

Republic of the Philippines )  
City of Makati ) S.S.

## SECRETARY'S CERTIFICATE

I, **MA. MELVA E. VALDEZ**, with office address at 6<sup>th</sup> Floor, SOL Building, 112 Amorsolo St., Legaspi Village, Makati City, being the Corporate Secretary/Compliance Officer of Mabuhay Vinyl Corporation ("Company"), a corporation duly organized and existing under Philippine laws, do hereby certify that the following are the changes/updates in the Company's Annual Corporate Governance Report submitted on 01 July 2013 which are reflected in the Consolidated Changes of the Annual Corporate Governance Report for Y2014 ("ACGR Updates"):

### **Item A(1)(a) –Composition of the Board of Directors**

*(Excerpt from the AGM Minutes on 24 April 2014)*

#### "VIII. ELECTION OF DIRECTORS

The names of the following nominees were announced by the Corporate Secretary and were eventually declared as the duly elected Directors of the Corporation for Y2014-Y2015, to serve as such until their successors are duly elected and qualified in accordance with the By-Laws of the Corporation:

1. Melanie S. Belen
2. Kiyofumi Fukuda
3. Tetsuro Hachimura
4. Jose O. Juliano – Independent Director
5. Barbara Anne C. Migallos
6. Renato N. Migriño – Independent Director
7. Gary B. Olivar
8. Edwin Ll. Umali
9. Evelyn L. Villanueva
10. Walter C. Wassmer
11. Yoshiaki Uenishi

*(Excerpt from the minutes of the BOD meeting held on 24 July 2014)*

“**RESOLVED**, That Mr. Naoki Tominaga is hereby elected as the new member of the Board of Directors, Executive Committee and Executive Compensation Committee of the Corporation, vice Mr. Kiyofumi Fukuda, effective immediately.”

**Item A(1)(d)** - Included new director

**Item A(1)(e)** - Included new director

**Item A(6)(b) - Orientation and Education Program**

For the past three (3) years, the following seminars were attended:

Corporate Governance Seminar:

Evelyn L. Villanueva  
Edwin Ll. Umali  
Tetsuro Hachimura  
Jose O. Juliano  
Renato N. Migriño  
Barbara Anne C. Migallos  
Walter S. Wassmer  
Melanie Belen  
Gary S. Olivar  
Yoshiaki Uenishi  
Tominaga Naoki  
Romeo G. Dela Cruz  
Michael S. Yu  
Steve SC. Pangilinan

**Item A(5)** - Updated voting results as of last AGM on 24 April 2014

**Item C(2) – Attendance of Directors**

The item has been updated to reflect the attendance of the directors for the board meetings conducted in year 2014.

**Item D(1) & (3)** - Updated figures re remuneration

**Item D(5) - Remuneration of Management**

The amount of total remuneration has been updated.

**Item E(2)(a)** - Updated list of members, date of appointment and length of service

**Item E(2)(b) - Audit Committee**

The date of appointment and the length of service has been updated considering the election on 24 April 2014. Likewise, the age of the members has been updated.

**Item E(2)© -Screening Committee**

The date of appointment and the length of service has been updated considering the election on 24 April 2014.

**Item E(2)(d) - Compensation Committee**

The date of appointment and the length of service has been updated considering the election on 24 April 2014

*(Excerpt from the Minutes of the Organizational Meeting on 22 May 2014):*

The following were then appointed to the different committees for Y2014-2015:

**Executive Committee**

Evelyn L. Villanueva - Chairman  
Tetsuro Hachimura  
Edwin Ll. Umali  
Walter C. Wassmer  
Yoshiaki Uenishi

**Nominations Committee**

Jose O. Juliano - Chairman/Independent Director  
Tetsuro Hachimura  
Gary B. Olivar

### **Executive Compensation Committee**

Evelyn Ll. Villanueva - Chairman  
Renato N. Migriño - Independent Director  
Yoshiaki Uenishi

### **Audit Committee**

Jose O. Juliano - Chairman/Independent Director  
Melanie S. Belen  
Tetsuro Hachimura  
Renato N. Migriño - Independent Director

*[Please refer to excerpt of board minutes under Item E(2)(d)]*

#### **Item I(1) - Ownership Structure**

The shareholding of the PCD Nominee Corp(Filipino) has been updated.

#### **Item I(3) – External Auditor’s Fee**

The amount has been updated to reflect the remuneration for the year 2013.

**Item J(1)(c)** - Updated information re latest dividend declaration on 24 April 2014

#### **Item J(1)(f) - Stockholders’ Attendance**

The date of meeting and the percentage on the attendance has been updated as of the AGM on 24 April 2014.

#### **Item J(1)(i) - Definitive Information Statement and Management Report**

Information updated as of the Definitive Information Statement filed last 24 March 2014 in connection with the AGM on 24 April 2014.

**Item J(2)(3)** - Updated information re sending out of notices and AGM date

**Item J(2)(f)** - Updated stockholders’ attendance per AGM on 24 April 2014


**Item L** – Updated CSR activities

12 January 2014, Makati City, Philippines.

  
MA MELVA E. VALDEZ  
Corporate Secretary

SUBSCRIBED AND SWORN TO before me, this 12<sup>th</sup> day of January 2014, affiant exhibited to me her Tax Identification Number 911-149-340.

Doc. No. 84  
Page No. 19  
Book No. 4  
Series of 2014.

  
ETHELENE G. VELASCO  
Notary Public, Appt. No. M-501, Makati City  
Valid until: 31 December 2015  
JGLaw, 6<sup>th</sup> Floor, SOL Bldg., 312 Amorsolo St.  
Tegassi Village, Makati City  
PTR No. 4230477, 02 Jan. 2014, Makati City  
IBP No. 950784, 06 Jan. 2014, Pangasinan Chapter  
Roll No. 62420

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM – ACGR**  
**ANNUAL CORPORATE GOVERNANCE REPORT**

**GENERAL INSTRUCTIONS**

**(A) Use of Form ACGR**

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

**(B) Preparation of Report**

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

**(C) Signature and Filing of the Report**

- A. Three (3) complete sets of the report shall be filed with the Main Office of the Commission.
- B. At least one complete copy of the report filed with the Commission shall be **manually** signed.
- C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.
- D. This report is required to be filed annually together with the company's annual report.


**(D) Filing an Amendment**

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM – ACGR**

**CONSOLIDATED CHANGES IN THE  
ANNUAL CORPORATE GOVERNANCE REPORT  
FOR YEAR 2014**

1. Report is Filed for the Year 2014
2. Exact Name of Registrant as Specified in its Charter Mabuhay Vinyl Corporation
3. 3/F Philamlife Salcedo Building, 126 LP Leviste St., Salcedo Village, Makati City \_\_\_\_\_  
Address of Principal Office  Postal Code
4. SEC Identification Number 216
5. \_\_\_\_\_ (SEC Use Only)  
Industry Classification Code
6. BIR Tax Identification Number 000-164-009-000
7. (632) 817-8971  
Issuer's Telephone number, including area code
8. N/A  
Former name or former address, if changed from the last report

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## A. BOARD MATTERS

### 1) Board of Directors

Number of Directors per Articles of Incorporation	Eleven (11)
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Actual number of Directors for the year	Eleven (11)
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#### (a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director
Evelyn L. Villanueva	ED	BDO	Walter C. Wassmer	April 2008	24 April 2014	Annual	6
Edwin Ll. Umali	ED	Tosoh/BDO	Kiyofumi Fukuda	1999	24 April 2014	Annual	15
Tetsuro Hachimura	NED	Tosoh	-	25 July 2013	24 April 2014	Annual	2
Yoshiaki Uenishi	NED	Mitsubishi	Tetsuro Hachimura	11 June 2013	24 April 2014	Annual	2
Barbara Anne Migallos	NED	Tosoh	Kiyofumi Fukuda	August 2000	24 April 2014	Annual	14
Jose O. Juliano	ID	n/a	Melanie Belen	May 2001	24 April 2014/2 years	Annual	13
Renato N. Migrino	ID	n/a	Barbara Anne Migallos		24 April 2014/2 years	Annual	
Walter C. Wassmer	NED	BDO	Evelyn Villanueva	April 2005	24 April 2014	Annual	9
Melanie Belen	NED	BDO	Walter C. Wassmer	April 2010	24 April 2014	Annual	4
Naoki Tominaga	NED	Tosoh	Yoshiaki Uenishi	24 July 2014	24 July 2014	Special Board Meeting	newly elected
Gary B. Olivar	NED	BDO	Evelyn Villanueva	April 2011	24 April 2014	Annual	2

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

It shall be the Board of Director's responsibility to foster Mabuhay Vinyl Corporation's (MVC) long term success and ensure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which shall be exercised in the best interest of MVC, as well as its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities. The Board of Directors are committed to uphold the rights of the minority stockholders.

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

=Annually.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group<sup>1</sup>

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Edwin Ll. Umali	MVC Properties Inc.	Chairman
Barbara Anne Migallos	MVC Properties Inc.	NED
Evelyn L. Villanueva	MVC Properties Inc.	NED

(i) 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.
Barbara Anne Migallos	Philex Petroleum Corporation	NED
	Philex Mining Corporation	ED

(ii) 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
Evelyn L. Villanueva	} Banco de Oro Unibank Inc.	} Officer of Banco de Oro Unibank Inc.
Walter C. Wassmer		
Melanie S. Olivar		
Gary B. Olivar	} Tosoh Corporation	} Officers of Tosoh Corporation
Tetsuro Hachimura		
Naoki Tominaga		

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

	Guidelines	Maximum Number of Directorships in other companies
<b>Executive Director</b>	The President/Chief Operating Officer and other executive directors must submit themselves to low indicative limit on membership in other corporate	No fixed number of directorship imposed.

<sup>1</sup> The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

	Board of Directors. (MVC Amended Manual of Corporate Governance (MCG))	
<b>Non-Executive Director</b>	Non-executive directors who serve as full time executives in other corporations may submit to the same low limit of directorships in other companies. In any case, the capacity of directors to serve with diligence shall not be compromised. (MVC Amended MCG)	No fixed number of directorship imposed.
<b>Chief Executive Officer (CEO)</b>	The Chief Executive Officer and other executive directors must submit themselves to low indicative limit on membership in other corporate Board of Directors. (MVC Amended MCG)	No fixed number of directorship imposed.

(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
Evelyn L. Villanueva	5,000	n/a	0.0008
Edwin Ll. Umali	6,410	n/a	0.0010
Tetsuro Hachimura	10,000	n/a	0.0015
Yoshiaki Uenishi	10,000	n/a	0.0015
Barbara Anne C. Migallos	5,000	n/a	0.0008
Jose O. Juliano	15,000	n/a	0.0023
Renato N. Migriño	5,629	n/a	0.0009
Walter C. Wassmer	5,000	n/a	0.0008
Melanie S. Belen	5,000	n/a	0.0008
Naoki Tominaga	5,000	n/a	0.0008
Gary B. Olivar	5,000	n/a	0.0008
<b>TOTAL</b>	<b>77,039</b>	n/a	<b>0.0192</b>

2) Chairman and CEO

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

Yes

No  /

Identify the Chair and CEO:

Chairman of the Board	Evelyn L. Villanueva
CEO/President	Evelyn L. Villanueva (CEO)/ Edwin Ll. Umali (President/COO)

The President / Chief Operating Officer (COO) directly manages the Company's operations.

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	Presides in the meetings of the Board	<p>The COO directly manages the business operations of the company and performs the following function:</p> <p>Manages the day-to-day business affairs of the corporation; represents company in all transactions with the government/ other entities.</p> <p>The CEO merely has oversight functions on the COO's duties.</p>
Accountabilities	<ol style="list-style-type: none"> <li>1. Ensure proper and timely holding of Board meetings</li> <li>2. Ensure effective communication between Board and Management</li> <li>3. Ensure a regular review of the company's governance rules/policies</li> <li>4. Ensure that independent directors are elected to serve in the Board.</li> </ol>	<ul style="list-style-type: none"> <li>- Ensure effective supervision and management of the company's overall business operations and property in accordance with the company's standards.</li> <li>- Ensure implementation of the policies/rules of the corporation</li> <li>- Ensure proper management of the company's finances</li> <li>- Ensure that the company is at all times compliant with all regulatory requirements</li> <li>- Ensure compliance with all applicable laws, rules &amp; regulations</li> </ul>
Deliverables	<ol style="list-style-type: none"> <li>1. Compliance with PSE/SEC reports as approved by the Board</li> <li>2. Regular conduct of board meetings to discuss/approve corporate matters including those recommended by the CEO, Management and the Directors</li> <li>3. Corporate governance policies/ committee charter/ operational policies</li> <li>4. Well-established corporate organizational structure</li> <li>5. Updated mission/vision, strategic objectives and policies</li> </ol>	<ul style="list-style-type: none"> <li>- Profitable business and sound financial position of the corporation</li> <li>- Recommendations/proposals re corporate programs/projects subject to Board approval</li> <li>- Recommendation re Annual Corporate Budget subject to Board approval</li> <li>- Prompt disclosures/reports to appropriate government/regulatory agencies</li> <li>- Compliance all government/regulatory requirements/laws/rules</li> <li>- Effective &amp; efficient utilization of company resources</li> </ul>

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

= The Board is still discussing the proposed succession plan for the top management positions.

4) Other Executive, Non-Executive and Independent Directors

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

= The Nominations Committee shall pre-screen the nominees in accordance with the qualifications set forth under MVC's Amended MCG and By-laws.

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

= No specific requirement under the Bylaws and the Amended MCG.

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

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

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

= Independence means being 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 any covered Company.

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 optimum number shall be related to the capacity of the Director to perform his duties diligently in general.

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

(a) Resignation/Death/Removal

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

<b>Name</b>	<b>Position</b>	<b>Date of Cessation</b>	<b>Reason</b>
Kiyofumi Fukuda	Director	24 July 2014	Re-assignment to Battery Manganese Materials, Advanced Materials Division of Tosoh Corporation as General Manager.

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

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

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors	<p>All the directors are elected in accordance with the Corporation's By-laws and Amended Manual on Corporate Governance, as follows:</p> <ol style="list-style-type: none"> <li>1.) Nomination – nomination of the directors are conducted prior to the stockholders/Election meeting.</li> <li>2.) Screening – the Screening Committee evaluates the qualification of the nominees. The committee then prepares a final list of candidates.</li> <li>3.) Elections – only those nominees who were pre-screened are eligible for election.</li> </ol>	<p>The criteria in the nomination/election of regular (whether executive or non-executive) and independent directors conform to the following standards:</p> <p>General Qualifications:</p> <ul style="list-style-type: none"> <li>- Holder of at least 5,000 shares of the Corporation;</li> <li>- He shall be at least a college graduate or holder of equivalent academic degree or have sufficient experience in managing the business to substitute for such formal education;</li> <li>- He shall be at least twenty one (21) years old;</li> <li>- He shall have been proven to possess integrity and probity;</li> <li>- He shall be assiduous; and</li> <li>- Such other qualifications as the Committee may reasonably provide from time to time.</li> </ul> <p>Also, an independent Director shall have none of the disqualifications provided in the By-laws.</p> <p>The Screening Committee shall also evaluate whether the nominees are disqualified under the By-laws &amp; Amended Manual on Corporate Governance.</p>
(ii) Non-Executive Directors		
(iii) Independent Directors		<p>Special Qualifications for Independent Directors:</p> <ul style="list-style-type: none"> <li>- A regular director who resigns or whose term ends on the day of the election shall only qualify</li> </ul>

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



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

	} duly called for the purpose.	
(ii) Non-Executive Directors		
(iii) Independent Directors		

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

Name of Director	Votes Received
Evelyn L. Villanueva	572,818,219
Edwin Ll. Umali	572,818,219
Tetsuro Hachimura	572,818,219
Yoshiaki Uenishi	572,818,219
Barbara Anne Migallos	572,818,219
Jose O. Juliano	572,818,219
Renato N. Migriño	572,818,219
Walter C. Wassmer	572,818,219
Melanie Belen	572,818,219
Kiyofumi Fukuda (replaced by Naoki Tominaga as of 24 July 2014)	572,818,219
Gary B. Olivar	572,818,219

#### 6) Orientation and Education Program

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

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

- (b) State any in-house training and external courses attended by Directors and Senior Management<sup>2</sup> for the past three (3) years:

Corporate Governance Seminar:

Evelyn L. Villanueva

Edwin Ll. Umali

Tetsuro Hachimura

Jose O. Juliano

Renato N. Migriño

Barbara Anne C. Migallos

Walter C. Wassmer

Melanie S. Belen

Gary B. Olivar

Yoshiaki Uenishi

Naoki Tominaga

Romeo G. Dela Cruz

Michael S. Yu

Steve SC. Pangilinan

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

<sup>2</sup> Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

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:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p>Where a potential conflict of interest arises, a director must adhere to procedures provided by law and policies of the company. The Directors should ensure that there is transparency in all their decisions and that there is full and accurate disclosure of all material information on the financial and operating results of the company. <i>(Item 2.1.2, Amended Manual on Corporate Governance)</i></p> <p>A director should uphold the interest of the Corporation whenever a conflict of interest arises. <i>(Item 2.1.4, Amended MCG)</i></p>	<p>Employees who are faced with possible conflict of interest must refer the matter to their immediate superior for guidance. <i>(Code of Business Conduct)</i></p>	<p>Employees who are faced with possible conflict of interest must refer the matter to their immediate superior for guidance. <i>(Code of Business Conduct)</i></p>
(b) Conduct of Business and Fair Dealings	<p>A director’s office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness. <i>(Item 2.1.2, Amended MCG)</i></p> <p>A director should likewise conduct fair business transaction with MVC and ensure that his personal interest does not</p>	<p>MVC officials or employees are expected to place MVC’s interests in any business dealing above any personal interest.</p>	<p>MVC officials or employees are expected to place MVC’s interests in any business dealing above any personal interest.</p>

	<p>conflict with the interests of the Corporation. (Item 2.1.4, Amended MCG)</p>		
(c) Receipt of gifts from third parties	<p>A conflict of interest may arise when:</p> <p>An MVC official or employee is known to accept by reason of his office or position commissions, profits, gifts in cash or in kind of a considerable value or other payments, loans or advances (except from regular financial institutions) or free services on a continuing basis and of considerable value, from any enterprise, corporation or individual doing business or seeking to do business with the company, in which said official or employee has intervened in his official capacity. x x x</p> <p>Employees who are faced with possible conflict-of-interest situations analogous to the above cases must refer the matter to their immediate superior for guidance. (Code of Business Conduct)</p>	<p>A conflict of interest may arise when:</p> <p>An MVC official or employee is known to accept by reason of his office or position commissions, profits, gifts in cash or in kind of a considerable value or other payments, loans or advances (except from regular financial institutions) or free services on a continuing basis and of considerable value, from any enterprise, corporation or individual doing business or seeking to do business with the company, in which said official or employee has intervened in his official capacity. x x x</p> <p>Employees who are faced with possible conflict-of-interest situations analogous to the above cases must refer the matter to their immediate superior for guidance. (Code of Business Conduct)</p>	<p>A conflict of interest may arise when:</p> <p>An MVC official or employee is known to accept by reason of his office or position commissions, profits, gifts in cash or in kind of a considerable value or other payments, loans or advances (except from regular financial institutions) or free services on a continuing basis and of considerable value, from any enterprise, corporation or individual doing business or seeking to do business with the company, in which said official or employee has intervened in his official capacity. x x x</p> <p>Employees who are faced with possible conflict-of-interest situations analogous to the above cases must refer the matter to their immediate superior for guidance. (Code of Business Conduct)</p>
(d) Compliance with Laws & Regulations	<p>Directors should ensure that MVC shall comply with all relevant laws, rules and regulations and codes on business practices. (Item 2.1.3, Amended MCG)</p> <p>A director should acquire a working knowledge of the statutory and regulatory requirements affecting</p>	<p>Officials and employees shall faithfully comply with pertinent and existing statutes, ordinances and regulations.</p>	<p>Officials and employees shall faithfully comply with pertinent and existing statutes, ordinances and regulations.</p>

	MVC including the contents of its Articles of Incorporation and By-laws, the requirements of the other regulatory agencies. <i>(Item 2.1.4, Amended MCG)</i>		
(e) Respect for Trade Secrets/Use of Non-public Information	<p>MVC officials or employees are expected to place MVC's interests in any business dealing above any personal interest. xxx</p> <p>An MVC official or employee releases to any individual not connected with the company any confidential data or information which may give preferential advantage to such individual to the prejudice of the company. xxx</p> <p>Employees who are faced with possible conflict-of-interest situations analogous to the above cases must refer the matter to their immediate superior for guidance. <i>(Code of Business Conduct)</i></p>	<p>MVC officials or employees are expected to place MVC's interests in any business dealing above any personal interest. xxx</p> <p>An MVC official or employee releases to any individual not connected with the company any confidential data or information which may give preferential advantage to such individual to the prejudice of the company. xxx</p> <p>Employees who are faced with possible conflict-of-interest situations analogous to the above cases must refer the matter to their immediate superior for guidance. <i>(Code of Business Conduct)</i></p>	<p>MVC officials or employees are expected to place MVC's interests in any business dealing above any personal interest. xxx</p> <p>An MVC official or employee releases to any individual not connected with the company any confidential data or information which may give preferential advantage to such individual to the prejudice of the company. xxx</p> <p>Employees who are faced with possible conflict-of-interest situations analogous to the above cases must refer the matter to their immediate superior for guidance. <i>(Code of Business Conduct)</i></p>
(f) Use of Company Funds, Assets and Information	<p>MVC officials or employees are expected to place MVC's interests in any business dealing above any personal interest. Xxx</p> <p>An MVC official or employee abuses the company's internet or e-mail facilities to engage in deceptive business practices, corporate espionage, illegal price fixing or uses other company resources for personal</p>	<p>MVC officials or employees are expected to place MVC's interests in any business dealing above any personal interest. Xxx</p> <p>An MVC official or employee abuses the company's internet or e-mail facilities to engage in deceptive business practices, corporate espionage, illegal price fixing or uses other company resources for personal business and gains. xxx</p>	<p>MVC officials or employees are expected to place MVC's interests in any business dealing above any personal interest. Xxx</p> <p>An MVC official or employee abuses the company's internet or e-mail facilities to engage in deceptive business practices, corporate espionage, illegal price fixing or uses other company resources for personal business and gains. xxx</p> <p>Employees who are faced</p>

	<p>business and gains. xxx</p> <p>Employees who are faced with possible conflict-of-interest situations analogous to the above cases must refer the matter to their immediate superior for guidance. (Code of Business Conduct)</p>	<p>Employees who are faced with possible conflict-of-interest situations analogous to the above cases must refer the matter to their immediate superior for guidance. (Code of Business Conduct)</p>	<p>with possible conflict-of-interest situations analogous to the above cases must refer the matter to their immediate superior for guidance. (Code of Business Conduct)</p>
(g) Employment & Labor Laws & Policies	<p>MVC is committed to develop and maintain highly trained employees. As an “equal opportunity employer” MVC adheres to the policy and practice of providing equal opportunities to qualified existing personnel, without regard to sex, age and creed. (Code of Business Conduct)</p>	<p>MVC is committed to develop and maintain highly trained employees. As an “equal opportunity employer” MVC adheres to the policy and practice of providing equal opportunities to qualified existing personnel, without regard to sex, age and creed. (Code of Business Conduct)</p>	<p>MVC is committed to develop and maintain highly trained employees. As an “equal opportunity employer” MVC adheres to the policy and practice of providing equal opportunities to qualified existing personnel, without regard to sex, age and creed. (Code of Business Conduct)</p>
(h) Disciplinary action	<p>Failure by an MVC officer or employee to comply with this Code of Business Conduct and other regulations governing the Company’s business may result in disciplinary action, up to but not limited to removal from office or termination of employment. (Code of Business Conduct)</p>	<p>Failure by an MVC officer or employee to comply with this Code of Business Conduct and other regulations governing the Company’s business may result in disciplinary action, up to but not limited to removal from office or termination of employment. (Code of Business Conduct)</p>	<p>Failure by an MVC officer or employee to comply with this Code of Business Conduct and other regulations governing the Company’s business may result in disciplinary action, up to but not limited to removal from office or termination of employment. (Code of Business Conduct)</p>
(i) Whistle Blower	<p>No specific provision under the Amended MCG and Code of Business Ethics. However, the company encourages the officers and employees to report any illegal activity on a confidential basis.</p>	<p>No specific provision under the Amended MCG and Code of Business Ethics. However, the company encourages the officers and employees to report any illegal activity on a confidential basis.</p>	<p>No specific provision under the Amended MCG and Code of Business Ethics. However, the company encourages the officers and employees to report any illegal activity on a confidential basis.</p>
(j) Conflict Resolution	<p>Conflicts arising between the directors shall be discussed/resolved in the Board.</p>	<p>Conflicts are settled at their level, otherwise, the same shall be presented to the Board for resolution.</p>	<p>Conflicts are handled by the HR Manager under the supervision of the COO.</p>

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

= Yes.

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

= The company strictly implements its Code of Business Conduct and compliance is monitored by the President and Internal Audit Department.

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	1. The Company ensure that transaction between related party are accounted for at arm’s length prices on terms similar to those offer to the non-related entity in an economically comparable market. 2. Full disclosure of the transaction
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	No person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:  (a) If he is an officer, manager or controlling person of, the owner (either of record or beneficially) of 5,000 or more of any outstanding class of shares of, any corporation (other than one in which the corporation owns at least 30% of the capital stock or engaged in a business which the Board, by at least three-fourths vote, determines to be competitive or antagonistic to that of the Corporation; or (b) If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or any outstanding class of shares of, any other corporation or entity engaged in any line business of the corporation, when in the judgment of the Board, by at least three-fourths vote, the laws against combinations in restraint of trade shall be violated in such person’s membership in the Board of Directors; or (c) If the Board, in the exercise of its judgment in good faith,

	<p>determines by at least three-fourths vote that he is the nominee of any person set forth in (a) or (b).</p> <p>In determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board may take into account such factors as business and family relationship. xxx</p> <p><i>(Section 2, Article III, MVC Bylaws)</i></p>

(b) Conflict of Interest

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

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

= Not applicable. There is no probable conflict of interest involving directors/officers/5% or more shareholders.

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

(ii) Mechanism

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

Directors/Officers/Significant Shareholders	
Company	The directors/officers/significant shareholders shall immediately disclose any potential/possible conflict of interest involving any transaction/issue with the company/group. The interest of the Corporation shall be upheld whenever a conflict of interest arises.
Group	The directors/officers/significant shareholders shall immediately disclose any potential/possible conflict of interest involving any transaction/issue with the company/group. The interest of the Corporation shall be upheld whenever a conflict of interest arises.

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,<sup>3</sup> commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

= None.

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship

<sup>3</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity.



n/a		

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

=None.

<b>Names of Related Significant Shareholders</b>	<b>Type of Relationship</b>	<b>Brief Description</b>
n/a		

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

=None.

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

Alternative Dispute Resolution System	
Corporation & Stockholders	For the last 3 years, the Company has not been involved in any conflict with stockholders, third parties and regulatory authority.
Corporation & Third Parties	
Corporation & Regulatory Authorities	

**C. BOARD MEETINGS & ATTENDANCE**

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

= Yes.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Evelyn L. Villanueva	24 April 2014	7	7	100%
Member	Edwin Ll. Umali	24 April 2014	7	7	100%
Member	Tetsuro Hachimura	24 April 2014	7	7	100%
Member	Yoshiaki Uenishi	24 April 2014	7	6	85.71%
Member	Barbara Anne C. Migallos	24 April 2014	7	6	85.71
Member	Walter C. Wassmer	24 April 2014	7	6	85.71%
Member	Melanie S. Belen	24 April 2014	7	4	57.14%
Member	Gary B. Olivar	24 April 2014	7	5	71.43
Member	Naoki Tominaga	24 July 2014	3	3	100%
Independent	Jose O. Juliano	24 April 2014	7	7	100%
Independent	Renato N. Migrifio	24 April	7	6	85.71%

		2014			
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3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

= No.

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

= MVC Bylaws require only a majority of the members of the Board to constitute a quorum.

5) Access to Information

(a) How many days in advance are board papers<sup>4</sup> for board of directors meetings provided to the board?

= At least three (3) days in advance

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

= Yes.

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

=The Corporate Secretary is the custodian of and shall maintain the corporate books and records and shall be the recorder of the corporation's formal actions and transactions (*MVC Bylaws*). The Corporate Secretary assists the Chairman in preparing the board agenda and materials and assist the BOD in making business judgment in good faith and in the performance of their responsibilities and objections, as well as ensure that BOD procedures and applicable rules and regulations are being followed and complied with. (*MVC Amended Manual*)

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

=Yes.

(e) Committee Procedures

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

Yes  /  No

Committee	Details of the procedures
Executive	The directors and officers of the company have free access to any information/documents in connection with matters to be taken up in the meetings.
Audit	
Nomination	
Remuneration	
Others (specify)	

6) External Advice

<sup>4</sup> Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

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

Procedures	Details
The directors/management can recommend engagement of external consultants on matters requiring expertise on certain issues/concerns.	The engagement of external advisor, including the engagement fee shall be approved by the Board of Directors.

7) Change/s in existing policies

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

= None

Existing Policies	Changes	Reason
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 (for 2013)
(1) Fixed remuneration	n/a	7,236,119
(2) Variable remuneration	n/a	n/a
(3) Per diem allowance	n/a	n/a
(4) Bonus	n/a	n/a
(5) Stock Options and other financial instruments	n/a	n/a
(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.

= Except for per diem (P10,000.00/meeting) for each director during board meetings and miscellaneous allowance for independent directors, there are no bonus, profit sharing or other compensation plan, contract or arrangement in which any director, nominee for election as director, or executive officers of the registrant will participate.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	n/a		
Non-Executive Directors			

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

=No remuneration given to directors for the last three (3) years except for per diem (P10,000.00/meeting) for each director during board meetings and miscellaneous allowance for independent directors.

Remuneration Scheme	Date of Stockholders' Approval
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	The President has a fixed remuneration.	none	None
(b) Variable Remuneration	None	none	none
(c) Per diem Allowance	P10,000.00/meeting	P10,000.00/meeting	P10,000.00/meeting and miscellaneous allowance
(d) Bonuses	none	none	None
(e) Stock Options and/or other financial instruments	none	none	none
(f) Others (Specify)	none	none	None
<b>Total</b>			

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	none	none	None
2) Credit granted	None	None	None
3) Pension Plan/s Contributions	President has a pension plan benefit	None	None
(d) Pension Plans, Obligations incurred	None	None	None
(e) Life Insurance Premium	President has a life insurance benefit	None	None
(f) Hospitalization Plan	President has a health insurance benefit	None	None
(g) Car Plan	President has a car plan benefit	None	None
(h) Others (Specify)			
<b>Total</b>			

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:

=The Board of Directors do not own nor 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/Warrants	Number of Equivalent Shares	Total % from Capital Stock
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:

=None.

Incentive Program	Amendments	Date of Stockholders' Approval
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 (for FY2013)	Total Remuneration
Michael S. Yu	PHP 6,357,546
Romeo G. dela Cruz	
Steve S.C. Pangilinan	
Mark Francis D. Basan	
Renato Saul C. Ortiz	

**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	3	-	-	Acts on specific matters within the competence of the Board as may be delegated to it by the Board. (MVC by-laws)	Ensure that urgent corporate matters which require board action are attended to while the Board does not meet yet.	Power to act on matters delegated to it by the Board.
Audit		2	2	With Charter	Oversee/Supervise financial management policies; supervise the internal and external audit .	Ensure adequate internal and external audit system/structure.	Recommends to the Board the appropriate internal and external system/structure for the corporation

			1	-			on.
Nomination		2			Evaluate/pre-screen nominees for election as directors	Ensure qualification of nominees/candidates	Shortlist the nominees /candidates for election as directors.
Remuneration	1	1	1	-	Establish/Formulate a formal and transparent procedure for developing a policy on executive remuneration of directors, officers, senior management and key personnel.	Ensure that executive remuneration of the company's directors, officers, senior management and key personnel are consistent with MVC's culture, strategy and internal control environment.	Recommend to the Board effective executive compensation package for the company's officers, senior management and key personnel
Others (specify)	-	-	-				

## 2) Committee Members

### (a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Evelyn L. Villanueva	24 April 2014	6	4	66.67%	
Member (ED)	Edwin Ll. Umali	24 April 2014	6	6	100%	13
Member (NED)	Tetsuro Hachimura	24 April 2014	6	6	100%	2
Member (ID)						
Member (NED)	Yoshiaki Uenishi	24 April 2014	6	6	100%	2
Member (NED)	Walter C. Wassmer	24 April 2014	6	5	83.33%	6

### (a) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Jose O. Juliano	24 April 2014	3	2	100%	11
Member (ED)						



Member (NED)	Melanie S. Belen	24 April 2014	3	2	100%	2
Member (ID)	Renato N. Migrino	24 April 2014	3	2	80%	9
Member	Tetsuro Hachimura	24 April 2014	3	2	100%	2

Disclose the profile or qualifications of the Audit Committee members.

= **JOSE O. JULIANO** - 81, Filipino

B.S. Agriculture, University of the Philippines; MS in Chemistry, Louisiana State University, USA, Ph.D in Chemistry, University of California, USA.

*Positions held:* Independent Director [May 2001 to present] [Chairman of both Audit and Nominations Com.] (Mabuhay Vinyl Corp.); President & CEO [1999 to present] (Calamba Medical Center); President & CEO [2004] (Southern Luzon Hospital and Medical Center); Trustee [2004-2010] (Zuellig Foundation, Inc.); Board Member (Luzon Development Bank); Secretary & Member of the Executive Council [1993-2002] (National Academy of Science & Technology (NAST)); Secretary and Trustee [1993-2003] (NAST Foundation); Undersecretary for Trade [1996-1998] (Dept. of Trade & Industry); Chairman, Board of Chemistry [1993-1996] (Professional Regulation Commission).

**MELANIE S. BELEN** – 54, Filipino

BSC - Accounting, University of Santo Tomas; Certified Public Accountant; Master in Business Management (Dean's List), Asian Institute of Management

*Positions held:* Director [2010 to present] (Mabuhay Vinyl Corporation); SVP & Head – Remedial Management Unit [July 2008 to present] (Banco De Oro Unibank); Country Vice-President [2005-March, 2008] [Scholastic Inc.,(Grolier International)]; Chief Financial Officer [2004-2005] [Scholastic Inc.,(Grolier International)]; Chief Financial Consultant [2000-2003] (Healthy Options); Executive Vice President & Chief Financial Officer [1999-2000] (Crown Equities, Inc.); Chief Financial Officer/Treasurer, Executive Committee-member & Board of Directors-member [1998-1999] (Nextel Communications Phil. Inc.); Executive Vice-President, Chief Financial Officer/Treasurer [1997-1998] (Express Telecommunications Co., Inc.); Chief Financial Officer/Controller [1994-1997] (American Express-International); Director-Finance & Planning Philippines, Guam & Micronesia [1989-1994] (American Express International); Corporate Account Manager, World Corporate Group [1985-1989] (Citibank); Senior Audit Staff-in-Charge [1980-1983] (SGV& Co.)

**RENATO N. MIGRIÑO** - 64, Filipino

BSC, Accounting, Philippine College of Commerce (now Polytechnic University of the Philippines)

*Positions held:* Director (Mabuhay Vinyl Corp); Treasurer, Chief Financial Officer, Senior Vice-President - Finance, Compliance Officer, [November 2003 to present] (Philex Mining Corp.); Director and Treasurer (Philex Petroleum Corporation); Director and Treasurer (Brixton Energy and Mining Corporation); Director and Treasurer (FEC Resources Inc.) [in Canada]; Director and Treasurer (Lascogon Mining Corp); Director and Treasurer (Fidelity Stock Transfers, Inc.); Director (Northern Luzon Exploration & Mining Co.); Treasurer (Silangan Mindanao Exploration Co., Inc.); Treasurer (Silangan Mindanao Mining Co., Inc.); Senior Vice-President & Controller, last position held, [1975-1998], (Benguet Corp.); Senior Auditor, last position held [1970-1975] (SGV & Co.).

**TETSURO HACHIMURA** – 50, Japanese

Graduated from the Waseda University in 1987

Positions held: Tosoh Corporation (April 1987-June 2009); Plas-Tech Corporation (June 2009-June 2013); Phil. Resins Industries Inc. (27 June 2013-present). [June 2009] Plas-tech Corporation, General Manager, Compound Sales; [June 2003] Tosoh Corporation, Tokyo Head Office; Manager, Synthetic Rubber [April 1987] Tosoh Tokyo Head Office.

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

= The following are the Committee's responsibility vis-à-vis the external auditor:

Assess the independence and professional qualifications of the External Auditor, in compliance with the requirements under applicable law, rules and regulations, as well as review Auditor's compliance with auditing standards;

Prior to the commencement of the audit, discuss, review and recommend with the external auditor the nature, scope and fees of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non audit fees paid to the external auditor in relation to their significance in the total annual income of the external auditor and to the corporation's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an external auditor, or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report;

Discuss with Management and Auditor and act upon disagreements on audit issues/procedure;

Evaluate and act upon the findings of the External Auditor;

Evaluate Management's competence with respect to financial reporting activities, including aggressiveness and reasonableness of decisions;

Evaluate the performance of the External Auditor; recommend to the Board the appointment/replacement of External Auditor;

Communicate with the External Auditor regarding critical policies, alternative treatments, observations on internal controls, audit adjustments, independence, limitations on audit work set by the management, and other material issues that affect the audit and financial reporting.

*(MVC Amended MCG)*

(b) Nomination Committee

(c)

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Jose O. Juliano (ID)	24 April 2014	3	3	100	10
Member (ED)						
Member (NED)	Tetsuro Hachimura	24 April 2014	3	3	100	2
Member (ID)						
Member	Gary B. Olivar	24 April 2014	3	3	100	1

(d) Remuneration Committee/Executive Compensation Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Evelyn L. Villanueva	24 April 2014				6
Member (ED)						
Member (NED)	Yoshiaki Uenishi	24 April 2014				1
Member (ID)	Renato N. Migrifio	24 April 2014				9
Member						

(e) Others (Specify)

= None.

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

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

### 3) Changes in Committee Members

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

= None.

Name of Committee	Name	Reason
Executive	n/a	
Audit		
Nomination		
Remuneration		
Others (specify)		

### 4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Executive	Managed / controlled / business operations of the company; handled operational concerns of the company as delegated to it by the Board.	No significant issue taken up during the year.
Audit	Review of the financial reports/disclosures; Supervision of the internal and external auditors.	No significant issue taken up during the year.
Nomination	Evaluation of the nominees for director	No significant issue tackled during the year.
Remuneration	Pls provide info	
Others (specify)		

### 5) Committee Program

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

= The committee members are still discussing plans for this coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	n/a	
Audit		
Nomination		
Remuneration		
Others (specify)		

## F. RISK MANAGEMENT SYSTEM

### 1) Disclose the following:

- (a) Overall risk management philosophy of the company;
  - The company has an Enterprise-wide Risk Management Manual
  - The company has set procedures for the identification of risks, conduct of risk assessment and managing those risks within the company's appetite level through the preparation of corresponding preventive action plans.
- (b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;
  - (no review has been done yet)
- (c) Period covered by the review;
  - period covered would be one year.
- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and
  - the ERM manual is subject to be reviewed annually.
- (e) Where no review was conducted during the year, an explanation why not.
  - The company's ERM was established only recently.

### 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
Failure of production equipment	Conduct preventive maintenance and other activities	Eliminate unscheduled disruption to production operations
Cancellation of DENR ECC due to environmental concerns	Comply with all applicable environmental regulations.	No incidence of environmental violation.
Credit Risk of Customers	Minimize credit risk through sound credit management practices centering on credit investigation, credit limits and limiting exposure to defined limits.	Minimize credit risk.
Breakdown of ERP systems	Minimize probability of failure through preventive maintenance. Minimize data loss through backup and disaster recovery strategies.	No incidence of breakdown or data loss.

#### (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
(same as above a)		


(c) Minority Shareholders

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

Risk to Minority Shareholders

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)
Failure of production equipment	Production sections report any abnormal equipment behavior during weekly production planning meeting for action.	Conduct preventive maintenance regularly. Conduct annual maintenance shutdown as scheduled.
Cancellation of DENR ECC due to environmental concerns	Technical department report any abnormal behavior.	Regular sampling and laboratory analysis of control points are conducted.
Credit risk of customers	Aging Reports are prepared regularly and reported to management.	Approval of management is needed to authorize increase in credit limit or approve deliveries in excess of credit limit.
Breakdown of ERP systems	MIS monitors system operation, performance and capacity planning.	Conducts preventive maintenance and backup regularly.

(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)
(same as item 3(a) above)		

(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
Internal Audit		<ul style="list-style-type: none"> <li>• provide independent and objective review of operational, administrative and other controls designed to add value and improve operations</li> <li>• evaluate and improve the effectiveness of internal controls, company processes and risk management</li> </ul>

## G. INTERNAL AUDIT AND CONTROL

### 1) Internal Control System

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

(a) Explain how the internal control system is defined for the company;  
= The policies are set by the Board. However, Management is primarily responsible for the design, implementation and maintenance of the internal control system of the Company. The Board, through its audit committee oversees the actions of Management and monitors the effectiveness of the internal control system in place. Recommendations are provided by Management, the Board, and/or the internal Audit Department, to address certain issues and concerns of the company.

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

= On an annual basis, the Internal Audit Department issues a report indicating procedures performed by Internal Audit in evaluating the internal control system of the Company that includes its policies, procedures, processes to attest that a sound internal audit, control, compliance system is in place and working effectively.

(c) Period covered by the review;

= For a 12-month calendar year period ending December 31.

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

= The audit Committee is tasked by the Board to review the internal control system of the Company. Part of their regular meeting (minimum of 3 times/year) is to review the internal control system through the reports of the auditors (internal and external) and representation made by the Management.

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

= Not applicable, annual review is conducted.

### 2) Internal Audit

(a) Role, Scope and Internal Audit Function

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

MVC supports Internal Audit as an independent activity designed to add value and improve the Corporation's operations. It helps Management and various operating units accomplish their objectives by conducting a systematic approach in the evaluation and improvement of the effectiveness of risk management, internal control, and compliance with approved and latest policies and procedures.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
<p>- provide independent and objective review of operational, administrative and other controls designed to add value and improve operations</p> <p>- conducts a systematic approach in the evaluation and improvement of the effectiveness of internal controls, company processes, compliance with approved and latest policies and procedures, and risk management</p>	<p>The scope of internal auditing is to determine whether the organization's network of control, governance processes and risk management, as designed and represented by management, is adequate and functioning efficiently and effectively. It includes the examination and evaluation of the adequacy and effectiveness of the Corporation's system of accounting, administrative and organizational controls, the efficiency of operations and the quality of performance in carrying out assigned responsibilities.</p>	In-house	n/a	Internal Audit is administratively under the President but is operationally responsible and report to the Audit Committee

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

Yes

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

- The internal auditor reports to the audit committee.
- The Internal Audit are authorized to have full and free access to the Audit Committee;
- The Internal Audit shall have the right of direct access to all officers and staff of the Corporation;
- In conducting their activities, Internal Audit staff shall be entitled to unrestricted access to all of the Corporation's activities, records, property, personnel and information, which they consider necessary to properly accomplish their function.

(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

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

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

<b>Progress Against Plans</b>	(Follows an internal audit work plan prepared at the beginning of the year); for 2014, around 95% of the activities detailed in the work plan were completed.
<b>Issues<sup>5</sup></b>	
<b>Findings<sup>6</sup></b>	Accumulation of unapplied collections and long-outstanding receivables
	Significantly valued non-moving spare parts that are no longer needed by the plant
	Noted significant number of unserved Purchase Requisitions
	Noted non-extensive and lack of preventive maintenance activities conducted, particularly in Pulupandan Depot
<b>Examination Trends</b>	<i>(based on single year review result)</i>

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

Policies & Procedures	Implementation
1. Governance frameworks must be established to define the scope of work and policies that will regulate and control the Internal Audit Department's activities.	Implemented
2. Risk based plans must be established to determine the priorities of internal audit activity, consistent with the Company's goals.	Implemented
3. The Internal Audit Department must effectively communicate the results of its review to facilitate achievement of the Company's goals and objectives.	Implemented

<sup>5</sup> "Issues" are compliance matters that arise from adopting different interpretations.

<sup>6</sup> "Findings" are those with concrete basis under the company's policies and rules.



(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

(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.

= Chairman and President/Chief Operating Officer

**H. ROLE OF STAKEHOLDERS**

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

	Policy	Activities
Customers' welfare	MVC shall at all times, seek to attain customer satisfaction and loyalty by delivering only quality products and services, stressing value and safety to the user while affirming the company's reliability. To enhance and maintain customer confidence, an MVC employee is expected to attend to customers in an ethical manner and with utmost competence, knowing that the customers are the reason for the company's existence. <i>(Code of Business Conduct)</i>	MVC conducts quality control procedures to ensure that only products that pass specifications are delivered to customers. MVC conducts safety trainings and issues MSDS to its customers. MVC conducts customer surveys to ensure continued customer satisfaction.
Supplier/contractor selection practice	MVC will only do business with suppliers or contractors who deliver quality materials and services who safeguard the rights and welfare of its workers by providing wages and benefits that comply with government laws and regulations, and who do not engage in forced labor and the hiring of minors.  In addition, MVC will only do business with suppliers/contractors who commit to contribute and abide with the company's programs on security, health, safety, environment and social responsibility. <i>(Code of Business Conduct)</i>	MVC conducts vendor accreditation prior to doing business with a supplier/contractor. MVC likewise conducts annual vendor evaluation to ensure continuing compliance with the company's regulations.
Environmentally friendly value-chain	MVC is committed to provide clean, orderly and safe working conditions for the health and welfare of employees, customers and members of the community. A safe and clean	Tree planting activities were conducted in the MVC plant and head office.

	<p>place of work dignifies worker and instills pride in employment. The company implements systems and processes that ensure compliance with all laws on Safety, Health and Environmental Standards.</p> <p>MVC expects its employees to be well-informed on safety and environmental issues. All employees and contractors are mandated to undergo environmental and safety training. They are required to comply with the company's health and safety rules and regulations.</p> <p><i>(Code of Business Conduct)</i></p>	
Community interaction	<p>Being a responsible corporate citizen, MVC undertakes to share in the concerns of the communities where it operates. In conducting business, it shall observe safe and environment-friendly practices. MVC shall comply with all applicable environmental and ecological statutes, ordinances and regulations.</p> <p><i>(Code of Business Conduct)</i></p>	<p>MVC came up with the "My Voluntary Contribution Drive" (M.V.C.) where employees voluntarily gave donations to the victims of typhoon Pablo.</p>
Anti-corruption programs and procedures?	<p>Having in mind the nobility of our government and the integrity of its officials and employees, MVC shall not resort to offering or giving questionable payments, expensive gifts, bribes or other similar payments and gifts to public officials and personnel, with or without anticipation or favor, privilege or facilitation. It shall faithfully comply with pertinent and existing statutes, ordinances and regulations.</p> <p><i>(Code of Business Conduct)</i></p>	<p>Internal audit periodically checks for signs of transactions that may violate the Code of Business Conduct</p>
Safeguarding creditors' rights		

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

= Yes, in the company's Annual Report presented to the stockholders during the annual stockholders' meeting. The company continues to focus its Corporate Social Responsibility (CSR) initiatives in the areas of education, environment and health.

3) Performance-enhancing mechanisms for employee participation.

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

= MVC is committed to provide clean, orderly and safe working conditions for the health and welfare of employees, customers and members of the community. A safe and clean place of work dignifies workers and instills pride in employment. The company implements systems and processes that ensure compliance with all laws on safety, health and environmental standards. MVC expects its employees to be well-informed on safety and environmental issues. All employees and contractors are mandated to undergo environmental and safety training. They are required to comply with the company's health and safety rules and regulations.

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

The Company implements various programs for the health, safety and welfare of its employees. These are in the form of health seminars, fire and other emergency drills and sports activities.

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

The Company provides various training and development programs for its employees. A training needs analysis is prepared for each position and the incumbent is evaluated against the requirements of the job in order to come up with a training program. Typical programs include plant operation, preventive maintenance, software training, tax and regulatory updates and environmental and safety trainings.

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

The Company's performance evaluation criteria include competency development which provides for the development of the employee skills for long term benefit of both employee and company.

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

= There are no written procedures for handling complaints by employees concerning illegal and unethical behavior. Complaints are reported to the superior officer or Internal Audit and investigated accordingly.

## I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corp. (Filipino)	269,217,120	40.710	PCIB Securities Inc. (Banco De Oro Unibank Inc.)
	234,572,391	35.4709	
Tosoh Corporation	264,006,806	39.9218	Tosoh Corporation
Mitsubishi Corporation	39,679,999	6.0001	Mitsubishi Corporation

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Edwin Ll. Umali – President	6,410	n/a	0.0010
Michael S. Yu – Treasurer/AVP, Corporate Planning	none	n/a	n/a
<b>TOTAL</b>	<b>6,410</b>		<b>0.0010</b>

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes

Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	No. Included in the Certification on the Attendance of Directors submitted to the SEC
Attendance details of each director/commissioner in respect of meetings held	No. Included in the Certification on the Attendance of Directors submitted to the SEC
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes.

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

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Sycip Gorres Velayo & Co.	P730,000.00 (Audit Fees and other fees including out-of-pocket expenses)	P1,025,930.00 (Open Tax Assessment)

4) Medium of Communication

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

= Email, Written communication, telephone, and facsimile.

5) Date of release of audited financial report:

= 27 February 2014

6) Company Website

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

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	No

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

7) **Disclosure of RPT**

RPT	Relationship	Nature	Value
Mitsubishi Corporation	Stockholder	Purchases	Php391,462,716
Banco De Oro	Stockholder	Cash in Bank	8,210,672
MVC – Retirement Fund	Subsidiary’s investor	Investment in MVC Properties (subsidiary)	7,750,000

*\*\* Values are based on 2013 audited balances.*

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?

The Company ensures that transactions between related parties are accounted for at arm’s length prices or on terms similar to those offered to non-related entities in an economically comparable market.

**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.

<b>Quorum Required</b>	Majority of the outstanding capital stock
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

<b>System Used</b>	<p>On matters requiring board approval, the vote of a majority of the board of directors present is sufficient to approve a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the board. Also, a majority of the members of the board is required to constitute a quorum for the board meeting.</p> <p>In some corporate acts, the vote of a majority of the members of the board and at least 2/3 of the outstanding capital stock must be mustered. For the stockholders meeting to be validly held, a majority of the outstanding capital stock is required to be present.</p>
<b>Description</b>	<p>In the following instances, the stockholders’ approval is secured:</p> <ul style="list-style-type: none"> <li>i. Amendment of the Articles of Incorporation which has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;</li> <li>ii. Sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and</li> <li>iii. Merger or consolidation.</li> </ul>

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(c) Stockholders' Rights

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

= Not applicable. All the rights afforded to MVC stockholders are consistent with the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
n/a	

Dividends

Declaration Date	Record Date	Payment Date
24 April 2014	23 May 2014	19 June 2014

(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
The Chairman directly asks the stockholders for their comments, clarifications or questions during the meeting.	The stockholders are free to participate in the discussion during the stockholders meeting. They can raise any issue, clarification or questions pertaining to the relevant matters.

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

a. Amendments to the company's constitution

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

All amendments to the company's articles of incorporation/By-laws are submitted to the stockholders for approval.

b. Authorization of additional shares

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

Increase in the authorized capital stock of the corporation are submitted to the stockholders for approval

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

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

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

= The company complies with the minimum period required by law and the SRC Rules, Code of Corporate Governance and the Bylaws.

- a. Date of sending out notices: 28 March 2014

- b. Date of the Annual/Special Stockholders' Meeting: 24 April 2014

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

= None.

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

Resolution	Approving	Dissenting	Abstaining
Ratification of the Corporate Acts of the Board of Directors, Officers and Management for the Period under Review	All stockholders present	none	none
Presentation/Approval of the Y2013 Annual Report and Audited Financial Statements	All stockholders present	none	none
Appointment of External Auditor for Y2013	All stockholders present	none	none

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

= The result of the votes taken are immediately announced to the stockholders during the meeting and thereafter disclosed to the PSE/SEC.

(e) Modifications

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

=None.

Modifications	Reason for Modification
n/a	

(f) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	1. Evelyn L. Villanueva 2. Edwin Ll. Umali 3. Tetsuro Hachimura 4. Yoshiaki Uenishi 5. Barbara Anne C. Migallos 6. Jose O. Juliano 7. Walter C. Wassmer 8. Melanie S. Belen 9. Renato N. Migriño 10. Kiyofumi Fukuda (replaced by Mr. Naoki Tominaga as of 24 July 2014) 11. Gary B. Olivar	24 April 2014	By poll	0.0098%	86.61%	86.62%
Special						

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

= The Corporate Secretary, assisted by the external auditor, shall be responsible for counting the votes.

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

= Yes.

(g) Proxy Voting Policies

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

	Company's Policies
Execution and acceptance of proxies	Subject to the requirements of the by-laws, the exercise of the stockholders' right to appoint a proxy shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor. It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.  The Board should take appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. (MVC Amended MCG)
Notary	No specific requirement under the By-laws.



Submission of Proxy	All proxies must be in the hands of the Secretary of the Corporation not later than seven (7) working days before the time set for the regular meeting and four (4) working days for the special meeting unless another period is fixed by the Board of Directors. <i>(MVC By-laws)</i>
Several Proxies	<ul style="list-style-type: none"> <li>-Where a proxy is given to two (2) or more persons in the alternative in one instrument, the proxy designated as an alternate can only act as proxy in the event of non-attendance to revoke all former proxies.</li> <li>- Where the same stockholder gives two (2) or more proxies, the latest one given is to be deemed to revoke all former proxies.</li> <li>- A proxy shall be valid only for the meeting for which it is intended</li> <li>-Executors, administrators, receivers and other legal representatives duly appointed by the court may attend and vote on behalf of the stockholders without a need of any written proxy</li> <li>-If the stockholder intends to designate several proxies, the number of shares of stock to be represented by each proxy shall be specifically indicated in the proxy form. If some of the proxy forms do not indicate the number of shares, the total shareholdings of the stockholder shall be tallied and the balance thereof, if any, shall be allotted to the holder of the proxy form without the number of shares. If all are in blank, the stocks shall be distributed equally among the proxies. The number of persons to be designated as proxies may be limited by the By-laws.</li> </ul>
Validity of Proxy	Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been represented to the Secretary. <i>(MVC By-laws)</i>
Proxies executed abroad	No specific requirements under the By-laws
Invalidated Proxy	Invalidated proxies shall not be allowed to participate in the stockholders' meeting.
Validation of Proxy	Proxies are validated prior to the stockholders' meeting.
Violation of Proxy	Violations shall be dealt with in accordance with law and the SEC rules/regulations

(h) Sending of Notices

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

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

(i) Definitive Information Statements and Management Report

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	2,427
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<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	28 March 2014
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	28 March 2014
<b>State whether CD format or hard copies were distributed</b>	Hard copies were distributed
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	n/a

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

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	No. Included in the definitive IS distributed to the stockholders
The auditors to be appointed or re-appointed.	No. Included in the definitive IS distributed to the stockholders.
An explanation of the dividend policy, if any dividend is to be declared.	No. Included in the definitive IS distributed to the stockholders.
The amount payable for final dividends.	No. Included in the definitive IS/materials sent out to the stockholders.
Documents required for proxy vote.	Yes.

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

## 2) Treatment of Minority Stockholders

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

<b>Policies</b>	<b>Implementation</b>
<p>The Board shall commit to respect the following rights of the minority stockholders:</p> <ol style="list-style-type: none"> <li>1. Voting right Cumulative Voting shall be used in the election of directors. A director shall not be removed without cause if it will deny minority shareholders' representation in the BOD. Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.</li> <li>2. Pre-emptive right</li> <li>3. Power of Inspection</li> <li>4. Right to information</li> </ol>	Strictly implemented.

5. Right to dividends 6. Appraisal Right Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation. <i>(MVC Amended MCG)</i>	

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

=Yes.

#### K. INVESTORS RELATIONS PROGRAM

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

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

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

	Details
(1) Objectives	To disclose all material corporate information to the stakeholders
(2) Principles	<p>Item V, Amended Manual on Corporate Governance:</p> <p>All material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, of balance sheet transactions, board changes, related party transactions, shareholdings of directors and changes to ownership.</p> <p>Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management corporate strategy, and off balance sheet transactions.</p> <p>The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stakeholders.</p>
(3) Modes of Communications	<p>All disclosed information shall be released via the approved stock exchange procedure for company announcement as well as through the annual report.</p> <p>The company also utilizes email, telephone and facsimile methods of communicating with the stockholders/investors.</p>
(4) Investors Relations Officer	No particular position for IRO

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

The Company's policies conforms to the requirements for acquisition of shares, mergers and sales of substantial portions of corporate assets under the Corporation Code, Code of Corporate Governance, and other pertinent laws and SEC rules/regulations, and Amended Manual on Corporate Governance.

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

Subject to Board approval.

#### L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
Tree Planting Activity	Ipo Watershed, Bulacan
Educational support	Brgy. Buruun, Iligan City
"My Voluntary Contribution" Drive	Victims of Typhoon Pablo in Iligan City

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

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

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

#### N. INTERNAL BREACHES AND SANCTIONS

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


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


Violations	Sanctions
First violation	Reprimand
Second violation	Suspension. The duration of the suspension shall depend on the gravity of the violation
Third violation	Maximum penalty is removal from office subject to Section 28 of the Corporation Code.

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati, on 1<sup>st</sup> day of July 2013.

**SIGNATURES**

  
**EVELYN L. VILLANUEVA**  
 Chairman of the Board/Chief Executive Officer

  
**JOSE O. JULIANO**  
 Independent Director

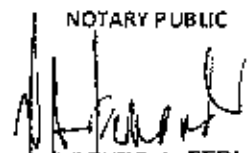
  
**RENATO N. MIGRIÑO**  
 Independent Director

  
**MA. MELVA E. VALDEZ**  
 Compliance Officer

**SUBSCRIBED AND SWORN** to before me this 1<sup>st</sup> day of July 2013, affiant(s) exhibiting to me their \_\_\_\_\_, as follows:

NAME	TIN NO./DATE OF ISSUE	PLACE OF ISSUE
EVELYN L. VILLANUEVA	106-970-716	
JOSE O. JULIANO	908-622-761	
RENATO N. MIGRIÑO	102-118-145	
MA. MELVA E. VALDEZ	123-493-209	

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 Series of 2013.

**NOTARY PUBLIC**  
  
**TEODORO LORENZO A. FERNANDEZ**  
 Appointment No. M-420 / Notary Public / Makati  
 Valid Until 31 December 2013  
 JGLaw&FSC Inc. 112 Amorsolo St., Legaspi Vill., Makati  
 PTR No. 1678721 / 01-09-13 / Makati  
 IBP No. 908380 / 01-07-2013 / Pangasinan  
 Roll No. 59778