

COVER SHEET

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S.E.C. Registration Number

F I L E S T A T E C O R P O R A T I O N

(Company's Full Name)

7 T H F L O O R R E N A I S S A N C E

T O W E R M E R A L C O A V E N U E

P A S I G C I T Y

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

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SEC FORM - ACGR

Month Day

ANNUAL CORPORATE GOVERNANCE REPORT
FORM TYPE

Month Day

calendar year

Registered/Listed

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year 2012
2. Exact Name of Registrant as Specified in its Charter Fil-Estate Corporation
3. 7th Floor Renaissance Tower, Meralco Ave., Pasig City
Address of Principal Office 1600
Postal Code
4. SEC Identification Number 9142
5. ☐ (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number 041-000-194-408
7. (632) 633-62-05
Issuer's Telephone number, including area code
8. Not applicable
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	9
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Actual number of Directors for the year	9
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(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
Robert John L. Sobrepeña	ED	Fil-Estate Management, Inc. (FEMI)	FEMI	1996	September 13, 2007	Special Meeting	17
Ferdinand T. Santos	ED	FEMI	FEMI	1996	September 13, 2007	Special Meeting	17
Noel M. Cariño	NED	FEMI	FEMI	1996	September 13, 2007	Special Meeting	17
Enrique A. Sobrepeña	NED	FEMI	FEMI	1997	September 13, 2007	Special Meeting	16
Rafael Perez de Tagle, Jr.	ED	FEMI	FEMI	2000	September 13, 2007	Special Meeting	13
Ruben R. Payumo	ID	FEMI	FEMI, no relation	2004	September 13, 2007, 9 years	Special Meeting	9
Francisco C. Gonzalez	ID	FEMI	FEMI, no relation	2010	December 3, 2010	Special Board Meeting	3
Alice Odchigue-Bondoc	ED	FEMI	FEMI	2004	September 13, 2007	Special Meeting	9
Roberto S. Roco	ED	FEMI	FEMI	2004	September 13, 2007	Special Meeting	9

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

- The Company adopted the Self-Rating System on Corporate Governance being implemented by the Securities and Exchange Commission through SEC Memorandum Circular No. 5, Series of 2003 to assess compliance with leading practices on corporate governance. The Compliance Officer meets with the Directors and top level management from time to time to evaluate compliance with the Company's Manual on Corporate Governance.

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

The Vision and Mission are reviewed by the Board yearly to ensure that corporate business

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

directions, strategies and objectives are consistent and coherent with the Mission and Vision of the Company.

(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.
Robert John L. Sobrepeña	Fil-Estate Management, Inc., MRT Development Corporation, Camp John Hay Development Corporation, Camp John Hay Hotel, Fil-Estate Ecocentrum Corporation, Club Leisure Management, Inc.	Chairman, ED
Ferdinand T. Santos	Fil-Estate Management, Inc., Global Estate Resort, Inc., Camp John Hay Development Corporation, Fil-Estate Ecocentrum Corporation, MRT Development Corporation	ED
Enrique A. Sobrepeña	Camp John Hay Development Corporation	NE
Rafael Perez de Tagle	MRT Development Corporation, Camp John Hay Development Corporation, Fil-Estate Ecocentrum Corporation, Camp John Hay Hotel	ED
Alice Odchigue-Bondoc	Camp John Hay Leisure, Inc., Fil-Estate Ecocentrum Corporation	ED
Roberto S. Roco	Fil-Estate Ecocentrum Corporation, Fil-Estate Properties, Inc., Global Estate Resort, Inc.	ED

(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.
N/A		

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

(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
Robert John L. Sobrepeña	Fil-Estate Management, Inc.	Chairman
Ferdinand T. Santos	Fil-Estate Management, Inc.	President

- (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: Yes

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

No person shall qualify for nomination or election to the Board of the Director which is engaged in any business which competes with or is antagonistic to that of the corporation.

(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
Robert John L. Sobrepeña	241,000	N/A	0.0241%
Ferdinand T. Santos	1,000	N/A	0.0001%
Noel M. Cariño	1,506,500	N/A	0.1510%
Enrique A. Sobrepeña	1,000	N/A	0.0001%
Rafael Perez de Tagle, Jr.	1,000	N/A	0.0001%
Ruben R. Payumo	60,000	N/A	0.0060%
Francisco C. Gonzalez	N/A	N/A	N/A
Alice Odchigue-Bondoc	1	N/A	0.0000%
Roberto S. Roco	1	N/A	0.0000%
TOTAL	1,810,502		0.1814%

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	Robert John L. Sobrepeña
CEO/President	Ferdinand T. Santos

(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 of the Board establishes operating policies, guides the Board of Directors in formulating Company objectives and assists the Company in developing the means for attaining those objectives. He presides over meetings of the Board of Directors and of stockholders.	The Chief Executive Officer/President administers and directs the day-to-day business affairs of the Company. He represents the Company in all functions and proceedings, and executes, on behalf of the Company, all contracts, agreements and instruments affecting the interests of the Company and requiring the approval of the Board of Directors.
Accountabilities	Ensure that independent Director is elected.	He is directly accountable to the Board of Directors for the overall operations of the business, current profitability and long-term growth of the Company.
Deliverables	Presiding Officer annual stockholder's meeting.	Profitability and long term growth of the company.

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

- If any of such positions becomes vacant by reason of death, disqualification or any other cause, the Board of Directors, by majority vote, may elect a successor who shall hold office for the unexpired term. The Board looks for suitable candidates within the organization and has identified candidates who would be qualified and eligible to fill positions that may become vacant.

4) Other Executive, Non-Executive and Independent Directors

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

Yes. The Board is composed of Directors with diversity of experiences, proven competence and integrity.

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 Company has Non-Executive Directors, who are Independent Directors at the same time, who have experience in the industry the Company belongs in.

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

	Executive	Non-Executive	Independent Director
Role	Represent the management	Represent major shareholders' interests	Provide neutral observations; represent interest of minority shareholders
Accountabilities	Provide the general business directions of the Company	Ensure sustainable growth	Set high standards for best practices

Deliverables	Meet corporate objectives	Monitor progress	Company	Safeguard interest of all shareholders
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Provide the company's definition of "independence" and describe the company's compliance to the definition.

- The Company follows the definition of "independence" under SEC Memorandum Circular No. 16, series of 2002. Thus, an independent director of the Company is a director who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the Company. An independent director is any person who:
 - i. Is not a director or officer or substantial stockholder of the Company or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);
 - ii. Is not a relative of any director, officer or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
 - iii. Is not acting as a nominee or representative of a substantial shareholder of the Company, any of its related companies or any of its substantial shareholders;
 - iv. Has not been employed in any executive capacity by the Company, any of its related companies or by any of its substantial shareholders within the last five (5) years;
 - v. Is not retained as professional adviser by the Company, any of its related companies or any of its substantial shareholders within the last five (5) years, either personally or through his firm;
 - vi. Has not engaged and does not engage in any transaction with the Company or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial or insignificant;
- The Company's current Independent Directors do not have any of the above-mentioned disqualifications.

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

The Company's Articles and By-Laws and Revised Manual on Corporate Governance does not provide for term limits to Independent Directors.

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
N/A	N/A	N/A	N/A

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

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

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	<p>Executive Directors are elected during annual shareholders' meetings of the Companies.</p> <p>Nomination of directors for election is conducted by the Nomination Committee at least thirty (30) days prior to the date of the annual stockholders' meeting. The Nomination and Election Committee pre-screens the nominees and prepares a final list of candidates for directors. This final list will be made available to the SEC and to all stockholders through the filing and distribution of the information statement or proxy statement.</p>	<p>Each director must own, in his own right, at least one (1) share of the capital stock of the Company.</p> <p>He must not be engaged in any business which competes with or is antagonistic to that of the Company. He is considered engaged in such business if he is an officer, manager or controlling person of or the owner (either of record or as a beneficiary) of 10% or more of any outstanding class of shares of any corporation engaged in a business which the Board of Directors, by a majority vote, determines to be competitive or antagonistic to that of the Company, or a nominee thereof, unless such corporation is a parent, subsidiary or affiliate of the Company.</p>
(ii) Non-Executive Directors	<p>Non-Executive Directors are elected during annual shareholders' meetings of the Companies.</p> <p>Nomination of directors for election is conducted by the Nomination Committee at least thirty (30) days prior to the date of the annual stockholders' meeting. The Nomination and Election Committee pre-screens the nominees and prepares a final list of candidates for directors. This final list will be made available to the SEC and to all stockholders through the filing and distribution of the information statement or proxy statement.</p>	<p>Each director must own, in his own right, at least one (1) share of the capital stock of the Company.</p> <p>He must not be engaged in any business which competes with or is antagonistic to that of the Company. He is considered engaged in such business if he is an officer, manager or controlling person of or the owner (either of record or as a beneficiary) of 10% or more of any outstanding class of shares of any corporation engaged in a business which the Board of Directors, by a majority vote, determines to be competitive or antagonistic to that of the Company, or a nominee thereof, unless such corporation is a parent,</p>

		subsidiary or affiliate of the Company.
(iii) Independent Directors	<p>Independent Directors are elected during annual shareholders' meetings of the Companies.</p> <p>Nomination of directors for election is conducted by the Nomination Committee at least thirty (30) days prior to the date of the annual stockholders' meeting. The Nomination and Election Committee pre-screens the nominees and prepares a final list of candidates for directors, specifying the nominated Independent Directors. This final list will be made available to the SEC and to all stockholders through the filing and distribution of the information statement or proxy statement.</p>	<p>Each director must own, in his own right, at least one (1) share of the capital stock of the Company.</p> <p>He must not be engaged in any business which competes with or is antagonistic to that of the Company. He is considered engaged in such business if he is an officer, manager or controlling person of or the owner (either of record or as a beneficiary) of 10% or more of any outstanding class of shares of any corporation engaged in a business which the Board of Directors, by a majority vote, determines to be competitive or antagonistic to that of the Company, or a nominee thereof, unless such corporation is a parent, subsidiary or affiliate of the Company.</p>
b. Re-appointment		
(i) Executive Directors	Election at Annual/Special Stockholders' Meeting and to hold office until a new director is elected and qualified	Each director must own, in his own right, at least one (1) share of the capital stock of the Company.
(ii) Non-Executive Directors	Election at Annual/Special Stockholders' Meeting and to hold office until a new director is elected and qualified	Each director must own, in his own right, at least one (1) share of the capital stock of the Company.
(iii) Independent Directors	Election at Annual/Special Stockholders' Meeting and to hold office until a new director is elected and qualified	Each director must own, in his own right, at least one (1) share of the capital stock of the Company.
c. Permanent Disqualification		
(i) Executive Directors	Adoption and Implementation of Section 5.2.7 of the Manual on Corporate Governance (Manual) stating disqualifications from being directors of the Corporation	Grounds for permanent disqualification are provided for in Section 5.2.7 of the Manual
(ii) Non-Executive Directors	Adoption and Implementation of Section 5.2.7 of the Manual on Corporate Governance stating disqualifications from being directors of the Corporation	Grounds for permanent disqualification are provided for in Section 5.2.7 of the Manual
(iii) Independent Directors	Adoption and Implementation of Section 5.2.7 of the Manual	Grounds for permanent disqualification are provided

	on Corporate Governance stating disqualifications from being directors of the Corporation	for in Section 5.2.7 of the Manual
d. Temporary Disqualification		
(i) Executive Directors	Temporary disqualification is at the discretion of the Board and requires a resolution of a majority of the Board.	Grounds for temporary disqualification are provided for in Section 5.2.7 of the Manual
(ii) Non-Executive Directors	Temporary disqualification is at the discretion of the Board and requires a resolution of a majority of the Board.	Grounds for temporary disqualification are provided for in Section 5.2.7 of the Manual
(iii) Independent Directors	Temporary disqualification is at the discretion of the Board and requires a resolution of a majority of the Board.	Grounds for temporary disqualification are provided for in Section 5.2.7 of the Manual
e. Removal		
(i) Executive Directors	Occurrence of grounds for permanent disqualification as board of director	Grounds for permanent disqualification are provided for in Section 5.2.7 of the Manual
(ii) Non-Executive Directors	Occurrence of grounds for permanent disqualification as board of director	Grounds for permanent disqualification are provided for in Section 5.2.7 of the Manual
(iii) Independent Directors	Occurrence of grounds for permanent disqualification as board of director	Grounds for permanent disqualification are provided for in Section 5.2.7 of the Manual
f. Re-instatement		
(i) Executive Directors	Requires a resolution of a majority of the Board.	Grounds for Temporary disqualification as member of the Board ceases to exist
(ii) Non-Executive Directors	Requires a resolution of a majority of the Board.	Grounds for Temporary disqualification as member of the Board ceases to exist
(iii) Independent Directors	Requires a resolution of a majority of the Board.	Grounds for Temporary disqualification as member of the Board ceases to exist
g. Suspension		
(i) Executive Directors	Requires a resolution of a majority of the Board.	Same grounds for temporary disqualification of director as provided for in Section 5.2.7 of the Manual
(ii) Non-Executive Directors	Requires a resolution of a majority of the Board.	Requires a resolution of a majority of the Board.
(iii) Independent Directors	Requires a resolution of a majority of the Board.	Requires a resolution of a majority of the Board.

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Robert John L. Sobrepeña	757,859,900 shares or 75.90%

Ferdinand T. Santos	757,859,900 shares or 75.90%
Noel M. Cariño	757,859,900 shares or 75.90%
Enrique A. Sobrepeña	757,859,900 shares or 75.90%
Rafael Perez de Tagle, Jr.	757,859,900 shares or 75.90%
Ruben R. Payumo	757,859,900 shares or 75.90%
Francisco C. Gonzalez	Elected by majority of the Board to fill in a vacancy
Alice Odchigue-Bondoc	757,859,900 shares or 75.90%
Roberto S. Roco	757,859,900 shares or 75.90%

6) Orientation and Education Program

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

The Compliance Officer requires its Director and top level management to attend seminar on Good Corporate Governance.

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

Since the Company has been focused on defining its new corporate directions and strategies for the last three (3) years, the Directors have not been able to attend external courses for the past three (3) years. However, the Directors are kept abreast on matters concerning best practices for corporate governance by information provided to the Directors by the Company's Compliance Officer.

- (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:

As a good corporate citizen, Fil-Estate Corporation has always endeavored to conduct its business in a manner conforming to the highest ethical standards. The company's reputation for unquestionable integrity is its most valuable asset in its relationships with its customers, employees and shareholders.

The following statement of business principles has been prepared to guide the future conduct of Company activities in an ethical and legal manner. It is not intended to supply answers for every business activity; rather, it is an effort to reiterate the continuing policies of the corporation on ethical business behavior, which must be observed by all Fil-Estate employees and representatives throughout the world. It is essential that all employees and representative conform to these principles as they perform their activities on behalf of Fil-Estate.

³ 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	Directors are responsible for avoiding situations that present or create the appearance of a potential conflict between their interests and those of the Company. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company, should be disclosed promptly to the Chair of the Committee on Directors or the Corporate Secretary.	To avoid conflict of interest, the Senior Management are prohibited from (a) taking for themselves personally opportunities that are properly within the scope of the Company's activities; (b) using corporate property, information or position for personal gain; or (c) competing with the Company.	Fil-estate expects that employees will perform their duties conscientiously, honestly, and in accordance with the best interests of the company. Employees must not use their position or the knowledge gained as a result of their position for private or personal advantage.
(b) Conduct of Business and Fair Dealings	Directors must deal fairly with the Company's employees, customers, suppliers and competitors. No Director may take unfair advantage of the Company's employees, customers, suppliers, or competitors through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.	The Senior Management should deal fairly with the Company's employees, customers and suppliers. The Senior Management should not take unfair advantage of any of such employees, customers and suppliers through manipulation, concealment or abuse of privileged information, or misrepresentation of material facts. No actions shall be taken by the Senior Management that could undermine the Company's reputation of such fair dealing and integrity in the course of their performance of duties or in external communication.	When dealing with anyone Outside the Company, including public officials, employees must take care not to compromise the integrity or damage the reputation of either the Company, or any outside individual, business, or government body. In all matters relevant to customers, suppliers, government authorities, the public and others in the Company, all employees must make every effort to achieve complete, accurate, and timely communications — responding promptly and courteously to all proper requests for information and to all complaints.
(c) Receipt of gifts from third parties	Directors must not accept gifts from persons or entities who deal with the Company if the gifts might be perceived to influence the Director's decisions	Acceptance by the Senior Management of gifts of a value that may tend to influence business decisions or compromise independent judgment is	Employees must not accept entertainment, gifts, or personal favors that could, in any way influence, or appear to influence, business decisions in favor of any person or organization with whom or

	as a Director of the Company.	prohibited. The exchange of limited non-cash business courtesies by the Senior Management in business activities may be acceptable; however, such exchange shall not improperly influence the decisions of any business partner of the Company.	with which the Company has, or is likely to have, business dealings.
(d) Compliance with Laws & Regulations	Directors are expected to carry out their responsibilities in compliance with all laws, rules and regulations applicable to the Company and with the highest standards of business ethics. Directors shall also use all reasonable efforts to oversee compliance by employees, officers and other Directors with all laws, rules and regulations through the receipt of reports on a regular basis to the Board or a Board Committee and other appropriate means.	The Company requires strict compliance by all its Senior Management with applicable laws, rules and regulations. These include federal and other securities laws, including insider trading laws, and the Company's insider trading compliance policies.	It is the policy of Fil-Estate to comply with all valid laws and regulations that govern its operations in the various cities and municipalities in which it operates and conduct its affairs in keeping with the highest moral, legal, and ethical standards.
(e) Respect for Trade Secrets/Use of Non-public Information	Directors are required to protect and hold confidential all non-public information obtained due to their directorship position absent the express or implied permission of the Board of Directors to disclose such information. Accordingly, (1) No Director shall use Confidential Information for his or her own personal benefit or to benefit persons or entities outside the Company; and (2) No Director shall disclose Confidential Information outside	The Senior Management shall comply with the relevant rules of the Company relating to the protection of trade secrets, and shall not disclose or use any confidential information with respect to the Company without authorization, except as required in the performance of their duties.	When handling financial and personal information about customers or others with whom the Company has dealings, observe the following principles: (1) Collect, use, and retain only the personal information necessary for the Company's business. Whenever possible, obtain any relevant information directly from the person's concerned. Use only reputable and reliable sources to supplement this information. (2) Retain information only for as long as necessary or as required by law. Protect the physical security of this information. (3) Limit internal access to

	the Company, either during or after his or her service as a Director of the Company, except with authorization of the Board of Directors or as may be otherwise required by law.		personal information to those with a legitimate business reason for seeking that information. Use only personal information for the purposes for which it was originally obtained. Obtain the consent of the person concerned before externally disclosing any personal information, unless legal process or contractual obligation provides otherwise.
(f) Use of Company Funds, Assets and Information	Directors may not compete with the Company, or use opportunities that are discovered through the use of Company property, Company information or position, for their personal benefit or the benefit of persons or entities outside the Company. No Director may improperly use or waste any Company asset.	Senior Management who has access to Company funds in any form must follow the prescribed procedures for recording, handling, and protecting money as detailed in the Company's instructional manuals or other explanatory materials, or both. The Company imposes strict standards to prevent fraud and dishonesty.	Employees shall ensure that all of the Company's funds, assets and information should be used for legitimate business purposes, and shall protect the Company's assets and ensure their efficient use.
(g) Employment & Labor Laws & Policies	Directors shall encourage employees to report violations of laws, rules, regulations to appropriate personnel. Not to permit any form of violence, harassment or abuse at the workplace.	Senior Management shall be guided and to treat employees fairly in all matters and to pay them competitively. Fill-Estate and its subsidiaries are engaged in a program of full compliance with all national and local laws applicable to hiring and promoting people on the basis of demonstrated ability, experience, and training without regard to race, religion, sex, age, national origin, or other factors requiring affirmative action.	Fill-estate expects its employees to conduct themselves in a businesslike manner. Drinking, gambling, fighting, swearing, and similar unprofessional activities are strictly prohibited while on the job. Employees must not engage in sexual harassment, or conduct themselves in a way that could be construed as such, for example, by using inappropriate language, keeping or posting inappropriate materials in their work area, or accessing inappropriate materials on their computer.
(h) Disciplinary action	Every director is expected to comply with all of the provisions of this Code. The Code will be strictly enforced and violations will be dealt with	The Senior Management shall comply with the basic principle as required in this Code. Any violation of Code will lead to disciplinary action, up to and	Any violation of Code will lead to disciplinary action, up to and including termination of employment pursuant to the regulations, in addition to the punishment under the

	promptly. Violations of the Code that involve illegal behavior will be reported to the appropriate authorities, after consulting with counsel.	including termination of employment pursuant to the regulations, in addition to the punishment under the laws.	laws.
(i) Whistle Blower	Directors should promote ethical behavior and an environment in which the Company encourages employees to talk to supervisors, managers or other appropriate personnel about illegal and unethical behavior and, when in doubt, about the best course of action in a particular situation.	The Senior Management shall consult the appropriate personnel of the management at any time if they have doubt regarding compliance of their behavior with the Code. The Senior Management are required to report to the management and the Board of any violations of under the laws, internal rules of the Company and the Code caused by their own or others' conduct. The Company shall make every effort to ensure the confidentiality of those furnishing such reports and shall not take any retaliation in any form against any person for such reports.	Regardless of the circumstances, if employees sense that a course of action they have pursued, are presently pursuing, or are contemplating pursuing may involve them in a conflict of interest with their employers, they should immediately communicate all the fact to their superior.
(j) Conflict Resolution	Conflicts of interests involving the directors, or questions concerning potential conflicts, shall be brought to the Chair of the Nominating and Corporate Governance Committee, who will consult with the Company's Chief Compliance Officer and legal counsel as appropriate.	Senior Management may be required to resolve a conflict in complying with the fundamental principles. When initiating either a formal or informal conflict resolution process, the following factors, individually may be relevant to the resolution process: (a) Relevant facts; (b) Ethical issues involved; (c) Fundamental principles related to the matter in question; (d) Established internal procedures; and (e) Alternative courses of action.	Where a matter involves a conflict with, or within, an organization, a professional employees shall determine whether to consult with those charged with governance of the organization, such as the board of directors or the internal audit division.

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

Yes. The corporation requires continuous management attention at all corporate levels to assure compliance with the spirit and letter of this policy.

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

The Board of Directors of the Company supervise the compliance of this Code by the Senior Management of the Company, and authorize the President of the Company to be responsible for the implementation of this Code and observe the compliance hereof.

The Company's management evaluates the adequacy and effectiveness of this Code periodically and amend this Code according to the evaluation result or as required by the Board of Directors. It is the strict policy of the Company not to allow retaliation for reports of misconduct by others made in good faith by employees. Employees are expected to cooperate in internal investigations of misconduct.

- 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	All related party transactions have to be on an arms-length basis if the Company is to get the most benefit out of the transaction. The Company pays interests for cash advances of the parent Company, and if need be, provides collateral security for the transaction.
(2) Joint Ventures	All projects of the Company undertaken in joint venture with other companies are always undertaken on an arms-length basis so that the Company gets the most competitive product or service.
(3) Subsidiaries	All related party transactions are done on an arms-length basis.
(4) Entities Under Common Control	All related party transactions are done on an arms-length basis.
(5) Substantial Stockholders	All related party transactions are done on an arms-length basis.
(6) Officers including spouse/children/siblings/parents	N/A
(7) Directors including spouse/children/siblings/parents	N/A
(8) Interlocking director relationship of Board of Directors	The member of the Board has to have knowledge of the industry if he or she is to serve in the board of related companies.

- (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	No formal mechanism currently in place.
Group	No formal mechanism currently in place.

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
N/A	N/A	N/A
Atty. Enrique A. Sobrepeña	Affinity by blood	Father of Mr. Robert John L. Sobrepeña

- (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
Fil-Estate Management, Inc.	Contractual	In the normal course of business, the Company grants and obtains interest-bearing cash advances to and from Fil-Estate Management, Inc.
N/A		

- (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
N/A	N/A	N/A

6) Alternative Dispute Resolution

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

⁴ Family relationship up to the fourth civil degree either by consanguinity or affinity.

	Alternative Dispute Resolution System
Corporation & Stockholders	N/A
Corporation & Third Parties	Settlement Agreement
Corporation & Regulatory Authorities	Compliance and Payment of Penalties

C. BOARD MEETINGS & ATTENDANCE

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

Board meetings are usually held before finalization of Annual Report every January of each year, for finalization of Audited Financial Statements in April every year and for review of yearly performance every December of each year.

- 2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Robert John L. Sobrepeña	1996	4	4	100%
Member	Ferdinand T. Santos	1996	4	4	100%
Member	Noel M. Cariño	1996	4	1	25%
Member	Enrique A. Sobrepeña	1997	4	2	50%
Member	Rafael Perez de Tagle, Jr.	2000	4	4	100%
Member	Alice Odchigue-Bondoc	2004	4	4	100%
Member	Roberto S. Roco	2004	4	4	100%
Independent	Ruben R. Payumo	2004	4	2	50%
Independent	Francisco C. Gonzalez	2010	4	2	50%

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? No Annual Meeting for 2012
- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

Yes. A majority of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business.

- 5) Access to Information

- (a) How many days in advance are board papers⁵ for board of directors meetings provided to the board?

As much as possible board papers are given to Directors within five (5) days before the scheduled meeting.

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

All the Board members have independent access to management, the Corporate Secretary and Assistant Corporate Secretary.

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

- The Corporate Secretary is the custodian of the corporate books and records. He records/sees to the proper recording of minutes and transactions of all meetings of the directors and of stockholders, keeps

⁵ 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.

the corporate seal and attests to all corporate documents requiring the same; attends to the giving and serving of all notices of the Company that are required by law or by its by-laws to be given, including Board agenda; certifies to such corporate acts, countersigns corporate documents or certificates, makes reports/statements as may be required of him by law or by government rules and regulations and signs certificates of stock.

- During election of directors, he determines the number of shares of stocks outstanding and entitled to vote, the shares of stock represented at the meeting, the existence of a quorum and the validity and effect of proxies.
- The Corporate Secretary may, subject always to his supervision and control, delegate any or all of his powers, duties and functions to the Assistant Corporate Secretary.
- The Assistant Corporate Secretary of the Company is also the Corporate Governance Compliance Officer of the Company. As such, she furnishes the Board of Directors and top-level management with copies of new rules, regulations, circulars or orders of the SEC and the PSE to continuously update them of new requirements for compliance with leading practices on corporate governance. She requires the Company's directors and top-level management to attend seminars on good corporate governance.

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

- Yes, the Corporate Secretary and the Assistant Corporate Secretary are both lawyers.

(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	Prior to meetings of the Committee, copies of presentation materials and minutes of previous meeting are provided by management
Audit	Prior to meetings of the Committee, copies of presentation materials and minutes of previous meeting are provided by management
Nomination	Prior to meetings of the Committee, copies of presentation materials and minutes of previous meeting are provided by management
Remuneration	Prior to meetings of the Committee, copies of presentation materials and minutes of previous meeting are provided by management
Others (specify)	No other committees

6) External Advice

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

Procedures	Details
No formal procedure but members can ask for external advice.	External advice not requested in the past.

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
N/A	N/A	N/A

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>No compensation was paid to the CEO, officers and directors of the Company for 2012.</p> <p>There is no existing arrangement or consulting contract pursuant to which directors of the Company are compensated, directly or indirectly, for any services provided as director, nor are there any additional amounts payable to any of the Directors for committee participation or special assignments.</p> <p>The management of the Company is currently being undertaken by the executive officers of the parent company. For this reason, the Company has no existing employment contract with any executive officer nor is there any existing compensatory plan or arrangement, including payments to be received from the Company, with respect to an executive officer's employment with the Company and its subsidiaries or from a change-in-control of the Company or a change in the named executive officer's responsibilities following a change-in-control and the amount involved, including all periodic payments or installments, which exceed</p>	<p>No compensation was paid to the CEO, officers and directors of the Company for 2012.</p> <p>The management of the Company is currently being undertaken by the executive officers of the parent company. For this reason, the Company has no existing employment contract with any executive officer nor is there any existing compensatory plan or arrangement, including payments to be received from the Company, with respect to an executive officer's employment with the Company and its subsidiaries or from a change-in-control of the Company or a change in the named executive officer's responsibilities following a change-in-control and the amount involved, including all periodic payments or installments, which exceed P2,500.00.</p>

	P2,500.00.	
(2) Variable remuneration	See above.	See above.
(3) Per diem allowance	<p>Section 8 of the By-Laws of the Company provides: "Each director shall receive a reasonable per diem allowance for his attendance at each meeting of the board. As a compensation, the Board shall receive and allocate an amount of not more than five (5%) percent of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper."</p> <p>The directors receive a per diem of P10,000.00 per attendance at Board meetings. There is no provision in the above-quoted section that may be construed as precluding any director from serving in any other capacity and receiving any compensation therefor.</p>	N/A
(4) Bonus	N/A	N/A
(5) Stock Options and other financial instruments	The Company has not issued any warrant/option, and there is no outstanding warrant/option held by the CEO.	The Company has not issued any warrant/option, and there is no outstanding warrant/option held by the Company's officers or directors.
(6) Others (specify)	N/A	N/A

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.

See above.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	N/A		
Non-Executive Directors	N/A		

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
N/A	N/A

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	N/A	N/A	N/A
(b) Variable Remuneration	N/A	N/A	N/A
(c) Per diem Allowance	P10,000 for each of the 4 meetings	P10,000 for each of the 4 meetings	P10,000 for each of the 4 meetings
(d) Bonuses	N/A	N/A	N/A
(e) Stock Options and/or other financial instruments	N/A	N/A	N/A
(f) Others (Specify)	N/A	N/A	N/A
Total			P40,000.00

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	N/A	N/A	N/A
2) Credit granted	N/A	N/A	N/A
3) Pension Plan/s Contributions	N/A	N/A	N/A
(d) Pension Plans, Obligations incurred	N/A	N/A	N/A
(e) Life Insurance Premium	N/A	N/A	N/A
(f) Hospitalization Plan	N/A	N/A	N/A
(g) Car Plan	N/A	N/A	N/A
(h) Others (Specify)	N/A	N/A	N/A
Total			

4) Stock Rights, Options and Warrants

(a) Board of Directors

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

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

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
N/A	N/A	N/A

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
N/A	

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	2	1	0	Set general directions and business strategies of the Company	Set the business direction of the Company	Brief the management of the general business directions	Direct the business directions and strategies
Audit	3	0	2	Develop a transparent financial management	Check all financial reports for compliance	Perform oversight financial management	Pre-approve audit plans and scope

				system		functions	
Nomination	3	0	1	Attract directors who can act as guides to the Company's growth and expansion	Re-screen and shortlist candidates for directors of Company	Define roles, duties and responsibilities	Decide if candidates possess the right qualifications
Remuneration	2	0	2	Compensate competent personnel adequately to retain their services	Establish procedures to develop policy on executive compensation	Provide oversight over remuneration of senior management and key officer	Designate amount of remuneration to attract personnel
Others (specify)	N/A	N/A	N/A	N/A	N/A	N/A	N/A

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held in 2012	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Robert John L. Sobrepena	Sept. 13, 2007	4 (2012)	4 (2102)	100%	6
Member (ED)	Ferdinand T. Santos	Sept. 13, 2007	4 (2012)	4 (2012)	100%	6
Member (NED)	Noel M. Carino	Sept. 13, 2007	4 (2012)	4 (2012)	100%	6
Member (ID)	N/A					
Member	N/A					

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held in 2012	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Francisco Gonzales	December 3, 2010	4	4	100%	2 and 1/2
Member (ED)	Ferdinand T. Santos	September 13, 2007	4	4	100%	6
Member (ED)	Roberto S. Roco	September 13, 2007	4	4	100%	6
Member (ID)	Ruben R. Payumo	September 13, 2007	4	4	100%	6
Member	Solita S. Alcantara	September 1, 2012	4	4	100%	1 and 1/2

Disclose the profile or qualifications of the Audit Committee members.

Majority of the members of the Audit Committee have accounting and finance background. Each member has adequate understanding or competence of Company's financial management systems and environment.

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

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

- Review of financial reports submitted by the external auditors against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements;
- Perform oversight functions over the corporation's external auditors. The Committee ensures that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.
- Pre-approve all audit plans, scope, expenses and frequency one (1) month before the conduct of external audit and ensure coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.
- Performing of direct interface functions with the external auditors.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held in 2012	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Ferdinand T. Santos	September 13, 2007	N/A	N/A	N/A	6
Member (ED)	Rafael Perez de Tagle	September 13, 2007	N/A	N/A	N/A	6
Member (ED)	Alice Odchigue-Bondoc	September 13, 2007	N/A	N/A	N/A	6
Member (ID)	Ruben R. Payumo	September 13, 2007	N/A	N/A	N/A	6
Member	N/A					

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held in 2012	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Robert John L. Sobrepena	September 13, 2007	1	1	100 %	6
Member (ED)	Ferdinand T. Santos	September 13, 2007	1	1	100 %	6
Member (ID)	Francisco C. Gonzalez	December 3, 2010	1	1	100 %	2 and 1/2
Member (ID)	Ruben R. Payumo	September 13, 2007	1	1	100 %	6
Member	Katheryn Benitez	January 1, 2012	1	1	100 %	1 and 1/2

(e) Others (Specify)

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	N/A					
Member (ED)	N/A					
Member (NED)	N/A					
Member (ID)	N/A					
Member	N/A					

3) Changes in Committee Members

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

Name of Committee	Name	Reason
Executive	none	
Audit	none	
Nomination	none	
Remuneration	none	
Others (specify)	none	

4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Executive	Approval of major debt to equity conversion transaction	Negative equity status of financial condition
Audit	Approval of Annual Report and Audited Financial Statements	Strategies to address negative equity
Nomination	No annual stockholders meeting	
Remuneration	Deliberated on industry remuneration standards and recommend benefits	Attracting highly qualified individuals from outside to join the organization
Others (specify)	N/A	

5) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Finalize structuring of investments in other Companies	Negative equity status of Company and on-going concern issues
Audit	Information campaign of new taxation regime and how to address this	Negative equity status of Company
Nomination	Review and evaluate qualifications of all nominees	Attract well qualified Board members
Remuneration	Establish remuneration policies for management and directors	Dependence of management to officers and personnel of parent Company
Others (specify)	N/A	

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Company's policy is to maintain risk at an acceptable level.

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

The management gathers all material information before committing funds.

(c) Period covered by the review; CY 2012

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

The system is reviewed whenever necessary.

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

No review conducted this year because management's focus was to make strategies to address the negative equity and on-going business concerns of the Company.

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
Financial exposure risk	The Company discourages the use of foreign currency denominated obligations to avoid foreign currency risks and exchange losses. On the other hand, the Company encourages the creation of US dollar denominated assets to take advantage of potential gains arising from foreign exchange movements. On balance, the Company maintains a margin currency position in each asset and liability management.	To avoid foreign currency risks and exchange losses.
Liquidity risk	The Company coordinates and negotiates closely with its parent company, Fil-Estate Management, Inc. to manage cash flow risks by jointly identifying new sources of cash flows through potential future investment and/or cash flow infusions into the Company	To manage cash flow risks

	over the next five years.	
Credit risk	The Company's cash is deposited with a reputable bank that belong to the top three banks in the Philippines and is approved by management.	To maintain a high grade of credit quality of the Company's financial assets
Equity price risk	Movement in share price of the Company is monitored regularly.	To determine the impact of the Company's share price on its financial position

(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
Liquidity risk	The Company coordinates and negotiates closely with its parent company, Fil-Estate Management, Inc. to manage cash flow risks by jointly identifying new sources of cash flows through potential future investment and/or cash flow infusions into the Company over the next five years.	To manage cash flow risks

(c) Minority Shareholders

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

Risk to Minority Shareholders
All shareholders have one vote per share; so minority shareholders voting power is not truncated.

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)
Integrity of financial information	Timely detection of financial error	Continuous improvement of information system and security access

(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)
Liquidity risk		To manage the liquidity of the Company, among others, Fil-Estate Management, Inc. authorized the waiver of interests due from the Company for the period 1 January 2012 to 31 December 2012 arising from P1,849,603,776.84 advances of

		File-Estate Management, Inc. to the Company.
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(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	Oversight control	Monitor integrity of financial information; monitor and access internal audit functions; monitor compliance with new taxation regime; monitor compliance with new regulatory and compliance requirements

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

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

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

Internal controls encompass a set of rules, policies, and procedures an organization implements to provide reasonable assurance that: (a) its financial reports are reliable; (b) its operations are effective and efficient, and (c) its activities comply with applicable laws and regulations. The organization's board of directors, management, and other personnel are responsible for the internal control system.

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

In order to meet the effectiveness of the Internal Control System and to consider them effective and adequate the Audit Committee shall perform the following duties and responsibilities:

1. Monitor and evaluate the adequacy and effectiveness of the company's internal control system, including information technology security and control.
2. Understand the scope of internal and external auditor's review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
3. Review with management and the chief audit executive the charter, plans, activities, staffing, and organizational structure of the internal audit function.
4. Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the chief audit executive.
5. Review the effectiveness of the internal audit function, including compliance with Standards for the Professional Practice of Internal Auditing.
6. On a quarterly basis, meet separately with the chief audit executive to discuss any matters that the committee or internal audit believes should be discussed privately.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

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

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
<p>The key role of internal audit is to assist the board and or its audit committee in discharging its governance responsibilities by delivering:</p> <ul style="list-style-type: none"> • An objective evaluation of the existing risk and internal control frameworks. • Review of the existence and value of assets. • Systematic analysis of business processes controls. • Reviews of operational and financial performance. • Review of the compliance framework and specific compliance issues. • A source of information on major frauds and irregularities. • Recommendations for more effective and efficient use of resources. • Assessment of the accomplishment of corporate goals and objectives • Feedback on adherence to the organization's 	<p>The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal process as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives.</p>	<p>Internal audit function is placed on an executive and/or senior management level, giving the function the visibility, authority, and responsibility to independently evaluate management's assessment of the organization's systems of internal control and the organization's ability to achieve business objectives effectively and manage, monitor, and mitigate risks associated with the achievement of those objectives. It had been entrusted to oversee the effective execution and implementation of the approved plans, policies and procedures. In addition to assurance services, internal audit is commonly asked by management to provide consulting services in the form of initiatives</p>	<p>Solita S. Alcantara</p>	<p>The CAE will periodically report to senior management and the Board on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan. At least annually, the CAE will submit to senior management and the Board an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next calendar year. The CAE will communicate the impact of resource limitations and significant interim changes to senior management and the Board.</p>

values and code of conducts/code of ethics.		or projects that allow management to use the professional expertise that the internal audit function possesses.		
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- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee? YES
- (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? Yes, Internal Auditor reports to audit committee at least quarterly. As stated in the Internal Audit Charter, auditors are authorized to have unrestricted access to all records, properties and personnel.
- (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
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.

Progress Against Plans	Regular on going audit.
Issues⁶	Company suffered recurring losses.
Findings⁷	No disagreements on accounting and financial disclosures with external auditor.
Examination Trends	There are no known material trends, events and uncertainties known to management that would have adverse effect on the operations of the company

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

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

- (f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and

⁶ "Issues" are compliance matters that arise from adopting different interpretations.

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

the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
Segregation of Duties	Yes
Safeguard of Assets	Yes
Compliance to Company Policies and Procedures	Yes

(g) Mechanisms and Safeguards

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
Coordination of external audit effort with internal audit	Analysts must conduct themselves impartially, particularly when carrying out and analysing their surveys. They must decline work if there is any doubt as to their impartiality in performing an assignment	Sending of direct audit confirmation to banks of company's financial assets and outstanding loans, if any.	The rating agency must not enter into commitments which prejudice or could prejudice its freedom of decision-making

(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.

CEO Robert John L. Sobrepena and Independent Director Francisco Gonzales attested the company's full compliance with SEC Code of Corporate Governance last March 27, 2013.

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	<p>The business of the Company arises from its investments in equity of other corporations. It has no customers.</p> <p>The corporation shall endeavor to provide its customers with quality real estate products and services and sold at a fair price. Fil-estate real estate products will be developed to the company's superior quality standards and design providing our customers the best value for their money, improvement in their quality</p>	To ensure that every Fil-estate product and service that reaches our customers will bear our distinct mark of Excellence we delegate customer service affairs that will help in addressing customer's complaints and/or request. Every member of Fil-estate shall be involved in the continuous improvement of processes, system and procedures for the satisfaction of our customers.

	of life and responsiveness to every related need and expectation.	
Supplier/contractor selection practice	<p>The business of the Company arises from its investments in equity of other corporations. It has no suppliers/contractors.</p> <p>Employees should avoid investing in or acquiring a financial interest for their own accounts in any business organization that has a contractual relationship with the Company, or that provides goods or services or both to the Company, if such investment or interest could influence or create the impression of influencing their decisions in the performance of their duties on behalf of the Company.</p>	In purchasing we make sure to select from those suppliers that are the best suited to the company's needs. We do accreditation of suppliers and get quotations from 3 suppliers taking into account suppliers' capacity for innovation.
Environmentally friendly value-chain	Company shall protect the quality of the environment and endeavor to conserve energy and other valuable resources.	We secure ECC permit for all projects.
Community interaction	The corporation shall conduct its business in a manner that is socially responsible. In addition to developing and selling real estate products, it shall protect the quality of the environment and endeavor to conserve energy and other valuable resources.	<p>The Company has yet to identify a community involvement program that is related to its business.</p> <p>Each of the corporation's offices is expected to make every effort to be an integral part of the community in which it operates, and to participate in its activities as a concerned and responsible citizen. Like individual citizens, it benefits from such activities as health, welfare, character - building, education, and culture. And like individuals, it has the responsibility to support and develop these social and civic activities.</p>
Anti-corruption programmes and procedures?	Under formulation at the present.	Under formulation at the present.
Safeguarding creditors' rights	Creditors' rights in regards to repayment of debt are contractual. When a lender agrees to loan money to the Company, the two parties negotiate the terms of the agreement.	The Company acknowledge debt and settle it thru property swap if cash is not available.

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

- No.

3) Performance-enhancing mechanisms for employee participation.

The management of FEC is currently being undertaken by the executive officers and employees of the parent company, FEMI, which officers and employees are seconded by FEMI.

- (a) What are the company's policy for its employees' safety, health, and welfare? N/A
- (b) Show data relating to health, safety and welfare of its employees. N/A
- (c) State the company's training and development programmes for its employees. Show the data. N/A
- (d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures. N/A
- 4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

Employees initially report their complaints to Human Resources Department then it will be referred to Internal Audit Dept. and/or Legal department for investigation. It is the strict policy of the Company not to allow retaliation for reports of misconduct by others made in good faith by employees. Employees are expected to cooperate in internal investigations of misconduct.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

- (a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Fil-Estate Management, Inc.	757,540,199	76.58%	
PCD Nominee Corporation (Filipino)	100,678,533	10.18%	
Alakor Securities Corporation	66,778,253	6.75%	

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
N/A	N/A	N/A	N/A
TOTAL			

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	No details

Number of board of directors/commissioners meetings held during the year	No, this is contained in a separate report
Attendance details of each director/commissioner in respect of meetings held	No, these details are contained in a separate report
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	P585,000.00	P60,000.00

4) Medium of Communication

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

- Disclosures through the Securities and Exchange Commission and Philippine Stock Exchange

5) Date of release of audited financial report:

- 19 April 2013

6) Company Website

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

Company website is under construction.

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

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

7) Disclosure of RPT

In 2012, there were no transactions or proposed transactions to which the Company was or is to be a party during which any director/executive officer of the Company, any nominee for election as director, any security holder or any member of the immediate family of any of the foregoing persons had or is to have a direct or indirect material

Interest.

RPT	Relationship	Nature	Value
Fil-Estate Management, Inc.	Parent company	Cash advance to the Company	P1,849,603,776.84

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 subscribed capital, present in person or represented by proxy, except in those cases in which the Corporation Code requires the affirmative vote of a greater proportion (Sec. 4, Art. V, By-Laws)
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Approval of the Board of Directors.
Description	A majority of the number of directors as fixed in the Articles of Incorporation of the Company shall constitute a quorum for the transaction of corporate business. Every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board of Directors.

(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
A special meeting of the stockholders or members of a corporation for the purpose of removal of directors or trustees, or any of them, must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a <u>majority of the outstanding capital stock</u> . Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders or members by any stockholder or member of the corporation signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given.	Special meetings of stockholders may be held at any time by resolution of the Board of Directors or at the request of stockholders representing at least <u>one-third (1/3) of the subscribed and outstanding capital stock</u> , setting forth the purpose of such meeting in the notice. (Sec. 2, Art. V, By-Laws) Regular or special meetings of stockholders shall be called by written notice sent through the post office, or messengerial services, addressed to each stockholder at the latter's address appearing in the registry book of the Corporation, not less than <u>10 days</u> prior to the date of such meeting, provided, however, that this requisite may be waived in writing by the stockholders. Publication of notice of

<p>by publication or by written notice prescribed in this Code. (Sec. 28, Corp Code)</p> <p>Special meetings of stockholders shall be held at any time deemed necessary or as provided in the by-laws: Provided, however, That at least <u>one (1) week</u> written notice shall be sent to all stockholders or members, unless otherwise provided in the by-laws. Notice of any meeting may be waived, expressly or impliedly, by any stockholder or member. (Sec. 50, Corp. Code)</p>	<p>meeting in the newspaper in lieu of the written notice shall be allowed when necessary. Notices of regular or special meeting shall contain, in addition to the date, hour and place of the meeting, a statement of the matters to be taken up at such meeting. (Sec. 3, Art. V, By-Laws)</p>
<p>Regular meetings of stockholders shall be held annually on a date fixed in the by-laws, or if not so fixed, on <u>any date in April of every year</u> as determined by the board of directors or trustees: Provided, That written notice of regular meetings shall be sent to all stockholders or members of record at least <u>two (2) weeks</u> prior to the meeting, unless a different period is required by the by-laws. (Sec. 50, Corp. Code)</p>	<p>Annual regular meetings shall be held on the <u>first Thursday of March of each year</u>, if such day be not a holiday, otherwise, they shall be on the first working day after such date. (Sec. 2, Art. V, By-Laws)</p> <p>For the purpose of determining the stockholders entitled to notice of, or to vote at, any meeting of stockholders, or to receive payment of any dividend, or for any other purpose, the Board of Directors may provide that the stock and transfer books be closed for a stated period, which shall not be more than 60 days nor less than 30 days before the date of such meeting. In the event that the Board of Directors fails to specify such date, the closing date shall be the 30th calendar day prior to the intended date of the meeting. In lieu of closing the stock and transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of stockholders, which shall <u>not be less than 20 days</u> prior to the date on which the particular action requiring such determination of stockholders of record. (Sec. 5, Art. I, By-Laws)</p>

Dividends

Declaration Date	Record Date	Payment Date
No dividends have been declared in 2012.	N/A	N/A

(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
At stockholders' meeting, time is set aside for investors to question the Board and management in plenary session.	Part of Agenda in Meeting

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

All these crucial decisions are discussed and approved by the shareholders during annual or special meetings. During the AGM, the Agenda is sent out to shareholders in advance so that they can study the transactions proposed, discuss these issues and vote on them during the AGM. If the management proposes above transactions, the investors have the right to vote with or against the management.

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, however, no annual meeting of stockholders was held in 2012.

- a. Date of sending out notices: N/A
 - b. Date of the Annual/Special Stockholders' Meeting: N/A
4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting. N/A
5. Result of Annual/Special Stockholders' Meeting's Resolutions. None for 2012 since no stockholders' meeting in 2012.

Resolution	Approving	Dissenting	Abstaining
N/A	N/A	N/A	N/A

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

(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: N/A

Modifications	Reason for Modification
N/A	N/A

(f) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	N/A	N/A	N/A	N/A	N/A	N/A
Special	N/A	N/A	N/A	N/A	N/A	N/A

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

Generally, yes, if a stockholders meeting is held.

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

Yes

(g) Proxy Voting Policies

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

	Company's Policies
Execution and acceptance of proxies	Proxies shall be in writing and signed by the stockholders, but no other formality is required. (Sec. 5, Art. V, By-Laws)
Notary	Not required
Submission of Proxy	Proxies for any annual meeting shall be filed and submitted to the Corporate Secretary at least 5 business days prior to the date of such meeting. (Sec. 5, Art. V, By-Laws)
Several Proxies	N/A
Validity of Proxy	Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it was intended. (Sec. 5, Art. V, By-Laws)
Proxies executed abroad	Not disallowed
Invalidated Proxy	N/A
Validation of Proxy	Proxies for any annual meeting shall be filed and submitted to the Corporate Secretary at least 5 business days prior to the date of such meeting. (Sec. 5, Art. V, By-Laws)
Violation of Proxy	N/A

(h) Sending of Notices

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

Policies	Procedure
	Regular or special meetings of stockholders shall be called by written notice sent through the post office, or messengerial services, addressed to each stockholder at the latter's address appearing in the registry book of the Corporation, not less than 10 days prior to the date of such meeting, provided, however, that this requisite may be waived in writing by the stockholders. Publication of notice of meeting in the newspaper in lieu of the written notice shall be allowed when necessary. Notices of regular

	or special meeting shall contain, in addition to the date, hour and place of the meeting, a statement of the matters to be taken up at such meeting. (Sec. 3, Art. V, 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	N/A No annual meeting of shareholders was conducted in 2012.
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	N/A No annual meeting of shareholders was conducted in 2012.
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	N/A No annual meeting of shareholders was conducted in 2012.
State whether CD format or hard copies were distributed	N/A No annual meeting of shareholders was conducted in 2012.
If yes, indicate whether requesting stockholders were provided hard copies	N/A No annual meeting of shareholders was conducted in 2012.

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

Each resolution to be taken up deals with only one item.	N/A No annual meeting of shareholders was conducted in 2012.
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	N/A No annual meeting of shareholders was conducted in 2012.
The auditors to be appointed or re-appointed.	N/A No annual meeting of shareholders was conducted in 2012.
An explanation of the dividend policy, if any dividend is to be declared.	N/A No annual meeting of shareholders was conducted in 2012.
The amount payable for final dividends.	N/A No annual meeting of shareholders was conducted in 2012.
Documents required for proxy vote.	N/A No annual meeting of shareholders was conducted in 2012.

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

2) Treatment of Minority Stockholders

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

Policies	Implementation
The minority stockholders must not be deprived of their right to representation.	<p>Each share of stock entitles the person in whose name it is registered in the books of the Company to one vote, provided that the share has not been declared delinquent. (Sec. 6, Art. V, By-Laws)</p> <p>Each stockholder entitled to vote may cast such number of votes for the number of Directors to be elected, multiplied by the number of his shares, or he may distribute them on the same principle among as many candidates as he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of directors to be elected. (Sec. 7, Art. V, By-Laws)</p>

(b) Do minority stockholders have a right to nominate candidates for board of directors? Yes, as long as the names of their nominees are submitted to the Nomination and Election Committee for pre-qualification.

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. There is no formal communication policy though the Company disseminates all material information to its investors through timely disclosures to the Commission and the Philippine Stock Exchange.
- 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	Timely disclosure of material information
(2) Principles	Enable investors to make appropriate investment decisions
(3) Modes of Communications	Disclose information to the SEC/PSE
(4) Investors Relations Officer	This function is presently undertaken by the Corporate Information Officer, Mr. Ramon Jimenez with contact details at +632-2341211 and email address at monjay@ymail.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?

These major decisions have to be approved by the Board of Directors and stockholders, as necessary.

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

There were no transactions the past year involving the acquisition of corporate control in the capital markets.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
To study sustainable CSR program that is consistent with the mission and vision of the Company.	To be determined.

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	Periodic self-appraisal	Board discussions and participation
Board Committees	Periodic self-appraisal	Meeting targets/objectives set by the committees
Individual Directors	Periodic self-appraisal	Board discussions and participation
CEO/President	Periodic review of management	Meeting Company objectives and targets


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	Reprimand
Second violation	Suspension
Third violation	Removal from office

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 Pasig on June 28, 2013.

SIGNATURES


 ROBERT JOHN L. SOBREPEÑA
 Chairman of the Board


 RUBEN R. PAYUMO
 Independent Director


 ALICE ODCHIGUE-BONDOC
 Compliance Officer


 FERDINAND T. SANTOS
 Chief Executive Officer


 FRANCISCO C. GONZALEZ
 Independent Director

SUBSCRIBED AND SWORN to before me this _____ day of May 2013, affiant(s) exhibiting to me their _____, as follows:

NAME/NO.	DATE OF ISSUE	PLACE OF ISSUE
ROBERT JOHN L. SOBREPEÑA 14305958	5-10-13	Pasig City
FERDINAND T. SANTOS 20124874248	1-18-13	Manila
RUBEN R. PAYUMO 13864732	1-4-13	Quezon City
FRANCISCO C. GONZALEZ 01201083	1-16-13	Mandaluyong City
ALICE ODCHIGUE-BONDOC 453 33-1923852-8		

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 Series of 2013

ALAN B. QUINTANA
 NOTARY PUBLIC
 Pasig, San Juan, Taguig
 App. No. 123456789, 2014
 3F Renaissance Tower, W. Alameda Ave., Pasig City
 ATTORNEY CROLL NO. 39468
 IBP No. 887162, Pasig 1-2-12
 PTR No. 8410445, Pasig 1-2-2013
 MCLE Compliance No. IV-0002924