

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: **ATOK-BIG WEDGE CO., INC.**
3. Address of Principal Office: **10th Floor, Alphaland Southgate Tower, 2258 Chino Roces Avenue
corner EDSA, Makati City 1232**
Postal Code : **1232**
4. SEC Identification Number: **427-A**
5. (SEC Use Only)
Industry Classification Code:
6. BIR Tax Identification Number: **000-707-286**
7. Issuer's Telephone number, including area code : **(02) 310-7100**
8. N/A.....
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	Fifteen (15)
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Actual number of Directors for the year	Thirteen (13)
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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) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
Roberto V. Ongpin	ED	Boerstar Corporation	Roberto V. Ongpin	12 November 2009	<u>31 May 2016</u>	Annual Meeting	<u>7</u>
Eric O. Recto	ED	Boerstar Corproation	Roberto V. Ongpin	12 November 2009	<u>31 May 2016</u>	Annual Meeting	<u>7</u>
Walter W. Brown	<u>NED</u>	North Kitanglad Agricultural Co., Inc.	Roberto V. Ongpin	10 December 2009	<u>31 May 2016</u>	Annual Meeting	<u>7</u>
Anna Bettina Ongpin	<u>NED</u>	-	Roberto V. Ongpin	28 August 2014	<u>31 May 2016</u>	Annual Meeting	<u>2</u>
Jose Raymund L. Apostol	ED	-	Roberto V. Ongpin	20 May 2013	<u>31 May 2016</u>	Annual Meeting	<u>3</u>
Michael Angelo Patrick M. Asperin	NED	-	Roberto V. Ongpin	28 August 2014	<u>31 May 2016</u>	Annual Meeting	<u>2</u>
Victor Macalincag	ID	-	Roberto V. Ongpin/No relationship	20 April 2012; 2 years	<u>31 May 2016; 5 years</u>	Annual Meeting	<u>5</u>
Margarito B. Teves	ID	-	Roberto V. Ongpin/No relationship	26 May 2011	<u>31 May 2016; 5 years</u>	Annual Meeting	<u>5</u>
Denis O. Valdes	NED	-	Roberto V. Ongpin	12 November 2009	<u>31 May 2016</u>	Annual Meeting	<u>6</u>
Gregorio Ma. Araneta III	ID	-	Roberto V. Ongpin/No relationship	28 August 2014	<u>31 May 2016; 2 years</u>	Annual Meeting	<u>2</u>
Mario A. Oreta	<u>NED</u>	-	Roberto V. Ongpin	12 November 2009	<u>31 May 2016</u>	Annual Meeting	<u>7</u>
John Peter	NED	-	Roberto V.	28 August	<u>31 May 2016</u>	Annual	<u>2</u>

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

Chick B. Castelo			Ongpin	2014		Meeting	
<u>Cliburn Anthony A. Orbe</u>	<u>NED</u>	=	<u>Roberto V. Ongpin</u>	<u>31 May 2016</u>	<u>31 May 2016</u>	<u>Annual Meeting</u>	<u>1</u>

- (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.**

Atok-Big Wedge Co., Inc. (the "Company") has adopted the Securities and Exchange Commission's Corporate Governance Self-Rating Form (SEC CG-SRF) as its system of evaluation for compliance with the Company's Manual on Corporate Governance.

To fully comply with the adopted leading practices on good corporate governance, the following measures, among others, are being undertaken by the Company:

1. Holding a seminar on good corporate governance for Directors and Officers;
2. Adoption and implementation of a Code of Conduct for Directors, Officers and Employees;
3. Development, adoption and accomplishment of Full Business Interest Disclosure Form for all Directors and Officers;
4. Regularly holding, on a quarterly basis at the very least, Regular and Special Board Meetings;
5. Regular meetings of Board Committees, i.e. Executive, Nomination, Audit, and Compensation and Remuneration Committees;
6. Preparation and implementation of Audit Plans and Programs;
7. Adoption and implementation of Vision and Mission Statements and Corporate Strategy Financial and Operation Plans;
8. Identification and management of key performance risk areas;
9. Adoption and implementation of Guidelines on Capital Expenditures; and
10. Duly minuted proceedings of all Regular and Special Board Meetings and Board Committee Meetings.

The Company plans to hold more seminars on the different aspects of good corporate governance, such as risk management, to improve its corporate governance.

The Company's stockholders have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. Each share of stock is entitled to one vote during stockholders' meetings. However, at all elections of directors, every stockholder entitled to vote may vote such number of stocks for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit.

In accordance with the Article 11 of the Company's Amended Articles of Incorporation², the pre-emptive right of stockholders to subscribe to all issues or disposition of shares of any class of the Company in proportion to their respective shareholdings is waived.

The Company allows shareholders to inspect corporate books and records including minutes of the meetings of the Board of Directors and stock registries and provides them with an annual report, including the audited financial statements, without cost or restrictions. The Company's annual report and audited financial report are attached herein.

The Company shall provide its shareholders, upon request, with periodic reports which disclose personal and professional information about the directors and officers and other matters such as their holdings in the Company, their dealings with the Company, their relationships and their aggregate compensation. The Company distributed its Information Statement to its shareholders before the Annual Stockholders' Meeting

² A copy of the Company's Amended Articles of Incorporation is posted at: <http://www.atokbigwedge.com/wp-content/uploads/2015/04/Amended-Articles-of-Incorporation-2014.pdf>

held last 31 May 2016.

The Company's minority shareholders are likewise granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting provided the items are for legitimate business purposes. Such minority shareholders shall also have access to any and all information relating to matters for which the company is accountable for and to those relating to matters for which the management should include such information and, if not included, then they propose to include such matters in the agenda of stockholders' meetings, being within the definition of "legitimate purposes".

The Company has not declared any dividends during the last five (5) years. However, the Company's Amended By-Laws provides that its Board of Directors may declare dividends only from surplus profits arising from the business of the Company, in accordance with the preferences constituted in favor of preferred stock when and if such preferred stock be issued and outstanding. Restrictions under the Corporation Code of the Philippines also limit the Company's power to declare dividends.

Pursuant to Sections 81 and 42 of the Corporation Code, shareholders of the Company constituting at least two-thirds (2/3) of the outstanding capital stock, may exercise their right of appraisal in the following instances:

- (i) an amendment of the articles of incorporation which has the effect of changing or restricting the rights of any stockholder or class of share, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (Section 81);
- (ii) sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the property or assets of the corporation;
- (iii) incurring, creating or increasing bonded indebtedness;
- (iv) increase or decrease of capital stock;
- (v) merger or consolidation of the corporation with another corporation or other corporations;
- (vi) dissolution of the corporation;
- (vii) declaration of stock dividends;
- (viii) removal of directors;
- (ix) extension or limitation of corporate term;
- (x) investment of corporate funds in another corporation or business or for any purpose other than the primary purpose for which the corporation was organized;
- (xi) delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws.

The election of directors may only be held at a meeting convened for that purpose at which stockholders representing a majority of the outstanding capital stock are present in person or by proxy. However, any vacancy in the board, other than by removal or expiration of term, may be filled by the majority of the remaining directors if still constituting a quorum.

A shareholder who shall have voted against any proposed action may exercise his appraisal right by making a written demand on the Company within thirty (30) days after the date of the Shareholders' Meeting. Failure to make the demand within the prescribed period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the Company shall pay the dissenting stockholder upon surrender of the stock certificates representing his shareholdings in the Company based on the fair value thereof as of the day prior to the date of the shareholders' meeting, excluding any appreciation or depreciation in anticipation of such corporate actions, provided that no payment shall be made to the dissenting shareholder unless the Company has unrestricted retained earnings to cause such payment.

If within a period of sixty (60) days from the date of the corporate action was approved by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the shareholder, another by the Corporation and the third by the two thus chosen. The findings of the majority of the appraiser shall be final and their award shall be paid by the Company within thirty (30) days after such award is made.

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

The Company has adopted a vision and mission³ in year 2015 and reviews the same annually.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group⁴

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.
<u>Eric O. Recto</u>	<u>Forum Energy Limited</u>	<u>Non-Executive</u>

(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.
Eric O. Recto	Philippine Bank of Communications PhilWeb Corporation ISM Communications Corporation Petron Corporation Manila Electric Company San Miguel Corporation	Executive/Chairman Executive Executive/Chairman Executive Non- Executive Non- Executive
Walter W. Brown	A. Brown Company, Inc.	Executive/Chairman
Mario A. Oreta	ISM Communications Corporation PhilWeb Corporation	Non-Executive Independent
Dennis O. Valdes	PhilWeb Corporation	Executive
<u>Gregorio Ma. Araneta III</u>	<u>PhilWeb Corporation</u>	<u>Executive/Chairman</u>
Victor C. Macalincag	Crown Equities, Inc. Semirara Mining Corporation Republic Glass Holdings Corporation	Independent Independent Independent
<u>Michael Angelo Patrick M. Asperin</u>	<u>Philweb Corporation</u>	<u>Non-Executive</u>
<u>Cliburn Anthony A. Orbe</u>	<u>Philweb Corporation</u>	<u>Non-Executive</u>

(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
Roberto V. Ongpin	Boerstar Corporation	Beneficial owner
Eric. O. Recto	Boerstar Corporation	Beneficial owner
Walter W. Brown	North Kitanglad Agricultural Co., Inc.	Significant shareholder and Chairman

(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?

³ A copy of the Company's Mission-Vision is posted at: <http://www.atokbigwedge.com/about-us/mission-vision/>

⁴ The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

No. Sec. 2.2.1.2 of the Company's Manual on Corporate Governance, the Board may consider the adoption of guidelines on the number of directorships that its members can hold in other stock and non-stock corporations. To date, the Board has elected not to set a limit on the number of board seats in other companies.

In particular, is the limit of five board seats in other publicly listed companies imposed and observed?

No.

If yes, briefly describe other guidelines:

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	N/A	N/A
Non-Executive Director	N/A	N/A
CEO	N/A	N/A

(e) Shareholding in the Company

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Roberto V. Ongpin	1	1,485,685,983/ Through Boerstar Corporation	58.38%
Eric O. Recto	1	289,532,821/ Through Boerstar Corporation	11.38%
Walter W. Brown	1	509,000,000/ Through North Kitanglad Agricultural Co., Inc.	20.00%
Mario A. Oreta	1	-	Nil
Dennis O. Valdes	1	-	Nil
Anna Betina Ongpin	100	-	Nil
Cliburn Anthony A. Orbe	100	-	Nil
Michael Angelo Patrick M. Asperin	100		
Margarito B. Teves	100	-	Nil
John Peter Chick B. Castelo	102	-	Nil
Victor C. Macalincag	3,000	-	Nil
Jose Raymund L. Apostol	100	-	Nil
Gregorio Ma. Araneta III	1,000	-	Nil
TOTAL	4,607	2,284,218,804	89.76%

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	Mr. Roberto V. Ongpin
CEO	Mr. Roberto V. Ongpin

While one person assumes the role of Chairman and CEO, a different person holds the position of President. All actions of the management are submitted to the shareholders for their approval or ratification. Further, the Company's system of checks and balances within the Board of Directors includes a lack any arrangement or agreement that shall constrain a director's ability to vote independently. Further, the Company has Audit,

Nominations and Compensation Committees, which are not chaired by the same person and not all of which has Mr. Ongpin as a member. The Board of Directors is likewise composed of directors of proven competence and integrity and who hail from different industries and backgrounds.

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	<p>Is also the Chief Executive Officer</p> <p>He shall preside at all meetings of the stockholders and of the Board of Directors. It shall be his responsibility to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that the names of the nominated independent directors are submitted for election during the stockholders' meeting</p> <p>a. Ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chair may deem necessary.</p> <p>b. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors; and</p> <p>c. Maintain qualitative and timely lines of communication and information between the Board and Management.</p> <p>He likewise presides over meetings of the Executive Committee</p>	<p>Has full administrative and representational powers</p> <p>Acts as head of management and principal executive officer</p>
Accountabilities	To the shareholders	To the Board of Directors
Deliverables	Not specified	Profitable performance of the Company

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

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

Section 1, Article III of the Corporation's By-Laws⁵ state that "[i]mmediately after their election, the Board of Directors shall formally organize by electing the Chairman of the Board, Vice Chairman, the President, one or more Vice-Presidents, the Treasurer and the Corporate Secretary.

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. According to Sec. 2.2.1.1 of the Company's Manual on Corporate Governance:

"The membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process.

⁵ A copy of the Company's By-Laws is posted at: <http://www.atokbigwedge.com/wp-content/uploads/2015/04/Amended-by-laws-2010.pdf>

The non-executive directors should possess such qualifications and statute that would enable them to effectively participate in the deliberations of the Board.”

Sec.2.2.2.1 furthers provides:

“Qualifications for membership to the Board of Directors:

- a. Holder of at least one (1) share of stock of the Company;
- b. He shall have at least a college education or equivalent academic degree;
- c. Practical understanding of the business of the Company;
- d. He shall be at least twenty one (21) years old;
- e. Membership in good standing in relevant industry, business or professional organizations; and
- f. Previous business experience.

Additional Qualification for Independent Directors

He shall, apart from his fees and shareholdings, be independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with this exercise of independent judgment in carrying out his responsibilities as a director of the Company.”

As a practice, the Company’s Board of Directors is composed of individuals that are come from different backgrounds and industries. This year’s roster of directors comprises individuals involved in the following industries: gaming, real estate, mining and telecommunications. There is at least one accountant, lawyer, engineer, financial analyst, economist and MBA degree holder.

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

There is no rule that there should be at least one non-executive director elected to the Board of Directors but in practice the Nominations Committee ensures that at least one non-executive director possesses the necessary qualifications.

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

The Company does not distinguish between the Executive and Non-Executive Directors.

	Executive	Non-Executive	Independent Director
Role	<p>Sec. 2.2.1.4 of the Company’s Manual on Corporate Governance, it is the Board’s responsibility to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.</p> <p>The Board should formulate the corporation’s vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management’s performance.</p>		<p>The independent directors are subject to the same general responsibilities and specific duties and responsibilities of a regular director.</p>

Accountabilities	Accountable to the shareholders As executive officers, accountable to the Board	Accountable to the shareholders	Accountable to the shareholders
Deliverables	<p>To:</p> <ol style="list-style-type: none"> Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly-motivated management officers. Adopt an effective succession planning program for Management; Provide sound strategic policies and guidelines to the corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance; Ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices; Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Company. If feasible, the Company's CEO or chief financial officer shall exercise oversight responsibility over this program; Identify the sectors in the community in which the Company operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them; Adopt a system of checks and balances within the Board. A regular review of the effectiveness of such system should be conducted to ensure integrity of the decision-making and reporting processes at all times. There should be a continuing review of the Company's internal control system in order to maintain its adequacy and effectiveness; Identify key risks areas and performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operations and financial viability; Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company and its joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board; Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities. Establish and maintain an alternative dispute resolution system that can amicably settle conflicts or differences between the Company and its stockholders, and between the Company and third parties, including regulatory authorities; Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration; Keep the activities and decision of the Board within its authority under the Articles of Incorporation, By-laws and in existing laws, rules and regulations; and Appoint a Compliance Officer who shall have the rank of at least vice president. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer. 		

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

Section 2.2.1.5 of the Manual provides that an independent director is a person who, apart from his fees and shareholdings, is independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the Corporation.

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

This definition is consistent with the Corporate Governance Code.

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

The Company adheres to applicable rules on the matter of term limits for independent directors (SEC Memorandum Circular No. 9, s. of 2011).

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
<u>Jose Raymund L. Apostol</u>	<u>President</u>	<u>1 September 2016</u>	<u>Indefinite leave of absence to attend to personal matters</u>

(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	<p>Any shareholder can submit a nomination for election to the Board to be submitted prior to the annual stockholders' meeting. The Nominations Committee, composed of at least three (3) voting (one of whom must be independent) members, reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.</p> <p>It shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the criteria prescribed by law and the Company's Manual on Corporate Governance.</p>	(a) Holder of at least one (1) share of stock of the Company;
(ii) Non-Executive Directors		(b) He shall have at least a college education or equivalent academic degree; (c) Practical understanding of the business of the Company; (d) He shall be at least twenty one (21) years old; (e) Membership in good standing in relevant industry, business or professional organizations; and (f) Previous business experience.
(iii) Independent Directors		<p>Additional Qualifications:</p> <p>He shall, apart from his fees and shareholdings, be independent of Management and free from any business or other relationship which could, or could reasonably be perceived to,</p>

		materially interfere with this exercise of independent judgment in carrying out his responsibilities as a director of the Company.
b. Re-appointment		
(i) Executive Directors	Same as Selection	Same as Selection
(ii) Non-Executive Directors		
(iii) Independent Directors		Same as selection, subject to term restrictions.
c. Permanent Disqualification		
(i) Executive Directors	Any shareholder can notify the Board of the existence of any criteria for permanent disqualification. This will be evaluated by the Nominations Committee. Upon recommendation of the Nominations Committee, the director concerned will no longer be included in the roster of directors for election.	<p>i. Any person convicted by final judgment or order by a competent judicial or competent administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <p>ii. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor or floor broker; or (b) acting as director or officer of a bank, quasi-bank, trust company, investment house or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraph a and b above, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or the Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission</p>
(ii) Non-Executive Directors		
(iii) Independent Directors		

		<p>or the BSP, or has otherwise been retrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization.</p> <p>iii. Any person convicted by final judgment or order by a competent judicial or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>iv. Any person who has been adjudged by final judgment or order of the Commission, or a court or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Corporation Code, the Securities Regulation Code, or any other law administered by the Commission or BSP, or any rule, regulation or order of the Commission or the BSP;</p> <p>v. Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;</p> <p>vi. Any person judicially declared to be insolvent;</p> <p>vii. Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and</p> <p>viii. Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.</p>
d. Temporary Disqualification		
(i) Executive Directors	Any shareholder can notify the Board of the existence of any criteria for temporary disqualification. This will be evaluated by the Nominations Committee. Upon recommendation of the Nominations Committee, the	i. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
(ii) Non-Executive Directors		
(iii) Independent Directors		

	<p>director concerned will temporarily disqualified.</p> <p>A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>	<p>ii. Absence in more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his/her incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election;</p> <p>iii. Dismissal/termination for cause as in another corporation covered by the Code of Corporate Governance. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination;</p> <p>iv. If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with; and</p> <p>v. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.</p> <p>A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>
e. Removal		
(i) Executive Directors	<p>Any director of the Company may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock: Provided, That such removal shall take place either at a regular meeting of the Company or at a special meeting called for the purpose, and in either case, after previous notice to stockholders of the Company of the intention to propose such removal at the meeting. A special meeting of the stockholders of the Company for the purpose of removal of directors, or any of them, must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock. Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed</p>	<p>1. Any ground for permanent disqualification</p> <p>2. Loss of any qualification for election</p>
(ii) Non-Executive Directors		
(iii) Independent Directors		

	directly to the stockholders by any stockholder of the Company signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in the Corporation Code. Removal may be with or without cause: Provided, That removal without cause may not be used to deprive minority stockholders of the right of representation to which they may be entitled under Section 24 of the Corporation Code. (Section 28 of the Corporation Code)	
f. Re-instatement		
(i) Executive Directors	To be evaluated by the Nominations Committee if the disqualification no longer exists or has been amply remedied.	A temporarily disqualified director takes the appropriate action to remedy or correct the disqualification.
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	Any shareholder can notify the Board of the existence of any criteria for permanent disqualification. This will be evaluated by the Nominations Committee. Upon recommendation of the Nominations Committee, the director can be removed in accordance with the procedure laid down in Section 22 of the Corporation Code.	Violation of the Company’s Manual of Corporate Governance
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Roberto V. Ongpin	Unanimously voted for by stockholders present and represented during the stockholders' meeting
Eric O. Recto	
Walter W. Brown	
Anna Bettina Ongpin	
Jose Raymund L. Apostol	
Michael Angelo Patrick M. Asperin	
Victor Macalincag	
Margarito B. Teves	
Dennis O. Valdes	
Gregorio Ma. Araneta III	
Mario A. Oreta	
John Peter Chick B. Castelo	
<u>Cliburn Anthony A. Orbe</u>	

6) Orientation and Education Program

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

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

(b) State any in-house training and external courses attended by Directors and Senior Management⁶ for the past three (3) years:

On 22 January 2012, some of the Company's directors and officers attended a seminar on corporate governance conducted by the Bankers Institute of the Philippines.

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

None. Other than the Code of Corporate Governance and the Manual of Corporate Governance, there are no continuing education programs for directors.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
N/A			

B. CODE OF BUSINESS CONDUCT & ETHICS

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	The Conflict of Interest Policy requires directors, officers, employees, and consultants who find themselves in a potential or actual conflict of interest situation to promptly disclose the matter and, as applicable, seek approval from the proper authorities. Unless otherwise authorized by the Company, the person concerned is required to inhibit himself/herself from any action, transaction, discussion, evaluation, or decision involving such conflict of interest. The policy also prohibits the Company from granting personal loans to directors or officers unless allowed by applicable laws and regulations. Visit http://www.atokbigwedge.com/wp-content/uploads/2014/08/AB_Conflict-of-Interest-Policy.pdf for the copy of the complete policy.		
(b) Conduct of Business and Fair Dealings	N/A	N/A	N/A
(c) Receipt of gifts from third parties	N/A	N/A	N/A
(d) Compliance with Laws & Regulations	N/A	N/A	N/A
(e) Respect for Trade Secrets/Use of Non-public Information	N/A	N/A	N/A
(f) Use of Company Funds, Assets and Information	N/A	N/A	N/A
(g) Employment & Labor Laws & Policies	N/A	N/A	N/A
(h) Disciplinary action	N/A	N/A	The Company has a policy that Disciplinary action or penalties when found warranted by substantial evidence in an administrative investigation which shall be summary in nature shall be imposed immediately thereafter. Discipline must be imposed with consistency and imposed only after

⁶ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

			affording the violator his right to due process. Visit http://www.atokbigwedge.com/wp-content/uploads/2014/07/ABWCI-Code-of-Discipline_opt.pdf for the complete policy.
(i) Whistle Blower	<p>The Company has a Whistle Blowing Policy. The Human Resource Department, in coordination with the Administration Department, shall be principally responsible in ensuring the consistent implementation of this policy.</p> <p>The Company shall designate a dedicated phone line and e-mail address for employees and other stakeholders to freely communicate any fraud, misappropriations, discrimination, sexual harassment and other wrongful conduct within the organization. Any person making such report may, if so desired, make the report anonymously, subject to the needs of disclosure for the proper investigation to prosper. Any employee also has the right to report such matters to his/her immediate supervisor.</p> <p>All information obtained during the course of the investigation of such complaints will be kept confidential to the highest extent possible.</p> <p>The Company will ensure that no employee or stakeholder who in good faith reports a violation under this policy will suffer any harassment or retaliation. The Company will not tolerate any harassment or victimization of a whistleblower. Any such harassment or victimization will be treated as a serious disciplinary offense, which will be dealt with under the Company's existing disciplinary rules and regulations.</p>		
(j) Conflict Resolution	N/A	N/A	N/A

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

The Code has been made available to all via the Company's website. Anybody interested can access the same.

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

It is the goal of the Company to establish and nurture an environment that sustains, encourages and recognizes dutiful performance rather than to police and penalize its employees. Employees of the Company should act accordingly not because of penalties imposed, but to help the Company realize its goals and aspirations.

4) Related Party Transactions

(a) Policies and Procedures

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

Related Party Transactions	Policies and Procedures
(1) Parent Company	Transactions from any related party are evaluated on arm's length commercial terms and are subject to bidding against third party suppliers. Purchases and services are usually awarded on the basis of lowest cost provider.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	<p>All material information about the Company, which could adversely affect its viability or the interests of the stockholders, shall be publicly and timely disclosed to the SEC, the PSE and the stockholders. Such information shall include related party transactions, among others.</p> <p>It is the duty of the Board to formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company and its joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their</p>
(5) Substantial Stockholders	

	<p>spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.</p> <p>All related party transactions are reviewed and ratified/approved by the Board and shareholders. The same are likewise reported and disclosed. Concerned director inhibits from voting.</p> <p>Visit http://www.atokbigwedge.com/wp-content/uploads/2014/08/AB_Related-Party-Transaction-Policy1.pdf for the complete policy.</p>
(6) Officers including spouse/children/siblings/parents	<p>Transactions from any related party are evaluated on arm's length commercial terms and are subject to bidding against third party suppliers. Purchases and services are usually awarded on the basis of lowest cost provider.</p> <p>All material information about the Company, which could adversely affect its viability or the interests of the stockholders, shall be publicly and timely disclosed to the SEC, the PSE and the stockholders. Such information shall include related party transactions, among others.</p> <p>It is the duty of the Board to formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company and its joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board</p> <p>A director/officer should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He shall avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director/officer, he shall fully and immediately disclose it and shall not participate in the decision-making process. A director/officer who has a continuing material conflict of interest shall seriously consider resigning from his position.</p> <p>Visit http://www.atokbigwedge.com/wp-content/uploads/2014/08/AB_Related-Party-Transaction-Policy1.pdf for the complete policy.</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.

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

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

(ii) Mechanism

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

	Directors/Officers/Significant Shareholders
Company	All interest is required to be disclosed. The necessary due diligence will be conducted before a transaction is closed. Visit http://www.atokbigwedge.com/wp-content/uploads/2014/08/AB_Conflict-of-Interest-Policy.pdf for the complete policy.

Group	All interest is required to be disclosed. The necessary due diligence will be conducted before a transaction is closed. Visit http://www.atokbigwedge.com/wp-content/uploads/2014/08/AB_Conflict-of-Interest-Policy.pdf for the complete policy.
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5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,⁷ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
Roberto V. Ongpin (Boerstar Corporation) and Eric O. Recto (Boerstar Corporation)	Family	Mr. Ongpin is the uncle of Mr. Recto

- (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:

None.

Names of Related Significant Shareholders	Type of Relationship	Brief Description
N/A		

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

The Company has no shareholder agreements that may have an impact on the control, ownership and strategic direction of the Company.

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

6) Alternative Dispute Resolution

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

No system has been adopted because there has been no conflict between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities for the last five (5) years.

	Alternative Dispute Resolution System
Corporation & Stockholders	N/A
Corporation & Third Parties	N/A
Corporation & Regulatory Authorities	N/A

C. BOARD MEETINGS & ATTENDANCE

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

No. Board meetings are set by the Chairman if needed. The affairs of the corporation are managed by Executive Committee which meets regularly.

2) Attendance of Directors

⁷ Family relationship up to the fourth civil degree either by consanguinity or affinity.

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Roberto V. Ongpin	<u>31 May 2016</u>	<u>1</u>	<u>1</u>	<u>100%</u>
Member	Eric O. Recto	<u>31 May 2016</u>	<u>1</u>	<u>1</u>	<u>100%</u>
Member	Walter W. Brown	<u>31 May 2016</u>	<u>1</u>	<u>0</u>	<u>0%</u>
Member	Anna Bettina Ongpin	<u>31 May 2016</u>	<u>1</u>	<u>1</u>	<u>100%</u>
Member	Jose Raymund L. Apostol	<u>31 May 2016</u>	<u>1</u>	<u>1</u>	<u>100%</u>
Member	Michael Angelo Patrick M. Asperin	<u>31 May 2016</u>	<u>1</u>	<u>1</u>	<u>100%</u>
Independent	Victor Macalincag	<u>31 May 2016</u>	<u>1</u>	<u>1</u>	<u>100%</u>
Independent	Margarito B. Teves	<u>31 May 2016</u>	<u>1</u>	<u>1</u>	<u>100%</u>
Member	Denis O. Valdes	<u>31 May 2016</u>	<u>1</u>	<u>1</u>	<u>100%</u>
Independent	Gregorio Ma. Araneta III	<u>31 May 2016</u>	<u>1</u>	<u>1</u>	<u>100%</u>
Member	Mario A. Oreta	<u>31 May 2016</u>	<u>1</u>	<u>1</u>	<u>100%</u>
Member	John Peter Chick B. Castelo	<u>31 May 2016</u>	<u>1</u>	<u>1</u>	<u>100%</u>
Member	Cliburn Anthony A. Orbe	<u>31 May 2016</u>	<u>1</u>	<u>1</u>	<u>100%</u>

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

No.

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

No. The minimum requirement for Board decisions is set at a majority of those present at a meeting duly assembled (provided there is a quorum). This is set forth in Section 2, Article II of the By-Laws of the Corporation. The quorum requirement is majority of the members of the Board (lowest integer greater than 50%; 8 out of 15 members).

5) Access to Information

- (a) How many days in advance are board papers⁸ for board of directors meetings provided to the board?

Board papers are usually provided for with the notice of meeting sent to the directors, which is sent at least one (1) day before said scheduled meeting in order for each director to be adequately apprised of the agenda and matters to be discussed.

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

Yes.

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

Sec. 2.2.3 of the Company's Manual on Corporate Governance states that the Corporate Secretary shall have the following responsibilities:

- a. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Company;

⁸ 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.

- b. Be loyal to the mission, vision and objectives of the Company;
- c. Work fairly and objectively with the Board, Management and stockholders;
- d. Have appropriate administrative and interpersonal skills;
- e. If he is at the same time the Company's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- f. Have a working knowledge of the operations of the Company;
- g. Inform the members of the Board, in accordance with the by-laws of the Company, the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- h. Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;
- i. Ensure that all Board procedures, rules and regulations are strictly followed by the members; and
- j. If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Manual
- k. Submit to the Commission, on or before January 30 of the following year, an annual certification as to the attendance of the directors during Board meetings.

Section 8, Article III of the By-Laws of the Corporation provides:

"SECTION 8. SECRETARY. – The Secretary shall keep the minutes of the meetings of the stockholders, Board of Directors and of all committees in a book or books kept for that purpose and shall furnish a copy of all minutes to the President of the Company. In addition to the foregoing, the Secretary shall perform such other duties as the Board of Directors may from time to time direct. He shall keep in safe custody the seal of the Company and when authorized by the Board of Directors, he shall affix such seal to any instrument requiring the same. The corporate seal of the Company so affixed shall always be attested to by the signature of the Secretary or an Assistant Secretary. The secretary shall have charge of the Stock Certificate Book and such other books and papers as the Board of Directors may direct. He shall attend to the giving and serving of all notices, and he shall have such other powers and perform such other duties as pertain to his office or as the Board of Directors may from time to time prescribe. In the absence of the Secretary or his inability to act, the Assistant Secretary, as the Board of Directors may designate, shall have all the foregoing powers and duties."

Aside from those prescribed by the By-Laws and the Manual on Corporate Governance, the Corporate Secretary also prepares the agenda for each regular or special Board meeting and the annual meeting of the stockholders, and oversees the distribution of the same before such scheduled meeting. He also regularly updates the Board regarding any relevant statutory and regulatory changes.

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

The Corporation's current Corporate Secretary, Atty. Cliburn Anthony A. Orbe, is a lawyer by profession.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes ☒

No ☐

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

6) External Advice

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

While there is no procedure being implemented regarding the receipt of directors of external advice, each director is free to procure any professional and external advice he may desire and at his expense in order to assist in the discharge of his functions.

Procedures	Details
N/A	N/A

7) Change/s in existing policies

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

Existing Policies	Changes	Reason
Not applicable		

D. REMUNERATION MATTERS

1) Remuneration Process

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

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Management recommends and Compensation Committee deliberates and forwards to Board or Executive Committee for approval. However, the Company's directors, CEO and management officers did not receive any compensation in the form of bonus, warrants, options or participation in any profit-sharing plan in 2011 to 2016.	
(2) Variable remuneration	Not applicable	Not applicable
(3) Per diem allowance	Management recommends and Compensation Committee deliberates and forwards to Board or Executive Committee for approval. In the year 2015 and 2016, the Company gave directors per diem in the total amount of Php40,000.00 each, net of withholding taxes.	
(4) Bonus	Management recommends and Compensation Committee deliberates and forwards to Board or Executive Committee for approval. The directors, CEO and management officers did not receive any compensation in the form of bonus, warrants, options or participation in any profit-sharing plan in 2011 to 2016. Until the Stock Option Plan is approved by the SEC, the Company also expects not to give any such compensation/remuneration to its directors, CEO and management officers in 2017.	
(5) Stock Options and other financial instruments		
(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	Although authorized to give per diems, the Company did not do so in the year 2014. In the year 2015 and 2016, the Company gave directors per diem in the total amount of Php40,000.00 each, net of withholding taxes. Further, the directors and officers did not receive any compensation from the Corporation in the form of bonus, warrants, options, or participation in any profit-sharing plan in the years 2011 to 2016.	Per diem	Estimate of expenses incurred by each director to attend meetings.
Non-Executive Directors			

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

Remuneration Scheme	Date of Stockholders' Approval
Before 2011, the Company granted a per diem of Php2,000.00 per meeting to each director. However, the Company has not given any per diems since then up to 2014. In the year 2015 and 2016, the Company gave directors per diem in the total amount of Php40,000.00 each, net of withholding taxes. Further, the directors and officers did not receive any compensation from the Corporation in the form of bonus, warrants, options, or participation in any profit-sharing plan in the years 2011-2016.	<p>The stockholders approved and ratified all acts and proceedings of the Board of Directors during the annual stockholders' meetings held on the following dates:</p> <ol style="list-style-type: none"> 1. 28 August 2014 2. 11 August 2015, and 3. <u>31 May 2016</u>

3) Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	P1,822,222.21	Nil	Nil
(b) Variable Remuneration	Nil	Nil	Nil
(c) Per diem Allowance	Nil	Nil	Nil
(d) Bonuses	Nil	Nil	Nil
(e) Stock Options and/or other financial instruments	Nil	Nil	Nil
(f) Others (Specify)	Nil	Nil	Nil
Total	P1,822,222.21	Nil	Nil

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	Nil	Nil	Nil
2) Credit granted	Nil	Nil	Nil
3) Pension Plan/s Contributions	Nil	Nil	Nil

(d) Pension Plans, Obligations incurred	Nil	Nil	Nil
(e) Life Insurance Premium	Nil	Nil	Nil
(f) Hospitalization Plan	Nil	Nil	Nil
(g) Car Plan	Nil	Nil	Nil
(h) Others (Specify)	Nil	Nil	Nil
Total	Nil	Nil	Nil

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:

Implementation of Stock Option Plan is still subject to SEC approval.

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

(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:

The Company has adopted a stock option plan and there has been no amendment and/or discontinuance of the same up to date. The same was approved pursuant to the authority granted by the stockholders during the Annual Stockholders' Meeting on 28 August 2014.

Incentive Program	Amendments	Date of Stockholders' Approval
Stock Option Plan (for implementation upon SEC approval)	N/A	August 28, 2014

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 (for 2016)
Troadio M. Jimenez, Jr./Exploration Manager	<u>Php2,552,333.33</u>
Manuel Alejandro P. Chavez, Jr./Exploration Geologist	
Benedicto D.V. Tan/General Manager for ABSTC	
Merilyn G. De Guzman/OIC-Gen. Admin.& Support	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	3	0	0	None	Assists the Board of directors in the fulfillment its responsibilities	Acts as the Board of Directors when the same cannot meet and when there are urgent matters to resolved, the resolutions and decisions of which are subject to the ratification of the Board of Directors	Has the same powers as the Board of Directors (except in cases where the law specifically requires Board action). Its resolution can bind the Corporation.
Audit	0	<u>1</u>	<u>2</u>	Audit Committee Charter	<p>Under the Audit Committee Charter, the Committee shall have the following functions and responsibilities:</p> <p>a. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process and monitoring of compliance with applicable laws, rules and regulations;</p> <p>b. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include regular receipt from Management of information on risk exposures and risk management activities. The Committee shall also promote risk awareness in the Company;</p> <p>c. Perform oversight functions over the Company's internal and external auditors. It shall ensure that the internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective functions;</p> <p>d. Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it;</p> <p>e. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit and ensure proper coordination if more than one audit</p>	<p>a. Oversees the work of the external auditor of the Company in the conduct of its annual audit.</p> <p>b. Resolve any disagreements between management and the external auditor regarding financial reporting.</p> <p>c. Pre-approve all auditing and permitted non-audit services performed by the Company's external auditor.</p> <p>d. Whenever necessary, retain independent counsel, accountants, or others to advise the</p>	

					<p>firm is involved in the activity to secure proper coverage and minimize duplication of efforts. The Committee shall review and approve management's representation letter before submission to the external auditor;</p> <p>f. Organize an internal audit department and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;</p> <p>g. Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;</p> <p>h. Review the reports submitted by the internal and external auditors;</p> <p>i. Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:</p> <ul style="list-style-type: none"> i. Any changes in accounting policies and practices ii. Major judgmental areas iii. Significant adjustments resulting from audit iv. Going concern assumptions v. Compliance with accounting standards vi. Compliance with tax, legal and regulatory requirements vii. Unusual or complex transactions including all related party transactions <p>j. Coordinate, monitor and facilitate compliance with laws, rules and regulations</p> <p>k. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the Company's annual report.</p> <p>Establish and identify the reporting line of the Internal Auditor to enable to properly fulfill his duties and</p>	<p>committee or assist in the conduct of an investigation. After such investigations, the Committee shall have the authority to implement the appropriate remedies to address any finding of wrongdoing or inaccurate reporting and whenever necessary institute the appropriate legal actions to protect the best interest of the Company.</p> <p>e. See k any information it requires from employees--all of whom are directed to cooperate with the committee's requests--or external parties.</p> <p>Meet with company officers, external auditors, or outside counsel, as necessary.</p>
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					responsibilities. He shall functionally report directly to the Committee. The Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties		
Nominations	2	0	1	Manual on Corporate Governance; By-Laws	Ensures that all candidates for directorships possess all the necessary qualifications	Reviews the qualifications of all nominations for directorships and makes its recommendation to the Board of Directors	Recommends to the Board all qualified nominees for directorships
Compensation	<u>2</u>	0	<u>1</u>	Manual on Corporate Governance	Reviews the compensation, benefits and incentives provided by the Corporation	Approves level of pay and benefits consistent with the policies of the Corporation.	Recommends to the Board the level of pay and benefits to be given to officers and employees of the Corporation
Others (specify)	N/A	N/A	N/A	N/A	N/A	N/A	N/A

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	Roberto V. Ongpin	31 May 2016	<u>9</u>	<u>9</u>	100%	<u>7 years</u>
Member (ED)	Eric O. Recto	31 May 2016	<u>9</u>	<u>9</u>	100%	<u>7 years</u>
Member (ED)	Jose Raymund L. Apostol	31 May 2016	<u>9</u>	<u>9</u>	100%	<u>3 years</u>

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Victor C. Macalincag	31 May 2016	0	0	100%	<u>5 years</u>
Member (NED)	Mario A. Oreta	31 May 2016	0	0	100%	<u>1 year</u>
Member (ID)	Gregorio Ma. Araneta III	31 May 2016	0	0	100%	<u>1 year</u>

Disclose the profile or qualifications of the Audit Committee members.

VICTOR C. MACALINCAG

Mr. Macalincag, Filipino, 80 years old, was elected Independent Director of the Company on 20 April 2012. He is also an Independent Director of Alphaland Corporation, Philweb Corporation, Crown Equities, Inc. Semirara Mining Corporation, Republic Glass Holdings Corp., SEM Calaca Power Corporation and Finman Rural Bank. Mr. Macalincag is a Certified Public Accountant. He has a Bachelor of Arts in Business Administration from the University of the East. He also earned a Master of Arts in Economics from the same university. He finished a fellowship program conducted by the Economic Development Institute of the World Bank, Washington D.C. U.S.A. in 1971.

MARIO A. ORETA

Mr. Oreta, Filipino, 70 years old, was elected Director of the Company on 12 November 2009. He is also the Chairman of The City Club at Alphaland Makati Place, Inc. He graduated with honors from the Ateneo De Manila University with a degree in Bachelor of Laws and immediately joined the law firm of Siguion Reyna,

Montecillo and Ongsiako. He is one of the managing partner of The Law Firm of Tanjuatco Oreta and Partners.

Gregorio Ma. Araneta III

Mr. Araneta, III, Filipino, 68 years old, is also a Director and the Chairman of Philweb Corporation and an Independent Director of Alphaland Corporation, Alphaland Balesin Island, Inc. and The City Club at Alphaland Makati Place, Inc. He is the Chairman and Chief Executive Officer of Araneta Properties, Inc. since 2010. He is President and Chairman of ARAZA Resources Corporation and Carmel Development Corporation, Chairman of Gregorio Araneta Inc., Gregorio Araneta Management Corporation, and Gamma Properties, Inc. Mr. Araneta studied at the University of San Francisco and Ateneo de Manila University where he earned his Bachelor of Arts Degree in Economics.

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

The Audit Committee reviews the performance of the external auditor and recommends its re-appointment, or otherwise, to the Board of Directors.

(c) Nominations Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	<u>Roberto V. Ongpin</u>	<u>31 May 2016</u>	0	-	-	<u>7 months</u>
Member (ED)	<u>Jose Raymund L. Apostol</u>	<u>31 May 2016</u>	0	-	-	<u>7 months</u>
Member (ID)	<u>Margarito B. Teves</u>	<u>31 May 2016</u>	0	-	-	<u>7 months</u>

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	<u>Roberto V. Ongpin</u>	<u>31 May 2016</u>	0	-	-	<u>5 years</u>
Member (ID)	<u>Gregorio Ma. Araneta III</u>	<u>31 May 2016</u>	0	-	-	<u>7 months</u>
Member (ID)	<u>Margarito B. Teves</u>	<u>31 May 2016</u>	0	-	-	<u>7 months</u>

(e) Others (Specify)

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

For the creation of the Company's Stock Option Plan, the following will be the composition of the Stock Option Committee when approved by the SEC.

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	<u>Roberto V. Ongpin</u>	<u>31 May 2016</u>	N/A	N/A	N/A	N/A
Member (ED)	<u>Eric O. Recto</u>	<u>31 May 2016</u>	N/A	N/A	N/A	N/A
Member (ID)	<u>Margarito B. Teves</u>	<u>31 May 2016</u>	N/A	N/A	N/A	N/A
Member (ID)	N/A	N/A	N/A	N/A	N/A	N/A
Member	N/A	N/A	N/A	N/A	N/A	N/A

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	Jose Raymund L. Apostol	<u>Indefinite leave of absence to attend to personal matters</u>
Audit	N/A	N/A
Nominations	Jose Raymund L. Apostol	<u>Indefinite leave of absence to attend to personal matters</u>
Compensation	N/A	N/A
Others (specify)	N/A	N/A

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	All corporate acts done in the ordinary course of business	No significant controversial issue arose during the year
Audit	-	No significant controversial issue arose during the year
Nominations	-	No significant controversial issue arose during the year
Compensation	-	No significant controversial issue arose during the year
Others (specify)	N/A	N/A

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.

None.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	N/A	N/A
Audit	N/A	N/A
Nominations	N/A	N/A
Remuneration	N/A	N/A
Others (specify)	N/A	N/A

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

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

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

(b) A statement that the directors have reviewed the effectiveness of the risk management system and

commenting on the adequacy thereof;

The Company's risk management system is approved in the course of the approval of the Information Statement, the Audited Financial Statements and other management acts.

The Board of Directors believes that the Corporation has an adequate risk management system. Such system is reviewed by the Board of Directors as needed and upon the recommendation of the Audit Committee or the Chief Financial Officer.

(c) Period covered by the review;

The review covers the fiscal year ended 31 December 2016.

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

The risk management system is reviewed in the course of the approval of the Information Statement, the Audited Financial Statements and other management acts.

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

Not applicable.

2) Risk Policy

(a) Company

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

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

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

(b) Group

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

Risk Exposure	Risk Management Policy	Objective
Credit Risk	Credit risk represents the risk of loss the Group would incur if credit customers and counterparties fail to perform their contractual obligations. The Group's credit risk arises principally from the Group's cash in banks and cash equivalents, trade receivables and refundable deposits.	To limit the Group's credit risk.
Liquidity Risk	Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.	To limit the Group's liquidity risk.
Market Risk	<p>Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will adversely affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.</p> <p>The Group is subject to transaction and translation exposures resulting from currency exchange fluctuations. The Group regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the current exchange rates so as to minimize the risks related to these foreign currency denominated assets and liabilities.</p>	To limit the Group's market risk.
Capital Management	The Group monitors capital on the basis of the debt-to-	To constantly monitor and

	<p>equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses, other current liabilities and due to related parties. Total equity comprises all components of equity including capital stock and deficit.</p> <p>There were no changes in the Group's approach to capital management during the year.</p>	regulate the Group's capital management.
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(c) Minority Shareholders

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

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

3) Control System Set Up

(a) Company

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

The Corporation's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework, which is designed to identify, analyze, and minimize the risks faced by the Company.

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
N/A	N/A	N/A

(b) Group

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

The Corporation's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework, which is designed to identify, analyze, and minimize the risks faced by the Company.

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
N/A	N/A	N/A

(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:

There is no risk management committee but the risk management function is shared by the Executive Committee, Audit Committee and the Internal Audit Unit.

Committee/Unit	Control Mechanism	Details of its Functions
N/A	N/A	N/A

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

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

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

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

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

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

There were no significant operations conducted in 2015. Thus, Internal Audit opted that no review will be conducted during such period.

(c) Period covered by the review;

There were no significant operations conducted in 2015. Thus, Internal Audit opted that no review will be conducted during such period.

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

On an annual basis, the Audit Committee and Board of Directors are apprised by Internal Audit on the results of review made regarding the Company's design and operating effectiveness of the governance, Internal control system and risk management.

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

There were no significant operations conducted in 2015. Thus, Internal Audit opted that no review will be conducted during such period.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

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

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Internal Auditing is an independent and objective assurance and consulting activity that is	The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the	From time to time, the Internal Audit Department outsources internal audit and non-audit	The Internal Audit Department is headed by Ms. Ma. Lourdes A. De Guzman, Senior	The Audit Activity is being monitored by the Chief Audit Executive and the Audit Committee

<p>guided by a philosophy of adding value to improve the operations of Atok-Big Wedge Co., Inc. It assists the Company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the Company's risk management, control and governance processes.</p>	<p>adequacy and effectiveness of the Company's governance, risk management, and internal process as well as the quality of performance in carrying out assigned responsibilities to achieve the Company's stated goals and objectives. This includes:</p> <ul style="list-style-type: none"> • Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information; • Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the Group; • Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets; • Evaluating the effectiveness and efficiency with which resources are employed; • 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; • Monitoring and evaluating governance processes; and • Monitoring and evaluating the effectiveness of the 	<p>activities to a third-party service provider. The Chief Audit Executive is primarily responsible in assessing whether there are any threats to independence and objectivity of the third-party service provider. An approval is required from the President, Audit Committee and Chairman of the Board prior to hiring a third-party service provider.</p>	<p>Vice President – Group Internal Audit, a qualified Certified Public Accountant (CPA).</p>	<p>on the following basis:</p> <ul style="list-style-type: none"> • Weekly/Monthly Update Status Meetings; • Exit Meetings with Auditees; • Preparation and submission of the Issues Monitoring Report to the Audit Committee; and • Annual Meeting with the Audit Committee which discusses the Issues and Observations noted by the Internal Audit Department on the reviewed auditable processes/areas, among others.
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	Group's management processes.	risk			
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(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Appointments and/or removals of an outsourced Internal Auditor or the Accounting/Auditing firm require prior approval from the President, Audit Committee and Chairman of the Board.

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

The IAD was established in August 2011. From 1 August 2011 to 31 July 2012, IAD reports to the Group CFO. Effective 1 August 2012, IAD reports to the Senior Vice President – Group Internal Audit who reports directly to the Internal Audit Committee and Chairman of the Board of Directors, Mr. Roberto V. Ongpin. On administrative functions, IAD reports to the President.

The IAD will also have free and unrestricted access to the Board.

(d) Resignation, Re-assignment and Reasons

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

Name of Audit Staff	Reason
Paul Ryan M. Balon	Personal

(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	N/A
Issues ⁹	No Issues noted.
Findings ¹⁰	No Findings noted.
Examination Trends	N/A

[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

⁹ "Issues" are compliance matters that arise from adopting different interpretations.

¹⁰ "Findings" are those with concrete basis under the company's policies and rules.

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

(g) Mechanisms and Safeguards

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<ul style="list-style-type: none"> Issuance of Conflict of Interest Statement, Assessment of possible Threat to Independence for engagements conducted by auditors. 	<ul style="list-style-type: none"> Issuance of Conflict of Interest Statement. 	<ul style="list-style-type: none"> Issuance of Conflict of Interest Statement. 	<ul style="list-style-type: none"> Issuance of Conflict of Interest Statement.

(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 Chief Executive Officer and the Corporate Secretary attest that, to the best of their knowledge, all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	Not applicable. The Company has no customers	Not applicable
Supplier/contractor selection practice	Not applicable. The Company has no suppliers/contractors	

Environmentally friendly value-chain	Not applicable. The Company has no environmentally friendly value-chain	
Community interaction	The Company is maintaining harmonious working relationships with the local communities and indigenous groups at its exploration sites.	<p>Courtesy calls at the local government offices were undertaken to signify the Company's responsible commitment to the concerned areas.</p> <p>Employment opportunities were generated by hiring at least 40 personnel, prioritizing the local communities.</p> <p>Worksite health and safety procedures were strictly implemented by management resulting to zero lost-time and medically-treated injuries.</p> <p>Company also supports the road maintenance endeavors of the local motorcycle drivers association (KKK MODA) to keep the lone route passable especially after severe rains.</p> <p>Significant liaison with the area's dominant organization Rizalian Association of Mercy, Inc. (RAM) and its affiliates sustained by the Company to forge an interactive rapport with the community.</p>
Anti-corruption programmes and procedures?	Not applicable. The Company has no anti-corruption programs and procedures	Not applicable
Safeguarding creditors' rights	Not applicable. The Company has no creditors	

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

Yes.

3) **Performance-enhancing mechanisms for employee participation.**

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

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

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

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

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

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

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

None.

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

None.

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

Stock Option Plan adopted on 28 August 2014, implementation is subject to approval of the Securities and Exchange Commission.

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

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

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

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

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

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Boerstar Corporation	1,775,218,804	69.75%	Roberto V. Ongpin and Eric O. Recto
North Kitanglad Agricultural Co., Inc.	309,000,000	12.14%	Walter W. Brown – controlling shareholder
PCD Nominee Corporation	200,000,000	7.86%	North Kitanglad Agricultural Co., Inc.

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Roberto V. Ongpin	1	1,485,685,983 / Boerstar Corporation	58.38%
Eric O. Recto	1	289,532,821 / Boerstar Corporation	11.38%
Walter W. Brown	1	509,000,000/ North Kitanglad Agricultural Co., Inc.	20.00%
TOTAL	3	2,284,218,804	89.75%

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Not applicable for the current period. The Company will disclose this if and when applicable.
Number of board of directors/commissioners meetings held during the year	No
Attendance details of each director/commissioner in respect of meetings held	No
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.

The following were not included in the Annual Report as they were included in the Definitive information Statement and Management Report distributed to the stockholders of record on 31 May 2016.

- 2)
- 3) Board of Directors'/Executive Committee's meetings held during the year
- 4)

The attendance of each director in respect of meetings held were not included in the Annual Report as copies of the minutes of all the meetings of the Board of Directors and Executive Committee are made available to all the stockholders upon request to the Corporate Secretary. Such minutes of meetings will show the members of the Board of Directors present at each meeting.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Reyes Tacandong & Co.	Php200,000.00*	-

* The above-mentioned audit fees are inclusive of: (a) other assurance and related services by the External Auditor that are reasonably related to the performance of the audit; and (b) review of the Company's financial statements, exclusive of tax fees and/or representation fees for legal matters.

4) **Medium of Communication**

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

- By registered mail. CDs containing the Definitive Information Statement and the Management Report were sent by registered mail to the shareholders.
- Email
- Posting of notices in designated places in the office premises
- When necessary, SMS
- Hard copies of the Annual Report were made available to the shareholders during the Annual Stockholders' Meeting on 31 May 2016.
- Analysts and media briefings

5) **Date of release of audited financial report:**

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	For updating
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

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

Not Applicable

7) **Disclosure of RPT (Related Party Transactions)**

RPT	Relationship	Nature	Value
Alphaland Corporation	Entities under common management	Allocated Costs (Receivable)	P2,794,966
Choice Insurance Brokerage, Inc.	Entities under common management	Allocated Costs (Receivable)	629,581
Alphaland Heavy Equipment Corporation	Entities under common management	Allocated Cost (Receivable)s	426,931
Alphaland Heavy Equipment Corporation	Entities under common management	Allocated Costs (Receivable)	418,019
Philweb Cambodia Ltd.	Entities under common management	Reimbursements (Receivable)	190,450
Accentic Philippines, Inc.	Entities under common management	Allocated Costs (Receivable)	27,441
Alphaland Balesin Island Club, Inc.	Entities under common management	Reimbursements (Receivable)	32,500
Alphaland Aviation Inc.	Entities under common management	Reimbursements (Receivable)	796
Philweb Corporation	Entities under common	Allocated rent and salaries	350,621

	management	(Payable)	
Alphaland Southgate Tower, Inc.	Entities under common management	Lease of Office and utilities (Payable)	582,369
Alphaland Corporation	Entities under common management	Reimbursements (Payable)	187,182

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

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

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

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	Majority of the issued and outstanding capital stock must be present or represented, unless otherwise provided by law.
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

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

(c) Stockholders' Rights

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

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
N/A	N/A

Dividends

Not applicable. The Company has not declared any dividends since 2011.

Declaration Date	Record Date	Payment Date
N/A	N/A	N/A

(d) Stockholders' Participation

- (i) 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
Open Forum during the Annual Stockholders' Meeting	During the Annual Stockholders' Meeting, after the items on the agenda have been discussed and voted on, the Chairman opens the floor for any comment or suggestion by any stockholder present or represented during said meeting.

- (ii) State the company policy of asking shareholders to actively participate in corporate decisions regarding:

a. Amendments to the company's constitution

Amendments to the Company's Articles of Incorporation are approved in accordance with the Corporation Code.

b. Authorization of additional shares

Stockholders' approval secured only when required by law.

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

In accordance with the Bulk Sales Act and the Corporation Code. This has not happened yet.

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

No. Notices are sent to the shareholders fifteen (15) business days prior to the date of the Annual Stockholders' Meeting in accordance with SEC Rules.

- a. Date of sending out notices:** For the annual meeting on 2016, the notices were sent to the stockholders on 10 May 2016. However, this was first published when the Company disclosed the setting of the meeting to the PSE on 5 February 2016, which was amended several times and disclosed to the PSE on 15 February 2016, 14 April 2016, 20 April 2016 and 28 April 2016, respectively.

- b. Date of the Annual/Special Stockholders' Meeting:** 31 May 2016

- (iv) State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

None of the stockholders present or represented asked any questions.

- (v) Result of Annual/Special Stockholders' Meeting's Resolutions**

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of the previous Annual Stockholders' Meeting held on 11 August 2015	unanimous	-	-
Approval of the Management Report and Audited Financial Statements as of 31 December 2015	unanimous	-	-
Ratification and Approval of Corporate Acts	Unanimous	-	-

Election of Directors	unanimous	-	-
Appointment of External Auditor	unanimous	-	-

(vi) Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

Results are disclosed to the PSE on the same day of the meeting immediately after it has adjourned.

(e) Modifications

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

No modifications have been made.

Modifications	Reason for Modification
N/A	

(f) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	1. Roberto V. Ongpin – Chairman and CEO 2. Eric O Recto- Vice Chairman 3. Jose Raymund L. Apostol – President, Corporate Information Officer and Director 4. Mario A. Oreta – Director 5. Anna Bettina Ongpin - Director 6. Michael Angelo Patrick M. Asperin – Director 7. <u>Cliburn Anthony A. Orbe</u> – Corporate Secretary and Director 8. Dennis O. Valdes – Director 9. Victor C. Macalincag - Independent Director 10. Margarito B. Teves – Independent Director 11. Gregorio Ma. Araneta III 12. John Peter Chick B. Castelo 13. Walter W. Brown	<u>31 May 2016</u>	Cumulative	Nil	93.93%	93.93%

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

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

(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	The Company does not solicit proxies but shareholders are free to attend by proxy.
Notary	No requirement to notarize.
Submission of Proxy	Proxy must be submitted to the office of the Corporate Secretary at least ten (10) days prior to the date of the stockholders' meeting.
Several Proxies	Allowed
Validity of Proxy	Maximum of five (5) years
Proxies executed abroad	Allowed
Invalidated Proxy	If submitted late or not properly executed or cannot be validated
Validation of Proxy	Proxy validation is done not less than five (5) days prior to the date of the stockholders' meeting
Violation of Proxy	The Company will not honor the proxy/vote of the proxy

(h) Sending of Notices

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

Policies	Procedure
Written notices of any stockholders' meeting, regular or special, must be sent prior to the date of said stockholders' meeting	<p>1) Publicly disclosed through the PSE</p> <p>2) The notices are distributed to the stockholders at least fifteen (15) business date prior to the date of the Annual Stockholders' Meeting. <u>For the Annual Stockholders' Meeting held on 31 May 2016, the notices, along with the Definitive Information Statement and Management Report, were prepared in CD format and sent to the stockholders by registered mail on 10 May 2016.</u></p> <p>Section 3, Article I of the By-Laws provide: "Notice of the time and place of holding any annual meeting or any special meeting of the stockholders, shall be given either by posting the same enclosed in a postage prepaid envelope addressed to each stockholder of record entitled to vote at the address left by such stockholders with the Secretary of the Company or transfer agent, or at his last known post-office address, or by delivering the same to him in person at least seven days before the date set for such meeting. Every stockholder shall furnish the Secretary of the Company or its transfer agent with the address at which notices of meetings and all other corporate notices may be served upon or</p>

	mailed to him, and if any stockholder shall fail to furnish such address, notices may be served upon him by mail directed to him at his last post-office address. The notice of every special meeting shall state briefly the objects of the meeting, and no other business shall be transacted at such meeting except by consent of all the stockholders of the Company then present and entitled to vote. No notice of any meeting need be published in any newspaper. A failure to give, or any defect or irregularity in giving the notice of the annual meeting, shall not affect or invalidate the actions taken or proceedings had at such meeting. The stockholders of the Company entitled to vote may by unanimous consent in writing, waive notice of the time, place and purpose of any meeting of stockholders, and any action taken at a meeting held pursuant to such waiver shall be valid and binding."
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(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	<u>4,206 as of 31 March 2016</u>
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	<u>10 May 2016</u>
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	<u>10 May 2016</u>
State whether CD format or hard copies were distributed	CDs were distributed
If yes, indicate whether requesting stockholders were provided hard copies	Hard copies of the reports were made available during the stockholders' meeting. Each stockholder was also given the option of making a request to the Office of the Corporate Secretary for the provision of hard copies of the reports.

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

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

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

2) Treatment of Minority Stockholders

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

Policies	Implementation
Voting rights	Each share of stock is entitled to one vote during stockholders' meetings. However, at all elections of directors, every stockholder entitled to vote may vote such number of stocks for as many persons as there are directors to be elected, or he may cumulate said shares and

	<p>give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit.</p> <p>Section 5, Article I of the By-Laws provide in part:</p> <p>“At every meeting of the stockholders of the Company, every stockholder entitled to vote shall be entitled to one vote for each share of stock standing in his name on the books of the Company; provided, however, that in the case of the election of directors, every stockholder entitled to vote shall be entitled to accumulate his vote in accordance with the provisions of law in such case made and provided. Xxx”</p> <p>Sec. 7.1.2 of the Manual provides:</p> <p>“7.1.2.1 Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.</p> <p>7.1.2.2 Cumulative voting shall be used in the election of directors.</p> <p>7.1.2.3 A director shall not be removed without cause if it will deny minority shareholders representation in the Board.”</p>
Right of Appraisal	<p>Pursuant to Sections 81 and 42 of the Corporation Code, shareholders of the Corporation constituting at least two-thirds (2/3) of the outstanding capital stock, may exercise their right of appraisal in the following instances:</p> <ul style="list-style-type: none"> (i) an amendment of the articles of incorporation which has the effect of changing or restricting the rights of any stockholder or class of share, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (Section 81); (ii) sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the property or assets of the corporation; (iii) incurring, creating or increasing bonded indebtedness; (iv) increase or decrease of capital stock; (v) merger or consolidation of the corporation with another corporation or other corporations; (vi) dissolution of the corporation; (vii) declaration of stock dividends; (viii) removal of directors; (ix) extension or limitation of corporate term; (x) investment of corporate funds in another corporation or business or for any purpose other than the primary purpose for which the corporation was organized; (xi) delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws. <p>A shareholder who shall have voted against any proposed action may exercise his appraisal right by making a written demand on the Corporation within thirty (30) days after the date of the Shareholders' Meeting. Failure to make the demand within the prescribed period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the Corporation shall pay the dissenting stockholder upon surrender of the stock certificates representing his shareholdings in the Corporation based on the fair value thereof as of the day prior to the date of the shareholders' meeting, excluding any appreciation or depreciation in anticipation of such corporate actions, provided that no payment shall be made to the dissenting shareholder unless the Corporation has unrestricted retained earnings to cause such payment.</p> <p>If within a period of sixty (60) days from the date of the corporate</p>

	<p>action was approved by the stockholders, the withdrawing stockholder and the Corporation cannot agree on the fair value of shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the shareholder, another by the Corporation and the third by the two thus chosen. The findings of the majority of the appraiser shall be final and their award shall be paid by the Corporation within thirty (30) days after such award is made.</p>
Power of inspection (Sec. 7.1.3 of the Manual)	<p>All shareholders shall be allowed to inspect Company's books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.</p>
Right to Information	<p>Sec. 7.1.4 of the Manual provides:</p> <p>"7.1.4.1 The Shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Company's shares, dealings with the Company, relationships among directors and key officers, and the aggregate compensation of directors and officers.</p> <p>7.1.4.2 The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.</p> <p>7.1.4.3 The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes"."</p>
Right to Dividends	<p>Sec. 7.1.5 of the Manual provides:</p> <p>"7.1.5.1 Shareholders shall have the right to receive dividends subject to the Company's dividend policy.</p> <p>7.1.5.2 The Company shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite Company expansion projects or programs approved by the Board or b) when the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies as required by regulatory bodies."</p>
Right to seek redress	<p>Sec. 7.2 of the Manual provides:</p> <p>"It shall be the duty of the directors to promote shareholders' rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints."</p>

Right to attend meetings	Sec. 7.3 of the Manual provides: “The Board should be transparent and fair in the conduct of the annual and special stockholders’ meetings of the Company. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholders’ favor.”
Right to propose the holding of meetings	Sec. 7.4 of the Manual provides: “Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Company.”

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

Yes.

K. INVESTORS RELATIONS PROGRAM –

- 1) Discuss the company’s external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.**

The Executive Committee of the Board of Directors reviews and approves major company announcements made by the Corporate Information Office and/or the Corporate Communications Department.

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

The Company does not have a dedicated investor relations program. The Corporate Information Officer serves as the officer responsible for investor relations.

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

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

The Company will comply with the applicable rules and regulations.

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

No independent party was consulted for the acquisition by the Company of its Forum stake. It relied on the significant investment banking experience of senior management.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
Courtesy calls at the local government offices to signify the Company's responsible commitment to the concerned areas.	Local communities and indigenous groups at the Company's exploration sites.
Employment opportunities were generated by prioritizing the local communities	
Worksite health and safety procedures were strictly implemented by management resulting to zero lost-time and medically-treated injuries.	
Due to the access road conditions, the Company also supports the road maintenance endeavors of the local motorcycle drivers association (KKK MODA) to keep the lone route passable especially after severe rains.	
Significant liaison with the area's dominant organization Rizalian Association of Mercy, Inc. (RAM) and its affiliates sustained by the Company to forge an interactive rapport with the community.	

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

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

Violations	Sanctions
For any violation of the Corporation's Manual on Corporate Governance	<p>Sec. 9 of the Manual provides:</p> <p>"9 PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL</p> <p>To strictly observe and implement the provisions of this manual, the following penalties shall be imposed, after notice and hearing, on the Company's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Manual:</p> <p>9.1 In case of first violation, the subject person shall be reprimanded.</p> <p>9.2 Suspension from office shall be imposed in case of second violation. The duration of the suspension shall</p>

	<p>depend on the gravity of the violation.</p> <p>9.3 For third violation, the maximum penalty of removal from office shall be imposed.</p> <p>9.4 The commission of a third violation of this manual by any member of the Board of the Company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.</p> <p>9.5 The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.”</p>
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Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Manila on June 1, 2013.

SIGNATURES

(Sgd.) ROBERTO V. ONGPIN

Chairman of the Board and Chief Executive Officer

(Sgd.) MARGARITO B. TEVES

Independent Director

(Sgd.) VICTOR C. MACALINCAG

Independent Director

(Sgd.) RODOLFO MA. A. PONFERRADA

Compliance Officer

SUBSCRIBED AND SWORN to before me this June 1, 2013, affiant(s) exhibiting to me their respective Competent Evidence of Identity (“CEI”), as follows:

NAME	CEI	DATE OF ISSUE/ PLACE OF ISSUE	EXPIRY DATE
ROBERTO V. ONGPIN	Passport No. EB5765525	27 Jun 2012/DFA- Manila	26 Jun 2017
MARGARITO B. TEVES	Passport No. EB0095211	13 Apr 2010/ DFA- Manila	12 Apr 2015
VICTOR C. MACALINCAG	Passport No. EB4635867	06 Feb 2012/DFA- Manila	05 Feb 2017
RODOLFO MA. A. PONFERRADA	Passport No. EB3482290	25 Aug 2011/DFA- Manila	24 Aug 2016

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Book No. 439
Series of 2013.

Atty. Delfin R. Agcaoli, Jr.
Notary Public
Until December 31, 2013
PTR No. 0285334/2012-2013-MLA
IBP No. 873692/2013 MLA
ROLL No. 246557 TIN-144-519-066
MCLE III – 0013521
Com. No. 2013 – 023