

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year CY 2016
2. Exact Name of Registrant as Specified in its Charter SPC Power Corporation (formerly Salcon Power Corporation)
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Cebu Business Park, Cebu City
Address of Principal Office 6000
Postal Code
4. SEC Identification Number AS094-002365
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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	11
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Actual number of Directors for the year	11
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(a) Composition of the Board

Complete the table with information on the Board of Directors: (2016 – 2017)

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
Dennis T. Villareal	ED	DTV Group	DTV Group	08-17-94	05-31-16	ASM	22 yrs
Alfredo L. Henares	ED	DTV Group	DTV Group	08-17-94	05-31-16	ASM	22 yrs
Alfredo S. Ballesteros	ED	DTV Group	DTV Group	05-29-15	05-31-16	ASM	1.6 yrs
Alberto P. Fenix, Jr.	ED	DTV Group	DTV Group	08-17-94	05-31-16	ASM	22 yrs
Ramon Y. Sy	NED	DTV Group	DTV Group	11-12-98 to 11-25-02; 02-15-06	05-31-16	ASM	14 yrs
Roberto F. De Ocampo	ID	DTV Group	DTV Group Not related	11-25-02	05-31-16	ASM	14 yrs
Enrique L. Benedicto	ID	DTV Group	DTV Group Not related	09-16-08	05-31-16	ASM	8 yrs
Go, Jae-Han	NED	KPHI	KPHI	05-31-16	05-31-16	ASM	0.75 yr
Ahn, Soon-Chan	NED	KPHI	KPHI	05-31-16	05-31-16	ASM	0.75 yr
Choi, Bong-Joo	NED	KPHI	KPHI	05-31-16	05-31-16	ASM	1.25yrs
Guillermo P. Dabbay, Jr.	NED	KPHI	KPHI	05-30-12	05-31-16	ASM	4 yrs

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

The Corporation's Manual of Corporate Governance institutionalizes the principles of good corporate governance in the entire organization.

The Board of Directors, Management, Employees and Shareholders of SPC Power Corporation believe that corporate governance is a necessary component of what constitutes sound strategic business management

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

and will therefore undertake every effort necessary to create awareness thereof within the organization.

- (i) The Board shall be committed to respect the following rights of the stockholders which include rights of minority stockholders.

1. Voting Right - The Corporation follows the principle of one share-one vote for each stockholder

- a. Stockholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
- b. Cumulative voting shall be used in the election of directors.
- c. A director shall not be removed without cause if it will deny minority stockholders representation in the Board.

2. Pre-emptive Right

All stockholders shall have pre-emptive rights, unless the same is denied in the Articles of Incorporation or an amendment thereto, and in documents signed by such stockholders. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation shall lay down the specific rights and powers of stockholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

3. Power of Inspection

All stockholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with the annual reports, including financial statements, without cost or restrictions.

4. Right to Information

- a. The stockholders 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 Corporation's shares, dealings with the Corporation, relationships among directors and key officers, and the aggregate compensation of directors and officers.
- b. The minority stockholders 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.
- c. The minority stockholders shall have access to any and all information relating to matters which the management is accountable, and to those relating to matters which the management is required to include in such information and, if not included, entitle the minority stockholders to propose inclusion thereof in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

5. Right to Dividends

- a. Stockholders shall have the right to receive dividends subject to the discretion of the Board.
- b. The Corporation 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 corporate expansion projects or programs approved by the Board; or b) when the Corporation 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 such as when there is a need for special reserve for probable contingencies.

6. Appraisal Right

The stockholders shall have appraisal right or the right to dissent and demand payment of the fair

value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:

- a. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or extending or shortening the term of corporate existence;
- b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporate Code; and
- c. In case of merger or consolidation.

The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. 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 Corporation's 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 stockholder's favor.

It shall be the duty of the directors to promote stockholders' rights, remove impediments to the exercise of stockholder's rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of stockholders' 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 stockholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of stockholder information necessary to make informed decisions, subject to legal constraints. The stockholder shall be provided with accurate and timely information to enable them to make a sound judgement on all matters brought to their attention for consideration or approval.

- (ii) The following are the Corporation's governance policies regarding Disclosures:

Section 6 of the Corporation's Manual of Corporate Governance provides:

"Reportorial or Disclosure System of SPC's Corporate Governance Policies"

- a. The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible committee or officer through the Corporation's Compliance Officer.
- b. All material information, i.e. anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes in ownership.
- c. Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management.
- d. All disclosed information shall be released via the approved stock exchange procedure for corporate (company) announcements as well as through the annual report.
- e. The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stockholders.

- (iii) The following are the Corporation's governance policies regarding Board Responsibility:

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation and its stockholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

To insure a high standard of best practice for the Corporation and its stockholders, the Board shall:

- Install a process of selection to ensure a mix competent directors and officers;

- Determine the Corporation's purpose, its vision and mission, and strategies to carry out its objectives;
- Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices;
- Identify the Corporation's major and other stockholders and formulate a clear policy on communicating or relating with them through an effective investor relations program. If feasible, the Corporation's President or Treasurer/Chief Financial Officer shall exercise oversight responsibility over the investor relations program;
- Adopt a system of internal checks and balances. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the corporation's internal control system in order to maintain its adequacy and effectiveness;
- Identify key risk areas and key performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operational and financial viability;
- Properly discharge Board functions by meeting regularly. Independent views during the Board meetings shall be given due consideration and all such meetings shall be duly recorded; and
- Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulations.
- 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.
- Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, 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; and
- Establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.
- 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.

The Corporation's Manual of Corporate Governance provides for the following duties and responsibilities of members of the Board of Directors:

Duties and Responsibilities of a Director:

- a. To conduct fair business transactions with the Corporation and to ensure that personal interest does not bias Board decisions;
- b. To devote time and attention necessary to properly discharge his duties responsibilities;

- c. To act judiciously;
- d. To exercise independent judgment;
- e. To have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission and, where applicable, the requirements of other regulatory agencies;
- f. To observe confidentiality
- g. To ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.

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

The Board reviews and approves the Company's vision and mission as often as necessary.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Dennis T. Villareal	Salcon Philippines, Inc.	ED
	Salcon International, Inc.	ED
	SPC Island Power Corporation	ED
	SII Properties and Development Corporation	ED
	SPEC Properties, Inc.	ED
	Mactan Electric Company, Inc.	ED
	Bohol Light Company, Inc.	ED
	Bohol Water Utilities, Inc.	ED
	Western Panay Hydropower Corporation	ED
	SPC Electric Company, Inc.	ED
	SPC Light Company, Inc.	ED
	SPC Malaya Power Corporation	ED
	KV Holdings, Inc.	ED
	Kepco SPC Power Corporation	ED
Alfredo L. Henares	Salcon Philippines, Inc.	ED
	Salcon International, Inc.	ED
	SII Properties and Development Corporation	ED
	SPEC Properties, Inc.	ED
	Western Panay Hydropower Corporation	ED
	SPC Electric Company, Inc.	ED
	SPC Light Company, Inc.	ED
	Bohol Light Company, Inc.	ED and Chairman
	Bohol Water Utilities, Inc.	ED and Chairman
	SPC Island Power Corporation	ED and Chairman
	SPC Malaya Power Corporation	ED and Chairman
	KV Holdings, Inc.	ED
	Kepco SPC Power Corporation	ED
	Mactan Electric Company, Inc.	ED

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

Alberto P. Fenix, Jr.	SPC Electric Company, Inc.	ED
	SPC Light Company, Inc.	ED
	Bohol Light Company, Inc.	ED
	SPC Island Power Corporation	ED
	Western Panay Hydropower Corporation	ED
	SPC Malaya Power Corporation	ED
	KV Holdings, Inc.	ED
Alfredo S. Ballesteros	SPC Malaya Power Corporation	ED
Ramon Y. Sy	NONE	N/A
Roberto F. de Ocampo	NONE	N/A
Enrique L. Benedicto	NONE	N/A
Go, Jae-Han	SPC Malaya Power Corporation	NED
	SPC Island Power Corporation	NED
Ahn, Soon-Chan	SPC Island Power Corporation	NED
Choi, Bong-Joo	NONE	N/A
Guillermo P. Dabbay, Jr.	NONE	N/A

(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.
Ramon Y. Sy	Asia United Bank	NED
Roberto F. de Ocampo	Bankard, Inc.	ID
	EI Corporation	ID
	Alaska Milk Corporation	ID
	Robinson Land Corporation	ID
	House of Investments	ID
	Beneficial Life Insurance Co., Inc.	ID
Enrique L. Benedicto	Cebu Holdings, Inc.	ID

(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
The Board of Directors are not in any way related either by consanguinity or affinity.	N/A	N/A

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

Guidelines	Maximum Number of Directorships in other companies
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Executive Director	<p>The following guidelines shall be used in the determination of the number of directorships for Board members:</p> <p>a. Number of directorship/active memberships and officerships in other corporations or organizations; and</p> <p>b. Possible conflict of interest</p> <p>The optimum number of directorships a Director shall hold shall be related to the capacity of a Director to perform his duties diligently in general.</p>	The Company follows the SEC rule on term and directorship limits of directors.
Non-Executive Director	<p>The following guidelines shall be used in the determination of the number of directorships for Board members:</p> <p>a. Number of directorship/active memberships and officerships in other corporations or organizations; and</p> <p>b. Possible conflict of interest</p> <p>The optimum number of directorships a Director shall hold shall be related to the capacity of a Director to perform his duties diligently in general.</p>	Same as above
CEO	The CEO and other executive directors shall submit themselves to a lower indicative limit on membership in other corporate boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.	Same as above

e. Shareholding in the Company

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Dennis T. Villareal	6,425,501	Jad Holdings, Inc. – 293,201,397 – 19.59% Intrepid Holdings, Inc. – 371,836,647 – 24.85%	0.43
Alfredo L. Henares	1	ALH Management, Inc. – 23,850,269 – 1.59%	-
Alberto P. Fenix, Jr.	855,933	None	0.06
Alfredo S. Ballesteros	792,492	None	0.05

Ramon Y. Sy	2	None	-
Roberto F. de Ocampo	1	None	-
Enrique L. Benedicto	1	None	-
Go, Jae-Han	1	None	-
Ahn, Soon-Chan	1	None	-
Choi, Bong-Joo	1	None	-
Guillermo P. Dabbay, Jr.	1	None	-

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	Alfredo L. Henares
CEO/President	Dennis T. Villareal

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	The Chairman shall preside in all meetings of the Board of Directors and stockholders. He shall approve the agenda for all meetings of the Board of Directors and stockholders and also inform the Board of Directors and the stockholders of matters of interest to them at their respective meetings.	The CEO/President shall have general supervision of the business affairs and property of the Corporation. He shall execute all resolutions of the Board and sign all certificates, contracts and other written undertakings of the Corporation. He shall submit to the Board, as soon as possible, at each annual meeting, a complete report of the operations of the Corporation for the preceding year and the state of its affairs. He shall do and perform such other duties as from time to time may be assigned to him by the Board of Directors.
Accountabilities	<p>A. The Chairman shall exercise independent judgment, act objectively, and ensure (alongside the President and Chief Executive Officer) that all relevant matters are included in the agenda and prioritized properly.</p> <p>B. The Chairman shall ensure that all the Directors are fully involved and informed of any business issue on which a decision has to be taken.</p> <p>C. The Chairman, with the assistance of the Corporate Secretary and the President and Chief Executive Officer, shall determine the annual Board Plan and Agenda and other strategic issues.</p>	<p>All Board authority delegated to management is delegated through the CEO/President, so that all authority and accountability of management – as far as the board is concerned – is considered to be the authority and accountability of the CEO/President.</p> <p>a. The Board will specify to the CEO/President of the Company the strategic directions and expects him to achieve certain results based on a set of measures/milestones and targets that had been clearly communicated and understood.</p>

		<p>b. As long as the CEO/President uses any reasonable interpretation of the Board's directions, the CEO/President is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and develop all initiatives.</p> <p>c. Only decisions of the Board acting as a body are binding upon the CEO/President.</p> <p>d. In the case of board members or committees requesting information or assistance without board authorization, the CEO/President can refuse such requests that require – in the CEO/President's judgment – a material amount of staff time or funds or are disruptive.</p>
Deliverables	Same as above	Same as above

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

These elections/successions of above positions are normally taken up during the Board of Directors and Annual Stockholders Meetings.

4) Other Executive, Non-Executive and Independent Directors

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

Yes. The nomination committee in pre-screening nominees for directors, is required to ensure a mix of competent directors who possess the necessary skills, competence and experience to add value and render independent judgement in the formation of sound corporate strategies.

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

Yes. Several of the directors are already in the same business the company is in.

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

	Executive	Non-Executive	Independent Director
Role	<p>A director's office is one of trust and confidence. A director shall act in the best interest of SPC in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing SPC</p>	<p>A director's office is one of trust and confidence. A director shall act in the best interest of SPC in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing SPC</p>	<p>A director's office is one of trust and confidence. A director shall act in the best interest of SPC in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing SPC</p>

	towards sustained progress. It shall be the Board's responsibility to foster the long-term success of SPC and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of SPC, its shareholders and stakeholders.	towards sustained progress. It shall be the Board's responsibility to foster the long-term success of SPC and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of SPC, its shareholders and stakeholders.	towards sustained progress. It shall be the Board's responsibility to foster the long-term success of SPC and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of SPC, its shareholders and stakeholders.
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Accountabilities	<p>A director shall comply with the following duties and responsibilities:</p> <p>a) Conduct fair business transactions with SPC and ensure that personal interest does not bias Board decisions.</p> <p>The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.</p> <p>A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of SPC, or stands to acquire or gain financial advantage at the expense of SPC.</p> <p>b) Devote time and attention necessary to properly discharge his duties and responsibilities.</p>	<p>A director shall comply with the following duties and responsibilities:</p> <p>a) Conduct fair business transactions with SPC and ensure that personal interest does not bias Board decisions.</p> <p>The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.</p> <p>A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of SPC, or stands to acquire or gain financial advantage at the expense of SPC.</p> <p>b) Devote time and attention necessary to properly discharge his duties and responsibilities.</p>	<p>The independent director has the same duties and responsibilities as the executive and nonexecutive directors.</p> <p>In addition, independent directors have the additional responsibility to bring fully to the Board the benefit of the particular experience or expertise that encouraged the invitation to become a Board member, at the same time not feeling constrained to contribute on matters that may be outside personal experience and expertise.</p>
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	<p>A director should devote sufficient time to familiarize himself with SPC's business. He should be constantly aware of and knowledgeable with SPC's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.</p> <p>c) Act judiciously.</p> <p>Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.</p> <p>d) Exercise independent judgment.</p> <p>A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to SPC.</p> <p>e) Have a working knowledge of the statutory and regulatory requirements affecting SPC, including the contents of its Articles of Incorporation and By-Laws, the requirements of the SEC, and where applicable, the requirements of other regulatory agencies.</p> <p>A director should also keep abreast with industry developments and business</p>	<p>A director should devote sufficient time to familiarize himself with SPC's business. He should be constantly aware of and knowledgeable with SPC's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.</p> <p>c) Act judiciously.</p> <p>Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.</p> <p>d) Exercise independent judgment.</p> <p>A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to SPC.</p> <p>e) Have a working knowledge of the statutory and regulatory requirements affecting SPC, including the contents of its Articles of Incorporation and By-Laws, the requirements of the SEC, and where applicable, the requirements of other regulatory agencies.</p> <p>A director should also keep abreast with industry developments and business</p>	
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	trends in order to promote SPC's competitiveness. f) Observe confidentiality. A director should keep secure and confidential all non-public information he may acquire or learn by reason of his positions as director. He should not reveal confidential information to unauthorized persons without the authority of the Board. g) Keep abreast of good corporate governance practices. A Director shall undergo a seminar on corporate governance principles, on relevant laws and charters applicable to the Company and the Board, and on the various businesses of the Company upon appointment to the Board.	trends in order to promote SPC's competitiveness. f) Observe confidentiality. A director should keep secure and confidential all non-public information he may acquire or learn by reason of his positions as director. He should not reveal confidential information to unauthorized persons without the authority of the Board. g) Keep abreast of good corporate governance practices. A Director shall undergo a seminar on corporate governance principles, on relevant laws and charters applicable to the Company and the Board, and on the various businesses of the Company upon appointment to the Board.	
Deliverables	Same as above	Same as above	Same as above

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

The Company defines an Independent Director as a person other than an officer or employee of the Company, its parent or subsidiaries or any other individual having a relationship with the Company, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. To ensure compliance with the said definition, the Corporation adopted its own guidelines on the nomination of the Company's Independent Directors, which includes a list of qualifications and disqualifications for independent members of the Board.

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 two (2) Independent Directors of the company has served for a continuous term of more than five years without a two-year cooling period.

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
Resignation of Lyu, Hyang - Reol	Non-Executive Director	March 30, 2016	Recall order by KEPCO Mgmt.
Resignation of Park Chong-Hwa	Director	March 30, 2016	Recall order by

			KEPCO Mgmt.
Resignation of So, Tai-Sup	Director	October 8, 2015	Recall order by KEPCO Mgmt.

(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	Nominations for the election of directors for the ensuing year must be received by the Corporate Secretary no less than fifteen (15) working days prior to the annual meeting of stockholders, except as may be provided by the Board of Directors in appropriate guidelines that it may promulgate from time to time in compliance with law.	A member of the Board must be: a) holder of at least one (1) share of stock of SPC; b) shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education; c) shall be at least twenty one (21) years old; d) shall have proven to possess integrity and probity; e) have no conflict of interest; f) able to devote his time in fulfilling his duties and responsibilities as Director; g) has practical understanding of the businesses of SPC; h) membership in good standing in relevant industry, business or professional organizations; and i) has previous business experience.
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above
b. Re-appointment		
(i) Executive Directors	Re-appointment of directors for the ensuing year must be received by the Corporate Secretary no less than fifteen (15) working days prior to the annual meeting of stockholders, except as may be provided by the Board of Directors in appropriate guidelines that it may promulgate from time to time in compliance with law.	A member of the Board must be: a) holder of at least one (1) share of stock of SPC; b) at least a college graduate or have sufficient experience in managing the business to substitute for such formal education; c) at least twenty one (21) years old; d) have proven to possess

		<p>integrity and probity;</p> <p>e) have no conflict of interest;</p> <p>f) able to devote his time in fulfilling his duties and responsibilities as Director;</p> <p>g) has practical understanding of the businesses of SPC;</p> <p>h) membership in good standing in relevant industry, business or professional organizations; and</p> <p>i) has previous business experience.</p>
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above
c. Permanent Disqualification		
(i) Executive Directors	<p>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>	<p>The following shall be grounds for the permanent disqualification of a director:</p> <p>a) Any person convicted by final judgement or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c)arises out of the fiduciary relationship with a bank, quasi-bank trust company, investment house or as affiliated person of any of them;</p> <p>b) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (a)acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund</p>

		<p>dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (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 SEC 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 SEC or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;</p> <p>c) Any person finally convicted judicially or by competent administrative body of an offense involving moral turpitude or fraudulent act or transgressions;</p> <p>d) Any person finally found by SEC or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the</p>
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		<p>violation of any provision of the Securities Regulation Code, the Corporation Code or any other law administered by the SEC or BSP, or any rule, regulation or order of the SEC or BSP;</p> <p>e) Any person judicially declared to be insolvent;</p> <p>f) 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>g) 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>
(ii) Non-Executive Directors	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.	Same as above
(iii) Independent Directors	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>In addition to the above grounds for disqualification of a director, an independent director shall be disqualified when:</p> <p>(a) the independent director who becomes an officer or employee of SPC shall be automatically disqualified from being an independent director;</p> <p>(b) If the beneficial equity ownership of an independent director in SPC or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock.</p>

		The disqualification shall be lifted if the limit is later complied with;
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d. Temporary Disqualification

(i) Executive Directors	<p>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>	<p>Any of the following shall be a ground for the temporary disqualification of a director:</p> <ul style="list-style-type: none"> a) Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists; b) Absence or non-participation for whatever reason for more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his incumbency, on any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election; c) Dismissal from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity; d) Being under preventive suspension by SPC; e) If the independent director becomes an officer or employee of SPC shall be automatically disqualified from being an independent director; f) Conviction that has not yet become final referred to in the grounds for the disqualification of directors; and <p>A temporarily disqualified</p>
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		director shall, within sixty (60) business days from such disqualification, take the appropriate actions to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.
(ii) Non-Executive Directors	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.	Same as above
(iii) Independent Directors	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.	Same as above
f. Removal		
(i) Executive Directors	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.	The commission of a third violation of the Company's Manual of Corporate Governance by any member of the board of SPC or its subsidiaries and affiliates shall be sufficient cause for removal from directorship.
(ii) Non-Executive Directors	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.	Same as above
(iii) Independent Directors	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.	Same as above
f. Re-instatement		
(i) Executive Directors	Re-instatement of directors for the ensuing year must be received by the Corporate	A member of the Board must be:

	Secretary no less than fifteen (15) working days prior to the annual meeting of stockholders, except as may be provided by the Board of Directors in appropriate guidelines that it may promulgate from time to time in compliance with law.	<p>a) A holder of at least one(1) share of stock of SPC;</p> <p>b) at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;</p> <p>c) at least twenty one(21)years old;</p> <p>d) proven to possess integrity and probity;</p> <p>e) have no conflict of interest;</p> <p>f) able to devote his time in fulfilling his duties and responsibilities as Director;</p> <p>g) has practical understanding of the businesses of SPC;</p> <p>h) membership in good standing in relevant industry, business or professional organizations; and</p> <p>i) has previous business experience.</p>
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above
g. Suspension		
(i) Executive Directors	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.	Suspension from office shall be imposed in the case of a second violation. The duration of the suspension shall depend on the gravity of the violation
(ii) Non-Executive Directors	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.	Suspension from office shall be imposed in the case of a second violation. The duration of the suspension shall depend on the gravity of the violation
(iii) Independent Directors	The compliance Officer shall be responsible for determining	Suspension from office shall be imposed in the case of a

	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.	second violation. The duration of the suspension shall depend on the gravity of the violation
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Voting Result of the last Annual General Meeting

Name of Director	Votes Received	
	Percentage	Shares
Dennis T. Villareal	100%	1,462,601,620
Alfredo L. Henares	100%	1,462,601,620
Arthur N. Aguilar	100%	1,462,601,620
Alberto P. Fenix, Jr.	100%	1,462,601,620
Ramon Y. Sy	100%	1,462,601,620
Roberto F. De Ocampo	100%	1,462,601,620
Enrique L. Benedicto	100%	1,462,601,620
Go, Jae-Han	100%	1,462,601,620
Ahn, Soon-Chan	100%	1,462,601,620
Choi, Bong-Joo	100%	1,462,601,620
Guillermo P. Dabbay, Jr.	100%	1,462,601,620

(May 31, 2016 Annual Stockholder's Meeting)

6) Orientation and Education Program

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

Newly-elected directors are provided with copies of all company policies prior to their assumption of their new positions.

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

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Alberto P. Fenix Jr.	November 22, 2016	Code of Corporate Governance for Publicly Listed Companies	Securities and Exchange Commission
Alfredo S. Ballesteros	November 22, 2016	Code of Corporate Governance for Publicly Listed Companies	Securities and Exchange Commission
Maria Luz L. Caminero	November 22, 2016	Code of Corporate	Securities and Exchange

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

		Governance for Publicly Listed Companies	Commission
Reynante C. Del Rosario	November 22, 2016	Code of Corporate Governance for Publicly Listed Companies	Securities and Exchange Commission

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	Shall act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness	Shall act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness	Shall act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness.
(b) Conduct of Business and Fair Dealings	Shall conduct fair business transactions with the Corporation to ensure that personal interest does not bias Board decisions and shall conduct itself with honesty and integrity in the performance of its duties and functions.	Shall conduct fair business transactions with the Corporation to ensure that personal interest does not bias Board decisions and shall conduct itself with honesty and integrity in the performance of its duties and functions.	Shall conduct fair business transactions with the Corporation to ensure that personal interest does not bias Board decisions and shall conduct itself with honesty and integrity in the performance of its duties and functions.
(c) Receipt of gifts from third parties	Shall be guided by company policy on receiving /giving gifts	Shall be guided by company policy on receiving /giving gifts	Shall be guided by company policy on receiving /giving Gifts.
(d) Compliance with Laws & Regulations	Shall have a working knowledge of the statutory and regulatory requirements affecting the Corporation	Shall have a working knowledge of the statutory and regulatory requirements affecting the Corporation	Shall have a working knowledge of the statutory and regulatory requirements affecting the Corporation.
(e) Respect for Trade Secrets/Use of Non-public Information	Shall observe strict confidentiality except, when disclosure is authorized by the Corporation or required by law.	Shall observe strict confidentiality except, when disclosure is authorized by the Corporation or required by law.	Shall observe strict confidentiality except, when disclosure is authorized by the Corporation or required by law.
(f) Use of Company Funds, Assets and Information	Company policies regulate the use of the Company's systems and property only for legitimate Company business. Under no conditions may a member use the Company's systems to view, store, or send unlawful, offensive or	Company policies regulate the use of the Company's systems and property only for legitimate Company business. Under no conditions may a member use the Company's systems to view, store, or send unlawful, offensive or other inappropriate	Company policies regulate the use of the Company's systems and property only for legitimate Company business. Under no conditions may a member use the Company's systems to view, store, or send unlawful, offensive or other inappropriate materials.

	<p>other inappropriate materials.</p> <p>In addition, protecting Company assets against loss, theft, waste, or other misuse is the responsibility of every employee, officer and director.</p>	<p>materials.</p> <p>In addition, protecting Company assets against loss, theft, waste, or other misuse is the responsibility of every employee, officer and director.</p>	<p>In addition, protecting Company assets against loss, theft, waste, or other misuse is the responsibility of every employee, officer and director.</p>
(g) Employment & Labor Laws & Policies	<p>The Company is committed to conducting its business in compliance with all applicable environmental and workplace health and safety laws and regulations. The Company strives to provide a safe and healthy work environment for all members and to avoid adverse impact and injury to the environment and communities in which it conducts its business. Achieving this goal is the responsibility of all employees, officers, and directors.</p>	<p>The Company is committed to conducting its business in compliance with all applicable environmental and workplace health and safety laws and regulations. The Company strives to provide a safe and healthy work environment for all members and to avoid adverse impact and injury to the environment and communities in which it conducts its business. Achieving this goal is the responsibility of all employees, officers, and directors.</p>	<p>The Company is committed to conducting its business in compliance with all applicable environmental and workplace health and safety laws and regulations. The Company strives to provide a safe and healthy work environment for all members and to avoid adverse impact and injury to the environment and communities in which it conducts its business. Achieving this goal is the responsibility of all employees, officers, and directors.</p>
(h) Disciplinary action	<p>To strictly observe and implement the provisions of the manual of corporate governance, the following penalties shall be imposed, after notice and hearing, on SPC's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of the manual of corporate governance:</p> <ol style="list-style-type: none"> 1. In the case of a first violation, the subject person shall be reprimanded. 	<p>To strictly observe and implement the provisions of the manual of corporate governance, the following penalties shall be imposed, after notice and hearing, on SPC's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of the manual of corporate governance:</p> <ol style="list-style-type: none"> 1. In the case of a first violation, the subject person shall be reprimanded. 2. Suspension from office shall be imposed in the 	<p>To strictly observe and implement the provisions of the manual of corporate governance, the following penalties shall be imposed, after notice and hearing, on SPC's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of the manual of corporate governance:</p> <ol style="list-style-type: none"> 1. In the case of a first violation, the subject person shall be reprimanded. 2. Suspension from office shall be imposed in the case of a second

	<p>2. Suspension from the board shall be imposed in the case of a second violation. The duration of the suspension shall depend on the gravity of the violation.</p> <p>3. For a third violation, the maximum penalty of removal from the board shall be imposed</p>	<p>case of a second violation. The duration of the suspension shall depend on the gravity of the violation.</p> <p>3. For a third violation, the maximum penalty of removal from office shall be imposed</p>	<p>violation. The duration of the suspension shall depend on the gravity of the violation.</p> <p>3. For a third violation, the maximum penalty of removal from office shall be imposed</p>
(i) Whistle Blower	SPC does not tolerate any kind of retaliation for reports or complaints regarding the misconduct of others that were made in good faith. Open communication of issues and concerns by all employees without fear of retribution or retaliation is vital to the continued success of the Company.	SPC does not tolerate any kind of retaliation for reports or complaints regarding the misconduct of others that were made in good faith. Open communication of issues and concerns by all employees without fear of retribution or retaliation is vital to the continued success of the Company.	SPC does not tolerate any kind of retaliation for reports or complaints regarding the misconduct of others that were made in good faith. Open communication of issues and concerns by all employees without fear of retribution or retaliation is vital to the continued success of the Company.
(j) Conflict Resolution	Shall establish and maintain an alternative dispute resolution system that can amicably settle conflicts or differences between the corporation and its stockholders and third parties including regulatory authorities. Shall exercise independent judgment.	Shall establish and maintain an alternative dispute resolution system that can amicably settle conflicts or differences between the corporation and its stockholders and third parties including regulatory authorities. Shall exercise independent judgment.	Shall establish and maintain an alternative dispute resolution system that can amicably settle conflicts or differences between the corporation and its stockholders and third parties including regulatory authorities. Shall exercise independent judgment.

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

Yes

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

Dissemination of the Corporation's Code of Conduct to officers and employees during meetings of the Corporation concerning human resource programs & issues.

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	Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Transactions with related parties are accounted for based on the nature and substance of the agreement, and financial effects are included in the appropriate asset, liability, income and expense accounts. The nature and extent of transactions with affiliated and related parties are disclosed annually to shareholders through the Company's Information Statement, Annual Report and Audited Financial Statements.
(2) Joint Ventures	Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Transactions with related parties are accounted for based on the nature and substance of the agreement, and financial effects are included in the appropriate asset, liability, income and expense accounts. The nature and extent of transactions with affiliated and related parties are disclosed annually to shareholders through the Company's Information Statement, Annual Report and Audited Financial Statements.
(3) Subsidiaries	Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Transactions with related parties are accounted for based on the nature and substance of the agreement, and financial effects are included in the appropriate asset, liability, income and expense accounts. The nature and extent of transactions with affiliated and related parties are disclosed annually to shareholders through the Company's Information Statement, Annual Report and Audited Financial Statements.
(4) Entities Under Common Control	Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Transactions with related parties are accounted for based on the nature and substance of the agreement, and financial effects are included in the appropriate asset, liability, income and expense accounts. The nature and extent of transactions with affiliated and related parties are disclosed annually to shareholders through the Company's Information Statement, Annual Report and Audited Financial Statements.
(5) Substantial Stockholders	Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are

	<p>subject to common control or common significant influence. Transactions with related parties are accounted for based on the nature and substance of the agreement, and financial effects are included in the appropriate asset, liability, income and expense accounts. The nature and extent of transactions with affiliated and related parties are disclosed annually to shareholders through the Company's Information Statement, Annual Report and Audited Financial Statements.</p>
(6) Officers including spouse/children/siblings/parents	<p>Officers shall disclose to the Board, through the Company's Corporate Secretary, details of all their directorships and any shareholdings owned by them or members of their family. Any changes to these notifications must be communicated promptly to the Board of Directors through the Company's Corporate Secretary.</p> <p>It is the responsibility of each senior manager to promptly notify the Board, through the Company's Corporate Secretary, of any proposed related-party transaction as soon as they become aware of it. It is the responsibility of a senior manager who is involved in a proposed related-party transaction to inform the Board, through the Company's Corporate Secretary, and obtain approval prior to entering into the transaction.</p>
(7) Directors including spouse/children/siblings/parents	<p>Directors shall disclose to the Board, through the Company's Corporate Secretary, details of all their other directorships and any shareholdings owned by them or members of their family. Any changes to these notifications must be communicated promptly to the Board of Directors through the Company's Corporate Secretary.</p> <p>It is the responsibility of each director to promptly notify the Board, through the Company's Corporate Secretary, of any proposed related-party transaction as soon as they become aware of it. It is the responsibility of a director who is involved in a proposed related-party transaction to inform the Board, through the Company's Corporate Secretary, and obtain approval prior to entering into the transaction.</p> <p>Conflicted board members shall not participate in discussions on transactions in which they are a conflicted party and shall abstain from voting on such issues.</p> <p>The Board shall decide whether or not to approve the related party transaction involving a director in the absence of that director.</p>
(8) Interlocking director relationship of Board of Directors	<p>The rule on interlocking director relationship is not applicable to directors elected to companies within the conglomerate of business. If outside the conglomerate, the policy is for full disclosure.</p> <p>The Company complies with the rule on approval of contracts between corporations with interlocking directors, as mandated by Section 33 of the Corporation Code.</p>

(b) Conflict of Interest

(i) **Directors/Officers and 5% or more equity Shareholders**

Identify any actual or probable conflict of interest to which directors/officers/5% or more equity shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	None
Name of Officer/s	None
Name of Significant Shareholders	None

(ii) **Mechanism**

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

	Directors/Officers/Significant Shareholders
Company	The company calls for a meeting among the Executive Committee on matters affecting the operation of the company and/or the Audit Committee on matters affecting the financial practice of the company.
Group	Any other matters that require approval and ratification of certain actions taken up by the Executive or Audit Committees will be taken up or discussed during the general Board of Directors meeting.

5) **Family, Commercial and Contractual Relations**

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
NONE	NONE	NONE

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description
KEPCO PHILIPPINES HOLDINGS, INC.	INVESTOR-INVESTEES	37.96% Interest
JAD HOLDINGS, INC.	INVESTOR-INVESTEES	19.59% Interest
INTREPID HOLDINGS, INC.	INVESTOR-INVESTEES	24.85% Interest
KV HOLDINGS, INC	INVESTOR-INVESTEES	5.00% Interest

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

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
None	None	None

6) **Alternative Dispute Resolution**

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in

amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	Through meetings and hearings for all parties concern to settle disputes and/or differences
Corporation & Third Parties	Through meetings and hearings for all parties concern to settle disputes and/or differences
Corporation & Regulatory Authorities	Regulatory agencies provide the mechanisms for dispute resolution for the Company's business units.

C. BOARD MEETINGS & ATTENDANCE

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

Board of Directors' meetings are scheduled on pre specified dates.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year(2016)	No. of Meetings Attended	%
Chairman	Alfredo L. Henares	05-31-16	7	7 of 7	100%
Member	Dennis T. Villareal	05-31-16	7	7 of 7	100%
Member	Alfredo S. Ballesteros	05-31-16	7	7 of 7	100%
Member	Alberto P. Fenix, Jr.	05-31-16	7	7 of 7	100%
Member	Ramon Y. Sy	05-31-16	7	5 of 7	71%
Member	Go, Jae-Han	05-31-16	7	7 of 7	100%
Member	Ahn, Soon-Chan	05-31-16	7	7 of 7	100%
Member	Choi, Bong-Joo	05-31-16	7	4 of 7	57%
Member	Guillermo P. Dabbay, Jr.	05-31-16	7	6 of 7	86%
Independent	Roberto F. de Ocampo	05-31-16	7	4 of 7	57%
Independent	Enrique L. Benedicto	05-31-16	7	6 of 7	86%

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

No meetings involving non-executive directors only.

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

Since there are 11 members of the company's Board, we need at least 6 members present to constitute a quorum for every Board decisions.

5) Access to Information

(a) How many days in advance are board papers⁴ for board of directors meetings provided to the board?

At least two weeks prior to the Board meeting.

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

Yes. They can call or email Management and the Corporate Secretary as often as they want.

⁴ 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.

- (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?**

Yes. She gathers and analyzes all documents, records and other information essential to the conduct of her duties and responsibilities to the Corporation. She puts the Board on notice before every meeting. Assists the Board in making business judgment in good faith and in the performance of their responsibilities and obligations. Attends all Board meetings and maintains records thereof and is responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as all other official records of the corporation. Ensures that all Board procedures, rules and regulations are strictly followed by the members.

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

Yes, the company secretary, is a lawyer, familiar with the laws, rules and regulations governing corporations.

(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	Sending of notice of meetings & agenda two weeks prior to the meeting
Audit	Sending of notice of meetings & agenda two weeks prior to the meeting
Nomination	Sending of notice of meetings & agenda two weeks prior to the meeting
Remuneration	Sending of notice of meetings & agenda two weeks prior to the meeting
Others (specify)	Sending of notice of meetings & agenda two weeks prior to the meeting

6) External Advice

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

Procedures	Details
Directors are referred to external resource persons for advice in behalf of the board.	Personal discussions & electronic mail

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
None so far	None so far	None so far

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	<p>The Company rewards the officers based on their stretched strategic goals and ability to execute their duties and responsibilities.</p> <p>Performance is evaluated and compensation is reviewed on an annual basis.</p>	<p>The Company rewards the officers based on their stretched strategic goals and ability to execute their duties and responsibilities.</p> <p>Performance is evaluated and compensation is reviewed on an annual basis.</p>
(2) Variable remuneration	<p>The Company rewards the officers based on their stretched strategic goals and ability to execute their duties and responsibilities.</p> <p>Performance is evaluated and compensation is reviewed on an annual basis.</p>	<p>The Company rewards the officers based on their stretched strategic goals and ability to execute their duties and responsibilities.</p> <p>Performance is evaluated and compensation is reviewed on an annual basis.</p>
(3) Per diem allowance	<p>The Company rewards the officers based on their stretched strategic goals and ability to execute their duties and responsibilities.</p> <p>Performance is evaluated and compensation is reviewed on an annual basis.</p>	<p>The Company rewards the officers based on their stretched strategic goals and ability to execute their duties and responsibilities.</p> <p>Performance is evaluated and compensation is reviewed on an annual basis.</p>
(4) Bonus	<p>The Company rewards the officers based on their stretched strategic goals and ability to execute their duties and responsibilities.</p> <p>Performance is evaluated and compensation is reviewed on an annual basis.</p>	<p>The Company rewards the officers based on their stretched strategic goals and ability to execute their duties and responsibilities.</p> <p>Performance is evaluated and compensation is reviewed on an annual basis.</p>
5) Stock Options and other financial instruments	At present, SPC does not have any stock option or grants other financial instruments to its officers.	At present, SPC does not have any stock option or grants other financial instruments to its officers.
(6) Others (specify)	NA	NA

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
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Executive Directors	The Board members' remuneration is a form of reward and recognition to attract, retain and optimize the directors who continually deliver quality services for the growth of the Company	<p>To compensate Directors for their services rendered to the Company, they are entitled to an annual allowance as approved by the shareholders. In addition, each Director and the Chairman of the Board receives a per diem for every Board and Board Committee meeting attended.</p> <p>Directors who absent themselves during a particular Board meeting shall not be entitled to any meeting allowance. Such allowances shall be reviewed from time to time to ensure that these reflect the industry standards.</p>	<p>SPC rewards its individual Directors and Officers based on ability to execute his duties and responsibilities. It is SPC's philosophy to reward based on individual performance.</p> <p>Performance is evaluated and compensation is reviewed on an annual basis.</p>
Non-Executive Directors	The Board members' remuneration is a form of reward and recognition to attract, retain, and optimize the directors who continually deliver quality services for the growth of the Company.	<p>To compensate Directors for their services rendered to the Company, they are entitled to an annual allowance as approved by the – shareholders. In addition, each Director and the Chairman of the Board receives a per diem for every Board and Board Committee meeting attended</p> <p>Directors who absent themselves during a particular Board meeting shall not be entitled to any meeting allowance. Such allowances shall be reviewed from time to time to ensure that these reflect the industry standards.</p>	<p>SPC rewards its individual directors and Officers based on ability to execute his duties and responsibilities. It is SPC's philosophy to reward based on individual performance.</p> <p>Performance is evaluated and compensation is reviewed on an annual basis.</p>

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.

Yes, stockholders approve any proposed compensation packages of directors.

Remuneration Scheme	Date of
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	Stockholders' Approval
P500,000.00 each director per year plus P25,000 for every attendance of board & committee meeting and additional P200,000 per year for the chairman.	CY 2013 – May 30, 2014
P600,000.00 each director per year plus P25,000 for every attendance of board & committee meeting and additional P200,000 per year for the chairman.	CY 2014 – May 29, 2015
P600,000.00 each director per year plus P25,000 for every attendance of board & committee meeting and additional P200,000 per year for the chairman.	CY 2015 – May 31, 2016

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	P600,000 per ED plus P200,000 for the chairman	P600,000 per NED	P600,000 per ID
(b) Variable Remuneration	None	None	None
(c) Per diem Allowance	P29,412.00	P29,412.00	P29,412.00
(d) Bonuses	None	None	None
(e) Stock Options and/or other financial instruments	None	None	None
(f) Others (Specify)	None	None	None
Total	P6,069,817	P3,885,353	P1,552,941

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	None	None	None
2) Credit granted	None	None	None
3) Pension Plan/s Contributions	None	None	None
(d) Pension Plans, Obligations incurred	None	None	None
(e) Life Insurance Premium	None	None	None
(f) Hospitalization Plan	₱100,000	None	None
(g) Car Plan	None	None	None
(h) Others (Specify)	None	None	None
Total	₱100,000	0	0

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:

At present, SPC does not grant any stock option to its directors or officers.

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

(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:

At present, SPC does not grant any incentive program, other than per diem allowance to its directors.

Incentive Program	Amendments	Date of Stockholders' Approval
None	None	None

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
Alfredo S. Ballesteros – SVP – Finance and Administration	₱13,446,820.00
Jaime M. Balisacan – VP - Finance	
Cesar O. Villegas – VP - Business Development & Commercial Operations	
Maria Luz L. Caminero – Senior Vice President for Legal & Regulatory Affairs	
Reynante C. del Rosario – Chief Financial Officer	

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:

	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
Committee	Executive Direct or (ED)	Non-executive Direct or (NED)	Independent Director (ID)				
Executive	3	2	0	Still to be formalized	The executive committee may act by majority vote of all its members, on such specific matters within the competence of the board, as may be delegated to it in the by-laws or on a majority vote of the board, except with respect to: (1) approval of any action for which shareholders' approval is also required; (2) the filing of vacancies in the board; (3) the amendment or repeal of by-laws or the adoption of new by-laws; (4) the amendment or repeal of any resolution of the board which by its express terms is not so amendable or repealable; and (5) a distribution of cash dividends to the shareholders	The executive committee may act by majority vote of all its members, on such specific matters within the competence of the board, as may be delegated to it in the by-laws or on a majority vote of the board, except with respect to: (1) approval of any action for which shareholders' approval is also required; (2) the filling up vacancies in the board; (3) the amendment or repeal of by-laws or the adoption of new by-laws; (4) the amendment or repeal of any resolution of the board which by its express terms is not so amendable or repealable; and (5) a distribution of cash dividends to the shareholders.	An executive committee is the group of principal officers and directors who directly manage business operations between meetings of the board of directors.
Audit	1	1	1	The Board Audit Committee shall be composed of	The Audit Committee is intended to provide assistance to the	The Audit Committee is intended to provide assistance to the	In performing its duties, the Committee shall have the authority to

				<p>at least three (3) directors, one (1) whom shall be independent director. The Chairman of the Audit Committee shall be an independent director. Each member, preferably with accounting and finance backgrounds, shall have adequate, understanding, familiarity and competence at most of SPC's financial management systems and environment.</p>	<p>Board in fulfilling their responsibility to the shareholders, potential shareholders and investment community relating to the:</p> <ol style="list-style-type: none"> 1. Integrity of SPC's financial statements 2. SPC's compliance with legal/regulatory requirements 3. The independent auditor's qualifications and independence 4. The performance of SPC's internal audit function and independent auditors <p>As part of this process, the external auditors will report to the Audit Committee, and the Internal Auditor will report to the Committee also from a functional perspective. In performing its duties, the Audit Committee has the authority to engage and compensate independent counsels and other advisors, which the Committee determines are</p>	<p>Board in fulfilling their responsibility to the shareholders, potential shareholders and investment community relating to the:</p> <ol style="list-style-type: none"> 1. Integrity of SPC's financial statements 2. SPC's compliance with legal/regulatory requirements 3. The independent auditor's qualifications and independence 4. The performance of SPC's internal audit function and independent auditors <p>As part of this process, the external auditors will report to the Audit Committee, and the Internal Auditor will report to the Committee also from a functional perspective. In performing its duties, the Audit Committee has the authority to engage and compensate independent counsels and other advisors, which the Committee</p>	<p>retain at the expense of the Corporation such outside counsel, experts and other advisors as it determines appropriate to assist in the full performance of its functions, subject to the Board approval of such appointment.</p> <p>The Committee is required to contribute to the management of the Corporation's affairs to ensure good governance, as outlined here, and in doing so to act honestly and in good faith with a view to the best interest of the stakeholders.</p>
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					<p>necessary to carry out its duties, subject to Board approval.</p> <p>The committee is required to ensure that corporate accounting and reporting practices of the Company are in accordance with all legal requirements and are of the highest quality.</p>	<p>determines are necessary to carry out its duties, subject to Board approval.</p> <p>The committee is required to ensure that corporate accounting and reporting practices of the Company are in accordance with all legal requirements and are of the highest quality.</p>	
Nomination	2	1	1	<p>The Nomination Committee intended to assist the Board and not to preempt any board responsibilities in making the final decisions on nomination matters.</p> <p>In performing its duties, the Committee will maintain effective working relationships with the Board and the Corporation's senior leadership. To perform his or her role effectively, each Committee member will obtain an understanding of the detailed responsibilities of Committee membership</p>	<p>The committee has three main broad responsibilities:</p> <p>1. Assist the board by developing and recommending for approval a set of governance guidelines applicable to the selection, contribution and conduct of Board members; and based on the approved guidelines to conduct periodic evaluations of the performance of Board members against the approved criteria.</p> <p>2. Assist the Board by developing for approval criteria for the identification and selection of independent non-executive Directors and</p>	<p>The committee has three main broad responsibilities:</p> <p>1. Assist the board by developing and recommending for approval a set of governance guidelines applicable to the selection, contribution and conduct of Board members; and based on the approved guidelines to conduct periodic evaluations of the performance of Board members against the approved criteria.</p> <p>2. Assist the Board by developing for approval criteria for the identification and selection of independent non-executive Directors and</p>	

				as well as the Corporation's business and operating environment.	executive senior management directors, and by making specific recommendation to the Board on the director or directors to be nominated for election at the next annual meeting of shareholders. 3. Assist the Board by ensuring that appropriate senior leadership succession planning is in place throughout the Corporation's and recommending to the Board appropriate potential and actual successors to the Corporation CEO and other key senior leadership roles.	executive senior management directors, and by making specific recommendation to the Board on the director or directors to be nominated for election at the next annual meeting of shareholders. 3. Assist the Board by ensuring that appropriate senior leadership succession planning is in place throughout the Corporation's and recommending to the Board appropriate potential and actual successors to the Corporation CEO and other key senior leadership roles.	
Compensation	1	1	1	<p>The Compensation Committee is intended to assist the Board and not to preempt any board responsibilities in making the final decisions on remuneration matters.</p> <p>In performing its duties, the Committee will maintain effective working relationships with the Board</p>	<ul style="list-style-type: none"> Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is 	<ul style="list-style-type: none"> Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with 	In performing its duties, the Committee shall have the authority to retain at the expense of the Corporation such outside counsel, experts and other advisors as it determines appropriate to assist in the full performance of its functions, subject to the Board approval of

				and the Corporation's senior leadership. To perform his or her role effectively, each Committee member will obtain an understanding of the detailed responsibilities of Committee membership as well as the Corporation's business and operating environment.	consistent with the Corporation's culture, strategy and control environment. <ul style="list-style-type: none"> • Designate the amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Corporation successfully. • Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers. • Disallow any director to decide his or her own remuneration • Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of the compensation of its executive officers for the previous fiscal year and the ensuing year. 	the Corporation's culture, strategy and control environment. <ul style="list-style-type: none"> • Designate the amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Corporation successfully. • Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers. • Disallow any director to decide his or her own remuneration • Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of the compensation of its executive officers for the previous fiscal year and the ensuing year. 	such appointment. The Committee is required to contribute to the management of the Corporation's affairs to ensure good governance, as outlined here, and in doing so to act honestly and in good faith with a view to the best interest of the stakeholders.
Others (specify)	NA	NA	NA	NA	NA	NA	NA

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)	Dennis T. Villareal	May 31, 2016	1	1	100	22 years
Member (ED)	Alfredo L. Henares	May 31, 2016	1	1	100	22 years
Member (ED)	Alberto P. Fenix Jr.	May 31, 2016	1	1	100	22 years
Member (NED)	Go, Jae – Han	May 31, 2016	1	1	100	0.75 year
Member (NED)	Ahn, Soon – Chan	May 31, 2016	1	1	100	0.75 year

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Roberto F. de Ocampo	May 31, 2016	2	2	100	14 years
Member (ED)	Alfredo L. Henares	May 31, 2016	2	1	50	22 years
Member (NED)	Ahn, Soon - Chan	May 31, 2016	2	2	100	0.75 year

Disclose the profile or qualifications of the Audit Committee members.

Director's Profile:

Roberto F. de Ocampo, Filipino, 70 years old, has been an Independent Director of the Parent Company and Chairman of the Board Audit Committee since November 25, 2002. He was the secretary of Finance (1994-1998) during the presidency of Fidel V. Ramos. As Secretary of Finance, he was concurrently a member of the Board of Governors of the World Bank Monetary Fund. He also served as Chairman and CEO of the Development Bank of the Philippines (1989 – 1994) and Chairman of the APEC Finance Ministers (1997). He was named “Asian Finance Minister of the Year” by the Euromoney and Asianmoney magazines in 1996-1997, respectively. He was conferred the Legion of Honor, the highest honor conferred on Filipino civilians, by the Republic of the Philippines in 1998 for his outstanding contributions to the country. He is currently the President of PAMI Global Bond Fund, Inc.; Philam Bond Fund.; Philam Dollar Bond Fund, Inc.; Philam Managed Income Fund, Inc.; and Philam Strategic Growth Fund, Inc. He is also the Chairman and / or Board Member of several companies in the Philippines and abroad including among others, DFNN International; Bankard, Inc.; EEI Corporation; Rizal Commercial and Banking Corporation; Globe Telecom; Corporate Governance Institute of the Philippine Cancer Society; Asian Institute of Management; Makati Business Club; Foundation for Economic Freedom; Philippine Quality & Productivity Movement, Inc.; Investment & Capital Corporation of the Philippines; Asian Aerospace, Inc.; and Pacific Gaming Investments Pte. Limited. Dr. de Ocampo received his MBA from the University of Michigan, a post-graduate diploma from the London School of Economics and has been conferred three Doctorates (Honoris Causa)

Alfredo L. Henares, Filipino, 63 years old, has been the Treasurer and Director of the Parent Company since 1994. On May 30, 2014, he was elected as Chairman (replacing Mr. Lim Chan Lok who resigned as Director and Chairman on the same date) and continues to serve as Chairman and Treasurer up to the present. He is also currently a member of the Board Executive Committee, Audit Committee and Nomination Committee. He is likewise the Treasurer and Director of the following corporations: Salcon Philippines, Inc.; Salcon International Inc.; SPC Property and Development Corp.; SPEC Properties Inc.; Western Panay Hydropower Corp.; SPC Electric Co., Inc.; and SPC Light Co., Inc. He was a Director of Bohol Light Company, Inc. and Bohol Water Utilities, Inc. for about seven years prior to his appointment as Chairman of both companies effective May 2007. In the year 2015, he relinquished his chairman position to Mr. Lim, Chan Lok and went back to being a Director of Bohol Water Utilities, Inc. He is also the Chairman of SPC Island Power Corporation, SPC Malaya Power Corporation and KV Holdings, Inc. . He is also the President of Progressive Broadcasting Corp.;

a Director of Isarog Pulp and Paper Co., Inc.; the Finance Director of Vegoil Phil., Inc. and the Executive Vice President and Chief Financial Officer of KEPCO SPC Power Corporation. He graduated from Harvard Graduate School with an MBA degree and from the Ateneo de Manila University with a Bachelor's Degree in Business Management.

Ahn, Soon - Chan, Korean, 47 years old, was elected to the Parent Company's Board on March 30, 2016. He joined Korea Electric Power Corporation in 1997. He was the manager of KEPCO Overseas Project Department and Project Development KEPCO Philippines. He was also a Senior Manager of the Overseas Project Development Department and General Manager of KEPCO's Gyeongnam District Division. He is currently the General Manager of Planning Department of KEPCO Ilijan Power Corporation. He graduated with a degree in Business Administration at Konkuk University in Korea

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

The Audit Committee has the following responsibilities to the external auditor:

- (1) Review and approve the hiring policies regarding partners, employees and former partners and employees of the Corporation's external auditors, and make appropriate recommendations to the Board.
- (2) Select, monitor and review the independence, performance and effectiveness, and remuneration of external auditors, in consultation with the CEO, the CFO and the internal auditor, and where appropriate recommend to the Board replacing the current external auditor with another, after having conducted a rigorous search.
- (3) Ensure that external auditors are ultimately accountable to the Board and to the shareholders of the Corporation.
- (4) Meet with external auditors and the CFO to review the scope of the proposed audit for the current year and the audit procedures to be utilized. At the conclusion of the audit, receive the external auditor's report, reviewing and discussing their comments and recommendation, in consultation with the CEO and the CFO, make specific recommendations to the Board for adoption.
- (5) Consider whether the external auditor's performance of specific non-audit service is compatible with the auditor's independence, and if so, determine the specific policies and processes to be adopted as part of the external auditor's appointment to ensure that independence is maintained.
- (6) Provide an open avenue of communication where necessary between senior leadership, the internal auditor, the Board and the external auditor.
- (7) Review the external auditor's management comment letter and management's responses thereto, and enquire as to any disagreements/restrictions between management and external auditor. Review any unadjusted differences brought to the attention of management by the external auditors and the resolution of the same.
- (8) Review and discuss with CEO, the CFO and the external auditors the accounting policies which may be viewed as critical, and review and discuss any significant changes to the accounting policies of the Corporation and accounting and financial reporting proposals that may have significant impact on the Corporation's financial reports.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Dennis T. Villareal	May 31, 2016	1	1	100	22 years
Member (ED)	Alfredo L. Henares (non-voting)	May 31, 2016	1	1	100	22 years

Member (NED)	Ahn, Soon - Chan	May 31, 2016	1	1	100	0.75 year
Member (ID)	Roberto F. de Ocampo	May 31, 2016	1	1	100	14 years

(d) Compensation Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	Dennis T. Villareal	May 31, 2016	0	0	-	22 years
Member (NED)	Ahn, soon - Chan	May 31, 2016	0	0	-	0.75 year
Member (ID)	Enrique L. Benedicto	May 31, 2016	0	0	-	8 years

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	Lyu, Hyang-Reol Park, Chong-Hwa	Recall order by KEPCO mgmt.
Audit	Park, Chong-Hwa	Recall order by KEPCO mgmt.
Nomination	Park, Chong-Hwa	Recall order by KEPCO mgmt.
Compensation	Park, Chong-Hwa	Recall order by KEPCO mgmt.
Others (specify)	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
Audit	Assisted the Board in fulfilling its oversight responsibilities for financial reporting process, system of internal control, audit process and the company's process for monitoring compliance with laws and regulations and the code of conduct.	Reviewed and discussed audited annual financial statements including Management's Discussion and analysis of financial condition and results of operations, and the effectiveness of the system for monitoring compliance with laws and regulations.
Nomination	Reviewed and evaluated the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring the appointment by the Board.	Reviewed the qualifications of all nominees to the Board of directors, taking into consideration the relevant requirements of the Securities and Exchange Commission relative to qualifications and disqualifications of both regular and independent director nominees.
Compensation	Provided a formal and transparent procedure for developing a policy on executive remuneration of corporate officers and directors.	Provided oversight over remuneration of senior management and other key personnel.

5) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
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Executive		
Audit	<ul style="list-style-type: none"> • Conduct Board self-evaluation of the company's current and potential state of CG practices using existing CG scorecards and best practice guidelines. • Conduct learning sessions for the company toward improving audit consciousness and compliance awareness throughout the organization. 	<p>CG practices to evolve from mere compliance to performance improvement and consistent implementation.</p> <p>Better understanding of roles, responsibilities, business policies, processes and procedures as well as laws, rules and good conduct leading to well-informed and more productive work force.</p>
Nomination	<ul style="list-style-type: none"> • Formalize a Board Committee Charter 	Defines the purpose, roles, and responsibilities, membership, authority, frequency of meetings and other matters affecting the committee.
Compensation	<ul style="list-style-type: none"> • Formalize a Board Committee Charter • Provide oversight over remuneration of senior management and other key personnel 	Review/evaluate existing remuneration policy and procedures on executives' compensation and for fixing the remuneration of directors and corporate officers
Others (specify)		

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Board and Management believe that 'risk management' should be an integral part of the planning and operations process of the Corporation to meet corporate goals and objectives.

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

The Audit Committee have reviewed and discussed the adequacy of SPC's risk management framework and risk management processes specific to financial statement reporting, business continuity, fraud, and regulatory risks with Management who is primarily responsible for the risk management.

(c) Period covered by the review; 2016

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

Risk Management system is reviewed annually.

Risk monitoring and reporting activities are reviewed to ensure its effectiveness such that these risks priorities and control activities are optimized and utilized to help Management meet its goals and objectives.

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

Annual review is conducted.

2) Risk Policy

(a) Company

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

Risk Exposure	Risk Management Policy	Objective
Business interruption Due to Natural Calamities & Fires	The loss of critical functions and equipment caused by fires, earthquakes, typhoons and floods could result to significant business interruptions.	<ol style="list-style-type: none"> 1. Develop business continuity plans 2. Regularly, evaluate and strengthen loss prevention controls; 3. Insurance coverage
Project Risk	Inherent risks and issues in major investment opportunities in power generation/distribution related to completion/execution within budget & timelines.	<ol style="list-style-type: none"> 1. Regular review and monitor of risk control measures. 2. Implement/execute Project Risk Management System
Competition Risk	Failure to properly consider changes & development in power industry can significantly diminish competitive advantage.	Integrate Risk Management & Control into the business planning process.
Regulatory Risk	Strict regulations affecting existing revenue generation program	Active involvement / participation in consultative process sponsored by regulatory bodies in the power industry.

(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
Business interruption Due to Natural Calamities & Fires	The loss of critical functions and equipment caused by fires, earthquakes, typhoons and floods could result to significant business interruptions.	<ol style="list-style-type: none"> 1. Develop business continuity plans 2. Regularly, evaluate and strengthen loss prevention controls; 3. Insurance coverage
Project Risk	Inherent risks and issues in major investment opportunities in power generation/distribution related to completion/execution within budget & timelines.	<ol style="list-style-type: none"> 1. Regular review and monitor of risk control measures. 2. Implement/execute Project Risk Management System
Competition Risk	Failure to properly consider changes & development in power industry can significantly diminish competitive advantage.	Integrate Risk Management & Control into the business planning process.

Regulatory Risk	Strict regulations affecting existing revenue generation program	Active involvement / participation in consultative process sponsored by regulatory bodies in the power industry.
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(c) Minority Shareholders

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

Risk to Minority Shareholders
Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meeting and the items for discussion in the agenda that relate directly to the business of the corporation. The board is committed to respect the rights of the shareholders, such that a director shall not be removed without cause if it will deny minority shareholders representation in the Board.

3) Control System Set Up

(a) Company

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Business interruption Due to Natural Calamities & Fires	The loss of critical functions and equipment caused by fires earthquakes, typhoons and floods could result to significant business interruptions.	1. Develop business continuity plans 2. Regularly, evaluate and strengthen loss prevention controls; 3. Insurance coverage
Project Risk	Inherent risks and issues in major investment opportunities in power generation/distribution related to completion/execution within budget & timelines.	1. Regular review and monitor of risk control measures. 2. Implement/execute Project Risk Management System
Competition Risk	Failure to properly consider changes & development in power industry can significantly diminish competitive advantage	Integrate Risk Management & Control into the business planning process.
Regulatory Risk	Internal & External Audit, Internal Control System, & regular and surprise audit of related government regulatory bodies.	Changes in legislative and regulatory requirements set by PSE & SEC are regularly monitored and evaluated by concerned units

(b) Group

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
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Business interruption Due to Natural Calamities & Fires	The loss of critical functions and equipment caused by fires earthquakes, typhoons and floods could result to significant business interruptions.	<ol style="list-style-type: none"> 1. Develop business continuity plans 2. Regularly, evaluate and strengthen loss prevention controls; 3. Insurance coverage
Project Risk	Inherent risks and issues in major investment opportunities in power generation/distribution related to completion/execution within budget & timelines.	<ol style="list-style-type: none"> 1. Regular review and monitor of risk control measures. 2. Implement/execute Project Risk Management System
Competition Risk	Failure to properly consider changes & development in power industry can significantly diminish competitive advantage.	Integrate Risk Management & Control into the business planning process.
Regulatory Risk	Internal & External Audit, Internal Control System, & regular and surprise audit of related government regulatory bodies.	Changes in legislative and regulatory requirements set by PSE & SEC are regularly monitored and evaluated by concerned units

(a) Committee

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

Committee/Unit	Control Mechanism	Details of its Functions
Executive Committee	Assist the Board in the development and oversight of the company's risk management program.	Generally oversees the risk management process to be an integral part of planning and operations of the Company to meet corporate goals and objectives.
Audit Committee	Assist the Board in fulfilling its oversight responsibilities for financial reporting process, system of internal control and audit process.	Mainly responsible for recommending the appointment of external auditors whose report they review and monitor the system of internal control.

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;

Management is primarily responsible for the design, implementation and maintenance of the internal control system of the Corporation. The board through its audit committee oversees the actions of Management and monitors the effectiveness of the internal control system put in place. Recommendations are provided by the Management and / or the Board and in some cases by the Internal Audit, to address certain issues and concerns of the Corporation.

- (b) Is there a statement in the Annual Report or in other reports of the company that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;**

The Audit Committee on an annual basis, reviews & evaluates the internal control system of the Company that includes its policies, procedures, processes as well as attestation that a sound internal audit, control, compliance system is in place and working effectively.

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

The year 2016.

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

The Audit Committee is tasked by the Board to review the internal control system of the Corporation. Part of their regular meeting is to review the internal control system through the reports of the auditors and representation made by the Management.

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

Not applicable, annual review is conducted,

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 Audit Function	Reporting process
1. Evaluating the systems established to ensure compliance	Compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on the organization.	In- house	In the process of hiring internal auditor replacement. In the meantime, the internal control functions are generally performed by the Management Committee through the Chief Financial Officer.	Audit report highlights are presented to the audit committee
2. Evaluating the means of safeguarding assets and, as appropriate, verifying the existence	All Company assets	In- house	In the process of hiring internal auditor replacement. In	Audit report highlights are presented to the audit committee

of such assets			the meantime, the internal control functions are generally performed by the Management Committee through the Chief Financial Officer.	
3. Evaluating the effectiveness and efficiency with which resources are employed.	All source	In-house	In the process of hiring internal auditor replacement. In the meantime, the internal control functions are generally performed by the Management Committee through the Chief Financial Officer.	Audit report highlights are presented to the audit committee
4. 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.	All key operations or programs	In-house	In the process of hiring internal auditor replacement. In the meantime, the internal control functions are generally performed by the Management Committee through the Chief Financial Officer.	Audit report highlights are presented to the audit committee
5. Monitoring and evaluating governance processes	All risk management processes	In-house	In the process of hiring internal auditor replacement. In the meantime, the internal control functions are generally performed by the Management Committee	Audit report highlights are presented to the audit committee

			through the Chief Financial Officer.	
6. Reporting significant risk exposures and control issues	All risk exposures and control issues including fraud risks, and other matters needed or requested by the Board.	In-house	In the process of hiring internal auditor replacement. In the meantime, the internal control functions are generally performed by the Management Committee through the Chief Financial Officer.	Audit report highlights are presented to the audit committee
7. Monitoring all significant legislative and/or regulating issues are properly recognized and addressed	All impacting the organization	In-house through the Compliance Function	In the process of hiring internal auditor replacement. In the meantime, the internal control functions are generally performed by the Management Committee through the Chief Financial Officer.	Audit report highlights are presented to the audit committee

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

Yes, all matters concerning the auditors are handled by the Audit Committee

(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?

Internal Audit is directly reporting to the Audit Committee and administratively to the President / Chief Executive Officer.

(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
Antonio Cal	Retirement

(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	On-track based on committed timeliness
Issues	No critical issues noted
Findings	No critical findings noted
Examination Trends	Lack of updated policy and work procedures documentation

[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") bases on a single year result and / or year - to - year results;
- 6.) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
1. Governance frameworks have been established to define the scope of work and policies that will regulate and control the Company's activities.	Implemented
2. Risk-based plans have been established to determine the priorities of the internal audit activity, consistent with the Company's goals	Implemented
3. Effectively communicate the results of its work, thereby helping to drive changes that contribute to the achievement of organizational objectives	Implemented
4. Audit Committee will make all decisions regarding the performance evaluation, appointment, or removal of the Internal Auditor.	Implemented

(g) Mechanism 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 & External)	Financial Analyst	Investment Banks	Rating Agencies
INTERNAL AUDITORS: The Internal Auditor are not authorized to: 1. Perform any operational duties for the organizations or its affiliates. 2. Initiate or approve accounting transactions	There are no independence concerns involving financial analyst, investment banks and rating agencies as there are no material public information being disclosed ahead to any group other than what is disclosed publicly to the		

external to the Internal Audit Department. 3. Direct the activities of any organization employee not employed by the Internal Audit Department, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.	regulators within the prescribed time period for reporting.
EXTERNAL AUDITORS: Under the SPC policy of auditor independence, the External auditor may not provide the following services to the Company. 1. Management responsibilities 2. Preparing accounting records and financial statements; 3. Financial information system design and implementation; and 4. Litigation support and legal services	There are no independence concerns involving financial analyst, investment banks and rating agencies as there are no material public information being disclosed ahead to any group other than what is disclosed publicly to the regulators within the prescribed time period for reporting.

- (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 Corporation's compliance with its manual of corporate governance will be attested to by the Corporate Secretary and the President/CEO of the Corporation.

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	All business and corporate service units of the corporation are required to comply with all legislative occupational health and safety requirements.	Mandatory compliance with all legislative occupational health and safety requirement; as they relate to operation and maintenance of facilities and equipment usage, for the health and welfare of all Company stakeholders, including the customers
Supplier/contractor selection practice	For major suppliers or service providers, a request for proposal is required to be submitted based on an approved term of reference. A separate committee may be designated to review and evaluate proposals submitted and make recommendations for management consideration.	A bidding process is in place where at least three suppliers or service providers are required to submit their bid proposal for review and evaluation of the designated official and a recommendation is submitted for consideration.
Environmentally friendly value-chain	The Corporation implements programs that promote social and economic development as well as environmental preservation in the communities where its businesses operate.	Management provides a healthy and safe work environment in accordance with industry standards and in compliance with legislative requirements.

Community interaction	The Corporation is committed to spur economic growth and social development in the communities where it operates.	SPC Power Foundation initiated and implemented scholarship programs and putting up of public library in Naga, Cebu
Anti- corruption programmes and procedures	The Company does not condone any dishonest, unethical or unprofessional behavior and actions displayed by an employee, regardless of his/her level of authority.	Concerns/Complaints may be raised verbally or in writing to the HRD Head while concerns involving the HRD Head should be raised to the SVP for Finance & Administration.
Safeguarding creditors' rights	The company manages its cash and investment position to meet its obligations arising from contractual agreements and other financial liabilities.	The Corporation endeavors to deal fairly with suppliers & clients. All valid claims are settled promptly and judiciously, as part of the company's commitment to its clients.

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

Yes. The Corporation is involved in corporate responsibility program.

3) Performance-enhancing mechanisms for employee participation.

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

The Corporation has a policy on Health, Safety, Security and Proper Use of Company Assets. The Company is committed in providing and maintaining a safe, secure and healthy work environment. In turn, the employee has the responsibility to work safely, to keep work areas and common areas in the company neat and clean, not just to reduce the chances of injury but also to make the office a more attractive and pleasant place to work in.

Employees are urged to report to their immediate superior accidents or any condition or practice which is unsafe, whether or not these result in personal injury or no matter how minor they might seem to be.

In order to ensure the promotion of employee health and well-being, the company offers health care benefits covered by the health insurance provider of the Company.

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

Generally, all our regular employees undergo annual medical check-up with the company designated medical clinic/hospital.

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

New Employees are given orientation on the Company's policies and procedures. Depending on their work assignment and employee development plans, employees undergo or are sent to specialized training courses.

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

It is the policy of the company to promote advancement among its employees for consistently exceeding expectations, meeting organizational requirements and facilitating the achievement of long-term corporate goals and objectives. Depending on the performance of the Corporation and also taking into consideration various qualitative performance parameters such as succession planning and corporate

governance, the management grants performance bonus.

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

- i. Concerns may be raised verbally or in writing to the HRD Head.
- ii. When raising a concern or complaint, the employee should give the background, the nature of the alleged wrongdoing or a description of the event, relevant dates, reasons for the concern, witnesses and the names of the individual involved.
- iii. If the concern is raised verbally, then the person receiving the information should prepare the outline of the matters raised.
- iv. Employees are assured that Management shall maintain the confidentiality of all the concerns and complaints raised and the anonymity of the person making the complaint to the fullest extent reasonably practicable within the legitimate needs of law.
- v. The HRD Head/monitoring officer shall be responsible for deciding whether there are grounds for proceeding further with the case.
- vi. The monitoring officer (or the HRD Head as the case maybe) shall inform the reporting employee in writing seven(7) working days of the following:
 - a. What has been done or how monitoring officer plans to deal with the matter;
 - b. If an initial inquiry has been made;
 - c. If further investigation will take place;
- vii. The monitoring officer, subject to legal constraints, will provide the employee with information on the outcome of any investigation.

I. **DISCLOSURE AND TRANSPARENCY**

1) **Ownership Structure**

(a) **Holding 5% shareholding or more**

Shareholder	Number of Shares	Percent	Beneficial Owner
Kepco Philippines Holdings, Inc.	568,098,822	37.96%	Kepco Philippines Holdings, Inc.
Intrepid Holdings, Inc.	371,836,647	24.85%	Intrepid Holdings, Inc.
JAD Holdings, Inc.	293,201,397	19.59%	JAD Holdings, Inc.
KV Holdings, Inc.	74,749,847	5%	KV Holdings, Inc.

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Dennis T. Villareal	6,425,500	665,038,044 JAD Holdings & INTREPID Holdings	44.87
Alberto P. Fenix Jr.	855,933	-	0.06
Alfredo L. Henares	1	23,850,269 / ALH MGNT.	1.59
Alfredo S. Ballesteros	792,492	-	0.05
Maria Luz L. Caminero	137,098	-	-

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

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes

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

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

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Sycip, Gorres, Velayo & Co.	1,222,323.00	-NIL-

4) Medium of Communication

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

Shareholders are provided through public records, communication media, and the disclosures, announcements and reports filed with the SEC, PSE and other regulating agencies.

5) Date of release of audited financial report:

December 31, 2015 audited financial statements were submitted to regulators on April 25, 2016.

The Company's 2015 Audited Financial Statements was filed with Bureau of Internal Revenue and the Securities and Exchange Commission on April 14, 2016 and April 25, 2016 respectively, and the same was submitted as an attachment to the Company's Annual Report (Form 17-A) to the Philippine Stock Exchange on April 25, 2016

6) Company Website

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

Currently, work in progress

7) Disclosure of RPT

RPT	Relationship	Nature	Value
MECO	INVESTOR-INVESTEES	MANAGEMENT SERVICES	P54.5M
KSPC	INVESTOR-INVESTEES	BLCI POWER PURCHASE	263.7M
BLCI	INVESTOR-INVESTEES	BWUI POWER PURCHASE	17.4M

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?

All related party transactions are fully disclosed to the Board of Directors and in the audited financial statements.

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.

Except in the cases where the law or Articles of Incorporation require a greater number, a majority of the entire issued and outstanding capital stock shall constitute a quorum for the election of directors and for the transaction of any business of the Corporation at any stockholders' meeting.

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	For the ratification of the acts of the Board of Directors and Officers, the vote required is a <u>majority of the outstanding common stock present in person or by proxy</u> , provided constituting a quorum
Description	The method by which votes shall be counted: Each outstanding common stock shall be entitled to one (1) vote. The votes shall be counted by a show of hands or, upon motion duly made and seconded, by secret ballot.

(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
Stockholders' Rights concerning Annual / Special Stockholders' Meeting are in accordance with provisions stated in the Corporation Code.	There are no stockholders' rights concerning Annual / Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Dividends

Declaration Date	Record Date	Payment Date
March 30, 2016	April 18, 2016	May 28, 2016
December 9, 2016	December 26, 2016	December 29, 2016

(d) Stockholders' Participation

- 1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.**

In the annual stockholders meeting that was held on May 31, 2016 at 10:00 A. M. at the Sinulog Ball Room 1 of the City Sports Club Archbishop Reyes Avenue, Cebu Business Park, Cebu City. There were a total of 1,462,601,620 shares (equivalent to 97.73%) of the total issued and outstanding shares that were represented either in person or by proxy:

Measures Adopted	Communication Procedure
The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. Stockholders should be encouraged to	1. Shareholders are provided through public records, communication media, and the disclosures, announcements and reports filed with the SEC, PSE and other regulating agencies.

<p>personally attend subject meeting and if not possible, they should be appraised 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 stockholder's favor.</p> <p>To promote stockholders participation in the Annual Stockholders' Meeting, the Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative costs and other administrative impediments to the stockholders' meaningful participation in meetings whether in person or proxy.</p> <p>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.</p> <p>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 corporation.</p>	<ol style="list-style-type: none"> 2. Shareholders are allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code. 3. Shareholders upon request are provided with periodic reports which disclose personal and professional information about the directors, officers and certain other matters such as their shareholdings, dealings with the Company, relationships among directors and key officers, and the aggregate compensation of directors and officers. 4. Stockholders are informed at least 15 business days before the scheduled date of the Annual Stockholders' Meeting. The Notice of Meeting includes the date, time, venue and agenda of the meeting, the record date of stockholders entitled to vote, and the date and place of proxy validation. 5. Each share entitled the holder to one vote that may be exercised in person or by proxy at shareholder meetings, including the Annual Stockholders' Meeting. Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. 6. Voting procedures on matters presented for approval to the stockholders in the Annual Stockholders' Meeting are set out in the Definitive Information Statement, which is sent to all stockholders of record at least 15 days before the date of meeting.
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2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

- a. Amendments to the company's constitution
- b. Authorization of additional shares
- c. Transfer of all or substantially all assets, which in effect results in the sale of the company

Shareholders have the right to actively participate in the above corporate decisions (a,b,c) through shares held as each share entitles the holder to one vote that may be exercised in person or by proxy at shareholder meetings, including the Annual Stockholders' Meeting. Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts (which also includes the above corporate decision matters) in accordance with Corporation Code.

Voting procedures on matters presented for approval of the stockholders in the Annual Stockholders. Meetings are set out in the Definitive Information Statement, which is sent to all stockholders of record at least 15 days before the date of meeting.

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

- a. Date of sending out notices:
May 13, 2016
- b. Date of the Annual/Special Stockholders' Meeting:
May 31, 2016

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

No questions raised during the Annual Stockholders meeting.

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

Resolution	Approving	Dissenting	Abstaining
1. Approval of the Minutes of the Annual Stockholders Meeting of May 29, 2015	97.73%	-	-
2. Approval of Directors Fee for Calendar Year Ended December 31, 2015	97.73%	-	-
3. Ratification of Past Actions Taken by the board of directors and Officers As of December 31, 2015	97.73%	-	-
4. Election of the Board of Directors	97.73%	-	-
5. Appointment of External Auditors – Sycip Gorres Velayo & Co. for the year 2016	97.73%	-	-

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

The result of the Annual Stockholders' Meeting was disclosed to PSE on the same date of the meeting May 31, 2016.

(e) Modifications

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

Modifications	Reason for Modification
No modification made in the Annual / Special Stockholders' meeting during the most recent year.	

(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	Dennis T. Villareal Alfredo L. Henares Alberto P. Fenix, Jr. Ramon Y. Sy Alfredo S. Ballesteros	May 31, 2016		0.67%	97.06%	97.73%

	Go, Jae - Han Ahn, Soon – Chan Cho, Bong - Joo Guillermo P. Dabbay, Jr. Roberto F. de Ocampo (independent director) Enrique L. Benedicto (independent director)		By Acclamation			
Special	No special meeting held during the year.					

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

The Company has not appointed an independent party due to acclamation process adopted.

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.

The Company has only common shares and each share entitles the holder to one vote that may be exercised in person or by proxy at shareholders' meetings including the Annual Stockholders' Meeting.

(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	Proxies shall be in writing, signed by the stockholders and submitted to the Corporate Secretary not later than five (5) calendar days prior to the date of the stockholders' meeting. (Amended by-laws, Section 8, Proxies, page 6). The Corporate By-Laws shall be controlling in determining the proper procedure to be followed in the execution and acceptance of proxies, provided that the minimum required formalities prescribed under Section 58 of the Corporation code and SRC Rule 20 shall be complied with. (Nomination and Election Rules)
Notary	Unless required by the corporate by-laws, a proxy need not be notarized.
Submission of Proxy	Proxies shall be submitted not later than 5 calendar days prior to the annual stockholders' meeting.
Several Proxies	If the stockholder intends to designate several proxies, the number of shares of stock to be represented by each proxy shall be specifically indicated in the proxy form. If some of the proxy forms do not indicate the number of shares, the total shareholding of the stockholder shall be tallied and the balance thereof, if any, shall be allotted to the holder of the proxy form without the number of shares. If all are in blank, the stocks shall be distributed equally among the proxies. The number of persons to be designated as proxies may be limited by the By-Laws.
Validity of Proxy	A proxy shall be valid only for the meeting for which it is intended.
Proxies executed abroad	Proxies executed abroad shall be duly authenticated by the Philippine Embassy or Consular Office.

Invalidated Proxy	<p>A proxy shall not be invalidated on the ground that the stockholder who executed the same has no signature card on file with the Corporate Secretary or Transfer Agent, unless it can be shown that he/she had refused to submit the signature card despite written demand to that effect duly received by the said stockholder before the annual stockholders' meeting.</p> <p>There shall be a presumption of regularity in the execution of proxies and shall be accepted if they have the appearance of prima facie authenticity in the absence of a timely and valid challenge.</p>
Validation of Proxy	<p>Validation of proxies shall be held at the date, time and place as may be stated in the Notice of the stockholders' meeting which in no case shall be less than three (3) calendar days prior to the day of stockholders meeting.</p> <p>In the validation of proxies, a special committee of inspectors shall be designated or appointed by the Board of Directors which shall be empowered to pass on the validity of proxies. Any dispute that may arise pertaining thereto, shall be resolved by the Securities and Exchange Commission upon formal complaint filed by the aggrieved party, or by the SEC officer supervising the proxy validation process.</p> <p>All issues relative to proxies including their validation shall be resolved prior to the canvassing of votes for purposes of determining a quorum.</p>
Violation of Proxy	<p>Any violation of this Rule on Proxy shall be subject to the administrative sanctions provided for under Section 144 of the Corporation Code, and Section 54 of the Securities Regulation Code, and shall render the proceedings null and void.</p>

(h) Sending of Notices

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

Policies	Procedure
<p>Except as otherwise provided by law, written or printed notice of every annual meeting or special meeting of stockholders, stating the place, day and hour of the meeting and the purposes for which the meeting is called shall be transmitted through personal delivery, telefax, electronic mail or by mail to each stockholder at his address as the same appears on the stock book of the corporation at least fifteen (15) business days before the date of the meeting.</p> <p><i>(Amended By-Laws, Article II, Section 4 pages 3-4)</i></p>	<ol style="list-style-type: none"> 1. Personal Delivery of such Notice to a stockholder shall be equivalent to mailing. 2. Except as otherwise provided by law, no publication of notice of annual meeting of stockholders shall be required. 3. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice. 4. Notice of meeting need not be given to any shareholder who signs a waiver of notice, in person or by proxy, whether before or after the meeting. 5. The attendance of any shareholder at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by him.

	<p>6. No notice shall be necessary for any adjourned meeting.</p> <p>7. The notice of stockholders' meeting shall also set the date, time and place of the validation of proxies which, in no case, shall be less than five (5) calendar days prior to the annual stockholders' meeting to be held. The presence of any stockholder who may wish to be present in person or through counsel shall be allowed.</p> <p>8. The printed copy of the Definitive Information Statement which includes the Notice of Annual Meeting of Stockholders' shall be sent to all stockholders of record at least fifteen (15) business days from the date of the stockholders' meeting. (Distribution is done through courier services.)</p>
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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	759
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	May 13, 2016
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	May 13, 2016
State whether CD format or hard copies were distributed	Hard copies were distributed
If yes, indicate whether requesting stockholders were provided hard copies	All stockholders of record were provided with hard copies.

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

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

Documents required for proxy vote	Yes
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Should any of the foregoing information be not disclosed, please indicate the reason thereto.

We have disclosed the foregoing information.

2) Treatment of Minority Stockholders

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

The By-laws and Amended Manual of Corporate governance of the Company provide for the policies below:

Policies	Implementation
<p>The Board shall respect the following rights of the stockholders as mandated or set forth in the Corporation Code of the Philippines, Articles of Incorporation and By-Laws of the Company:</p> <ul style="list-style-type: none"> i. Right to vote on all matters that require their consent or approval; ii. Right to inspect corporate books and records; iii. Right to information; iv. Right to dividends; and v. Appraisal right. <p>The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be appraised ahead of time of their right to appoint a proxy.</p> <p>A director shall not be removed cause if it will deny minority stockholders representation in the board.</p>	<ul style="list-style-type: none"> 1. Shareholders are informed at least 15 business days before the scheduled date of the Annual Stockholders' Meeting. 2. Each share entitles the holder to one vote that may be exercised in person or by proxy at shareholders' meeting, including the Annual Stockholders' Meeting. 3. Voting procedures on matters presented for approval to the stockholders in the Annual Stockholders' meeting are set out in the Definitive Information Statement, which is sent to all stockholders of record at least 15 days before the date of meeting. 4. Shareholders are provided through public records, communication media, the disclosures, announcements and reports filed with the SEC, PSE and other regulating agencies. 5. The Board of Directors are authorized to declare dividends out of the Company, which may be payable in cash, in property, or in stock to all stockholders.

(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 Company has communication system channel that promote effective communication with its shareholders and the investing community. The Company provides timely information updates on its governance, operational and financial performance, through regular reporting and disclosures to the regulating agencies such as the SEC and PSE.

The President/Chief Executive Officer exercises oversight responsibility over the investor relations program.

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

	Details
(1) Objectives	To build better understanding and cultivate a relationship of trust with stakeholders, the Company has communication system channels that promote effective communication with its shareholders and investors.
(2) Principles	Handle investor and shareholders queries and requests as a top priority matter with transparency and promptness.
(3) Modes of Communications	Through telephone, letter or email.
(4) Investors Relations Officer	Maria Luz L. Caminero SVP – Legal and Regulatory Affairs mlcaminero@spcpower.com

- 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 does not have a separate rule or procedure governing the acquisition of corporate control on the capital markets and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets other than the provisions stated under Section 40, 81 and 82 of the Corporation Code of the Philippines.

SEC. 40. Sale or other disposition of assets.—“... a corporation may, by a majority vote of its board of directors or trustee, sell, lease, exchange, mortgage, pledge or otherwise dispose of all or substantially all of its property and assets, including its goodwill, upon such terms and conditions and for such consideration, which may be money, stocks, bonds or other instruments for the payment of money, or other property or consideration, as its board of directors or trustee may deem expedient, when authorized by the vote of the stockholders representing at least (2/3) of the outstanding capital stock....in a stockholders’ or members’ meeting duly called for the purpose.”

SEC. 81. Instances of appraisal right. - “**Any** stockholders of a corporation shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

1. In case of amendments to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or authorizing preferences in any respect superior to those of outstanding shares of any class, or extending or shortening the term of corporate existence.
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Code; and
3. In case of merger or consolidation.”

SEC. 82. How right is exercised.— “The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within (30) days after the date on which the vote was taken for payment of the fair value of shares...”

(Emphasis supplied)

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

Nothing to report, the Company does not have any transaction of this nature.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
Scholarship program	Qualified students of University of Cebu & Iloilo

	Science and Technology University
Public library	City of Naga, Cebu
Feeding Program for the elderly & disabled persons	Asilo de Molo, Iloilo City Gasa sa Gugma, Cebu City

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	No formal performance evaluations in place	
Board Committees	Audit committee conducts annual financial performance evaluation	
Individual Directors	No formal evaluation process in place	
CEO/President	No formal performance evaluations in place	

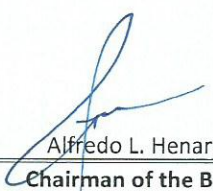
N. INTERNAL BREACHES AND SANCTIONS


Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
FIRST VIOLATION	Subject person shall be reprimanded
SECOND VIOLATION	Suspension from office shall be imposed to the subject person
THIRD VIOLATION	The maximum penalty or removal from office shall be imposed

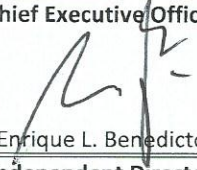
Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned; thereunto duly authorized, in the City of Makati on April 14, 2016.

SIGNATURES


 Alfredo L. Henares
 Chairman of the Board


 Dennis T. Villareal
 Chief Executive Officer

Roberto F. de Ocampo
 Independent Director


 Enrique L. Benedicto
 Independent Director

Alfredo S. Ballesteros
 Compliance Officer

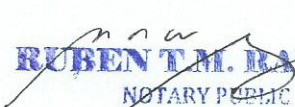
APR 12 2017

SUBSCRIBED AND SWORN to before me this _____ day of _____, 20__, affiant(s) exhibiting to me their Passport Nos., as follows:

NAME	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Alfredo L. Henares	EB3503978	Aug. 26, 2011	DFA Manila
Dennis T. Villareral	EC0806090	April 10, 2014	DFA Manila
Roberto F. de Ocampo	EB3584163	Sept. 7, 2011	DFA Manila
Enrique L. Benedicto	EB0816961	Aug. 23, 2010	DFA Cebu
Alfredo S. Ballesteros	EB2964298	July 8, 2011	DFA Bacolod City

NOTARY PUBLIC

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 Series of 2017


RUBEN T.M. RAMIREZ
 NOTARY PUBLIC
 UNTIL DEC. 31, 2017
 2734 M. AURORA ST., MAKATI CITY
 IBP NO. 1052369/11-22-2016 APPT. NO M-23
 ROLL NO. 28947 / MCLE - 4 NO. 006324 / 06-19-12
 PTR NO.MKT 5909552 / 01-03-17