspension of the plan and awarded additional options under the same plan.

The Company's Human Resources Group has implemented the Balanced Scorecard system in 2015. It aims to eradicate subjectivity in terms of employee evaluation and make performance evaluation more standard. Its successful implementation for the year became the basis for employee salary increases in 2016. Thru the scorecard, the employees training and coaching needs are easily identified as well as monitored thereby providing a solid background for numeric ratings by year end. Its "critical incident" component allows for transparency in terms of learning opportunities and action items.

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

Employees are advised to document or record his complaint. Facts are gathered and questions are asked if necessary. Options for resolving the problem is discussed with all parties concerned by creating a panel or committee. Legal advice is also secured as appropriate. A policy on sexual harassment is also in place that details the procedures and processes that will be followed for the resolution of such cases.

A Group-wide Integrity Assurance Program was launched in June 2014 that aims to:

- Convey with resolve the PHINMA Group's steadfast commitment to Integrity
- Institutionalize the adoption of policies, programs and practices that will foster and sustain an ethical business environment
- Comply with relevant regulatory requirements on transparency, good governance and ethical business practices

A series of roadshows that started December of 2014 and meant to continue until the end of 2015 has been scheduled to create awareness across the PHINMA group and its vendors regarding the details of the Integrity Assurance Program.

A dedicated e-mail service called the Integrity Hotline was likewise launched 22 December 2014 to ensure confidentiality in reporting. PHINMA's Whistleblower Policy, which is integrated in the same program, has provisions on retaliation. In detail, the policy states that any whistleblower who believes he/she is being retaliated against must contact the Integrity Officer or the PHINMA GIA head immediately. Further, anyone who is proven to have retaliated against a whistleblower will be penalized in accordance with the penalties under the Employee Handbook.

No report has been received thru the Whistleblower program since its inception.



# **I. DISCLOSURE AND TRANSPARENCY**

## **1) Ownership Structure**

### **(a) Holding 5% shareholding or more As of December 31, 2016**

Shareholder	Number of Shares	Percent	Beneficial Owner
Philippine Depository and Trust Corporation (PCD Nominee Corp.) – Filipino and non-Filipino	4,081,919,047	83.54	
Phinma Corporation	449,331,621	9.21	

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
None			

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

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	Yes
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	The details of director training is part of the Annual Corporate Governance Report. Other than the programs on corporate governance that is required under the company's manual on good corporate governance, periodic economic briefings, director briefings on industry trends and updates on relevant best practices conducted by the company, the company does not have a formal board and director development program. With the qualifications, business experience, affiliations and concurrent positions in other companies of its directors, the company believes that its directors are sufficiently and effectively capable of performing their duties as directors.

Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

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

**3) External Auditor's fee**

Name of auditor	Audit Fee	Non-audit Fee
SyCip Gorres Velayo & Co. (SGV)	P 1,200,000	none

**4) Medium of Communication**

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

Information is disseminated through disclosures to the Philippine Stock Exchange (PSE) and the Securities and Exchange Commission (SEC), through the Company's website, Information Statements and Annual Reports sent to Shareholders. Information is also disseminated through periodic investor briefings and at the Annual Shareholders Meeting.

**5) Date of release of audited financial report: Feb 24, 2016**

**6) Company Website**

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

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

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

**7) Disclosure of RPT**

RPT	Relationship	Nature	Value
Phinma, Inc.	Ultimate Parent	Revenue-rent & share in expenses	1,100
		Expenses - Management fees & share in expenses	104,055



RPT	Relationship	Nature	Value
SLTEC	Joint Venture	Revenue - Rent & share in expenses Cost & Expense	28,074 6,077,461
MGI	Associates	Cost	785,167
Phinma Corp.	Other Related Parties	Dividend Income Share in expenses Payable	5,387 2,169 102,394
Union Galvasteel	Other Related Parties	Revenues	2,281
T-O Insurance, Inc.	Other Related Parties	Insurance Expense	91,400
Emar Corp	Other Related Parties	Revenues	64
Phinma Education	Other Related Parties	Expenses	2,698
Directors	Other Related Parties	Expense	72,846
Stockholders	Other Related Parties	Payable	179,320

**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?**

Based on the policy on related party transactions, transactions with related parties (joint ventures, subsidiaries, affiliates, close family members, etc.) are subject to a fair and at arm's length terms, and subject to the approval of management, the board and/or the shareholders, depending on the nature of the transaction. Further, all related party transactions that go beyond the allowed thresholds are subject to the approval of the shareholders.

## **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 shares issued and outstanding either in person or by proxy unless a higher number is required by law
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#### **(b) System Used to Approve Corporate Acts**

Explain the system used to approve corporate acts.

<b>System Used</b>	Modified Viva Voce
<b>Description</b>	Voting is done by raising of hands or <i>viva voce</i> ; otherwise, in case of "nay" votes, voting shall be done in writing by secret ballot and counted thereafter by the Corporate Secretary in the presence of SGV & Co. to be able to validate the counting.

#### **(c) Stockholders' Rights**

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

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
Pre-emptive Rights to additional shares	Pre-emptive rights will not apply to additional shares not to exceed 35% of the resulting total subscribed capital stock shall be used exclusively for the benefit of the Corporation
	Per by laws, notice of Stockholders Meeting is not required, but as a matter of policy and in compliance with SEC and PSE rules, the Company sends notices

#### Dividends

The Company declares cash or stock dividend to its common shareholders on a regular basis, in amounts determined by the Board, taking into consideration the Company's results of operations, cash position, investment and capital expenditure requirements and unrestricted retained earnings.

The Company may also declare special dividends where appropriate. There is no restriction on payment of dividends other than the availability of retained earnings following the SEC rule on calculation of available retained earnings for dividend declarations.

All shareholders are treated equally thus the Company strives that dividends are paid in an equitable and timely manner within 30 days after its declaration.

Declaration Date	Record Date	Payment Date
February 16, 2012	March 1, 2012	March 27, 2012
March 21, 2013	April 8, 2013	May 6, 2013
July 22, 2013	August 5, 2013	Upon issuance of CAR
March 24, 2014	April 7, 2014	May 7, 2014
February 23, 2015	March 9, 2015	March 25, 2015
February 23, 2016	March 9, 2016	March 23, 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
Written queries	Postal and email addresses of the Corporate Secretary and the Corporation are given in the Notice.
Open Forum	During and at the end of each Stockholders' Meeting, the Chairman opens the floor to questions from stockholders and significant time is allotted to answer questions raised. Each Stockholder has the right to pose questions to the Board and the Officers including external auditors and tax advisers.

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



- a. Amendments to the company's constitution = a 66.67% vote is required
  - b. Authorization of additional shares = a 66.67% vote is required
  - c. Transfer of all or substantially all assets, which in effect results in the sale of the company = a 66.67% vote is required
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? Yes
- a. Date of sending out notices: March 18, 2016
  - b. Date of the Annual/Special Stockholders' Meeting: April 12, 2016
4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.
- a. *Question:* How much of the Corporation's generating capacity is geared to coal?  
  
*Answer:* The Corporation's generating capacity from coal-fired sources is about 270 MW.
  - b. *Question:* They keep saying in the newspapers and everywhere how dirty coal is. How does the Company's coal-fired plant compare to the standards set for pollution from coal?  
  
*Answer:* The technology used in South Luzon Thermal Energy Corporation (SLTEC) - circulating fluidized bed - is much cleaner than those used by first-generation coal-fired plants. The emissions (including nitrogen oxides, sulfur oxides and solid particulates) are well within the revised limits set by the DENR (i.e. Department of Energy and Natural Resources). Thus, as far as compliance with emission standards is concerned, our plant is doing well.
  - c. *Question:* Are the unusual buildings erected by generators using coal-fired plants in order to control coal dust and to make generation using coal a cleaner activity?  
  
*Answer:* SLTEC's coal-fired plant does not emit too much solid particulates because we use electrostatic precipitator.
  - d. *Question:* Is it true that the Feed-In Tariff Allowance of the Wind Farm is fixed for twenty (20) years?  
  
*Answer:* Yes, that is correct.
  - e. *Question:* Initially, it was stated that the Feed-In Tariff (FIT) Allowance which eligible Wind Power Plants are entitled to is Php8.53/KWh. In the Annual Report, it is stated that the said allowance is Php7.40/KWh. Which is correct?  
  
*Answer:* There were two (2) installation targets for wind technology. The first installation target was 200 MW. The Wind Power Plants which qualified for said installation target are entitled to a FIT Allowance of Php8.53/KWh. The second installation target for wind technology was also 200 MW and Wind Power Plants which qualified for the said installation target are entitled to a FIT Allowance of Php7.40/KWh.  
  
Trans-Asia Renewable Energy Corporation's Wind Power Plant qualified for the second installation target. Hence, we are entitled to a FIT Allowance of Php7.40/KWh.
  - f. *Question:* Will there be a third installation target?  
  
*Answer:* DOE plans to put up a third installation target of about 500 MW for wind technology and 500 MW for solar technology. In order to qualify for the installation target, the Corporation is lining up its matured Wind Energy Service Contracts, particularly a 40 MW Wind Farm Project in Sibunag, Guimaras which shall be

adjacent to the existing 54 MW San Lorenzo Wind Farm. We also have a prospective 150 MW Wind Power Plant Project in Ballesteros in Cagayan Province, near Tuguegarao.

- g. *Question:* How can the 54 MW San Lorenzo Wind Farm avail of the Php7.40 FIT Allowance?

*Answer:* The 54 MW San Lorenzo Wind Farm is already entitled to the Php7.40 FIT Allowance. We have already been issued a FIT – Certificate of Compliance which states that the 54 MW San Lorenzo Wind Farm is entitled to the FIT Allowance of Php7.40/KWh commencing on the Project's commercial operation in December 2014.

- h. *Question:* So does that mean that the 54 MW San Lorenzo Wind Farm will earn revenues of about Php800 M?

*Answer:* Yes, that is approximately the total amount that the 54 MW San Lorenzo Wind Farm will receive on an annual basis. But take note that the Php800 M is already based on a rate of Php7.40/KWh. Hence, the said amount shall not be in addition to what the 54 MW San Lorenzo Wind Farm is earning but the total annual revenues that it will be receiving as a result of the FIT Allowance.

- i. *Question:* What is the selling price of the Corporation's shares of stock at the Philippine Stock Exchange?

*Answer:* As of yesterday, the stock price closed at Php2.75 per share. About an hour ago, the stock was trading at Php2.80 per share.

- j. *Question:* As per the Corporation's financials, the contribution from joint ventures is roughly, Php372 M, will this figure double next year given that SLTEC 2 is now online?

*Answer:* We cannot say that it will double but the figure will definitely increase because both SLTEC 1 and SLTEC 2 are now running.

- k. *Question:* Do we have future plans to engage in other energy-producing projects?

*Answer:* Yes, we are looking at other technologies. Principally, we are looking at gas-fired power plants supplied from imported LNG. We are looking at storage batteries to complement our Wind Farm. Just recently, we have been approached by some landowners to find out if we can partner with them in putting up solar power plants.

But in terms of other technologies, our priority is the gas-fired power plant using LNG.

- l. *Question:* How about hydro projects?

*Answer:* We are developing a service contract in Ilagan, Isabela. Initial pre-feasibility study shows very promising prospects. Before we completed the record on the water resource, we planned to just satisfy the requirements of the Department of Energy (DOE) in the service contract. But with the encouraging results, we plan to accelerate the development of this power plant.

We also bided during one of the bidding rounds of the DOE for a run-of-river hydro project in Visayas called Ilog. So far, we are just awaiting the DOE's decision when to award it and to whom they will award it.

For sure, we will be interested in the bidding of the CBK should the PSALM decide to bid it out under the new administration. We would also be interested in the bidding out of the IPPA of Casecanan if it will be put up for bidding.

*Chairman:* Let me just add that as you can see from the statements made by the President that Trans-Asia is developing a host of projects in the power sector. As a whole, the Corporation is developing a portfolio of energy projects and that it is trying to develop a power mix that consists of what might be considered as

conventional power resources, coal being the dominant one, as well as renewables. We are very much aware of the developing trends towards environment-friendly resources of energy. That is why we are developing our projects in wind, solar, hydro and gas so that there will be a balance in energy resources.

- m. *Question:* Is there a change in the Corporation's way of thinking such that the Sual Plant will be changed to LNG?

*Answer:* No, the 900 MW Coal-Fired Power Plant is still an ongoing project. The LNG Plant is different from the coal-fired plant.

- n. *Question:* Shareholder Philip Turner asked if the proposed amendment gives dissenting shareholders the right to exercise their right of appraisal in accordance with the Corporation Code and Securities Regulation Code.

*Answer:* The Corporation's Vice-President – Legal and Assistant Corporate Secretary, Atty. Alan T. Ascalon confirmed that the right of appraisal is available as advised to shareholders in the Information Statement distributed to them should any shareholder voting against the proposal extending the Corporation's term of existence exercise his right of appraisal by making a written demand on the Company within thirty (30) days after the date on which the vote was taken for the payment of the fair value of his share; failure to make the demand within such period constituting a waiver of the appraisal right.

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

Resolution	Approving	Dissenting	Abstaining
Approval of Annual Report of Management and ratification of all acts of the Board and Management	68.36%	0%	0%
Election of Directors	68.36%	0%	0%
Amendment of Articles of Incorporation and By-Laws to change corporate name to Phinma Energy Corp	68.36%	0%	0%
Amendment of By-Laws to state precise address	68.36%	0%	0%
Amendment of Articles of Incorporation to extend the corporate term	68.36%	0%	0%
Appointment of External Auditors	68.36%	0%	0%

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

April 12, 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
None	

#### (f) Stockholders' Attendance

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



Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Please refer the table below	April 12, 2016	Viva voce	.006%	68.354%	68.36%
Special	None					

Below are the names of the Directors and Senior Officers who attended the most recent Annual Shareholders' Meeting:

**DIRECTORS:**

Oscar J. Hilado	Chairman / Compensation Committee Chairman / Executive/Stock Option Committee Member / Nomination Committee Member
Ramon R. del Rosario, Jr.	Vice Chairman / Executive/Stock Option Committee Chairman / Nomination Committee Chairman / Compensation Committee Member
Magdaleno B. Albarracin, Jr.	Non-executive Director / Executive/Stock Option Committee Member
Francisco L. Viray	Executive Director / Executive/Stock Option Committee Member / President and CEO
Roberto M. Laviña	Executive Director / Audit Committee Member / Treasurer
Victor J. del Rosario	Non-executive Director / Audit Committee Member
Pythagoras L. Brion, Jr.	Executive Director/SVP & CFO
Raymundo O. Feliciano	Independent Director / Nomination Committee Member
Ricardo V. Camua	Independent Director / Audit Committee Vice Chairman
Guillermo D. Luchangco	Independent Director / Executive/Stock Option Committee Member
David L. Balangue	Independent Director / Audit Committee Chairman / Compensation Committee Member

**SENIOR MANAGEMENT:**

Juan J. Diaz	Corporate Secretary
Virgilio R. Francisco, Jr.	Senior Vice President
Raymundo A. Reyes, Jr.	Senior Vice President
Rizalino G. Santos	Senior Vice President – Power Business
Mariejo P. Bautista	Senior Vice President – Finance and Controller
Cecille B. Arenillo	Vice President and Compliance Officer
Alan T. Ascalon	Vice President – Legal and Asst. Corp. Secretary
Daniilo L. Panes	Asst. Vice President - Renewable Energy
Danielle R. del Rosario	Asst. Vice President – Corporate Affairs
Arthur R. Villacorte	Asst. Vice President – Materials Management
Ma. Teresa P. Posadas	Asst. Vice President – Human Resources

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

Yes, Stock Transfer Service, Inc. is the independent party appointed to count and/or validate the votes at the ASM.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any

divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes.

**(g) Proxy Voting Policies**

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

	Company's Policies
Execution and acceptance of proxies	Must be in writing and signed
Notary	Notarization is not necessary
Submission of Proxy	At least five (5) days before the meeting
Several Proxies	The latest proxy revokes all earlier proxies
Validity of Proxy	Only for the meeting
Proxies executed abroad	Honored subject to validation
Invalidated Proxy	Invalidated proxy shall not be entitled to vote
Validation of Proxy	Corporate Secretary may validate Proxy
Violation of Proxy	Proxy is rendered void and vote shall be disregarded

**(h) Sending of Notices**

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

Policies	Procedure
The company discloses to the public through the PSE and the SEC the date and venue, and agenda for the Shareholders meeting at least 21 days before the Shareholders Meeting.	The disclosure is sent to the PSE online through PSE Edge upon approval by the Board. The company also sends a hardcopy to SEC.
The Information Statement (SEC 20-IS) which includes the date, venue and matters to be taken up during the Shareholders meeting are sent out at least 15 business days before the Shareholders Meeting.	The SEC 20-IS is sent by courier.

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

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	3,227
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	March 18, 2016
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	March 18, 2016
State whether CD format or hard copies were distributed	CD
If yes, indicate whether requesting stockholders were provided hard copies	YES

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

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

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

**2) Treatment of Minority Stockholders**

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

Policies	Implementation
The Board is committed to respect the following rights of the shareholders:	
a. Voting rights	<ul style="list-style-type: none"> <li>All shareholders have the right to elect, remove and replace directors and vote on corporate acts</li> <li>A director shall not be removed without cause if it will deny minority shareholders representation in the Board.</li> </ul>
b. Power of inspection / right to information	<ul style="list-style-type: none"> <li>All shareholders are allowed to inspect corporate books and records and shall be provided, upon request, information regarding matters for which management is responsible.</li> </ul>
c. Right to dividends	<ul style="list-style-type: none"> <li>All shareholders shall have the right to receive dividends subject to the discretion of the Board under certain circumstances.</li> </ul>
d. Pre-emptive rights and appraisal rights	<ul style="list-style-type: none"> <li>All shareholders shall have pre-emptive rights and appraisal rights, in accordance with the Corporation Code.</li> </ul>
e. Other policies	<ul style="list-style-type: none"> <li>The Company also requires all its directors and officers to comply with the following requirements: 1) Submit to the Company within 24 hours from dealing in the Company's securities all information of the transaction, 2) Observe the blackout period announced by the Company and 3) Refrain from communicating material information to any person unless disclosure is simultaneously filed with the Exchange.</li> </ul>

**(b) Do minority stockholders have a right to nominate candidates for board of directors? Not provided.**



## 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.

Periodic external communication required by the PSE and/or SEC, as well as voluntary disclosures, are drafted, and reviewed by the appropriate officer in charge. For example, legal matters are reviewed by the Corporate Secretary. Financial and other matters are reviewed by the concerned officers, including the SVP-Finance, the Compliance Officer and the Investor Relations Officer and approved by the EVP/CFO, the COO and/or the President. The audited financial statements and disclosures on results of operations are further approved by the Audit Committee and/or the Board of Directors. Disclosures are signed by the Corporate Secretary or the VP Finance.

Internal communications for the purpose of coordination and joint review among management of any major external communications are done via email or phone or in person during management committee meetings. The Company's external and internal communication policies are reviewed and amended when required.

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	To provide investors and the general public sufficient and timely access to relevant information on the company and apprise them of recent developments in order for these investors and the public to make informed investment decisions. To provide timely response to clarifications requested by existing or prospective shareholders on disclosed information.
(2) Principles	Accurate information, timely disclosure/ availability of information, relevance of information, timely response to request for clarification on disclosed information.
(3) Modes of Communications	Information on Company such as financial information and other disclosures is available for download on the company's own website. Investors can also send emails to various departments (including Investor Relations, Business Development, Finance, Oil & Gas Operations) directly through the Company website. Company office address, telephone trunkline, and fax number are all available on Company website. Investor Relations Officer's name, telephone number, and email address is also available on company website.
(4) Investors Relations Officer	Giles R. Katigbak Tel +632 8700130 Fax +632 870 0456 <a href="mailto:grkatigbak@phinma.com.ph">grkatigbak@phinma.com.ph</a>

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

With respect to the acquisition of corporate control in the Company, management will adhere to the guidelines of the PSE found in Article XX Unstructured Continuing Disclosure Requirements and Disclosure Rules, and treat an event where there is a change in shareholdings of stockholders owning more than 10% of shares in the Company as an event requiring prompt disclosure, as also provided under Section 36 Chapter IV of the RSA.]

The Company adheres to the provisions of the Corporation Code of the Philippines with respect to prospective

merger transactions in terms of process of notification to stockholders, presentation of merger plans, voting process, and treatment of dissenting rights of stockholders.

The Company adheres to the general provisions of the Corporation Code of the Philippines with respect to prospective sale of substantial portions of the Company's assets in terms of appraisal rights in the event of dissenting stockholders.

The Company adheres to the general provisions of the Corporation Code of the Philippines with respect to prospective sale of substantial portions of the Company's assets in terms of appraisal rights in the event of dissenting stockholders.

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

The Company by laws has not specifically pre appointed any independent party to evaluate the fairness of the transaction price with respect to any prospective mergers or sale of major assets.

There were neither mergers or acquisitions for the year 2015.

#### **L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

Program Component	Description	Project Output	Date Implemented
<b>HELP Earth EDUCATION</b>			
1. <u>Awareness Education</u>			
a. HELP Earth Multimedia Corner	Supporting education is the entry-level intervention of HELP Earth. Through the donation of HELP Earth Multimedia Corner, Trans-Asia introduces itself to the school along with the advocacies for energy and environment.	TOTAL of 30 Partner Schools <i>(9 in Bulacan, 9 in Guimaras, 4 in Quezon, 4 in Metro Manila, 2 in La Union, 1 in Olongapo and 1 in Batangas)</i>	2015
	HELP EARTH Multimedia Corner aims to provide the school tools to assist learning among students. Through these materials, Trans-Asia hopes that values formation will take place and the community will be able to make knowledge-based decision on their best energy options.	1 newly adopted school in 2014 <i>(1 in Olongapo)</i>	July 2015
b. Brigada Eskwela		Direct and Indirect Beneficiaries: 382 teachers and ~10000 students	May 2015
c. Kariton ni Juan and Day Care Rehab Project	Brigada Eskwela is annual project to prepare public schools for the opening of classes through repaint and rehabilitation.	25 schools <i>(9 in Bulacan, 9 in Guimaras, 3 in Quezon, 3 in La Union, and 1 in Olongapo)</i>	April 2015
	Kariton ni Juan is Trans-Asia's mechanism to encourage employees to donate educational materials for the benefit of day care centers in San Lorenzo, Guimaras	3 boxes (balikbayan size) collected from PHINMA employees	June 2015
	The Day Care Rehab Project is Trans-Asia's support for child development through provision of fun learning materials and rehabilitation of day care to make its environment more child-friendly.	1 day care repainted and rehabilitated  3 others day cares supported through provision of new materials  Direct Beneficiaries: 4 day care teachers and 138 pre-school kids	



2. <u>Strengthening Advocacy</u>	a. Trans-Asia San Lorenzo Wind Farm Photo Contest	The San Lorenzo Wind Farm Photo Contest aims to promote awareness on renewable energy and tourism in San Lorenzo, Guimaras.	Exhibit done in San Lorenzo Municipal Hall in celebration with the 20 <sup>th</sup> Foundation Day of San Lorenzo, Guimaras	February 2015
	b. Juan Matipid Artwork Contest	The project showcases the talent and creativity of youth in promoting the dedication and commitment to help Earth through their artworks.	(Project launch scheduled on July 13)	July 2015
3. <u>Empowering Leaders</u>	a. HELP Earth Excellence Award	The award honors the active graduating HELP Earth Savers that have excelled in catalyzing change and showed leadership skills in promoting energy efficiency and love for the environment.	127 members recognized and awarded	March 2015
	b. HELP Earth Savers Club established	Trans-Asia sets up HELP Earth Savers Club active adopted schools to provide a venue for knowledge-sharing and leadership development. Trans-Asia believes that through the club, youths' leadership skills will be developed and the students can be more proactive in promoting activities for energy and environment.	9 HELP Earth Savers Club re-established for the new school year  9 new HELP Earth Savers Club on initial stages	July 2015  July 2015
<b>HELP Earth ENVIRONMENT</b>				
1. <u>HELP Earth Green Initiative</u>	a. Tree Planting	Trans-Asia CSR engages in annual tree planting activities to help mitigate its carbon footprint and to protect the biodiversity of the ecosystem around the area of its operation.	135 indigenous and native seedlings	July 2015
	b. Plant Nurseries		2 nurseries maintained	2015
2. <u>HELP Earth Blue Handprint</u>	a. Riverside Clean-up	Trans-Asia believes it should leave a positive handprint along its surrounding coastal communities and riverbanks through clean-up and awareness drives.	~500 meters of riverside cleaned up; 45 sacks of garbage collected and recorded for baseline data	April 2015
3. <u>HELP Earth Yellow Project</u>				

a. Compost Tumbler	Pilot study has been done in TAPGC to support waste management project. Compost tumblers were recycled from used oil drums. New units will be distributed to adopted schools and communities of Trans-Asia within the coming months.	2 compost tumblers built  3 sacks of compost heap harvested in 4 months, 1 sack of compost heap donated to partner school for school gardening	March 2015
b. 3 R's Project	Trans-Asia supports initiatives on 3 R's (Reuse, Reduce and Recycle) project of partner schools and communities.	Plant Canteen uses 90% less garbage bag since implementation  20 used drums donated to Sapang Kawayan Elementary School to be used for school's urban gardening	July 2015
<b>LIVELIHOOD and COMMUNITY WELFARE PROGRAMS</b>			
1. <u>Livelihood Projects</u>			
a. Photographic Silkscreen Printing	The Photographic Silkscreen Printing and Mango Food Product Development are TAREC's livelihood initiatives for San Lorenzo Guimaras.	38 community members in Guimaras trained; 4 groups organized, producing souvenir shirts for tourists	February 2015
b. Mango Food Product Development	The project aims to equip the community with proper skills and empower them to take full advantage of the upcoming and rising tourism industry in the municipality.	4 groups consisting of 40 members were organized and oriented; training shall commence on 4 <sup>th</sup> week of July 2015	July 2015
c. Quirino's Best	Quirino's Best is CIP II's pilot livelihood project on food processing. The project augments the income of selected mothers in Brgy. Quirino in Bacnotan through production and marketing of delicious tocino, longganisa, chicken nuggets and pork tapa.	Livelihood running for more than two years benefitting 13 mothers in Quirino, Bacnotan	2015

2. <u>Health</u> a. Nutrition Project	Trans-Asia's health program aims to reduce malnutrition prevalence rate among children in partner communities in Guimaras and to improve capacity of parents to care and provide for basic	76 out of 100 assessed children qualified for the program (nutrition project is strictly for undernourished children); 24 remaining slots will be filled-in if	May-June 2015
	needs of their children through nutrition education. The project will be implemented in partnership with Assisi Development Foundation through their Hapag-asa Program and will be running for 6 months.	necessary.  Project ready for implementation in late July	July 2015
<b>ASIA RESPONSIBLE ENTREPRENEURSHIP AWARD 2015</b> Social Empowerment Category	<p>As a validation of its commitment to corporate citizenship, Trans-Asia Oil and Energy Development Corporation was recognized for its flagship program, Harnessing Energy Literacy for Planet Earth (HELP Earth), when it received the prestigious Asia Responsible Entrepreneurship Awards (AREA) for Social Empowerment.</p> <p>The AREA 2015, organized by Enterprise Asia, was designed to cultivate, honest, and responsible citizenship. The Social Empowerment Award is given to best CSR practices in Asia which help economically and socially-disadvantaged groups or individuals.</p>		Macau SAR June 19, 2015

## PREVIOUS CSR INITIATIVES

INITIATIVE	BENEFICIARY
<b>EDUCATION</b>	
HELP EARTH (Harnessing Energy Literacy for Planet Earth) Program- a values-oriented and science-centered educational program that aims to teach the youth to make knowledge-based decisions regarding different energy options in the future.	24 multimedia corners in 22 schools and 1 community around the country; currently the program has 18 active partner schools
Hamon ni Juan Matipid: Interactive Science Exhibit- a program that aims to teach students the values of energy and water conservation and environmental protection through experiments and other hands-on activities.	13 primary and secondary partner schools



Juan Matipid Annual Art Competition- encourages the youth to express their commitment for Mother Nature through creative and artistic means.	120 entries from 30 different schools and universities across the country
Petroleum Exploration and Production Seminar- make communities more aware especially students on the scientific, technical and business aspects of petroleum business.	More than 200 students and teachers of Tabango National High School, Leyte
Brigada Eskwela- a form of support to partner schools. Helps in the rehabilitation and beautification of the school in time for the opening of the school year.	15 partner schools
<b>ENVIRONMENT</b>	
HELP EARTH Green Initiative- aims to green communities through mitigation of carbon footprint and protection of the biodiversity of the ecosystem of partner communities	June 25- Tree planting (98 seedlings) of Trans-Asia Power with <i>HELP EARTHSavers Club Members of 2 partner schools</i> . This is done in celebration of Arbor Day. August 3 & 13- Tree-planting (400 seedlings) of Trans-Asia Oil-Guimaras together with <i>Catalino Gallego Nava Memorial High School and M. Chavez Elem. School</i>
HELP EARTH Blue Handprint- aims to protect the environment along the coastal and riverside areas through clean-up activities and awareness drive with host communities.	April 27- Sapang Kawayan Creek Cleanup by Trans-Asia Power employees as part of their Earth Day (April 22) Celebration July 6- Mangrove Reforestation conducted by CIP II Power Corporation together with Barangay LGU of Quirino, Bacnotan, La Union Sept 25- Coastal Cleanup at Quirino Surfing Area and Bambana Rock Formation by CIP II Power Corporation in collaboration with HOLCIM and Brgy Quirino LGU. This is in celebration of the International Coastal Cleanup Day.
Waste Management- distribution of recycled oil lube cans converted into trash cans to partner communities. Aims to teach proper waste segregation.	Trans- Asia Guimaras- donated 10 pcs of trash cans to Guimaras Police Provincial Office Materials Management Department- donated 25 pcs of trash cans to Brgy Quirino, Bacnotan La Union
<b>LIVELIHOOD</b>	
Food Processing	A livelihood initiative for the mothers of Brgy. Quirino, Bacnotan. Started last April 2013 and ongoing until now

TESDA Skills Training	Training of 58 scholars of Trans-Asia Renewable under TESDA in the areas of welding, building and construction and heavy equipment operation. The aim of this program is to make the residents of San Lorenzo Guimaras more employable in the future
<b>OTHERS</b>	
Recycling of used lead acid batteries (ULABs) in partnership with Motolite and Philippine Business for Social Progress (PBSP)	Trans-Asia Power sold its ULABs to Motolite for proper recycling. Money from the sales was donated to PBSP for their Learning Enhancement Assistance Package (LEAP) Project. Through this, Trans-Asia Power donated more than 300 storybooks to FVR Elementary School, Bulacan last July 24.
Information-Education Campaign (IEC)	Trans-Asia Renewable conducted an IEC, last Sept 2013, for 4 barangays at San Lorenzo, Guimaras to dialogue with communities regarding their concerns over the San Lorenzo Wind farm Project

For 2016, the following activities were held:

**HELP Earth (Harnessing Energy Literacy for Planet Earth)**

Program Component	Description	Project Output	Date Implemented
<b>HELP Earth EDUCATION</b>			
1. <u>Awareness Education</u> a. Brigada Eskwela	Brigada Eskwela is annual project to prepare public schools for the opening of classes through repaint and rehabilitation.	23 schools (9 in Bulacan, 12 in Guimaras, 1 in La Union, and 1 in Olongapo)  212 volunteers (126 employees (+12%), 55 HEROs (-49%), 20 OJTs, and 11 SubCon)	May 2016
2. <u>Strengthening Advocacy</u> a. TAREC Artwork Competition	The TAREC Artwork Competition aims to promote awareness on renewable energy Guimaras, in celebration of the foundation days of San Lorenzo and Sibunag	More than 30 entries were submitted	February 2016

<p>3. <u>Empowering Leaders</u></p> <p>a. HELP Earth Excellence Award</p>	<p>The award honors the active graduating HELP Earth Savers that have excelled in catalyzing change and showed leadership skills in promoting energy efficiency and love for the environment.</p>	<p>Graduating members were recognized and awarded:</p> <p>137 - Bulacan partner schools 100 - Guimaras partner schools 20 - La Union partner school TOTAL: 257 students</p>	<p>March 2016</p>
<p><b>HELP Earth ENVIRONMENT</b></p>			
<p>1. <u>HELP Earth Green Initiative</u></p> <p>a. 50 - Bininit Reforestation Project</p> <p>b. 5 - Hectare Mt. Tipo Reforestation Project</p> <p>c. 27- Hectare Sibunag Arboretum Project</p> <p>d. Support Projects</p> <ul style="list-style-type: none"> <li>- TAPGC Plant Nursery</li> <li>- Nursery Maintenance and Seedling Propagation Seminar</li> </ul>	<p>PHINMA Energy Corporation CSR engages in annual tree planting activities to help mitigate its carbon footprint and to protect the biodiversity of the ecosystem around the area of its operation.</p> <p>To support HELP Earth Green Initiative, TAPGC upgraded their plant nursery and ensured that employees can contribute in maintaining the facility</p>	<p>4000 indigenous seedlings has been planted by ~90 volunteers;</p> <p>MOA signed between DENR-PENRO, DENR-CENRO, TAPGC and Dumagat PO.</p> <p>1500 indigenous seedlings has been planted by ~100 volunteers</p> <p>Project launched together with the National Environment Month and Carbon Neutral Program of DENR; MOA signed between DENR, TAREC and Brgy. Tanglad in Sibunag; a number of indigenous seedlings was planted by 25 PHINMA Energy Corporation employees, government agencies and community members</p> <p>TAPGC Plant Nursery upgraded which now capable of housing more than 5000</p>	<p>August 2016</p> <p>August 2016</p> <p>June 2016</p> <p>July 2016</p> <p>July 2016</p>



		seedlings.	
		Around 25 plant employees attended the event, facilitated by the foresters from Bulacan Agricultural State College	
2. <u>HELP Earth Blue Handprint</u>	PHINMA Energy Corporation believes it should leave a positive handprint along its surrounding coastal communities and riverbanks through clean-up and awareness drives.	~500 meters of riverside cleaned up;	April 2016
a. Riverside Clean-up			
b. Volunteer Activities on Blue Handprint	PHINMA Energy Corporation employees joined other PHINMA Companies, Union Galvasteel Corporate and PHINMA Education Network in implementing projects along our shoreline	11 volunteers from CIP II Power Corporation joined UGC in the coastal clean-up in Poro Point, La Union  50 volunteers from TAREC, TA-Guimaras and PB 101-102 joined PEN in mangrove planting activity in Katunggan Park Leganes in Iloilo	August 2016

**PUNLA (Progressive Undertakings for Nation-building and Life-enhancing Advocacies)**

Program Component	Description	Project Output	Date Implemented
<b>PUNLA KABUHAYAN</b>			
1. <u>Support for Tourism</u>			
a. Support for Manggahan Festival	TAREC is committed to contribute in the promotion of tourism in Guimaras by providing support and technical knowledge in the implementation of the projects in the province.	Provided advocacy materials for Manggahan	May 2016
b. Guimaras Bike Paradise Project		Provided advocacy materials for Manggahan	May 2016
2. <u>Livelihood Projects</u>			July 2015
a. Quirino's Best	Quirino's Best is CIP II's pilot livelihood project on food processing. The project augments the income of selected mothers in Brgy. Quirino	Facility upgraded. Food center launched on July, together with extension of MOA in partnership with the BLGU of Quirino and	May 2016

<p>b. Manggahan Eco-Bazaar</p> <p>c. San Lorenzo Pasalubong Center</p>	<p>in Bacnotan. Running on its 3<sup>rd</sup> year, the mothers deciding to expand their business from food production to food service.</p> <p>TAREC, in partnership with San Lorenzo's Municipal Tourism Office, supported the livelihood groups of the municipality by exposing them to bigger markets during the Manggahan Festival</p> <p>To support livelihood projects for the Municipality of San Lorenzo, TAREC is currently building structure that shall showcase the culture and products of Guimarasnons. The Pasalubong Center is expected to increase the sales and income of the community livelihood not only in the 4 barangays where the wind farm exists, but of the entire municipality.</p>	<p>selected mothers</p> <p>Supported the livelihood groups in San Lorenzo, Guimaras by providing space and facilities during the Manggahan EcoBazaar.</p> <p>Construction ongoing;</p> <p>Target Launching: September 2016</p>	<p>(ongoing)</p>
<b>PUNLA KABABAYAN</b>			
<p>1. PHINMA Energy Scholarship Program</p> <p>2. Kariton ni Juan</p> <p>3. Feeding Program</p>	<p>As part of the commitment with the Municipality of Sual, PHINMA Energy Corporation shall support selected scholars for the college degree, in partnership with PHINMA University of Pangasinan.</p> <p>Kariton ni Juan is PHINMA Energy Corporation's mechanism to encourage employees to donate educational materials for the benefit of day care centers. This year, the kariton collections will be donated to the Day Care</p>	<p>9 scholars taking up degrees in EE, ME, ECE and Education now being supported, covering full tuition fee, board and lodging and stipends</p> <p>Around 6 Balikbayan Boxes were collected</p> <p>Project Results: Around 130 kids from</p>	<p>Started on June 2016</p> <p>May 2016</p> <p>Project ended: April 2016</p>

4. Collaborative Projects with Partners a. QUEZELCO II  b. PEZA – CEZ	Centers in Sibunag, Guimaras.	Guimaras and Bulacan graduated from the program, and showed signs of increased weight and better stature	April 2016
	Six-month feeding program was done in partnership with HAPAG-ASA Feeding Program of Assisi Development Foundation.  PHINMA Energy Corporation is also committed to support CSR activities of its customers through partnership projects.	Donation of 6 grasscutters for 3 DepEd Divisions (Infanta, Real and General Nakar) in Quezon  Support for the Dental Mission part, of PEZA's annual medical mission. PHINMA Energy Corporation will provide dentist volunteers, assistance, and medicines for the event Around 90 beneficiaries	May 30, 2016 (implementation date)
<b>PUNLA KALIGTASAN</b>			
1. Support for Padyak Kaligtasan	TAREC supported John B. Lacson Maritime Foundation University's Padyak Kaligtasan advocating protection of women and children against abuse. Part of the registration of bikers went to IEC materials that were distributed to local communities.	Provided advocacy materials for the event, attended by around 250 bikers	February 2016

**SIGLA (Special Interest Group for Life-balance Activities)**

Program Component	Description	Project Output	Date Implemented
1. MaSIGLAng Paligsahan  2. SIGLA Culminating Activity	PHINMA Energy Corporation has taken a special interest in promoting Employee Wellness as a priority area to inculcate overall work-life balance, employee-driven volunteer initiatives, as well as to develop strong leadership potential.	Five different events were organized by the heads of Special Interest Groups; 65 employees competed in the event	April to May 2016



#### 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.

The Audit Committee performed a Self-Assessment for the year 2016 in February 2017 with the assistance of PHINMA Group Internal Audit, based on the checklist provided by the SEC in its Memorandum Circular No. 4 Series of 2012.

Currently, there is no process or criteria for assessing the performance of the board, its other committees, the directors, and the CEO/President.

#### 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

The Company's Board of Directors may impose the penalties, after notice and hearing, on the individual directors, officers, and employees, such as censure, suspension and removal from office depending on the gravity of the offense as well as the frequency of the violation. The commission of a grave violation of the provisions of the Company's Revised Manual on Corporate Governance by any member of the Board of the Corporation shall be sufficient cause for removal from directorship.


For 2016, no violation of the provisions of the Manual has been committed by any director, officer or employee and no sanction has been imposed.

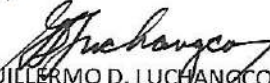
Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report for 2016 is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on May 18, 2017.

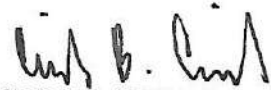
#### SIGNATURES

  
OSCAR J. HILADO  
Vice Chairman

  
FRANCISCO L. VIRAY  
Chief Executive Officer

  
DAVID L. BALANGUE  
Independent Director

  
GUILLERMO D. LUCANOCO  
Independent Director

  
CECILLE B. ARENILLO  
Compliance Officer

SUBSCRIBED AND SWORN to before me this MAY 25 2017 day of May 2017, affiant(s) exhibiting to me their Competent Identification Certificates as follows:

NAME	NUMBER	DATE OF ISSUE	PLACE OF ISSUE
PHINMA Energy Corp	CTC No. CCC 2015 00184769	January 12, 2017	Makati City
Oscar J. Hilado	EC 0407396	February 25, 2014	DFA Manila
Francisco L. Viray	EC 3546900	February 27, 2015	DFA NCR East

David L. Balangue	EB 9581640	November 13, 2013	DFA Manila
Guillermo D. Luchangco	etc No. 25062307	February 20, 2017	Makati City
Cecille B. Arenillo	EC 5403293	September 20, 2015	DFA NCR South

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Series of 26/7

  
**JORDAN M. J. CHUA**  
Notary Public for the City of Makati

Until December 31, 2018

Commission No. M-413

Attorney's Roll No. 63561/ 08 May 2014

PTR No. MKT 5919742/12 January 2017/Makati City

IBP Lifetime No. 012851/02 April 2016/Quezon City

MCLE Compliance No. V - 0021825/01 June 2016

3rd Flr, The PHINMA Plaza, 39 Plaza Drive,  
Rockwell Center, Makati City