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**SECURITIES AND EXCHANGE COMMISSION**

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(Company's Full Name)

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

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Calendar Year

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Month Day  
Annual Meeting

\_\_\_\_\_  
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Dept. Requiring this Doc.

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Amended Articles Number/Section

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

Total Amount of Borrowings  
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Domestic Foreign

To be accomplished by SEC Personnel concerned

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**TRANS-ASIA**  
OIL & ENERGY DEVELOPMENT  
A PHINMA Company

29 July 2015

**SECURITIES AND EXCHANGE COMMISSION**

**Attention: DIR. JUSTINA F. CALLANGAN**  
**CORPORATION AND FINANCE DEPARTMENT**  
SEC Bldg., EDSA  
Greenhills, Mandaluyong City

Dear Dir. Callangan:

In compliance with the Commission's requirements under SEC Memorandum Circular No. 12, Series of 2014 to send an advisement letter for updates and changes in the Annual Corporate Governance Report (ACGR) that are not reportable under Section 17 of the Securities Regulation Code, please be informed that Trans-Asia Oil and Energy Development Corporation has made updates and changes in the ACGR as of 27 July 2015 as follows:

1. Composition of the Board under BOARD MATTERS
2. Review of Vision and Mission under BOARD MATTERS
3. Directorship in the Company under BOARD MATTERS
4. Orientation and Education Program under BOARD MATTERS
5. Policies under CODE OF BUSINESS CONDUCT AND ETHICS
6. Remuneration policy under REMUNERATION MATTERS
7. Control System Set-Up under RISK MANAGEMENT SYSTEM
8. Data on health, safety and wellness under ROLE OF STAKEHOLDERS
9. CSR initiatives under ROLE OF STAKEHOLDERS

We trust the above submission is in full compliance with the SEC requirement.

Thank you.

Very truly yours,

**CECILLE B. ARENILLO**  
Compliance Officer

**JUAN J. DIAZ**  
Corporate Secretary

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM – ACGR**

**ANNUAL CORPORATE GOVERNANCE REPORT**

1. Report is Filed for the Year 2012.

2. Exact Name of Registrant as Specified in its Charter

TRANS ASIA OIL AND ENERGY DEVELOPMENT CORPORATION

3. 11F Phinma Plaza, 39 Plaza Drive Rockwell Center, Makati City 1200  
Address of Principal Office Postal Code

4. SEC Identification Number 069039274 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. ....  
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 7, 2015	Annual Meeting	45
Ramon R. del Rosario, Jr.	NED	Phinma	Oscar Hilado	April 2002	April 7, 2015	Annual Meeting	12
Magdaleno B. Albarracin, Jr	NED	Phinma	Oscar Hilado	1986	April 7, 2015	Annual Meeting	29
Francisco L. Viray	ED	Phinma	Oscar Hilado	Jan 2000	April 7, 2015	Annual Meeting	15
Roberto M. Laviña	ED	Phinma	Oscar Hilado	April 12, 2005	April 7, 2015	Annual Meeting	10
Victor J. del Rosario	NED	Phinma	Oscar Hilado	Sept. 15, 2008	April 7, 2015	Annual Meeting	7
Pythagoras L. Brion, Jr.	ED	Phinma	Oscar Hilado	March 24, 2014	April 7, 2015	Annual Meeting	2
Raymundo O. Feliciano	ID		Oscar Hilado (None)	Sept 1969	April 7, 2015	Annual Meeting	45
Ricardo V. Camua	ID		Oscar Hilado (None)	1996	April 7, 2015	Annual Meeting	18
David L. Balangue	ID		Ramon del Rosario (None)	March 24, 2010	April 7, 2015	Annual Meeting	5
Guillermo D. Luchangco	ID		Ramon del Rosario (None)	April 22, 2013	April 7, 2015	Annual Meeting	2

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

In the Revised Manual on Good Corporate Governance which the Board approved on March 3, 2011, the Board of Directors and Management of the company committed themselves to the principles and best practices of good corporate governance and acknowledged that the same will serve as guide in the attainment of our corporate goals. The manual shall institutionalize the principles of good corporate governance in the entire organization. The Board of Directors and Management, employees and

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

shareholders, believe that corporate governance is a necessary component to what constitutes sound strategic business management and will therefore undertake every effort necessary to create and sustain awareness within the organization.

The Board of Directors recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore, the Board of Directors believes that the following shareholder rights should be extended to all shareholders of the Company:

- Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
- Cumulative voting shall be used in the election of directors.
- A director shall not be removed without cause if it will deny minority shareholders representation in the Board.
- All shareholders shall have pre-emptive rights in accordance with law, unless the same is denied in the Articles of Incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation shall lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.
- All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished annual reports, including financial statements, without cost or restrictions.
- All shareholders shall be provided, upon request, periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among directors and key officers, and the aggregate compensation of directors and officers.
- The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda, provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and best practice.
- The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose 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.
- Shareholders shall have the right to receive dividends subject to the discretion of the Board.
- All shareholders shall have appraisal rights as provided under the Code.

It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholder rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

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. This exercise was done last June 2015. On the other hand, corporate strategies are reviewed and discussed semi-annually as part of the Group planning meetings. The last planning meeting was held June 2015.

**(d) Directorship in Other Companies**

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

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

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

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

	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. South Luzon Thermal Energy Corp. CIP II Power Corporation Trans Asia Petroleum Corp. One Subic Power Generation Corp.	Non-Executive 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) 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 Non-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
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	Executive Executive Executive Non-Executive Non-Executive Executive Executive Executive Executive Executive Executive Non-Executive Executive Non-Executive Non-Executive Non-Executive Non-Executive Executive
David L. Balangue	Trans-Asia Power Generation Corp.	Independent



	Phinma Corp.	President & Vice Chairman
Victor J. del Rosario	Phinma, Inc.	Director, Executive Vice President, and shareholder
	Phinma Corp.	Director, Senior Executive Vice President and COO, and shareholder
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.

	Guidelines	Maximum Number of Directorships in other companies
<b>Executive Director</b>	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.	
<b>Non-Executive Director</b>	As above	
<b>CEO</b>	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 June 30, 2015)	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Oscar J. Hilado (Chairman)	4,500,000		.09%
Ramon R. del Rosario Jr. (Vice Chairman)	16,633,513	26,704,008 (thru Emar Corp)	.34%
Francisco L. Viray (President and CEO)	9,429,730		.19%
Roberto M. Laviña (SEVP/Treasurer)	3,297,887		.07%
Guillermo D. Luchangco	1		
Magdaleno B. Albarracin Jr.	11,057,926		.23%
Raymundo O. Feliciano	1,154,017		.02%
Ricardo V. Camua	1,225,000		.03%
Victor J. del Rosario	3,620,362	26,704,008 (thru Emar Corp)	.07%
David L. Balangue	1,610,001		.03%
Pythagoras L. Brion, Jr.	400,013		.01%
<b>TOTAL</b>	<b>51,304,662.00</b>	<b>53,408,016.00</b>	<b>1.07%</b>

## 2) Chairman and CEO

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

Yes ☒

No ☐

Identify the Chair and CEO:

Chairman of the Board	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>
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>Provision of sound business support and advice to the CEO in strategy development.</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>Warrant management succession</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>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>
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**3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?**

The Nominations Committee shall pre-screen and short list all candidates nominated to become members of the Board of Directors in accordance to a set of pre-selected criteria as stated in the Manual on Good Corporate Governance. This shall then be presented to the Board wherein not only the current skills of officers but also their potential are taken into consideration, keeping in mind business continuity and alignment with the company's vision and mission. Moreover, the CEO regularly monitors performance of each individual officer and plans for their future. The Human Resources' leadership programs also aid in identifying potentials for leadership position among the employees and officers. Under these programs, high potential officers and employees undergo rigorous training and exposure.

**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's Manual on Good Corp Governance states that the board members shall be a combination executive, non-executive and independent directors to ensure that no director or small group of directors dominate the decision-making process. The board shall be comprised of a good mix of directors with varying backgrounds, whose business experience shall allow them to participate actively in the deliberations.

**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.

**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:

- 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.
- To devote time and attention necessary to properly discharge his duties and responsibilities
- To act judiciously
- To exercise independent judgment
- 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.
- To observe confidentiality
- To ensure the continuing soundness, effectiveness and adequacy of the Company's control environment.
- 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.

The following are the board of directors' deliverables:

- Install a process of selection to ensure a mix of competent directors and officers.
- Determine the Company's purpose, its vision and mission and strategies to carry out its objectives.
- Provide sound strategic policies and guidelines to the Company on major capital expenditures.
- 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.
- Require that the Corporation comply with all relevant laws, regulations and codes of best business practices.
- 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.
- 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.
- Adopt a system of internal checks and balances including a continuing review of the corporation's internal control systems.
- Formulate policies and procedures that will ensure the integrity and transparency of related party transactions.
- Establish and maintain an alternative dispute resolution system for the amicable settlement of conflicts and differences among all stakeholders including the regulatory authorities.
- Appoint a Compliance Officer. In the absence of such appointment, the Corporate Secretary shall act as Compliance Officer.
- Identify key risk areas and key performance indicators and monitor these factors with due diligence.
- 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.
- Independent views during Board meetings shall be given due consideration and all meetings shall be duly minuted.
- Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and existing laws, rules and regulation.
- 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 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.

- 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.
- 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 Nomination Committee pre-screens nominees for independent director using the guidelines under Section 38 of the SRC and the provisions assessing independence under the Revised Manual on Good Corporate Governance. On this basis, Messrs. Raymundo O. Feliciano, Ricardo V. Camua, David L. Balangue and Guillermo D. Luchangco have been elected as independent directors.

A Director who is neither an officer nor a substantial shareholder is considered to be independent. Those identified above are qualified to be 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:**

<b>Name</b>	<b>Position</b>	<b>Date of Cessation</b>	<b>Reason</b>
Antonio V. Del Rosario	Non-executive Director	April 22, 2013	Resignation
Alfredo M. Velayo	Independent Director	August 19, 2013	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:**

Procedure	Process Adopted	Criteria	
a. Selection/Appointment			
(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><li>• Contacts of value</li></ul>	
(ii) Non-Executive Directors			
(iii) Independent Directors			
b. Re-appointment			
(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		
(ii) Non-Executive Directors			
(iii) Independent Directors			
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><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	<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</li></ul>	
(ii) Non-Executive Directors			
(iii) Independent Directors			