

# COVER SHEET

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(Company's Full Name)

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

Lee Foo Tuck
(Contact Person)

584.6170
(Company Telephone Number)

1	2		3	1
Month			Day	
, Fiscal Year				

SEC FORM - ACGR
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Form Type

0	6		1	3
Month			Day	
Annual Meeting				

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Secondary License Type, If Applicable

C	F	D
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Dept. Requiring this Doc.

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Amended Articles Number/Section

1,267 as of 31 May 2013
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Total No. of Stockholders

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Domestic

Foreign

To be accomplished by SEC Personnel concerned

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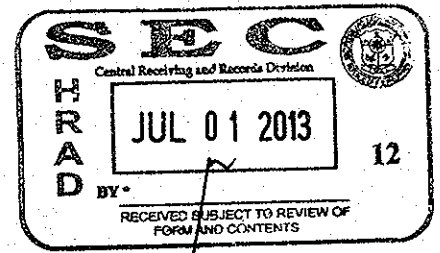
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**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM – ACGR**

**ANNUAL CORPORATE GOVERNANCE REPORT**



1. Report is Filed for the Year Y2013
2. Exact Name of Registrant as Specified in its Charter Keppel Philippines Properties, Inc.
3. Penthouse, Benguet Centre Building, 12 ADB Avenue,  
Ortigas Center, Mandaluyong City  
Address of Principal Office \_\_\_\_\_ Postal Code
4. SEC Identification Number PW-305
5. ☐ (SEC Use Only)  
Industry Classification Code
6. BIR Tax Identification Number 000-067-618
7. (632)584-61-70  
Issuer's Telephone number, including area code
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	Seven (7)
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Actual number of Directors for the year	Seven (7)
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#### (a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (If ID, state the relationship with the nominator)	Date first elected	Date last elected (If ID, state the number of years served as ID) <sup>1</sup>	Elected when (Annual/Special Meeting)	No. of years served as director
Linson Lim Soon Kooi	NED	KLL	Lim Kei Hin	11/13/06	13 June 2013	Annual Meeting	7
Choo Chin Teck	NED	KLL	Lee Foo Tuck	November 1999	13 June 2013	Annual Meeting	14
Ramon J. Abejuela	ID	N/A	Stefan Tong Wai Mun	November 1999	13 June 2013/one (1) year	Annual Meeting	13
Celso P. Vivas	ID	N/A	Lee Foo Tuck	November 2004	13 June 2013/one (1) year	Annual Meeting	9
Lim Kei Hin	NED	KLL	Choo Chin Teck	6/9/11	13 June 2013	Annual Meeting	2
Lee Foo Tuck	ED	KLL	Stefan Tong Wai Mun	6/13/08	13 June 2013	Annual Meeting	5
Stefan Tong Wai Mun	NED	KEPWE ALTH/KCL	Linson Lim Soon Kooi	June 2007	13 June 2013	Annual Meeting	6

- (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.

KPP recognizes the importance of good corporate governance in promoting sound strategic business management and in enhancing the value of the Corporation in the midst of an increasingly competitive market. The Board of Directors and Management are committed to protect the interest of the Corporation and its stockholders, particularly those in the minority. Thus, the rights of the minority investors as provided under the laws and the Corporation's By-laws and amended manual on corporate governance, shall be uphold and respected.

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

#### (d) Directorship in Other Companies

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

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

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

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Linson Lim Soon Kooi	Keppel Philippines Properties, Inc., SM Keppel Land, Inc., Buena Homes (Sandoval), Inc., Buena Homes, Inc., CSRI Investment Corp., Opon-KE Properties, Inc., Opon Ventures, Inc., Opon Realty & Devt Corp., Residencia Grande, Inc.,	NED/Chairman  NED NED/Chairman NED NED/Chairman NED NED NED NED
Choo Chin Teck	Keppel Philippines Properties, Inc., CSRI Investment Corp.,	NED NED
Lee Foo Tuck	Keppel Properties Philippines, Inc., Buena Homes (Sandoval), Inc., Buena Homes, Inc., Opon-KE Properties, Inc., Opon Ventures, Inc., Residencia Grande, Inc., CSRI Investment Corp.	ED  ED NED/Chairman NED NED/Chairman NED/Chairman NED

(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.
Celso P. Vivas	Keppel Philippines Marine, Inc., Keppel Philippines Holdings, Inc.	Independent Director
Stefan Tong Wai Mun	Keppel Philippines Marine, Inc., Keppel Philippines Holdings, Inc.	Executive Director

(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
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
<b>Executive Director</b>	<p>Article VI (4) of KPPI's By-laws provides: To assist the committee in determining the optimum number of directorships of the members of the Board, it shall consider the following guidelines:</p> <ul style="list-style-type: none"> <li>a. The nature of the business of the Corporation in which he is a director;</li> <li>b. Age of the director;</li> <li>c. Experience and knowledge of the director on the field of business of the Corporation;</li> <li>d. Number of directorships/active memberships and officerships in other corporations or organizations;</li> <li>e. Possible conflict of interest; and</li> <li>f. Willingness and determination of the director to serve the Corporation.</li> </ul> <p>The optimum number shall be related to the capacity of a director to perform his duties diligently in general. Moreover, the Chief Executive Officer/President and other executive directors shall submit themselves to low indicative limit on membership in other corporate Boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.</p>	N/A. No fixed number of directorship limit imposed
<b>Non-Executive Director</b>		
<b>CEO</b>		

(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
Lim Kei Hin	1	N/A	0.00%
Choo Chin Teck	1	N/A	0.00%
Ramon J. Abejuela	1	N/A	0.00%
Celso P. Vivas	1	N/A	0.00%
Linson Lim Soon Kooi	1	N/A	0.00%
Stefan Tong Wai Mun	10,000	N/A	0.00%
Lee Foo Tuck	1,455,708	N/A	0.50%
<b>TOTAL</b>	<b>1,465,713</b>	<b>N/A</b>	

2) Chairman and CEO

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

Yes ☒ No ☐

Identify the Chair and CEO:

Chairman of the Board	Linson Lim Soon Kooi
CEO/President	Lee Foo Tuck

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	Presides in Board Meetings	Administers/directs day-to-day operations/business affairs of the corporation; represents company in all transactions with the government/ other entities.
Accountabilities	<ol style="list-style-type: none"> <li>1. Ensure that Board meetings are held in accordance with the By-laws</li> <li>2. Ensure qualitative and timely communication/ information between Board and Management</li> <li>3. Ensure that the company's governance rules/policies are regularly revised/updated</li> <li>4. Ensure that the Corporation is managed by competent directors/officers</li> <li>5. Ensure election of independent directors</li> </ol>	<ul style="list-style-type: none"> <li>- Ensure effective supervision and management of the company's business operations/affairs and property of the Corporation in accordance with the company's standards.</li> <li>- Ensure that the administrative and operational policies of the corporation are carried out.</li> <li>- Ensure proper personnel management in accordance with company policies/standards.</li> <li>- Ensure proper disbursement of company funds and that the company operates within approved</li> </ul>



		budget. - Ensure compliance with all regulatory requirements - Ensure that timely reports/recommendations on the plans/progress of the corporation are rendered/submitted to the Board. - Ensure compliance with all applicable laws, rules & regulations
Deliverables	1. Timely approval of required PSE/SEC report that are approved by the Board 2. Prompt approval of resolutions pertaining to the company's operational requirements 3. Holding of regular/special board meetings to take up matters including those suggested by the CEO, Management and the Directors 4. Updated corporate governance policies/ committee charter/ operational policies 5. Well-established corporate organizational structure 6. Updated mission/vision, strategic objectives and policies	- Corporate plans & programs/projects/Business strategy subject to Board approval - Annual Corporate Budget subject to Board approval - Timely disclosures/reports to appropriate government/regulatory agencies - Stable/healthy business financial position of the corporation - Compliance all government/regulatory requirements/laws/rules - Effective & efficient utilization of company resources

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

The Board in coordination with management is still crafting the Company's succession plan for top key management positions.

- 4) Other Executive, Non-Executive and Independent Directors

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

Yes - under Part II (B) of KPPI's Amended Manual on Corporate Governance, the Board should implement a process for the selection to ensure a mix of competent' directors and officers who can contribute in the formulation of sound corporate strategies/policies.

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 - the Board is composed of members who are experts in the industry.

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

	Executive	Non-Executive	Independent Director
Role	Responsible for the governance of the Corporation and for setting the policies of the Corporation	Responsible for the governance of the Corporation and for setting the policies of the Corporation	Independent officer responsible for ensuring that the Board acts within the bounds of its powers/authority and that the corporation complies with the laws/rules & regulations
Accountabilities	Ensure regular review of the policies of the corporation Ensure compliance with applicable laws, rules and regulations	Ensure regular review of the policies and business strategies of the corporation Ensure compliance with applicable laws, rules and regulations	Ensure independent participation in the board and ensure that the interest of the corporation and all stakeholders are protected.
Deliverables	Profitable business operations Efficient management of the corporation.	Updated policies/rules of the corporation. Effective business strategies.	Complete attendance in board meetings.

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

Per Section 1, Articles IV of KPPI's By-laws, "independence" means independence from management and being free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director. KPPI's independent directors have no business dealings with the company and exercise their independent judgment in all matters requiring their decision/approval.

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.

Yes, in compliance with SEC memo circular no. 9, series 2011.

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

##### (a) Resignation/Death/Removal

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

None.

Name	Position	Date of Cessation	Reason

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

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

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors	<p>All the directors are elected in accordance with the Corporation's By-laws and Amended Manual on Corporate Governance, as follows:</p> <ol style="list-style-type: none"> <li>1.) Nomination- nomination of the directors are conducted prior to the stockholders/Election meeting</li> <li>2.) Screening – the Screening Committee evaluates the qualification of the nominees. The committee then prepares a final list of candidates.</li> <li>3.) Elections – only those nominees who were pre-screened are eligible for election.</li> </ol>	<p>The criteria in the nomination/election of regular (whether executive or non-executive) and independent directors conform to the following standards:</p> <p>General Qualifications:</p> <ul style="list-style-type: none"> <li>- Holder of at least one (1) share of stock of the Corporation;</li> <li>- He shall be at least a college graduate or holder of equivalent academic degree or have sufficient experience in managing the business to substitute for such formal education;</li> <li>- He shall be at least twenty one (21) years old;</li> <li>- He shall have been proven to possess integrity and probity;</li> <li>- He shall have sufficient knowledge or overview of the business activities/transactions of the Corporation;</li> <li>- He shall be assiduous; and</li> <li>- Such other qualifications as the Committee may reasonably provide from time to time.</li> </ul> <p>Also, an independent Director shall have the qualifications and none of the disqualifications hereunder:</p> <p><u>Qualifications</u></p> <ol style="list-style-type: none"> <li>a) He shall have at least one (1) share of stock of the corporation;</li> <li>b) He shall be at least a college graduate or he shall been engaged or exposed to the business of the corporation for at least five (5) years;</li> <li>c) He shall possess integrity/probity; and</li> <li>d) He shall be assiduous.</li> </ol> <p><u>Disqualifications:</u></p>

		<p>No person enumerated under <u>Section II (5)</u> of the Code of Corporate Governance shall qualify as an independent director. He shall likewise be disqualified during his tenure under the following instances or causes:</p> <ul style="list-style-type: none"> <li>a) He becomes an officer or employee of the corporation where he is such member of the board of directors, or becomes any of the persons enumerated under <u>Section II(5) of the Code of Corporate Governance</u>;</li> <li>b) His beneficial security ownership exceeds <u>two percent (2%)</u> of the outstanding capital stock of the company where he is such director;</li> <li>c) Fails; without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family <u>members</u>; and</li> <li>d) Such other disqualifications which the <u>covered company's manual on Corporate Governance</u> provides. (As approved for amendment on 08 June 2006)</li> </ul> <p>The Screening Committee shall also evaluate whether the nominees fall under disqualification per KPPI's By-laws &amp; Amended Manual on Corporate Governance.</p>
(ii) Non-Executive Directors		
(iii) Independent Directors		Special Qualifications for Independent Directors:

		<ul style="list-style-type: none"> <li>- A regular director who resigns or whose term ends on the day of the election shall only qualify for nomination and election as an Independent Director after two (2) year "cooling-off period"</li> <li>- Persons appointed as Chairman "Emeritus", Ex-Officio Directors/Officers or members of any Executive Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities shall be subject to a one (1) year "cooling-off period" prior to his qualification as an Independent Director.</li> </ul>
<b>b. Re-appointment</b>		
(i) Executive Directors	Same process as in the initial selection/appointment	
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>c. Permanent Disqualification</b>		
(i) Executive Directors	In accordance with the Corporation Code, Code of Corporate Governance, By-laws and Manual on Corporate Governance	Grounds are as provided in the Corporation Code, Code of Corporate Governance, By-laws and Manual on Corporate Governance
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>d. Temporary Disqualification</b>		
(i) Executive Directors	<p>A Temporarily disqualified director shall, within sixty (60) business days from such disqualification, take appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>	<p>Any of the following shall be a ground for the temporary disqualification of a director:</p> <ul style="list-style-type: none"> <li>• Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;</li> <li>• Dismissal or termination from directorship in</li> </ul>

		<p>another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;</p> <ul style="list-style-type: none"> <li>• If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.</li> <li>• Being under preventive suspension by the Corporation;</li> <li>• If the independent directors becomes an officer or employee of the same corporation, he shall be automatically disqualified from being an independent director; and</li> <li>• Conviction that has not yet become final referred to in the grounds for the disqualification of directors.</li> </ul>
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>e. Removal</b>		
(i) Executive Directors	Directors may be removed by the stockholders representing 2/3 of the outstanding capital stock in a regular/special meeting duly called for the purpose after previous notice to the stockholders.	Removal may be with or without cause. Provided that removal <u>without</u> cause may not be used to deprive minority stockholders of their right to be represented in the Board under Section 24 of the Corp. Code.
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>f. Re-instatement</b>		
(i) Executive Directors	same process as in the initial election/appointment of directors	
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>g. Suspension</b>		

(i) Executive Directors	The suspension of directors shall be approved by the stockholders representing at least 2/3 of the outstanding capital stock at a meeting duly called for the purpose	Grounds: violation of Company's rules/policies
(ii) Non-Executive Directors		
(iii) Independent Directors		

#### Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Linson Lim Soon Kooi	270,574,368
Choo Chin Teck	270,574,368
Ramon J. Abejuela	270,574,368
Celso P. Vivas	270,574,368
Stefan Tong Wai Mun	270,574,368
Lee Foo Tuck	270,574,368
Lim Kei Hin	270,574,368

#### 6) Orientation and Education Program

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

The new director is briefed by the Chairman and President on the duties/responsibilities and the corporation's business operations upon assumption of office.

- (b) State any in-house training and external courses attended by Directors and Senior Management<sup>3</sup> for the past three (3) years: The directors and senior management attend corporate governance seminars upon their election/appointment. For the past three (3) years, the following seminars were attended :

None

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

None.

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

#### 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:

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	All officers and employees of the Group must avoid any conflict between their own interests and the interests of the Group. This includes transaction in securities of the Group, any affiliate, or any non-affiliated organization, in dealing with suppliers, customers and other third parties.	All officers and employees of the Group must avoid any conflict between their own interests and the interests of the Group. This includes transaction in securities of the Group, any affiliate, or any non-affiliated organization, in dealing with suppliers, customers and other third parties.	All officers and employees of the Group must avoid any conflict between their own interests and the interests of the Group. This includes transaction in securities of the Group, any affiliate, or any non-affiliated organization, in dealing with suppliers, customers and other third parties.
(b) Conduct of Business and Fair Dealings	The company's policy is to conduct business with integrity, fairly, impartially, in an ethical and proper manner, and in compliance with all applicable laws and regulations.	The company's policy is to conduct business with integrity, fairly, impartially, in an ethical and proper manner, and in compliance with all applicable laws and regulations.	The company's policy is to conduct business with integrity, fairly, impartially, in an ethical and proper manner, and in compliance with all applicable laws and regulations.
(c) Receipt of gifts from third parties	The offer and receipt of gifts, hospitality or expense must be avoided whenever they could affect or be perceived to affect the outcome of business transactions or dealings, or are not reasonable and bona fide.	The offer and receipt of gifts, hospitality or expense must be avoided whenever they could affect or be perceived to affect the outcome of business transactions or dealings, or are not reasonable and bona fide.	The offer and receipt of gifts, hospitality or expense must be avoided whenever they could affect or be perceived to affect the outcome of business transactions or dealings, or are not reasonable and bona fide.
(d) Compliance with Laws & Regulations	The directors, officers, and employees of the company must at all times ensure compliance with applicable laws, rules and regulations	The directors, officers, and employees of the company must at all times ensure compliance with applicable laws, rules and regulations	The directors, officers, and employees of the company must at all times ensure compliance with applicable laws, rules and regulations
(e) Respect for Trade Secrets/Use of Non-public Information	Directors must at all times maintain the confidential nature of information pertaining to the corporation's trade secrets and other confidential information	Indicated in the Safeguarding Information Code of Practice	Indicated in the Safeguarding Information Code of Practice
(f) Use of Company Funds, Assets and Information	Directors comply with company standards on the appropriation of funds and the use of the assets for	Indicated in the Safeguarding Information Code of Practice	Indicated in the Safeguarding Information Code of Practice



	operational requirements.		
(g) Employment & Labor Laws & Policies	Personnel policies and actions are prepared/undertaken by the directors in consonance with applicable labor laws/regulations	The company complies with applicable labor laws and policies with regard to employment	The company complies with applicable labor laws and policies with regard to employment
(h) Disciplinary action	Subject to the provisions of the Corporation Code, Amended MCG and By-laws.	Appropriate disciplinary action, including suspension or termination of employment, will be taken in the event that an employee is found to have violated the rules of conduct set out in the Code of Conduct.	Appropriate disciplinary action, including suspension or termination of employment, will be taken in the event that an employee is found to have violated the rules of conduct set out in the Code of Conduct.
(i) Whistle Blower	Indicated in the Whistle blower Protection Policy	Indicated in the Whistle blower Protection Policy	Indicated in the Whistle blower Protection Policy
(j) Conflict Resolution	The Board shall take up/decide any conflict among its members.	The Manager for Admin. and Finance under the President's supervision, shall handle the settlement of any conflict between the employees.	The Manager for Admin. and Finance under the President's supervision, shall handle the settlement of any conflict between the employees

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

The Company follows a set of guidelines with respect to ethical standards and conduct which are disseminated to the directors, management & employees. The President and the Manager for Administrative Unit handles the dissemination/orientation of the Company's guidelines to the officers and employees.

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

The President and the Manager for Administrative & Finance implement and monitor compliance with the company's ethical standards/guidelines.

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	Significant transactions to be at arms length. Such transactions are cleared by the Audit Committee and approved by the Board of Directors.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	

(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	N/A

(b) Conflict of Interest

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

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

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

(ii) Mechanism

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

	Directors/Officers/Significant Shareholders
Company	the directors/officers/significant stockholders shall disclose immediately any potential/possible conflict of interest with respect to any transaction/issue involving the corporation/group
Group	

5) Family, Commercial and Contractual Relations

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

None.

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

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

None.

<sup>4</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity.

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

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

None.

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

#### 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	There has been no conflict involving the corporation and its stockholders, third parties and regulatory authority during the covered period.
Corporation & Third Parties	
Corporation & Regulatory Authorities	

### C. BOARD MEETINGS & ATTENDANCE

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

The meetings are scheduled depending on the availability of the directors.

- 2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Linson Lim Soon Kooi	14 June 2012	8	8	100%
Member	Choo Chin Teck	14 June 2012	8	8	100%
Member	Lim Kei Hin	14 June 2012	8	8	100%
Member	Stefan Tong Wai Mun	14 June 2012	8	8	100%
Member	Lee Foo Tuck	14 June 2012	8	8	100%
Independent	Celso P. Vivas	14 June 2012	8	8	100%
Independent	Ramon J. Abejuela	14 June 2012	8	8	100%

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

No.

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

Section 8, Article III of the By-laws require only a majority of the number of directors to constitute a quorum.

5) Access to Information

- (a) How many days in advance are board papers<sup>5</sup> for board of directors meetings provided to the board?

At least three (3) days in advance.

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

Yes

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

The Corporate Secretary acts in accordance with KPPI's By-laws and Amended Manual on Corporate Governance. He assists the Chairman in the preparation of materials for the Board meetings and keeps custody of the corporate records. He likewise provides legal advice/update to the Board.

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

Yes

(e) Committee Procedures

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

Yes ☐

No ☒

Committee	Details of the procedures
Executive	The directors have free access to any information pertaining to the meeting which they may course through the Corporate Secretary, the President or the Chairman
Audit	
Nomination	
Remuneration	
Others (specify)	

6) External Advice

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

Procedures	Details
On any matter requiring the expertise of an external consultant, directors are allowed to engage the services of an external advisor subject	The issue requiring external advice must be discussed with the board members and the fee for such external engagement must likewise be

<sup>5</sup> Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

to the approval of the Board.	approved by the Board.

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:

None.

Existing Policies	Changes	Reason

**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	Determined by the Remuneration Committee	Determined by the Remuneration Committee
(2) Variable remuneration	None	None
(3) Per diem allowance	None	None
(4) Bonus	Determined by the Remuneration Committee	Determined by the Remuneration Committee
(5) Stock Options and other financial instruments	None	None
(6) Others (specify)	None	None

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

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

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	The Compensation Committee determines the remuneration of executive directors	As determined by the Compensation Committee	As determined by the Compensation Committee
Non-Executive Directors	The Compensation Committee	Annual Fee and Per diem for attendance at	Fixed amount of directors' fee on an

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

Remuneration Scheme	Date of Stockholders' Approval
Fixed annual directors' fee of Php60,000.00	June 13, 2013
	June 14, 2012
	June 09, 2011

### 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	60,000/year	60,000/year	60,000/year
(b) Variable Remuneration	N/A	N/A	N/A
(c) Per diem Allowance	7,000/meeting	7,000/meeting	7,000/meeting
(d) Bonuses	None	None	None
(e) Stock Options and/or other financial instruments	None	None	None
(f) Others (Specify)	None	None	None
<b>Total</b>	P67,000.00	P67,000.00	P67,000.00

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	None	None	None
(g) Car Plan	None	None	None
(h) Others (Specify)	None	None	None
<b>Total</b>	None	None	None

#### 4) Stock Rights, Options and Warrants

##### (a) Board of Directors

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

None

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

##### (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:

None

Incentive Program	Amendments	Date of Stockholders' Approval

#### 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
Almira A. Anonuevo – Manager, Finance & Accounting/ Treasurer	PhP3.45M
Elizabeth M. Perez – Assistant Manager, Finance & Administration	

## E. BOARD COMMITTEES

### 1) Number of Members, Functions and Responsibilities

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	N/A						
Audit	N/A	1	2	w/charter	1.) Oversight function on the internal & external audit system/process	1.) Financial Reporting and disclosures 2.) Risk Management & Internal Controls 3.) Management & internal audit 4.) External oversight	1.) approve financial reports/disclosures 2.) recommend appointment of internal & external auditor 3.) review of company's financial operations
Screening	N/A	2	1		Pre-screen and shortlist all candidates nominated to become a member of the Board of Directors.	Ensure that nominees are qualified based on the company's by-laws and amended MCG	i. Shortlist candidates for election ii. determine the optimum number of directorships of the members of the Board.
Remuneration/Compensation	N/A	2	1		Oversight over remuneration of directors, senior management and other key personnel	Develop policy on executive remuneration and fixing the remuneration packages for officers and directors.	Review/recommends remuneration of directors, senior management and other key personnel
Others (specify)	N/A						

## 2) Committee Members

### (a) Executive Committee

N/A. The Company has no Executive Committee

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



Member (NED)						
Member (ID)						
Member						

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Ramon J. Abejuela	6/14/12	5	5	100%	13yrs.
Member (ED)	---					
Member (NED)	Stefan Tong Wai Mun	6/14/12	5	5	100%	6yrs.
Member (ID)	Celso P. Vivas	6/14/12	5	5	100%	9yrs.
Member	---					

Disclose the profile or qualifications of the Audit Committee members.

- 3) **Mr. Ramon J. Abejuela**, 64 years old, Filipino, has been an Independent Director of the Company from November 1999 to June 2008. He was re-elected in June 2009 and is currently the Chairman of the Audit Committee of the Company.

He also serves as Director of Philippine Nutrifoods Corporation and NCP Publishing Corporation.

Mr. Abejuela holds a Degree in Bachelor of Science in Chemical Engineering (Cum Laude) from De La Salle University and Master's Degree in Business Management – General Management Curriculum from Asian Institute of Management.

- 4) **Mr. Celso P. Vivas**, 66, Filipino, has been an Independent Director of the Company since November 2004 and is a member of the Company's Audit Committee. He is a Certified Public Accountant and is currently Vice-Chairman and CEO of the Corporate Governance Institute of the Philippines (CGIP). He is a member of Marubeni Foundation's Board of Trustees and Canadian Chamber of Commerce's Board of Governors. He is also an Independent Director and Chairman of the Audit Committee of Keppel Philippines Marine, Inc. and Independent Director of Keppel Philippines Holdings since June 2005 and is currently a member of the Audit Committee of the Company.

He was Risk Consulting Partner and Assurance Business Advisory Partner of SGV & Company until his retirement in 2001. Mr. Vivas obtained his Bachelor's Degree in Business Administration (Cum Laude) from the University of the East. He also obtained a Master's Degree in Business Management from the Asian Institute of Management (SGV & Co. Scholar). He is also a graduate of Company Directors' Course from Australian Institute of Company Directors (ICD Scholar). Mr. Vivas has accumulated 46 years of experience in audit, finance, enterprise risk management and corporate governance.

- 5) **Mr. Stefan Tong Wai Mun**, 40, Malaysian, was elected as a Director of the Company in June 2007. He is currently the President and Director of Keppel Philippines Holdings, Inc. He is also the Executive Vice President and Director of Keppel Philippines Marine, Inc. and Director of Keppel Subic Shipyard, Inc. He is also Director of various Keppel companies in the Philippines.

Mr. Tong holds a Bachelor of Commerce (Honours) Degree from University of Western Australia. He is also a Member of the Institute of Chartered Accountants in Australia.

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

Perform oversight functions over the external auditor and ensure that external auditor act independently of the internal auditor.

(c) Screening Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Linson Lim Soon Kooi	June 14, 2012	1	1	100%	7yrs.
Member (ED)	---					
Member (NED)	Stefan Tong Wai Mun	June 14, 2012	1	1	100%	6yrs.
Member (ID)	Celso P. Vivas	June 14, 2012	1	1	100%	2yrs.
Member	---					

(d) Compensation Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Linson Lim Soon Kooi	June 14, 2012	1	1	100%	7yrs.
Member (ED)	---					
Member (NED)	Stefan Tong Wai Mun	June 14, 2012	1	1	100%	6yrs.
Member (ID)	Celso P. Vivas	June 14, 2012	1	1	100%	13yrs.
Member	---					

(e) Others (Specify) N/A

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

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

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	---	
Audit	---	
Screening	Mr. Ramon Abejuela was replaced by Mr. Celso Vivas	Rotation of committee members
Remuneration	---	
Others (specify)	---	

4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Executive	N/A	
Audit	Quarterly/Annual Reports timely reviewed/submitted to SEC/PSE	None
Nomination/Screening	Evaluated/pre-screened all nominees for directorship	None
Remuneration	Reviewed fees/ allowances of directors Management and personnel	None
Others (specify)	None	

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.

The committees have yet to meet/discuss their plans for this year --- although at this time, there are no pending issues on matters pertaining to audit, screening & remuneration.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	None	None
Audit	None	None
Nomination	None	None
Remuneration	None	None
Others (specify)	None	None

F. RISK MANAGEMENT SYSTEM

The Company is currently setting up a formal Risk Management framework.

1) disclose the following:

- Overall risk management philosophy of the company;
- A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;
- Period covered by the review;
- How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and
- Where no review was conducted during the year, an explanation why not.

2) Risk Policy

(a) Company

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

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

(b) Group

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

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

(c) Minority Shareholders

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

Risk to Minority Shareholders
N/A

3) Control System Set Up N/A

(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)
N/A	N/A	N/A

(b) Group

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

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

(c) Committee

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

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

## G. INTERNAL AUDIT AND CONTROL

The Company is in the process of setting up an Internal Audit Unit in the organization.

### 1) Internal Control System N/A

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

- Explain how the internal control system is defined for the company;
- A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;
- Period covered by the review;
- How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and
- Where no review was conducted during the year, an explanation why not.

### 2) Internal Audit N/A

#### (a) Role, Scope and Internal Audit Function

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

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
N/A	N/A	N/A	N/A	N/A

- 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?
- 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?
- 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. N/A

Name of Audit Staff	Reason
N/A	N/A

#### (e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

<b>Progress Against Plans</b>	N/A
<b>Issues<sup>6</sup></b>	N/A
<b>Findings<sup>7</sup></b>	N/A
<b>Examination Trends</b>	N/A

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

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

(f) Audit Control Policies and Procedures N/A

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."

<b>Policies &amp; Procedures</b>	<b>Implementation</b>
N/A	N/A

(g) Mechanisms and Safeguards

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

<b>Auditors (Internal and External)</b>	<b>Financial Analysts</b>	<b>Investment Banks</b>	<b>Rating Agencies</b>
N/A	N/A	N/A	N/A

(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.

1. Chairman
2. President/CEO

## H. ROLE OF STAKEHOLDERS

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

<sup>6</sup> "Issues" are compliance matters that arise from adopting different interpretations.

<sup>7</sup> "Findings" are those with concrete basis under the company's policies and rules.

	Policy	Activities
Customers' welfare	Officers and employees should conduct business with the customers with integrity	None
Supplier/contractor selection practice	Company bids out supply/service requirements and selects from among top 2 bidders	None
Environmentally friendly value-chain	The Company complies with all environmental laws in the conduct of its business.	None
Community interaction	No specific policy.	None
Anti-corruption programmes and procedures?	All officers and employees must comply with the anti-corruption policies set out in the Employee Code of Conduct	None
Safeguarding creditors' rights	The company complies with all applicable laws, rules and regulations	None

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

No

3) Performance-enhancing mechanisms for employee participation.

None.

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

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

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

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

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

1.) Whistle Blower Protection Policy

Employees are encouraged to report any inappropriate conduct in good faith without fear of reprisals under the Whistle Blower Protection Policy. The Company guarantees full confidentiality and protection of the whistle blower.

The complaints are handled by the Admin. Manager under the supervision of the President.

## I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Keppel Land Limited	148,365,050	50.49%	Same as Record Owner
Keppelwealth, Inc.	51,033,178	17.37%	Same as Record Owner
Keppel Corporation Limited	35,783,741	12.18%	Same as Record Owner
PCD Nominee Corp. – Filipino	28,530,700	9.71%	Various

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Lee Foo Tuck – President	1,455,708	---	0.50%
Almira A. Anonuevo- Treasurer, Manager, Finance & Admin.	None	---	---
<b>TOTAL</b>	<b>1,455,708</b>		<b>0.50%</b>

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	No – included in Employee Code of Conduct.
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	None for the year
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	No – Included in the certificate of attendance of directors submitted to SEC
Details of remuneration of the CEO and each member of the board of directors/commissioners	AR shows remuneration of top 3 highest paid executive officers as a group.

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.	Php474,500.00	None

4) Medium of Communication

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

(h) Written communication; (ii) ODISY disclosures; (iii) SEC disclosures

5) Date of release of audited financial report: April 2, 2013

6) Company Website N/A – The Company does not have a website

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

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

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

7) Disclosure of RPT

RPT	Relationship	Nature	Value
None.	N/A	N/A	N/A

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?

J. RIGHTS OF STOCKHOLDERS

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

(a) Quorum

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

Quorum Required	Majority of the outstanding
-----------------	-----------------------------

	capital stock (Sec. 5, Article II, By-laws)
--	---

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

<b>System Used</b>	Corporate Acts are approved in accordance with applicable laws and KPPI's By-laws.
<b>Description</b>	For those matters requiring board approval, a majority of the members of the board are required to approve the same.

(c) Stockholders' Rights

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

The Company's By-laws and Amended Manual on Corporate Governance and affords the same rights to the stockholders as provided under the Corporation Code.

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

Dividends

None

Declaration Date	Record Date	Payment Date

(d) Stockholders' Participation

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

Measures Adopted	Communication Procedure
1) The Chairman directly asks the stockholders for any question/clarification on any matter being taken up in the meeting.	The Stockholders are free to ask/clarify/participate during the stockholders meeting

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
  - a. Amendments to the company's constitution

Pursuant to Section 16 of the Corporation Code, any provision or matter stated in the articles of incorporation may be amended by a majority vote of the board of directors and the vote or written assent of the stockholders representing at least 2/3 of the outstanding capital stock, without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of this Code.

All proposed amendments are submitted to the stockholders for approval.

b. Authorization of additional shares

Pursuant to Section 38 of the Corporation Code, any increase in the authorized capital stock of the Corporation shall be approved by a majority vote of the Board of directors and by the stockholders representing at least 2/3 of the outstanding capital stock at a meeting duly called for the purpose, without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of this Code.

Any proposed increase in authorized capital stock is submitted to the stockholders for approval.

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

Pursuant to Section 40 of the Corporation Code, transfer/sale of all or substantially all of the corporation's assets shall be presented to the stockholders for approval. The said transfer/sale shall be approved by at least 2/3 of the outstanding capital stock at a meeting duly called for the purpose, without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of this Code.

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

Yes

a. Date of sending out notices: 22 May 2013

b. Date of the Annual/Special Stockholders' Meeting: June 13, 2013

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

None.

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

Resolution	Approving	Dissenting	Abstaining
Ratification of Acts and Proceedings of the Board of Directors, Officers and Management of the Corporation during the Year under Review	All stockholders present	None	None
Presentation and Approval of Y2012 Annual Report and Audited Financial Statements	All stockholders present	None	None
Appointment of External Auditor for Y2013	All stockholders present	None	None

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

During the meeting itself, the voting results are announced and immediately disclosed to the public through PSE/SEC.

(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:

None

Modifications	Reason for Modification

(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	Linson Lim Soon Kooi, Lim Kei Hin, Ramon J. Abejuela, Celso P. Vivas, Lee Foo Tuck and Stefan Tong Wai Mun	13 June 2013	By Poll	0.496%	91.59%	92.0857%
Special	---					

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

The Corporate Secretary assisted by the Company's External Auditor shall be responsible for the counting/validation of votes.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes.

(g) Proxy Voting Policies

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

Item VIII(G) Amended Manual on Corporate Governance:

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

The Board should be transparent and fair in the conduct of the annual and special stockholders' meeting 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. Subject to the requirements of the by-laws, the exercise of the right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor. It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them

to seek timely redress for breach of their rights.

	Company's Policies
Execution and acceptance of proxies	Section 7 of the By-laws provides: Manner of Voting – at all meetings of stockholders, a stockholder may vote in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the secretary. All proxies must be in the hands of the Secretary not later than two (2) days before the time set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary at least twenty-four (24) hours prior to a scheduled meeting or by their personal presence at the meeting. The decision of the secretary on the validity of proxies shall be final and binding until set aside by the Court of competent jurisdiction.
Notary	Not required
Submission of Proxy	(Section 7 of the By-laws) All proxies must be in the hands of the Secretary not later than two (2) days before the time set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary at least twenty-four (24) hours prior to a scheduled meeting or by their personal presence at the meeting. The decision of the secretary on the validity of proxies shall be final and binding until set aside by the Court of competent jurisdiction.
Several Proxies	No specific provision under the By-laws and Amended MCG. Complies with applicable laws, rules and regulations.
Validity of Proxy	A proxy shall be valid only for the meeting for which it is intended unless otherwise provided (Section 7, By-laws) Subject to the requirements of the by-laws, the exercise of the right to appoint proxy shall not be unduly restricted and any doubt about the validity of the proxy should be resolved on the stockholders favor.
Proxies executed abroad	No specific formal requirement under the By-laws.
Invalidated Proxy	The shares represented by an invalidated proxy shall not be allowed to participate/vote in the meeting.
Validation of Proxy	Proxies are validated prior to the meeting.
Violation of Proxy	Violations shall be dealt with in accordance with law and the SEC rules/regulations

(h) Sending of Notices

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

Policies	Procedure
(Section 4, Article II, By-laws) Written notices for regular or special meetings of stockholder may be sent by the Secretary, by personal delivery or by mailing the notice at least fourteen (14) days prior to the date of meeting.	The notices together with the definitive 20-15 and other AGM materials are sent out ahead of the period provided under the by-laws.

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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	1,268
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	22 May 2013
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	
State whether CD format or hard copies were distributed	Hard copies were distributed
If yes, indicate whether requesting stockholders were provided 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.	No-included in the definitive IS sent out to stockholders
The auditors to be appointed or re-appointed.	No-included in the definitive IS sent out to stockholders
An explanation of the dividend policy, if any dividend is to be declared.	No, included in the definitive IS sent out to stockholders
The amount payable for final dividends.	No, included in the definitive IS sent out to stockholders
Documents required for proxy vote.	Yes

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

2) Treatment of Minority Stockholders

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

Policies	Implementation
1.) Shareholders, including the minority, have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.	The Corporation is fully implementing all these policies.
2.) Cumulative voting shall be used in the election of directors	
3.) A director shall not be removed without cause if it will deny minority shareholders' representation in the Board.	

4.) A minority stockholders has all the rights of a stockholder under the by-laws & the Corporation Code.

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

Yes, any stockholder may nominate candidates.

#### 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.

Internal communications and routine external communications are prepared/approved by the president. On the other hand, major company announcements/external correspondence on major issues are prepared by the president, in consultation with the Corporate Secretary and the Board of Directors.

- 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.

None.

Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations. The Company ensures access by the stockholders/investors of all relevant information pertaining to the Company's business operations.

	Details
(1) Objectives	To be fully transparent with all its dealings/transactions.
(2) Principles	<p>Item VII, Amended Manual on Corporate Governance:</p> <p>A. The essence of corporate governance is transparency. The Board commits at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stakeholders.</p> <p>B. 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.</p> <p>C. 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, of balance sheet transactions, board changes, related party transactions, direct and indirect remuneration of members of the Board and management, shareholdings of directors and changes to ownership.</p> <p>D. Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management corporate strategy, and off balance sheet transactions.</p> <p>E. All disclosed information shall be released via the approved stock exchange procedure for company announcement as well as through the annual report</p> <p>F. 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 stakeholders.</p>
(3) Modes of Communications	email, telephone and facsimile
(4) Investors Relations Officer	No particular position for IRO

- 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?

None.

The Company complies with the legal requirements for acquisition of shares, mergers and sales of substantial portions of corporate assets under the corporation code, Code of Corporate Governance, and other pertinent laws and SEC rules/regulations, and Amended Manual on Corporate Governance.

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

Subject to Board approval.

#### L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
None	

#### M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

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

	Process	Criteria
<b>Board of Directors</b>	- The Board conducts an annual self-assessment to evaluate their performance.	- Compliance with their duties/responsibilities under the By-laws, Code of Corporate Governance and Amended Manual on Corporate Governance
<b>Board Committees</b>	- The Board of Directors conducts an independent assessment of the committees' performance annually	- Compliance with their respective duties/responsibilities set out in the code of Corporate Governance and Amended Manual on Corporate Governance
<b>Individual Directors</b>		
<b>CEO/President</b>	- The Board of Directors conducts an annual assessment of the CEO/President's performance prior to the end of his term of office	- The Company's overall business performance and compliance with the Amended Manual and the Company's policies.

#### 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

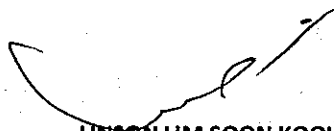
Item X, Amended Manual on Corporate Governance:

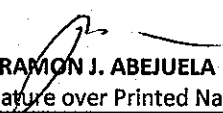
- A. To strictly observe and implement the provisions of this manual, penalties shall be imposed, after notice and hearing, on the company's directors, officers, staff subsidiaries and affiliates and their respective directors, officers and staff in case o violation of any of the provision of this Manual.

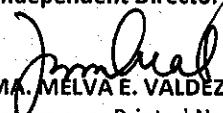
Violations	Sanctions
1 <sup>st</sup> violation	Reprimand
2 <sup>nd</sup> violation	Suspension
3 <sup>rd</sup> violation	Removal – subject to Sec. 28 of the Corporation Code in the case of directors


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 **13 June 2013**.

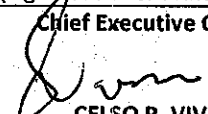
**SIGNATURES**

  
**LINSON LIM SOON KOOI**  
 (Signature over Printed Name)  
 Chairman of the Board

  
**RAMON J. ABEJUELA**  
 (Signature over Printed Name)  
 Independent Director

  
**MA. MELVA E. VALDEZ**  
 (Signature over Printed Name)  
 Compliance Officer

  
**LEE FOO TUCK**  
 (Signature over Printed Name)  
 Chief Executive Officer

  
**CELSO P. VIVAS**  
 (Signature over Printed Name)  
 Independent Director

**SUBSCRIBED AND SWORN** to before me this **JUN 13 2013** day of \_\_\_\_\_ 20\_\_\_\_, affiant(s) exhibiting to me their Tax Identification Number, as follows:

NAME/NO.	TIN	DATE OF ISSUE /PLACE OF ISSUE
CELSO P. VIVAS	123-305-216	
LEE FOO TUCK	235-817-895	
RAMON J. ABEJUELA	172-761-781	
LINSON LIM SOON KOOI	435-158-135	
MA. MELVA E. VALDEZ	123-493-209	

Doc No. 446  
 Page No. 101  
 Book No. XXX  
 Series of 2013.

**ATTY. GERVASIO R. RUIZ JR.**  
 Notary Public City of Makati  
 Until December 31, 2014  
 IBP No. 656155-Lifetime Member  
 MCLE Compliance No. III-0014282  
 Appointment No. M-199-(2013-2014)  
 PTR No. 3664330 Jan. 2, 2013  
 Makati City Roll No. 40091  
 101 Urban Ave., Brgy. Pio del Pilar,  
 Makati City