



**THE PHILIPPINE STOCK
EXCHANGE, INC.**

**Corporate Governance Guidelines
for
Listed Companies
Disclosure Template**

	COMPLY	EXPLAIN
<p>Guideline No. 1: DEVELOPS AND EXECUTES A SOUND BUSINESS STRATEGY</p>		
<p>1.1 Have a clearly defined vision, mission and core values.</p>	<p>v</p>	<p>The Board annually reviews and updates, as needed, the vision and mission of FPH. The latest amended vision and mission was disseminated in the Annual Report last May 27, 2013.</p> <p>Additionally, Section 4.3(a) of FPH’s Manual on Corporate Governance states:</p> <p>“4.3. <u>Specific Duties and Responsibilities of the Board.</u> The Board has the following specific duties and functions to implement the corporate governance principles:</p> <p>a. Determine the Corporation’s purpose and values, its vision and mission, the strategies to achieve this purpose and to implement its values in order to ensure that the Corporation survives and thrives; ...xxx...”</p> <p>For this year, the Chairman even conducted a formal year-opener last January 27, 2015 intended to advise the employees of present business thrusts and initiatives, in order to keep them engaged and inspired.</p> <p>FPH’s vision, mission and core values can be found in the company’s website: http://www.fphc.com/gettoknow/our-</p>

<p>1.2 Have a well-developed business strategy.</p>	<p>compass/</p> <p>There was a Strategies and Synergies Planning Conference last July 21-22, 2014. And this was further reviewed and refined in the Annual Board retreat last October 2, 2014 and November 6, 2014. These provided an opportunity for both management and the board to refine their plans and thrusts for the year.</p> <p>Additionally, Section 1 of FPH’s Revised Manual on Corporate Governance provides:</p> <p>“1. Objective</p> <p>This Manual shall supplement and complement the Corporation’s Articles of Incorporation and By-Laws and shall institutionalize the principles of good corporate governance.</p> <p>The Board of Directors and Management, employees and Shareholders believe that good corporate governance is a necessary component of what constitutes sound strategic business management to improve the economic prosperity of the Corporation and enhance long-term shareholder value.</p> <p>The Board shall have the principal responsibility of ensuring the Corporation’s compliance with the principles of good corporate governance and provide an independent check on Management. It shall</p>
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	<p>exercise all corporate powers and manage the business and property of the Corporation in accordance with good corporate governance.”</p> <p>FPH’s Revised Manual on Corporate Governance can be found in the company website: http://www.fphc.com/corporategovernance/amended-manual-of-corporate-governance/?id=1</p>
<p>1.3 Have a strategy execution process that facilitates effective performance management, and is attuned to the company’s business environment, management style and culture.</p>	<p>FPH conducted its Annual Budget and Planning Session and Midyear Budget Review during the year. These details and monitors the execution plans and results of the plans. as provided in Section 4.3 which states:</p> <p>Section 4.3 FPH’s Revised Manual on Corporate Governance provides:</p> <p>“...xxx...</p> <p>v b. Provide sound strategic policies and guidelines to the Corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management’s overall performance;</p> <p>c. Ensure that adequate procedure, systems and practices that protect the Corporation’s assets and reputation are in</p>

		<p>place and are maintained. In cases of mergers and/or acquisitions, the board of directors shall ensure an independent party is appointed to evaluate the fairness of the transaction price; ...xxx..."</p> <p>FPH's Revised Manual on Corporate Governance can be found in the company website: http://www.fphc.com/corporategovernance/amended-manual-of-corporate-governance/?id=1</p>
<p>1.4 Have its board continually engaged in discussions of strategic business issues.</p>	<p>v</p>	<p>The board is involved in the formulation of strategies through the annual board retreat and monitoring and discussion of strategies and business issues through the monthly board meetings.</p> <p>Section 4.3 FPH's Revised Manual on Corporate Governance provides:</p> <p>"...xxx..."</p> <p>b. Provide sound strategic policies and guidelines to the Corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance;</p> <p>c. Ensure that adequate procedure,</p>

		<p>systems and practices that protect the Corporation’s assets and reputation are in place and are maintained. In cases of mergers and/or acquisitions, the board of directors shall ensure an independent party is appointed to evaluate the fairness of the transaction price; ...xxx...”</p> <p>FPH’s Revised Manual on Corporate Governance can be found in the company website: http://www.fphc.com/corporategovernance/amended-manual-of-corporate-governance/?id=1</p>
<p>Guideline No. 2: ESTABLISHES A WELL-STRUCTURED AND FUNCTIONING BOARD</p>		
<p>2.1. Have a board composed of directors of proven competence and integrity.</p>	<p>√</p>	<p>To ensure independence, impartiality, and fair discussions, we have five independent directors, five non-executive directors, and five executive directors. Our directors and officers go through trainings from the ICD. Our board is comprised of two lawyers, two certified public accountants, two engineers, four finance professionals, and five business executives. Additionally, five have served in important positions of the national government.</p> <p>Please see Annex A for the profiles of our directors. Our directors’ profiles are also in every annual report filed with the SEC. The latest annual report can be found in the website: http://www.fphc.com/wp-</p>

	<p>content/uploads/2014/08/2013-Annual-Report.pdf</p> <p>Section 4 of FPH’s Revised Manual on Corporate Governance:</p> <p>“Section 4. Board of Directors</p> <p>The Board of Directors (the “Board”) is primarily responsible for the governance of the Corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.</p> <p>4.1 Composition.</p> <p>The Board shall be composed of the number of directors as provided in the Articles of Incorporation and By-Laws which shall be at least five (5) and not more than fifteen (15).</p> <p>As a publicly listed corporation, the Corporation shall comply with the requirement to have at least two (2) Independent Directors or such Independent Directors as shall constitute at least twenty percent (20%) of the members of the Board of Directors, whichever is lesser.</p> <p>The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the</p>
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	<p>deliberations of the Board.”</p> <p>FPH’s Revised Manual on Corporate Governance can be found in the company website: http://www.fphc.com/corporategovernance/amended-manual-of-corporate-governance/?id=1</p>
<p>2.2. Be led by a chairman who shall ensure that the board functions in an effective and collegial manner.</p>	<p>v</p> <p>The Chairman actively solicits the opinions of the members of the Board, especially the Independent Directors’ opinions. Our directors who are all reputable leaders in the business community regularly, and in the ordinary course of the board meetings, freely express their views on the matters concerning the corporation.</p> <p>Per Section 9.2 of FPH’s Revised Manual on Corporate Governance:</p> <p>“9.2. Chairman of the Board</p> <p>The Chairman of the Board, or in his absence, the Vice-Chairman, shall preside at all meetings of the Board. Among other duties, the Chairman shall:</p> <p>a. Ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chairman may deem necessary;</p> <p>b. in coordination with the Corporate</p>

	<p>Secretary, taking into consideration the suggestions of the Chief Executive Officer, Management and the directors, supervise the preparation of the agenda of the meetings;</p> <p>c. assist in ensuring compliance with the Manual;</p> <p>d. maintain lines of communication and information between the Board and Management;</p> <p>e. exercise such powers as may be conferred on him by the Board.”</p> <p>FPH’s Revised Manual on Corporate Governance can be found in the company website: http://www.fphc.com/corporategovernance/amended-manual-of-corporate-governance/?id=1</p>
<p>2.3 Have at least three (3) or thirty percent (30%) of its directors as independent directors.</p>	<p>v</p> <p>The Company has 5 Independent Directors out of 15 Directors, namely:</p> <p>(1) Amb. Cesar B. Bautista (2) Mr. Oscar J. Hilado (3) Chief Justice Artemio V. Panganiban (4) Mr. Juan B. Santos (5) Mr. Washington Z. Sycip</p> <p>Please see Annex A for the profiles of our directors. The profiles of the Independent Directors can also be found in the Annual Reports.</p>

<p>2.4 Have in place written manuals, guidelines and issuances that outline procedures and processes.</p>	<p>v</p>	<p>The Company has a Revised Manual on Corporate Governance, among other guidelines or issuances. It also has in place a Corporate Code of Conduct.</p> <p>FPH's Revised Manual on Corporate Governance can be found in the company website: http://www.fphc.com/corporategovernance/amended-manual-of-corporate-governance/?id=1</p> <p>Please see Annex F for FPH's Corporate Code of Conduct, which can also be found in the company website: http://www.fphc.com/corporategovernance/corporate-code-of-conduct/?id=1</p>
<p>2.5 Have Audit, Risk, Governance and Nomination & Election Committees of the board.</p>	<p>v</p>	<p><u>Audit Committee</u></p> <p>There is an Audit Committee composed of 3 independent directors and 3 non-executive directors, and an independent director sits as Committee chairman. The Audit Committee is governed by a duly approved Audit Committee Charter. It meets every quarter and calls a special meeting when necessary. The Audit Committee is supported by an Internal Audit Group which acts as its working arm, and reports directly to the Committee. The internal audit group's responsibilities and scope of work is clearly defined in its Internal Audit Charter which is duly approved by the Chairman of the Audit</p>

	<p>Committee and in compliance with the International Standards for the Professional Practice of Internal Auditing (ISPPIA).</p> <p><u>Risk Management Committee</u> There is a Risk Management Committee composed of independent and non-executive director and chaired by an independent director.</p> <p>Mr. Renato A. Castillo was appointed as Risk Management Officer in connection with the committee’s functions. The audit and risk management committees are chaired by independent directors. We continue to have five independent directors over and above the legal requirement for only two independent directors.</p> <p><u>Nomination, Election and Governance Committee</u> We keep communication open with our stockholders and encourage them to participate in shareholders’ meetings either in person or by proxy. Shareholders are free to write to the Nomination Committee should they have recommendations and/or nominations for board directorship.</p> <p>Additionally, per Section 6 of the Revised Manual on Corporate Governance:</p> <p>“6. Board Committees</p>
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		<p>The Board may create such committees as it may deem necessary and beneficial to the internal regulation of the Corporation in accordance with the By-Laws as well as in accordance with good corporate governance. To ensure compliance with sound corporate governance, the Board shall constitute the following Committees with the following principal duties and responsibilities. Further to the following, the Committees may adopt their own respective rules of procedure as may be deemed necessary.”</p> <p>The Company has the following Committees:</p> <ul style="list-style-type: none"> (1) Executive Committee (2) Nomination, Election and Governance Committee (3) Compensation and Remuneration Committee (4) Audit Committee (5) Finance and Investment Committee (6) Risk Management Committee <p>FPH’s Revised Manual on Corporate Governance can be found in the company website: http://www.fphc.com/corporategovernance/amended-manual-of-corporate-governance/?id=1</p>
<p>2.6 Have its Chairman and CEO positions held separately by individuals who are not related to each other.</p>	<p>x</p>	<p>While we understand the rationale for this concept, this is appropriate for corporations which have no significant shareholders. In the Philippine setting, there are publicly-listed companies like FPH with shareholders owning</p>

	<p>significant shareholdings. It comes as a logical course that the Chairman and CEO positions are held by representative(s) of the significant shareholders. These are positions of strategic importance. The Chairman sets the tone for managing the Board and the corporation while the CEO leads the direction-setting and culture-building.</p> <p>In any case, the Revised Manual for Corporate Governance, as prescribed by the Securities and Exchange Commission through the promulgation of a Revised Code of Corporate Governance, recognizes that if the positions of Chairman and CEO are unified, the company should just provide proper checks and balance to ensure that the Board gets the benefit of independent views and perspectives. In FPH, there are five (5) independent directors out of the 15 directors. Of the 10 remaining directors, five (5) are non-executive directors. Only five (5) directors hold executive positions. One of the non-executive directors is an independent director and is an officer of a Government Financing Institution, a minority stockholder of the company. Moreover, the major committees other than the Executive Committee, namely, the Audit and Risk Management Committees are chaired by independent directors.</p> <p>Also, there is a check on the power of the Chairman to call a meeting and set the</p>
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		<p>agenda. Article II, Section 5 of the By-Laws provides that regular meetings may be held at such times and upon such notice, as the board may, by resolution, prescribe. Special meetings may be called by the President or by written request of any four (4) directors. Directors are given full opportunity to voice their opinions or raise new matters not in the agenda. Note that the law itself (Section 54 of the Corporation Code) provides that the CEO, in the person of the President, presides over the meetings of the directors as well as of the stockholders. And, by way of exception, another person may be elected to preside over the relevant meetings.</p> <p>FPH believes that it has sufficient safeguards in place to ensure sound corporate governance notwithstanding the fact that the position of Chairman and CEO being held by one individual.</p>
<p>2.7 Have a director nomination and election process that ensures that all shareholders are given the opportunity to nominate and elect directors individually based on the number of shares voted.</p>	<p>v</p>	<p>Section 21 of the Revised Manual on Corporate Governance provides:</p> <p>“21. Shareholders’ Benefit – Investors’ Rights and Protection</p> <p>Shareholders’ meetings shall be conducted fairly and in a transparent manner and the Shareholders shall be encouraged to personally attend such meetings. If they cannot attend, they should be apprised</p>

	<p>ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted.</p> <p>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.</p> <p>The Board should take the 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. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.</p> <p>Although all stockholders should be treated equally or without discrimination, the Board should consider giving minority stockholders the right to propose the holding of meetings as may be proper under the circumstances and the items for discussion in the agenda that relate directly to the business of the corporation.</p> <p>The Board recognizes and respects the rights of the Shareholders in respect to the following:</p>
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	<p>21.2. Voting Rights</p> <p>...XXX...</p> <p>The Shareholders shall have the right to vote on all matters that require their consent or approval. In addition to said right, shareholders are encouraged to participate in regular or special stockholders' meetings, either in person or by proxy.</p> <p>The Board recognizes that Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts pursuant to the Corporation Code, the Articles of Incorporation and the By-Laws.</p> <p> Holders of common shares of stock are entitled to one vote for each share held as of the established record date. A stockholder entitled to vote at the meeting shall have the right to vote in person or by proxy. With respect to the election of directors, in accordance with Section 24 of the Corporation Code of the Philippines, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected. Additionally, a stockholder may write to the Nomination Committee should they have recommendations and/or nominations for</p>
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	<p>board directorship, based on a list of qualified fellows from institutions engaged in professionalizing boards of directors.</p> <p>Non-controlling shareholders are provided with a right to nominate candidates for the board of directors. However, holders of preferred shares shall have no voting rights, except in those cases specifically provided by law or as may be allowed in the By-laws.” (emphasis provided)</p> <p>Further, Sections 6.1.1 to 6.1.5 of the Revised Manual on Corporate Governance provides for the selection/appointment and disqualification guidelines, to wit:</p> <p>“B) Nomination, Election and Governance Committee</p> <p><i>6.1.1. Composition of Committee.</i> The Board shall create a Nomination, Election and Governance Committee to be composed of at least three (3) members, one of whom is an independent director. The Committee shall ensure that, through a managed and effective system consistent with the by-laws, board elections are made that provide a mix of proficient directors, each of whom is able to add value and to bring prudent judgment to bear on the decision making process.</p>
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<p>2.8 Have in place a formal board and director development program.</p>	<p>v</p>	<p>The Company conducted the following learning sessions:</p> <p>(1) A learning session on strategy and leadership by Prof. Ranjay Gulati from the Harvard Business School (HBS) on June 25-26, 2012;</p> <p>(2) A learning session on negotiation by Prof. Deepak Malhotra, the Eli Goldston Professor of Business Administration at the Harvard Business School on June 17-19, 2013; and</p> <p>(3) A learning session in August 2013 on communicating as leaders by Mr. Richard Greene who is called "The Master of Charisma" by the Sunday Times of London and is considered one of the leading communication coaches in the world.</p> <p>(4) A learning session on adaptive leadership by Dr. Ronald A. Heifetz, a professor of Harvard Kennedy School in August 2014</p> <p>(5) An in-house Contracts Course for CEOs organized by FPH on Feb. 19, 2013</p> <p>Several directors attended the following seminars:</p>

	<p>(1) Corporate Governance Seminar by SGV & Co. on Sept. 15, 2014</p> <p>(2) Distinguished Corporate Governance Speaker Series by the Institute of Corporate Directors on Aug. 14, 2014</p> <p>(3) Corporate Governance and Risk Management by the Institute of Corporate Directors on Feb. 4, 2014</p> <p>(4) ASEAN Corporate Governance Scorecard Orientation by the Institute of Corporate Directors on March 31, 2014</p> <p>(5) Corporate Governance Enhancement Session by PLDT on April 1, 2014</p> <p>(6) Roundtable Fora Performance Governance Scorecards of NGAs and LGUs Asian Shareholders Value of Corporate Governance by the Institute of Corporate Directors on Feb. 8, 2013</p> <p>(7) Public Governance Revalida of NGAs by the Institute of Solidarity of Asia on Mar. 19, 2013</p> <p>(8) Arangkada Phils. Business Forum by the Joint Foreign Chambers of Commerce in the Philippines on Feb. 26, 2013</p> <p>(9) Visioning Workshop with ExCom Members by the ABS-CBN University on Mar. 18, 2013</p> <p>Additionally, Section 19 of the Revised Manual on Corporate Governance states:</p>
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		<p>“19. Orientation Process; Training</p> <p>New directors should be familiarized with the Corporation’s operations, senior Management and its business environment and be inducted in terms of their fiduciary duties and responsibilities as well as in respect of the Board’s expectations. If new directors have no board experience, they should receive orientation in their unaccustomed responsibility. Orientation or, in proper cases, subject to the Board’s assessment on skills and trainings needed, training opportunities for existing and potential directors should be identified and appropriate development or action undertaken.”</p> <p>FPH’s Revised Manual on Corporate Governance can be found in the company website: http://www.fphc.com/corporategovernance/amended-manual-of-corporate-governance/?id=1</p>
<p>2.9 Have a corporate secretary.</p>	<p>v</p>	<p>Currently, Atty. Enrique I. Quiason is the Corporate Secretary and Atty. Esmeraldo C. Amistad is the Assistant Corporate Secretary</p> <p>Further, Sections 6 and 7 of FPH’s By-Laws provide:</p> <p>“Section 6. The Secretary -The Secretary shall keep the minutes of all meetings of the Board</p>

	<p>of Directors, and the minutes of all meetings of the stockholders. He shall attend to the giving and serving of all notice of the Corporation; he may sign with the President in the name of the Corporation all contracts authorized by the Board of Directors or by the Executive Committee. He shall have charge of such books and papers as the Board of Directors or the Executive Committee may direct, and shall perform all of the duties incident to the office of secretary and such other duties as may be assigned to him by the Board of Directors or by the Executive Committee.</p> <p>Section 7. The Assistant Secretaries -The Assistant Secretaries shall assist the Secretary in the performance of the Secretary's functions. The Assistant Secretaries shall have such powers and perform such duties as may be assigned to them by the Board of Directors.”</p> <p>FPH’s latest Amended By-laws can be found in the company website at http://www.fphc.com/gettoknow/amended-by-laws/?id=1</p> <p>Additionally, Sections 9.4 and 9.5 of the Revised Manual on Corporate Governance provide:</p> <p>“9.4 Corporate Secretary; Assistant Corporate Secretary</p>
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	<p>The Corporate Secretary and the Assistant Corporate Secretary/ies shall be Filipino citizens and residents of the Philippines.</p> <p>The Corporate Secretary shall assist the Board in the preparation of the agenda of meetings and the Management in the preparation and gathering of materials to be presented to the Board or the Shareholders.</p> <p>The Corporate Secretary or Asst. Corporate Secretary/ies shall attend and take down the minutes of special and regular meetings of the Board and Shareholders.</p> <p>In addition, he should:</p> <ul style="list-style-type: none"> a) Be loyal to the mission, vision and objectives of the Corporation; b) Work fairly and objectively with the Board, Management and Shareholders; c) Have appropriate administrative and interpersonal skills; d) If he is not at the same the Corporation’s legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities; e) Have a working knowledge of the
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	<p>operations of the Corporation;</p> <p>f) Attend Board meetings, except when justifiable causes, such as illness, death in the family and accidents, prevent him from doing so;</p> <p>g) Ensure that all Board procedures, rules and regulations are followed by the members.</p> <p>h) Inform the members of the Board, in accordance with the By-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval; and</p> <p>i) If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Code.</p> <p>9.5 Adequate and Timely Information</p> <p>To enable the members of the Board to properly fulfill their duties and responsibilities, Management should provide them with complete, adequate and timely information about the matters to be taken in their meetings.</p> <p>Reliance on information volunteered by Management would not be sufficient in all</p>
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		<p>circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the members should be given independent access to Management and the Corporate Secretary.</p> <p>The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.</p> <p>The members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense."</p> <p>FPH's Revised Manual on Corporate Governance can be found in the company website: http://www.fphc.com/corporategovernance/amended-manual-of-corporate-governance/?id=1</p>
2.10	Have no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently.	√ The directors are expected to vote independently consistent with their fiduciary duties.
Guideline No. 3: MAINTAINS A ROBUST INTERNAL AUDIT AND CONTROL SYSTEM		
3.1	Establish the internal audit function as a separate unit in the company which would be overseen at the Board level.	√ There is an independent internal audit group that functionally reports to the Audit Committee and acts as the working arm of the Audit Committee.

	<p>Section 4.4 of the Revised Manual on Corporate Governance provides:</p> <p>“ ...xxx...</p> <p>(ii) The Corporation may establish an internal audit system that can reasonably assure the Board, Management and Shareholders that its key organizational and operational controls are faithfully complied with. The Board may appoint an Internal Auditor to perform the audit function, and may require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.”</p> <p>FPH’s Revised Manual on Corporate Governance can be found in the company website: http://www.fphc.com/corporategovernance/amended-manual-of-corporate-governance/?id=1</p> <p>Further, the Mission Statement of the Internal Audit Charter provides:</p> <p>“The mission of the Internal Audit is to provide an independent, objective assurance and consulting services designed to add value and improve the organization’s operations. It</p>
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		<p>assists the organization achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process.”</p> <p>The Internal Audit Charter can be found in the company website at http://www.fphc.com/corporategovernance/charter/?id=2#Internal_Audit_Charter</p>
3.2	Have a comprehensive enterprise-wide compliance program that is annually reviewed.	<p>√</p> <p>There are two board committees looking into compliance requirements – Audit Committee and Risk Management Committee. There is a documented process for monitoring regulatory compliance through the IMS (Integrated Management System).</p>
3.3	Institutionalize quality service programs for the internal audit function.	<p>√</p> <p>The internal audit function’s quality service programs are institutionalized through the following:</p> <ul style="list-style-type: none"> • Internal Audit function is embedded in the Audit Committee Charter and defined in the Internal Audit Charter • An annual Audit Plan is prepared and submitted to the Audit Committee for approval • Regular monitoring and evaluation of the plan as well as the results are being done

		<ul style="list-style-type: none"> • A feedback mechanism has been established for continuous improvement of the internal audit process. <p>The Internal Audit Charter can be found in the company website at http://www.fphc.com/corporategovernance/charter/?id=2#Internal_Audit_Charter</p>
<p>3.4 Have in place a mechanism that allows employees, suppliers and other stakeholders to raise valid issues.</p>	<p>√</p>	<p>The company undertakes specific activities to listen and learn from employees, suppliers and other stakeholders regarding their requirements, needs and changing expectations.</p> <p>The company takes the effort to meet its stakeholders and/or communicates person-to-person with shareholders through STSI as well as meetings with management.</p> <p>Internal Communications are done through:</p> <ol style="list-style-type: none"> 1. Weekly CEO Meetings 2. Monthly Board Meetings 3. Board Committee Meetings 4. Townhall Meetings 5. Memos and Announcements 6. Periodic reports 7. Emails 8. Telephone Calls 9. Website 10. Portal (Internet-based) <p>While external communications are through:</p>

		<ol style="list-style-type: none"> 1. One-on-One Meetings 2. Investors Conferences 3. Non-Deal Roadshows 4. Annual Stockholders' Meeting 5. Disclosures 6. Press Releases <p>A description of FPH's communications strategies with its investors can be found in the company website at http://www.fphc.com/investor_relations/investor-relations-programs/</p>
3.5	Have the Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	<p>√</p> <p>The Audit Committee in its report to the Stockholders – which is made part of the annual report – states that it has approved the annual internal audit plan and has discussed the results of their audits and addressed the issues raised therein.</p> <p>It also states that it has received the report on regulatory compliance and ensured that appropriate timely actions are taken and requirements are complied with.</p> <p>FPH's latest Annual Report can be found in the company website at http://www.fphc.com/wp-content/uploads/2014/08/2013-Annual-Report.pdf</p>
Guideline No. 4: RECOGNIZES AND MANAGES ITS ENTERPRISE RISKS		
4.1	Have its board oversee the company's risk management function.	<p>√</p> <p>There is a board committee (Risk Management Committee) chaired by an</p>

	<p>independent director and majority of which are independent directors that oversees the risk management function.</p> <p>In addition, Mr. Renato A. Castillo was appointed as Risk Management Officer in connection with the committee’s functions. We continue to have five independent directors over and above the legal requirement for only two independent directors.</p> <p>Further, The Revised Manual on Corporate Governance provides for the overall risk management philosophy of the company, to wit:</p> <p>“4.6.2. Specific Duties and Functions</p> <p>To insure a high standard of corporate governance for the Corporation and, ultimately, its Shareholders, the Board shall:</p> <p>...XXX...</p> <p>f. Identify key risk areas and key performance indicators and monitor these factors with due diligence;</p> <p>...XXX...</p> <p>l. Ensure that there is a clear, comprehensive and informative report of the Corporation’s financial performance, business</p>
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		<p>operations, competitive position, operating, risks and market share, among other things.”</p> <p>FPH’s Revised Manual on Corporate Governance can be found in the company website: http://www.fphc.com/corporategovernance/amended-manual-of-corporate-governance/?id=1</p>
<p>4.2 Have a formal risk management policy that guides the company’s risk management and compliance processes and procedures.</p>	<p>v</p>	<p>The Revised Manual on Corporate Governance provides for the overall risk management philosophy of the company, to wit:</p> <p>“4.6.2. Specific Duties and Functions</p> <p>To insure a high standard of corporate governance for the Corporation and, ultimately, its Shareholders, the Board shall:</p> <p>...xxx...</p> <p>f. Identify key risk areas and key performance indicators and monitor these factors with due diligence;</p> <p>...xxx...</p> <p>l. Ensure that there is a clear, comprehensive and informative report of the Corporation’s financial performance, business operations, competitive position, operating, risks and market share, among other things.”</p>

		<p>FPH's Revised Manual on Corporate Governance can be found in the company website: http://www.fphc.com/corporategovernance/amended-manual-of-corporate-governance/?id=1</p>
<p>4.3 Design and undertake its Enterprise Risk Management (ERM) activities on the basis of, or in accordance with, internationally recognized frameworks such as but not limited to, COSO, (The Committee of Sponsoring Organizations of the Treadway Commission) I and II.(AUDIT TO UPDATE)</p>	<p>v</p>	<p>The Enterprise Risk Management activities of the company are being done based on the COSO framework which includes: a) Risk Identification; b) Risk assessment; c) Risk response; d) Control activities; e) Communications; and f) Monitoring.</p> <p>The Risk Management Committee is the principal agency for these functions; its creation, power and responsibilities are set out in Sections 6.5.1 and 6.5.2 of the Revised Manual on Corporate Governance:</p> <p>“F) Risk Management Committee</p> <p>6.5.1. Composition. The Board shall create a Risk Management Committee composed of at least three (3) members of the Board. The Chairman of the Board shall designate the Chairman of the Committee.</p> <p>6.5.2. Duties and Responsibilities. The Risk Management Committee shall have the following powers and functions:</p> <p>i. oversee the formulation and</p>

		<p>establishment of an enterprise-wide risk management system;</p> <p>ii. review, analyze and recommend the policy, framework, strategy, method and/or system used by the Corporation to manage risks, threats or liabilities;</p> <p>iii. review and assess the likelihood and magnitude of the impact of material events on the Corporation and/or to recommend measures, responses or solutions to avoid or reduce risks or exposures; and</p> <p>iv. perform such other duties and functions and/or assume such responsibilities as may be delegated by the Board of Directors.”</p> <p>FPH’s Revised Manual on Corporate Governance can be found in the company website: http://www.fphc.com/corporategovernance/amended-manual-of-corporate-governance/?id=1</p>
<p>4.4 Have a unit at the management level, headed by a Risk Management Officer (RMO).</p>	<p>v</p>	<p>The company’s Risk Management Group, headed by the Risk Management Officer, Renato A. Castillo, is tasked to manage the enterprise risk management process.</p> <p>Key executives are identified risk owners of strategic risks. They are given the responsibility and authority to develop, implement and monitor risk treatment</p>

		options for the assigned strategic risks. The risk owners are also tasked to regularly update the Risk Management Committee.
4.5	Disclose sufficient information about its risk management procedures and processes as well as the key risks the company is currently facing including how these are being managed.	<p>√</p> <p>Please refer to attached Annex B.</p> <p>FPH's risk management system is also mentioned in the SEC Form ACGR as found in the company website at http://www.fphc.com/corporategovernance/acgr-forms/?id=1 and the Revised Manual on Corporate Governance at http://www.fphc.com/corporategovernance/amended-manual-of-corporate-governance/?id=1</p>
4.6	Seek external technical support in risk management when such competence is not available internally.	<p>√</p> <p>Key executives are identified risk owners of strategic risks. They are given the responsibility and authority to develop, implement and monitor risk treatment options for the assigned strategic risks. The risk owners are also tasked to regularly update the Risk Management Committee.</p> <p>In addition, FPH has consulted reputable accounting firms, law firms and other consulting companies, including foreign companies when needed.</p> <p>The Revised Manual on Corporate Governance provides for the overall risk management philosophy of the company, to</p>

	<p>wit:</p> <p><i>“4.6.2. Specific Duties and Functions</i> To insure a high standard of corporate governance for the Corporation and, ultimately, its Shareholders, the Board shall: ...xxx... f. Identify key risk areas and key performance indicators and monitor these factors with due diligence; ...xxx... l. Ensure that there is a clear, comprehensive and informative report of the Corporation’s financial performance, business operations, competitive position, operating, risks and market share, among other things.”</p> <p>FPH’s financial risk management programs are also mentioned in the company’s 2013 SEC Form 17-A:</p> <p>“The Parent Company has an Enterprise-wide Risk Management Program which aims to identify risks based on the likelihood of occurrence and impact to the business, formulate risk management strategies, assess risk management capabilities and continuously monitor the risk management efforts. The main risks arising from the use of financial instruments are interest rate risk, foreign currency risk, credit risk, equity price risk and liquidity risk.”</p> <p>FPH’s 2013 SEC Form 17-A can be found in</p>
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		<p>the company website at http://www.fphc.com/wp-content/uploads/2014/08/2013-SEC-17-A.pdf</p>
<p>Guideline No. 5: ENSURES THE INTEGRITY OF FINANCIAL REPORTS AS WELL AS ITS EXTERNAL AUDITING FUNCTION</p>		
<p>5.1 Have the board Audit Committee approve all non-audit services conducted by the external auditor. The Committee should ensure that the non-audit fees do not outweigh the fees earned from the external audit.</p>	<p>√</p>	<p>(NOTE: The 2014 Annual Report has not yet been issued)</p> <p>The Annual Report of the Audit Committee to the Stockholders, which was made part of FPH 2013 Annual report, states:</p> <p>“For the year ended December 31, 2013, FPH has engaged its independent auditor, SyCip, Gorres Velayo & Co. to do other audit related and non-audit services aside from the conduct of year-end financial audit. Such engagements were presented to and reviewed by the Audit Committee and concluded that the nature and scope are not incompatible with their role as independent auditor and the related fees are not significant to impair their independence.”</p> <p>Additionally, Sections V.2.1 to V.2.6 of FPH’s Revised Audit Committee Charter states the Committee’s responsibility relative to the external auditor:</p> <p>“V.2.1. Review the external auditor's proposed audit scope and approach, including coordination of audit efforts with</p>

	<p>internal audit;</p> <p>V.2.2. Review the performance of external auditor and recommend to the Board the appointment or discharge of the auditors;</p> <p>V.2.3 Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the company, including non-audit services, and discussing the relationships with the auditors;</p> <p>V.2.4. The Committee shall regularly review and assess external auditors' fees and shall ensure that the fees charged by the company's external auditors shall be commensurate with their reputation, level of expertise, and required scope of work, and shall be in accordance with current industry standards;</p> <p>V.2.5. Regularly meet with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately; and</p> <p>V.2.6. Review and approve audit related and permitted non-audit services to be rendered by the external auditors." (emphasis provided)</p> <p>FPH's latest Annual Report can be found in the company website at</p>
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	http://www.fphc.com/wp-content/uploads/2014/08/2013-Annual-Report.pdf
<p>5.2 Ensure that the external auditor is credible, competent, and should have the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	<p>The external auditor of FPH is SGV & Co., which is one of the most reputable audit and accounting firms in the country. Additionally, it is a member of the Ernst & Young Group which is one of the world's biggest audit firms.</p> <p>Further, Sections V.2.1 to V.2.6 of FPH's Revised Audit Committee Charter states the Committee's responsibility relative to the external auditor:</p> <p>“V.2.1. Review the external auditor's proposed audit scope and approach, including coordination of audit efforts with internal audit;</p> <p>V.2.2. Review the performance of external auditor and recommend to the Board the appointment or discharge of the auditors;</p> <p>V.2.3 Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the company, including non-audit services, and discussing the relationships with the auditors;</p> <p>V.2.4. The Committee shall regularly review</p>

		<p>and assess external auditors' fees and shall ensure that the fees charged by the company's external auditors shall be commensurate with their reputation, level of expertise, and required scope of work, and shall be in accordance with current industry standards;</p> <p>V.2.5. Regularly meet with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately; and</p> <p>V.2.6. Review and approve audit related and permitted non-audit services to be rendered by the external auditors.”</p> <p>FPH's Audit Committee Charter can be found in the company website at http://www.fphc.com/corporategovernance/charter/?id=2#Audit_Committee_Charter</p>
5.3	Ensure that the external auditor has adequate quality control procedures.	√ A separate group handled by another SGV & Co. partner ensures the quality of the audit work and the reports
5.4	Disclose relevant information on the external auditors.	√ Relevant information on the external auditors are being disclosed by the Firm to its Clients. Members of the External Audit team are introduced to the Management and Audit Committee during its initial presentation in the Audit Committee meeting.
5.5	Ensures that the external audit firm is selected on the basis of a fair and transparent tender process.	√ The Audit Committee recommends the selection of the External Auditors and such recommendation is presented to the Board for approval and ratified by the shareholders

		in the Annual Stockholders Meeting (ASM). Appointment of external auditors as part of the agenda for the ASM is mentioned in FPH's 2013 SEC Form 17-A which can be found in the company website at http://www.fphc.com/wp-content/uploads/2014/08/2013-SEC-17-A.pdf
5.6	Have its audit committee conduct regular meetings and dialogues with the external audit team without anyone from management present.	√ This is provided in the Audit Committee charter and it is at the discretion of the Audit Committee to call such meeting. FPH's Audit Committee Charter can be found in the company website at http://www.fphc.com/corporategovernance/charter/?id=2#Audit_Committee_Charter
5.7	Have the financial reports attested to by the Chief Executive Officer and Chief Financial Officer.	√ The Audited Financial Statements submitted to the regulatory agencies and released to the stockholders are attested to by the CEO, COO, and CFO This is disclosed in FPH's 2013 SEC Form 17-A which can be found in the company website at http://www.fphc.com/wp-content/uploads/2014/08/2013-SEC-17-A.pdf
5.8	Have a policy of rotating the lead audit partner every five years.	√ The external auditor of FPH adheres to the requirement of rotating lead audit partner every five years. Per FPH's 2013 Annual Report: <u>Independent Public Accountants (Page 65 2013 Annual Report)</u>

	<p>“The appointment, approval or ratification of the Corporation’s accountant shall be taken up during the Annual Meeting. SGV & Co. has been the external auditors of the Corporation since 1993. Representatives of SGV & Co. are expected to be present at the stockholders’ meeting and will have the opportunity to make a statement if they desire to do so and will be available to answer appropriate questions. The Audit Committee has the function of, among other things, reviewing the performance of the external auditor and of recommending to the Board of Directors the appointment or discharge of external auditors, as well as reviewing and approving audit-related and permitted non-audit services to be rendered by external auditors. Upon the recommendation of the Audit Committee, the Board of Directors will again nominate SGV & Co. for re-appointment this calendar year. The Audit Committee is composed of the following: Mr. Oscar J. Hilado as Chairman and Messrs. Manuel M. Lopez, Augusto Almeda-Lopez, Peter D. Garrucho, Jr., Washington Z. Sycip, and Juan B. Santos as Members.</p> <p>There was no event in the past three (3) years where SGV & Co. and the Corporation had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.</p>
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	<p>As of December 31, 2013 SGV & Co. is still the Corporation's external auditor. In compliance with SRC Rule 68 Paragraph (3) (b), the signing partner shall be rotated after every five (5) years or earlier.</p> <p>For the years ended December 31, 2013 and 2012, the SGV & Co. handling partner for the audit of the Corporation is Ms. Maria Vivian C. Ruiz. For the year ended December 31, the SGV & Co. handling partner is Mr. Gemilo J. San Pedro.</p> <p>The aggregate fees paid/accrued for each of the last three (3) fiscal years (2011 to 2013) for professional services rendered by SGV & Co. is P11,103,648.40. From 2011 to 2013, the Corporation engaged the services of SGV & Co. Tax Division to render tax advisory services for First Philippine Holdings Corporation for a fee based on actual time charges. Apart from these services mentioned, SGV & Co. has not rendered any other compliance, advisory, planning, and other professional services for the Corporation within the last three (3) fiscal years.</p> <p>The Corporation has been advised that the SGV & Co. auditors assigned to render audit-related services have no shareholdings in the Corporation, or any right, whether legally enforceable or not, to nominate persons or</p>
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		<p>to subscribe to the securities of the Corporation, in accordance with the professional standards on independence set by the Board of Accountancy and the Professional Regulation Commission.”</p> <p>FPH’s Annual Report can be found in the company website at http://www.fphc.com/wp-content/uploads/2014/08/2013-Annual-Report.pdf</p>
<p>Guideline No. 6: RESPECTS AND PROTECTS THE RIGHTS OF ITS SHAREHOLDERS, PARTICULARLY THOSE THAT BELONG TO THE MINORITY OR NON-CONTROLLING GROUP</p>		
<p>6.1 Adopt the principle of “one share, one vote.”</p>	<p>v</p>	<p>FPH's capital stock is composed of its common and perpetual preferred shares.</p> <p>FPH's common shares have voting rights (one vote for one share), and participate in dividends.</p> <p>The Series “A” Perpetual Preferred shares are non-voting, cumulative in payment of dividends equal to 1% of the par value per annum, non-participating, non-convertible and redeemable at the option of the FPH at a redemption price equal to the aggregate of the issue value of the shares plus accrued but unpaid dividends.</p> <p>FPH's perpetual Series B preferred shares have a gross dividend rate of 8.7231% for five years beginning April 30, 2008, are cumulative, non-participating, and non-</p>

		<p>voting.</p> <p>Note: Series “A” and Series “B” preferred shares were redeemed and cancelled. The board decision to cancel was presented to, and ratified by, the shareholders for ratification last May 26, 2014.</p>
<p>6.2 Ensure that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.</p>	<p>v</p>	<p>Section 21 of the Revised Manual on Corporate Governance provides:</p> <p>“Section 21. Shareholders’ Benefit – Investors’ Rights and Protection</p> <p>Shareholders’ meetings shall be conducted fairly and in a transparent manner and the Shareholders shall be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted.</p> <p>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.</p> <p>The Board should take the 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.</p>

	<p>Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.</p> <p>Although all stockholders should be treated equally or without discrimination, the Board should consider giving minority stockholders the right to propose the holding of meetings as may be proper under the circumstances and the items for discussion in the agenda that relate directly to the business of the corporation.</p> <p>The Board recognizes and respects the rights of the Shareholders in respect to the following:</p> <p>21.1. Right to Information</p> <p>The Shareholders have the right to receive timely and transparent information about the Corporation. Shareholders shall have the right to be informed of the rules and procedures related to stockholders' meetings as well as decisions concerning fundamental corporate changes.</p> <p>In relation to the shareholders' right to information, they are also encouraged to consult each other on issues concerning their basic shareholder rights as defined by the law, the By-Laws and the Manual on</p>
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	<p>Corporate Governance. The shareholders' have the right voice out their views and/or opinions on directors' compensation.</p> <p>21.2. Voting Rights</p> <p>The Shareholders shall have the right to vote on all matters that require their consent or approval. In addition to said right, shareholders are encouraged to participate in regular or special stockholders' meetings, either in person or by proxy.</p> <p>The Board recognizes that Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts pursuant to the Corporation Code, the Articles of Incorporation and the By-Laws.</p> <p>Holders of common shares of stock are entitled to one vote for each share held as of the established record date. A stockholder entitled to vote at the meeting shall have the right to vote in person or by proxy. With respect to the election of directors, in accordance with Section 24 of the Corporation Code of the Philippines, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected. Additionally, a stockholder may write to the Nomination Committee should they have</p>
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	<p>recommendations and/or nominations for board directorship, based on a list of qualified fellows from institutions engaged in professionalizing boards of directors.</p> <p>Non-controlling shareholders are provided with a right to nominate candidates for the board of directors. However, holders of preferred shares shall have no voting rights, except in those cases specifically provided by law or as may be allowed in the By-laws.</p> <p>21.3. Appraisal Rights</p> <p>Pursuant to the Corporation Code, Shareholders may exercise their appraisal rights under the manner provided in Section 82 of the Corporation Code in the following instances:</p> <p>a) In case of any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder 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;</p> <p>b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;</p>
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	<p>c) In case of increase of Authorized Capital Stock of the corporation; and</p> <p>d) In case of merger or consolidation.</p> <p>21.4. Right to Dividends; Dividend Policy</p> <p>Shareholders shall have the right to receive dividends as may be determined by the Board in accordance with the Corporation’s By-Laws and relevant agreements including subscription agreements.</p> <p>Subject to the Articles of Incorporation, Corporation Code, the Securities Regulation Code and its implementing rules and regulations, Shareholders whose shares may have fixed dividend features shall have the right to receive dividends on such shares. In other cases, the Board shall determine, subject to any corporate expansion plans, loan covenants or such other special circumstances, among other things, and the availability of unrestricted retained earnings, whether to declare dividends.</p> <p>21.5. Right of Inspection</p> <p>Shareholders are allowed to inspect corporate books and records at reasonable hours during business days in accordance with Section 74 of the Corporation Code.</p> <p>21.6. Pre-emptive Rights</p>
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	<p>Shareholders shall have the pre-emptive right to all stock issuances of the Corporation subject to the provisions of the Articles and relevant agreements.</p> <p>22. Disclosure and Transparency</p> <p>The essence of corporate governance is transparency. The more transparent the internal workings of the corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the corporation or misappropriate its assets.</p> <p>It is therefore essential that all material information about the corporation which could adversely affect its viability or the interests of the stockholders as a whole should be publicly and timely disclosed. Such material information should include, among other things, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and remuneration of members of the Board and Management. All such information should be disclosed through the appropriate Exchange mechanisms and submissions to the Commission.”</p> <p>FPH’s Revised Manual on Corporate Governance can be found in the company website: http://www.fphc.com/corporategovernance/</p>
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		<p>amended-manual-of-corporate-governance/?id=1</p>
<p>6.3 Have an effective, secure and efficient voting system.</p>	<p>v</p>	<p>Voting Procedures</p> <p>(a) Vote Required For Approval:</p> <p>Approval of the aforementioned motions or all other matters submitted to a vote would require the affirmative vote of a majority of the shares of the Corporation’s common stock present and/or represented and entitled to vote.</p> <p>For the election of directors, there must be present, either in person or by representative authorized to act by written proxy, the owners of the majority of the outstanding capital stock. Out of a quorum, the fifteen (15) nominees getting the highest votes shall be elected as directors of the Corporation.</p> <p>The Corporate Secretary (or in this absence, the Assistant Corporate Secretary) is primarily responsible for counting the votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at any meeting of the stockholders with the assistance of the Corporation’s stock transfer agent and in the presence of its external auditor.</p> <p>(21) Method by Which Votes Will Be</p>

		<p>Counted: The manner of voting is non-cumulative, except as to the election of directors. On the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate such shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.</p> <p>Unless a motion is duly made and seconded, voting shall be made viva voce and counted manually by the Corporate Secretary with the assistance of the Corporation's stock transfer agent. In case of voting using the ballots, the Corporate Secretary assisted by the Corporation's stock transfer agent shall count and canvass the ballots.</p> <p>Votes shall be counted under the supervision and control of the Corporate Secretary or Asst. Corporate Secretary with the assistance of the independent auditors and the Corporation's stock transfer agent.</p>
6.4 Have effective shareholder voting mechanisms such as supermajority or	√	Section 21 of the Revised Manual on

<p>“majority of minority” requirements to protect minority shareholders against actions of controlling shareholders.</p>		<p>Corporate Governance states:</p> <p>“Section 21. Shareholders’ Benefit – Investors’ Rights and Protection ...xxx...</p> <p>Although all stockholders should be treated equally or without discrimination, the Board should consider giving minority stockholders the right to propose the holding of meetings as may be proper under the circumstances and the items for discussion in the agenda that relate directly to the business of the corporation. ...xxx...”</p> <p>FPH’s Revised Manual on Corporate Governance can be found in the company website: http://www.fphc.com/corporategovernance/amended-manual-of-corporate-governance/?id=1</p>
<p>6.5 Provide all shareholders with the notice and agenda of the annual general meeting (AGM) at least thirty (30) days before a regular meeting and twenty (20) days before a special meeting.</p>	<p>v</p>	<p>For last year’s Annual Stockholders’ Meeting (scheduled on May 26, 2014), notices were sent out to the stockholders as early as April 25, 2014.</p> <p>Per Article 1, Section 2 of the By-laws:</p> <p>“Section 2. Notice of Annual Meeting - Notice of the time and place of such annual meeting shall be served either personally, or by mail upon such stockholder of record of the Corporation entitled to vote at such meeting</p>

		<p>at least ten (10) days before the date fixed in such notice for the meeting; if mailed, it shall be directed, except as otherwise provided by law, to each stockholder to his post office address as it appears on the stock & transfer books of the Corporation.”</p> <p>Article 1, Sections 4 & 5 of the By-laws state:</p> <p>“Section 4. Notice of Special Meetings - Notice of each such special meeting, unless otherwise provided by law, may be given as herein provided for giving notice of an annual meeting.</p> <p>Section 5. The Board of Directors shall fix the record date which will determine the stockholders entitled to notice and to attend scheduled stockholders meetings.”</p> <p>FPH will post on the company website and upload to the PSE website the notice and agenda thirty (30) days before the regular meetings and twenty (20) days before the special meetings.</p> <p>FPH’s latest Amended By-laws can be found in the company website at http://www.fphc.com/gettoknow/amended-by-laws/?id=1</p>
<p>6.6 Allow shareholders to call a special shareholders meeting, submit a proposal for consideration at the AGM or the special meeting, and ensure the attendance of the external auditor and other relevant individuals to answer</p>	<p>√</p>	<p>FPH respects the rights of the shareholders s to, among others:</p> <ol style="list-style-type: none"> 1. Be informed of the rules, participate,

<p>shareholder questions in such meetings.</p>		<p>and vote in the annual stockholders' meeting.</p> <ol style="list-style-type: none"> 2. Participate in the ASM either in person or by proxy. 3. Write to the nomination committee should they have recommendations and/or nominations for board directorship. After the board acts on the recommendation of the Nomination Committee, the Company discloses it to the PSE. And the Corporate Secretary announces the procedure during Annual Stockholders' Meeting. 4. Come up with their views on directors' compensation. 5. Nominate directors based on a list of fellows of from institutions like the Institute of Corporate Directors. 6. Elect directors individually; they may also cumulate their votes. 7. Consult each other on issues concerning their basic shareholder rights as defined by law, in the By-laws, and Manual on Corporate Governance. <p>*Non-controlling shareholders are provided with a right to nominate candidates for board of directors/commissioners. **For voting by electronic means, we will seek SEC guidance and approval as to how to implement this.”</p> <p>The external auditors are required to attend the ASM and to answer questions, as</p>
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		<p>necessary. In fact, resource persons are even called in by the Chairman depending on the nature of the query.</p> <p>In addition, FPH's By-laws provide:</p> <p>Section 3. Special Meetings – Special Meetings of stockholders unless otherwise provided by law, may be called at any time by the President and Secretary of the Corporation, or by the Secretary of the Corporation upon orders of the Board of Directors or of the Executive Committee. The Secretary shall call a special meeting of stockholders whenever he is requested in writing to do so by holders of record of a majority of the capital stock of the Corporation entitled to vote at such meetings." (emphasis provided)</p> <p>FPH's latest Amended By-laws can be found in the company website at http://www.fphc.com/gettoknow/amended-by-laws/?id=1</p>
6.7 Ensure that all relevant questions during the AGM are answered.	v	<p><u>Questions and Answers asked during the Annual Stockholders' Meeting held last May 27, 2013:</u></p> <p>In response to a question from Mr. Jose Leonardo, the Chairman said that the only commercial natural gas field so far is the Camago-Malampaya field; and that the field is estimated to last until about year 2022.</p>

	<p>The Chairman also said that First Gen’s subsidiaries intend to enter into contracts for fuel supply, which shall take effect after 2022. If new sources of natural gas are discovered, the relevant subsidiaries will try to contract with the natural gas suppliers but absent the agreements, these subsidiaries will be importing their fuel requirements.</p> <p>Mr. Cabiling, a resident of Bangkal, Makati, asked about the status on gas leak at the West Tower. The Chairman gave the floor to Mr. Anthony M. Mabasa, President of FPIC. Mr. Mabasa said that FPIC recently installed a 140-meter segment of new pipe. FPIC had to seek the permission of the Court of Appeals before connecting the same to the original pipeline because FPIC did not want to be accused of tampering with the evidence. Mr. Mabasa said that it was only recently that the company obtained all the permits. He clarified that there are no more leaks from the pipe.</p> <p>In reply to the question of Mr. Rommel Songco, the Chairman said that before the leak incident, the company’s net income was around Php200 Million of which sixty percent (60%) is owned by FPH and forty percent (40%) by Shell.</p> <p>Mr. Songco said that right now it seems that the construction industry is booming and enjoying high valuations. He said that what he understands is that currently First Balfour,</p>
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	<p>Inc. (FBI) is concentrated on the power generation industry. He asked whether there are plans to do other construction works in general. As a corollary question, he asked for the PPP projects that FBI intends to participate in.</p> <p>The Chairman said that in the past, and to their credit, the bulk of FBI's projects came from projects outside of the group and they were able to build their base. This, however, gave rise to a feast and famine pattern in their financial performance. FBI had difficulties in keeping people on this basis and the turnover of people in FBI was quite high. The challenge at FPH is how to assist FBI find a base load of business that it can steadily count on. FPH looked back to its history where PECCO, the predecessor of FBI, helped Meralco expand rapidly. PECCO was the repository of knowledge in putting up power plants, substations and transmission lines. The management also determined that the single biggest growth engine in the group was power generation. FBI is trying to build up capability in the area of power generation so that they can also ride with the developments in the power generation business. Given the fact that that the FPH power group is one of the three leaders in the power generation sector, growth in the power generation will make the growth for FBI solid. FBI will still not lose its capability to seek outside projects. He noted that the</p>
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	<p>other construction companies are very good in the vertical side, which is a very competitive business. On the power generation side, not many have the capability and it is in this area where FBI is competitive. FBI will be able to help the group in the power generation projects in terms of execution, which it will be able to do in a faster and better way.</p> <p>Mr. Songco then said that there was a disclosure on the participation of FPH and FBI in the Mactan International Airport bid project. He asked if there are other PPP projects where FBI has participated in or plans to participate in.</p> <p>Mr. Anthony L. Fernandez, the President of FBI, said that aside from the Mactan airport, FBI is also closely monitoring a few of the tenders that DPWH is planning for, including the Cavite-Laguna Expressway, and a number of bridge projects. FBI is also tracking the other LRT projects. FBI's projects may not be in the form of PPP but as a contractor working for developers.</p> <p>Mr. Songco said that the manufacturing plant for First Philec Solar Corp. is not being utilized right now. He asked whether there are plans to use it for other purposes, or whether it can be used for other purposes. Mr. Ibañez said that the company is in arbitration. FPSC is trying to find new clients, but these are few</p>
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	<p>and far between.</p> <p>In reply to another query, Mr. Ibañez said that the plant for the joint venture with Nexolon is completely shut down because it never got off the ground.</p> <p>Ms. Reggie Cardíño said that she has read in the papers in the early part of this year that FPH was buying back shares into treasury shares. She inquired if the company has completed its share buyback program and if not until when will it be buying back. Mr. Francis Giles B. Puno, Chief Finance Officer of FPH, said that the company has so far bought about 10% of the common shares of FPH over the last few years. It still has an outstanding buyback program of FPH shares. With reference to the preferred shares, the company retired 4.3 billion preferred shares that it issued sometime 2008. This was refinanced with debt. The cost for the Php5 Billion of debt is quite significantly lower than the cost of dividends for the preferred shares.</p> <p>Note: The 2014 minutes of the ASM will also contain the Q&A portion.</p> <p>The questions and answers are part of SEC Form ACGR as found in the company website at</p>
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		http://www.fphc.com/corporategovernance/acgr-forms/?id=1
<p>6.8 Have clearly articulated and enforceable policies with respect to treatment of minority shareholders.</p>	<p>v</p>	<p>Section 21 of the Manual on Corporate Governance provides:</p> <p>“21. Shareholders’ Benefit – Investors’ Rights and Protection</p> <p>Shareholders’ meetings shall be conducted fairly and in a transparent manner and the Shareholders shall be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted.</p> <p>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.</p> <p>The Board should take the 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. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for</p>

		<p>consideration or approval.</p> <p>Although all stockholders should be treated equally or without discrimination, the Board should consider giving minority stockholders the right to propose the holding of meetings as may be proper under the circumstances and the items for discussion in the agenda that relate directly to the business of the corporation.” (emphasis provided)</p> <p>FPH’s Revised Manual on Corporate Governance can be found in the company website: http://www.fphc.com/corporategovernance/amended-manual-of-corporate-governance/?id=1</p>
6.9 Avoid anti-takeover measures or similar devices that may entrench management or the existing controlling shareholder group.	√	The Company respects and follows free market forces, subject to legal rules and regulations. There are no anti-takeover provisions in the By-laws of the corporation nor in the Manual on Corporate Governance.
6.10 Provide all shareholders with accurate and timely information regarding the number of shares of all classes held by controlling shareholders and their affiliates.	√	<p>The Company releases the list of Top 100 Common Stockholders quarterly. Attached as Annex C is the list of Top 100 Common Stockholders as of December 31, 2014.</p> <p>Additionally, Section 21 of the Manual on Corporate Governance provides:</p> <p>“21. Shareholders’ Benefit – Investors’ Rights and Protection</p>

	<p>Shareholders' meetings shall be conducted fairly and in a transparent manner and the Shareholders shall be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted.</p> <p>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.</p> <p>The Board should take the 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. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval. (emphasis provided)</p> <p>Although all stockholders should be treated equally or without discrimination, the Board should consider giving minority stockholders the right to propose the holding of meetings as may be proper under the circumstances and the items for discussion in the agenda</p>
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	<p>that relate directly to the business of the corporation.</p> <p>The Board recognizes and respects the rights of the Shareholders in respect to the following:</p> <p>21.1. Right to Information</p> <p>The Shareholders have the right to receive timely and transparent information about the Corporation. Shareholders shall have the right to be informed of the rules and procedures related to stockholders' meetings as well as decisions concerning fundamental corporate changes. (emphasis provided)</p> <p>In relation to the shareholders' right to information, they are also encouraged to consult each other on issues concerning their basic shareholder rights as defined by the law, the By-Laws and the Manual on Corporate Governance. The shareholders' have the right voice out their views and/or opinions on directors' compensation." (emphasis provided)</p> <p>FPH's Revised Manual on Corporate Governance can be found in the company website: http://www.fphc.com/corporategovernance/amended-manual-of-corporate-governance/?id=1</p>
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<p>6.11 Have a communications strategy to promote effective communication with shareholders.</p>	<p>√</p>	<p>FPH has a Corporate Communications Team handling different stakeholders</p> <p>The following modes of communications are being utilized by the Company: Disclosures, Investor Conferences, One-on-One Meetings, Letters, E-mails, Telephone, Fax, Website, Brochure, Annual and Quarterly Reports, Annual General Stockholders' Meetings.</p> <p>Further, Investor Relations are handled by the following cross functional teams:</p> <ol style="list-style-type: none"> 1. Corporate Communications for Media 2. Finance for Institutional Investors 3. Legal and Stock Transfer Office for individual investors <p>The foregoing details can be found in the company website at http://www.fphc.com/investor_relations/investor-relations-programs/ and in the SEC Form ACGR at http://www.fphc.com/corporategovernance/acgr-forms/?id=1</p>
<p>6.12 Have at least thirty percent (30%) public float to increase liquidity in the market.</p>	<p>√</p>	<p>Our Stock and Transfer Agent quarterly reports to the Exchange the Top 100 Shareholders which reflects their shareholdings. Please refer to Annex C.</p>
<p>6.13 Have a transparent dividend policy.</p>	<p>√</p>	<p>The Company has been able to maintain cash dividend payment of P1.00 per share per semester since 2004 or P2.00 per share</p>

	<p>every year, except in 2008.</p> <p>Additionally, Section 21.4 of the Revised Manual on Corporate Governance provides:</p> <p>“21.4. Right to Dividends; Dividend Policy</p> <p>Shareholders shall have the right to receive dividends as may be determined by the Board in accordance with the Corporation’s By-Laws and relevant agreements including subscription agreements.</p> <p>Subject to the Articles of Incorporation, Corporation Code, the Securities Regulation Code and its implementing rules and regulations, Shareholders whose shares may have fixed dividend features shall have the right to receive dividends on such shares. In other cases, the Board shall determine, subject to any corporate expansion plans, loan covenants or such other special circumstances, among other things, and the availability of unrestricted retained earnings, whether to declare dividends.”</p> <p>FPH’s Revised Manual on Corporate Governance can be found in the company website: http://www.fphc.com/corporategovernance/amended-manual-of-corporate-governance/?id=1</p> <p>Total dividends declared amounted to P1,106</p>
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		million and P1,658 million in 2014 and 2013, respectively. As at December 31, 2014 and 2013, cash dividends payable on common stock amounting to P172 million and P151 million, respectively, remains outstanding (see Note 18 of SEC Form 17-A).
Guideline No. 7: ADOPTS AND IMPLEMENTS AN INTERNATIONALLY-ACCEPTED DISCLOSURE AND TRANSPARENCY REGIME		
7.1 Have written policies and procedures designed to ensure compliance with the PSE and SEC disclosure rules, as well as other disclosure requirements under existing laws and regulations.	v	<p>FPH fully complies with disclosure requirements under applicable law, rules and regulations. A Compliance Officer and an Assistant Compliance Officer, Mr. Enrique I. Quiason and Mr. Esmeraldo C. Amistad, respectively, have been designated for this purpose. Section 21.1 of the Revised Manual on Corporate Governance states:</p> <p>“21.1. Right to Information</p> <p>The Shareholders have the right to receive timely and transparent information about the Corporation. Shareholders shall have the right to be informed of the rules and procedures related to stockholders’ meetings as well as decisions concerning fundamental corporate changes. (emphasis provided)</p>
7.2 Disclose the existence, justification, and details on shareholders agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	v	Yes, this is disclosed. For example, Lopez Holdings Corporation has consistently disclosed the execution of a Voting Trust Agreement dated 4 December 2008 in favor of Lopez, Inc. as voting trustee over 254,121,720 shares of common stock in the

		Corporation. This is for a period of five (5) years. The voting trustee is entitled to exercise all voting rights and powers over the said shares. As of this date, this Voting Trust Agreement is no longer in effect. The execution of material transactions are likewise reported as required by the disclosure rules.
7.3	Disclose its director and executive compensation policy.	√ Based on the Corporation's By-Laws and implemented by the Chairman.
7.4	Disclose names of groups or individuals who hold 5% or more ownership interest in the company, significant cross-shareholding relationship and cross guarantees, as well as the nature of the company's other companies if it belongs to a corporate group.	√ Please refer to Annex D .
7.5	Disclose annual and quarterly consolidated reports, cash flow statements and special audit revisions. Consolidated financial statements shall be published within 90 days from the end of the financial year, while interim reports shall be published within 45 days from the end of the reporting period.	√ The Company complies with SEC and PSE reportorial requirements.
7.6	Disclose to shareholders and the Exchange any changes to its corporate governance manual and practices, and the extent to which such practices conform to the SEC and PSE CG Guidelines.	√ The Revised Manual on Corporate Governance was filed with the Securities and Exchange Commission (SEC) on July 31, 2014.
7.7	Publish and/or deliver to its shareholders in a timely fashion all information and materials relevant to corporate actions that require shareholder approval.	√ This is reflected in the Definitive Information Statement, disclosures and annual reports. The Company also provides quarterly reports to all shareholders. Additionally, Section 21.1 of the Revised Manual on Corporate Governance states: "21.1. Right to Information The Shareholders have the right to receive

		<p>timely and transparent information about the Corporation. Shareholders shall have the right to be informed of the rules and procedures related to stockholders’ meetings as well as decisions concerning fundamental corporate changes. (emphasis provided)</p> <p>In relation to the shareholders’ right to information, they are also encouraged to consult each other on issues concerning their basic shareholder rights as defined by the law, the By-Laws and the Manual on Corporate Governance. The shareholders’ have the right voice out their views and/or opinions on directors’ compensation.” (emphasis provided)</p>
<p>7.8 Disclose the trading of the corporation’s shares by directors, officers (or persons performing similar functions) and controlling shareholders. This shall also include the disclosure of the company’s purchase of its shares from the market (e.g share buy-back program).</p>	<p>v</p>	<p>The Company complies with the SEC and PSE reportorial requirements. The Company’s buy-back program was disclosed upon board approval last July 8, 2010 [including extension of the program from July 2014 to July2016. Buy-back transactions are appropriately disclosed as well.</p> <p>Section 20 of the Revised Manual on Corporate Governance provides:</p> <p>“20. Reportorial or Disclosure System of Corporation’s Corporate Governance</p> <p>The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or officer, as the case may be.</p>

		<p>The Board shall commit to disclose material information and other information required to be presented by statutory and regulatory requirements through the approved stock exchange procedure as well as through annual reports and other reports as may be required by law. “Material information” includes anything that could reasonably be expected to affect the Corporation’s viability or an investor’s decision in relation to the shares of the Corporation. Such information should include, among others, earnings results, acquisition or disposition of assets, balance sheet transactions, related party transactions and direct and indirect remuneration of members of the Board and Management.”</p> <p>FPH’s Revised Manual on Corporate Governance can be found in the company website: http://www.fphc.com/corporategovernance/amended-manual-of-corporate-governance/?id=1</p>
<p>7.9 Disclose in its annual report the principal risks to minority shareholders associated with the identity of the company’s controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders’ voting power and overall equity position in the company.</p>	<p>v</p>	<p>It is disclosed through the Annual Report particularly under Significant Ownership of Certain Beneficial Owners and Management, among others.</p> <p>FPH’s latest Annual Report can be found in the company website at http://www.fphc.com/wp-</p>

		content/uploads/2014/08/2013-Annual-Report.pdf
Guideline No. 8: RESPECTS AND PROTECTS THE RIGHTS AND INTERESTS OF EMPLOYEES, COMMUNITY, ENVIRONMENT, AND OTHER STAKEHOLDERS		
8.1 Establish and disclose a clear policy statement that articulates the company's recognition and protection of the rights and interests of key stakeholders specifically its employees, suppliers & customers, creditors, as well the community, environment and other key stakeholder groups.	v	Please refer to Annex E.
8.2 Have in place a workplace development program.	v	<p>Started in 1998 as a corporate initiative for companies in the FPH Group, the Environment, Safety and Health (ESH) program was eventually rolled out to other Lopez Group companies. The initial and continuing thrust for FPH was the sharing of equal responsibility for managing our investments and stakeholders in a manner that protects the environment, safety and health of our employees and of the public which our operations impact.</p> <p>After several years of implementing ESH, FPH has received a number of awards for getting high scores in the audits of its ESH system. It was thereafter able to secure the status of an Integrated Management System (IMS) certified company, proof that ESH has already become a way of life in the company. However, due to changes in processes as result of integration and the plan to relocate offices, re-certification has been held in abeyance, FPH conducts the following activities under the ESH system:</p> <p>1) Fire/Earthquake drills (twice a year)</p>

		<p>2) Defensive motorcycle driving seminar/training</p> <p>3) Random drug testing for a drug-free workplace</p> <p>4) First aid seminars (basic life support and cardio-pulmonary resuscitation seminar)</p> <p>5) Blood-letting/banking (allows employees to avail of blood supply)</p> <p>6) WEM (Work Environment Measurement to measure noise, illumination, dust, chemicals, thermal comfort and relative humidity and general ventilation)</p> <p>7) Health and safety tips deployed around the workplace</p> <p>8) Recyclable Collection Event (RCE)</p>
8.3	Have in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.	<p>√</p> <p>The Corporation has an existing Executive Stock Option Plan (ESOP) which is based on compensation. The ESOP entitles the directors and senior officers to purchase up to 10% of the Corporation's authorized capital stock on the offering years at a pre-set purchase price with payment and other terms to be defined at the time of the offering. Non-executive and independent directors are not granted ESOP shares.</p> <p>The Company has Retirement policies and Longevity pay in place.</p>
8.4	Have in place a community involvement program.	<p>√</p> <p>Please refer to Annex E.</p>
8.5	Have in place an environment-related program.	<p>√</p> <p>Please refer to Annex E.</p>
8.6	Have clear policies that guide the company in its dealing with its suppliers, customers, creditors, analysts, market intermediaries and other market	<p>√</p> <p>Please refer to Annex E.</p>

<p>participants.</p>		
<p>Guideline No. 9: DOES NOT ENGAGE IN ABUSIVE RELATED-PARTY TRANSACTIONS AND INSIDER TRADING</p>		
<p>9.1 Develop and disclose a policy governing the company’s transactions with related parties.</p>	<p>v</p>	<p>Item 12, SEC Form 17-A (submitted in 2014) provides for the terms of conditions of transactions with related parties:</p> <p><u>“Terms and Conditions of Transactions with Related Parties</u> Sales to and purchases from related parties are made at normal market prices. Outstanding balances at year-end are unsecured, interest-free and settlement occurs in cash. For the years ended December 31, 2013, 2012 and 2011, the Group has not recorded impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each year through the examination of the financial position of the related party and the market in which the related party operates.”</p> <p>Management is required to declare any related-party transactions with the Corporation. There have been no material transactions during the past two years, nor is any material transaction presently proposed, to which the Corporation was or is to be a party in which any director executive officer of the Corporation or security holder of more than 10% of the Corporation’s voting securities, any relative or spouse of any such</p>

	<p>director or executive officer or owner of more than 10% of the Corporation’s voting securities had or is to have a direct or indirect material interest except as provided hereinafter.</p> <p>FPH’s 2013 SEC Form 17-A can be found in the company website at http://www.fphc.com/wp-content/uploads/2014/08/2013-SEC-17-A.pdf</p> <p>Additionally, Section 13 of the Revised Manual on Corporate Governance provides:</p> <p>“13. Related Party Transactions</p> <p>Management will take into account the interests of the Corporation in all its transactions, especially in transactions which may involve related parties.”</p> <p>FPH’s Revised Manual on Corporate Governance can be found in the company website: http://www.fphc.com/corporategovernance/amended-manual-of-corporate-governance/?id=1</p>
<p>9.2 Clearly define the thresholds for disclosure and approval for RPTs and categorize such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPT within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	<p>v Management is required to declare any related-party transactions with the Corporation. There have been no material transactions during the past two years, nor is any material transaction presently proposed, to which the Corporation was or is to be a party in which any director executive officer</p>

		<p>of the Corporation or security holder of more than 10% of the Corporation’s voting securities, any relative or spouse of any such director or executive officer or owner of more than 10% of the Corporation’s voting securities had or is to have a direct or indirect material interest except as provided hereinafter.</p> <p>Lopez Holdings Corporation, the major stockholder of the Corporation, is the registered owner of 45.91% of the voting stock of the Corporation. All the directors, except for the independent directors, are nominated by Lopez Holdings Corp. Lopez Holdings does not control any of the Corporation’s key suppliers and customers.</p> <p>No director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of the Corporation because of a disagreement with the Corporation on matters relating to the Corporation’s operations, policies and practices.</p> <p>The Corporation is not aware of any complaint/dispute/ claim against related-party transactions in the last two years. Receivables from certain officers and employees were due to advances in the ordinary course of business.</p>
<p>9.3 Establish a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions in</p>	<p>x</p>	<p>While the Company understands the rationale, it may not be a legally feasible</p>

<p>shareholders meetings.</p>		<p>system to have, whereby a minority vote can carry shareholder action. The Company believes that there are more than sufficient discussions of these matters at the board level, one-third of which is composed of independent directors and supplemented by disclosures, to protect the interest of all shareholders as a whole. In practice, these matters have even been subjected to independent third party fairness opinions.</p>
<p>9.4 Have its independent directors or audit committee play an important role in reviewing significant RPTs.</p>	<p>v</p>	<p>Item 12, SEC Form 17-A (submitted in 2014) provides for the terms of conditions of transactions with related parties:</p> <p>“Terms and Conditions of Transactions with Related Parties Sales to and purchases from related parties are made at normal market prices. Outstanding balances at year-end are unsecured, interest-free and settlement occurs in cash. For the years ended December 31, 2013, 2012 and 2011, the Group has not recorded impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each year through the examination of the financial position of the related party and the market in which the related party operates.”</p> <p>FPH’s 2013 SEC Form 17-A can be found in the company website at http://www.fphc.com/wp-content/uploads/2014/08/2013-SEC-17-A.pdf</p>

		<p>The Audit Committee also reviews disclosures in relations to transactions with Related Parties:</p> <p>Section V.1.2, Audit Committee Charter:</p> <p>“Review the quarterly financial statements with management and the annual financial statements with the external auditors, focusing particularly on: ...xxx... Review of disclosures of material information, related party transactions, and subsequent events;”</p> <p>FPH’s Audit Committee Charter can be found in the company website at http://www.fphc.com/corporategovernance/charter/?id=2#Audit_Committee_Charter</p>
<p>9.5 Be transparent and consistent in reporting its RPTs. A summary of such transactions shall be published in the company’s annual report.</p>	<p>√</p>	<p>Please refer to Annex F.</p>
<p>9.6 Have a clear policy in dealing with material non-public information by company insiders.</p>	<p>√</p>	<p>The Company has its trading policy in place. In addition, Section 14 of the Revised Manual on Corporate Governance provides:</p> <p>“14. Confidentiality and Use of Material Inside Information</p> <p>The directors, officers and key employees of the Corporation shall observe confidentiality of material, inside, non-public information acquired by reason of their office and will not</p>

	<p>use and/or disclose any information to any other person without the authority of the Board. The directors, officers and key employees of the Corporation shall observe and ensure compliance with the Corporation’s Trading Policy.”</p> <p>FPH’s Revised Manual on Corporate Governance can be found in the company website: http://www.fphc.com/corporategovernance/amended-manual-of-corporate-governance/?id=1</p>
<p>9.7 Have a clear policy and practice of full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management.</p>	<p>Section 22 of the Revised Manual on Corporate Governance provides:</p> <p>“22. Disclosure and Transparency</p> <p>The essence of corporate governance is transparency. The more transparent the internal workings of the corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the corporation or misappropriate its assets.</p> <p>It is therefore essential that all material information about the corporation which could adversely affect its viability or the interests of the stockholders as a whole should be publicly and timely disclosed. Such material information should include, among other things, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and</p>

		<p>remuneration of members of the Board and Management. All such information should be disclosed through the appropriate Exchange mechanisms and submissions to the Commission.” (emphasis provided)</p> <p>FPH’s Revised Manual on Corporate Governance can be found in the company website: http://www.fphc.com/corporategovernance/amended-manual-of-corporate-governance/?id=1</p>
Guideline No. 10: DEVELOPS AND NURTURES A CULTURE OF ETHICS, COMPLIANCE, & ENFORCEMENT		
10.1	Formally adopt a code of ethics and proper conduct that guides individual behavior and decision making, clarify responsibilities, and inform other stakeholders on the conduct expected from company personnel.	<p>√</p> <p>This is attached as Annex A of the Revised Manual on Corporate Governance.</p> <p>Please refer to Annex G.</p>
10.2	Have a formal comprehensive compliance program covering compliance with laws and relevant regulations. The program should include appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	<p>√</p> <p>Legal together with appropriate units such as HRMG, Treasury, Administration, Comptrollership and Corporate Communications assist one another with respect to regulatory and lender compliance. Each has set compliance matrices which they can refer to with respect to their respective requirements. Whenever there is appropriate training available, representatives are sent to attend in order to network and keep abreast of latest developments.</p>
10.3	Not seek exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. Should it do so, it has to disclose the reason for such action as well present the specific steps	<p>√</p>

<p>being taken to finally comply with the applicable law, rule or regulation.</p>		
<p>10.4 Have clear and stringent policies and procedures on curbing and penalizing company or employee involvement in offering, paying and receiving bribes.</p>	<p>v</p>	<p>The Employee Code of Discipline provides the penalty of suspension to dismissal depending upon the gravity of the violation for receiving bribes, unauthorized commissions or anything of value, except for customary gifts during special occasions such as Christmas and birthdays, from a subordinate, client, contractor, supplier and allowing persons or firms with whom the Company does business with to seek preference, benefit or favorable condition.</p> <p>Additionally, the Corporate Code of Conduct states:</p> <p>“We recognize the authority of the government. We abide by their rules, orders and decisions while keeping our right to invoke any and all legal entitlements and administrative, judicial or other remedies and to advocate for change and reform when appropriate. We adhere to good governance and public accountability policies of the government and we have adopted and implemented anti-corruption programmes and procedures.”</p> <p>Please see Annex F for FPH’s Corporate Code of Conduct, which can also be found in the company website: http://www.fphc.com/corporategovernance/corporate-code-of-conduct/?id=1</p>

10.5 Have a designated officer responsible for ensuring compliance with all relevant laws, rules, and regulation, as well as all regulatory requirements.	√	The Corporate Secretary and the Assistant Corporate Secretary are the Compliance Officer and the Assistant Compliance officer, respectively.
10.6 Respect intellectual property rights.	√	The Company executes Non-Disclosure Agreements, as necessary, to provide protection either of the property rights of the company or those of its counterparties. Additionally, the company has registered its marks, logos, trademarks and trade name with the Intellectual Property Office (IPO) showing that it is a respecter of intellectual property rights, including its own.
10.7 Establish and commit itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner.	√	<p>Section 4.3 of the Manual on Corporate Governance provides:</p> <p>“4.3. Specific Duties and Responsibilities of the Board. The Board has the following specific duties and functions to implement the corporate governance principles:</p> <p>...xxx...</p> <p>n. As may be deemed proper by the Board, establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities; and</p> <p>...xxx...”</p>

		<p>FPH's Revised Manual on Corporate Governance can be found in the company website: http://www.fphc.com/corporategovernance/amended-manual-of-corporate-governance/?id=1</p> <table border="1" data-bbox="1346 472 1837 1362"> <thead> <tr> <th colspan="2" data-bbox="1539 472 1837 565">Alternative Dispute Resolution System</th> </tr> </thead> <tbody> <tr> <td data-bbox="1346 565 1539 854">Corporation & Stockholders</td> <td data-bbox="1539 565 1837 854">The Company, through its stock transfer agent, investor relations unit, Office of the Corporate Secretary and legal department, attends to the needs of the stockholders.</td> </tr> <tr> <td data-bbox="1346 854 1539 1239">Corporation & Third Parties</td> <td data-bbox="1539 854 1837 1239">Alternative Dispute Resolution systems, including senior management consultations, mediations, conciliations and arbitration, are provided in Joint Venture Agreements and similar contractual arrangements.</td> </tr> <tr> <td data-bbox="1346 1239 1539 1362">Corporation & Regulatory Authorities</td> <td data-bbox="1539 1239 1837 1362">Regular consultations with regulatory and government agencies.</td> </tr> </tbody> </table>	Alternative Dispute Resolution System		Corporation & Stockholders	The Company, through its stock transfer agent, investor relations unit, Office of the Corporate Secretary and legal department, attends to the needs of the stockholders.	Corporation & Third Parties	Alternative Dispute Resolution systems, including senior management consultations, mediations, conciliations and arbitration, are provided in Joint Venture Agreements and similar contractual arrangements.	Corporation & Regulatory Authorities	Regular consultations with regulatory and government agencies.
Alternative Dispute Resolution System										
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Corporation & Regulatory Authorities	Regular consultations with regulatory and government agencies.									

CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: First Philippine Holdings Corporation

Date: 25 March 2015

This is to certify that the undersigned reviewed the contents of this document and to the best of my knowledge and belief, the information contained set forth in this document is true, complete and correct.

Done this March 25, 2015 Pasig City.



WASHINGTON Z. SYCIP
Independent Director



FEDERICO R. LOPEZ
Chief Executive Officer



ARTEMIO V. PANGANIBAN
Independent Director



OSCAR J. HILADO
Independent Director



JUAN B. SANTOS
Independent Director



CESAR B. BAUTISTA
Independent Director

Annex A

2.1. *Have a board composed of directors of proven competence and integrity.*

Oscar M. Lopez

Chairman Emeritus and Chief Strategic Officer

Mr. Oscar M. Lopez is also the Chairman Emeritus of Lopez Holdings Corporation, First Gen Corporation, Energy Development Corporation and Rockwell Land Corporation, among others. He is Chairman of the Board of Trustees of the Lopez Group Foundation and the Eugenio Lopez Foundation. He finished his Master of Public Administration at the Littauer School of Public Administration (now the John F. Kennedy School of Government) at Harvard University, where he also earned his Bachelor of Arts, cum laude.

Federico R. Lopez

Chairman and Chief Executive Officer

Mr. Federico R. Lopez is also the Chairman and Chief Executive Officer of First Gen Corporation, Energy Development Corporation, and the various companies under the First Gen Group. He is Chairman of First Philippine Industrial Park, First Philippine Electric Corporation, First Balfour Inc., and First Philippine Industrial Corporation. He is also Vice Chairman of Rockwell Land Corporation, Treasurer of Lopez Holdings Corporation, and is a Director of ABS-CBN Corporation. He is Chairman of the Board of Trustees of the Oscar M. Lopez Center for Climate Change Adaptation and Disaster Risk Management Foundation and the Sikat Solar Challenge Foundation. He is also Trustee of the Philippine Tropical Forest Conservation Foundation, the World Wildlife Fund Philippines, and the Philippine Disasters Recovery Foundation. Mr. Lopez graduated with a Bachelor of Arts Degree with a Double Major in Economics and International Relations, cum laude, from the University of Pennsylvania.

Manuel M. Lopez

Vice Chairman

Mr. Manuel M. Lopez is the Philippine Ambassador to Japan. Ambassador Lopez continues to be a Director of the Manila Electric Company where he served as its Chairman and Chief Executive Officer from 2001 to May 2010. He also serves as the Chairman and Chief Executive Officer of

Lopez Holdings Corporation and Chairman of Rockwell Land Corporation. He has a Bachelor of Science Degree in Business Administration. He pursued advanced studies in Financial and Management Development from the Harvard Business School.

Augusto Almeda-Lopez

Director

Mr. Augusto Almeda-Lopez is Vice Chairman of ABS-CBN Corporation among others. He graduated with an Associate in Arts Degree from the Ateneo de Manila University and a Bachelor of Laws Degree from the University of the Philippines. He placed fourth in the 1952 Bar Examinations.

Elpidio L. Ibañez

President and Chief Operating Officer

Mr. Elpidio L. Ibañez is Chairman of the Board of First Batangas Hotel Corporation, Vice Chairman of First Philippine Electric Corporation, and President of First Philippine Utilities Corporation. He is also a Director of various FPH subsidiaries and affiliates and is a Trustee of the Philippine Business for the Environment. He graduated with an AB Economics Degree from Ateneo de Manila University and obtained his MBA at the University of the Philippines.

Eugenio L. Lopez III

Director

Mr. Eugenio L. Lopez III is the Chairman of the Board of ABS-CBN Corporation. He graduated with a Bachelor of Arts Degree in Political Science from Bowdoin College and has a Master's Degree in Business Administration from the Harvard Business School.

Artemio V. Panganiban

Independent Director

Mr. Artemio V. Panganiban was the Chief Justice of the Supreme Court of the Philippines from 2005 to 2006. He was Justice of the Supreme Court from 1995 to 2005. At present, he is a columnist of the Philippine Daily Inquirer, and acts as adviser, consultant or independent director of several business, civic, non-government, and religious groups. He graduated with an Associate in Arts with Highest Honors from the Far Eastern University with a Bachelor of Laws Degree, cum laude, and as the Most Outstanding Student. He placed sixth in the 1960 Bar Examinations.

Francis Giles B. Puno

Chief Financial Officer

Mr. Francis Giles B. Puno is also President and Chief Operating Officer of First Gen Corporation and is a director and officer of First Gen's subsidiaries and affiliates. He has a Bachelor of Science Degree in Business Management from the Ateneo de Manila University and a Master of Business Administration Degree from Northwestern University's Kellogg Graduate School of Management in Chicago, Illinois.

Cesar B. Bautista

Independent Director

Mr. Cesar B. Bautista was Ambassador Extraordinary and Plenipotentiary to the United Kingdom of Great Britain and Northern Ireland, Republic of Ireland and Republic of Iceland. He was a Permanent Representative to the United Nations International Maritime Organization and a Special Presidential Envoy to Europe. He was also the Secretary of the Department of Trade and Industry. He graduated with a Degree in Bachelor of Science in Chemical Engineering from the University of the Philippines and pursued his Master's Degree in Chemical Engineering at the Ohio State University.

Ferdinand Edwin S. CoSeteng

Senior Vice President

Mr. Ferdinand Edwin S. CoSeteng was appointed Senior Vice President last November 2011 and was elected Director on March 5, 2015. He is currently President of First Philippine Industrial Park. He is a BS Electrical Engineering graduate from the University of the Philippines and holds a Master of Business Administration with Distinction from the Johnson Graduate School of Management, Cornell University, New York USA. His professional experience includes being a President of Mariwasa Siam Ceramics from 1997-2006; Executive Vice President of Mariwasa Manufacturing, Inc. from 1993-2006. In 2007, Mr. CoSeteng joined LF Logistics in Hong Kong as Executive Vice President and headed the international logistics and freight forwarding business.

Peter D. Garrucho, Jr.

Director

Mr. Peter D. Garrucho, Jr. was the Managing Director for Energy Development Corporation from 1994 until his retirement in January 2008. He is a Director of First Gen Corporation and Energy Development Corporation. He was former Secretary of the Department of Trade and Industry and Tourism. He has likewise served as Executive Secretary and Adviser on Energy Affairs in the Office of the President of the Philippines in 1992. He has an AB-BSBA Degree from De La Salle University and an MBA Degree from Stanford University.

Oscar J. Hilado

Independent Director

Mr. Oscar J. Hilado is the Chairman of the Philippine Investment Management (PHINMA), Inc. He is also the Chairman of Holcim Philippines, Inc. He graduated with Highest Honors and with a Gold Medal for General Excellence and a Bachelor of Science in Commerce Degree from De La Salle College (Bacolod). He earned his Master's Degree in Business Administration at the Harvard Business School.

Ernesto B. Rufino, Jr.

Director

Mr. Ernesto B. Rufino, Jr. is Chairman and Chief Executive Officer of Health Maintenance, Inc. and the President of Securities Transfer Services, Inc. He has AB and BSBA Degrees, cum laude, from De La Salle University and an MBA Degree from Harvard University.

Juan B. Santos

Independent Director

Mr. Juan B. Santos is Chairman of the Social Security Commission. He was former Chairman and President of Nestlé Philippines, Inc. and Secretary of Trade and Industry. Mr. Santos obtained his BSBA Degree from the Ateneo de Manila University and pursued post-graduate studies at the Thunderbird Graduate School of Management in Arizona, USA. He completed the Advanced Management Course at IMD in Lausanne, Switzerland.

Washington Z. Sycip

Independent Director

Mr. Washington Z. Sycip is the founder of the SGV group, auditors and management consultants, with operations throughout East Asia. He is the Chairman Emeritus of the Board of Trustees and Board of Governors of the Asian Institute of Management. He graduated with a Bachelor of Science in Commerce Degree, summa cum laude, and a Master of Science in Commerce Degree (Meritissimus) from the University of Santo Tomas. He pursued his Master of Science in Commerce at Columbia University.

Annex B

4.5 Disclose sufficient information about its risk management procedures and processes as well as the key risks the company is currently facing including how these are being managed.

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
1.Regulatory Risk	Annual risk identification, evaluation, and monitoring	<ul style="list-style-type: none"> • Regular monitoring of changes or updates to relevant laws and regulations • Close monitoring of the Company's compliance to applicable legal and regulatory • Close coordination with regulatory agencies
2.Business Interruption Risk	Annual risk identification, evaluation, and monitoring	<ul style="list-style-type: none"> • Regular monitoring of operations • Regular repair and maintenance of key equipment, systems and processes • Regular review, revision and practice of Business Continuity Management plans
3.Interest Rate Risk	Annual risk identification, evaluation, and monitoring	<ul style="list-style-type: none"> • Regular monitoring of the interest rates • Identify, assess and enter into interest hedging, whenever necessary
4.Foreign Currency Risk	Annual risk identification, evaluation, and monitoring	<ul style="list-style-type: none"> • Regular monitoring of the foreign currency rates • Identify, assess and enter into derivative transactions, whenever necessary
5.Credit Risk	Annual risk identification, evaluation, and monitoring	<ul style="list-style-type: none"> • Regular review and analysis of customer financial and credit performances • Close coordination with customers to discuss emerging risks
6.Liquidity Risk	Regular monitoring of available cash and credit facilities within maintained debt service ratio.	<ul style="list-style-type: none"> • Maintain enough cash sufficient to finance operations and obligations.

CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: First Philippine Holdings Corporation

Date: 25 March 2015

Annex C

6.10 Provide all shareholders with accurate and timely information regarding the number of shares of all classes held by controlling shareholders and their affiliates.

1	Lopez Holdings Corporation	254,197,231	254,197,231	45.920035 %
2	PCD NOMINEE CORPORATION (FIL)	156,910,001	156,910,001	28.345363 %
3	PCD NOMINEE CORPORATION (FOREIGN)	75,800,370	75,800,370	13.693130 %
4	FIRST PHILIPPINE HOLDINGS CORP. PENSION FUND	10,115,926	10,115,926	1.827414 %
5	OSCAR M. LOPEZ	7,222,970	7,222,970	1.304810 %
6	FEDERICO R. LOPEZ	4,088,201	4,088,201	0.738522 %
7	FRANCIS GILES B. PUNO	2,697,012	2,697,012	0.487208 %
8	ELPIDIO L. IBANEZ	2,626,660	2,626,660	0.474499 %
9	MA. CONSUELO R. LOPEZ	1,636,214	1,636,214	0.295578 %
10	MANUEL M. LOPEZ &/OR MA TERESA L. LOPEZ	1,150,773	1,150,773	0.207884 %
11	MA. TERESA L. LOPEZ	1,061,398	1,061,398	0.191739 %
12	ARTHUR A. DE GUIA	885,724	885,724	0.160004 %
13	SERGIO T. ONG	873,700	873,700	0.157832 %
14	WILLIAM GO KIM HUY	761,930	761,930	0.137641 %
15	DANILO C. LACHICA	624,210	624,210	0.112762 %
16	PETER D. GARRUCHO JR.	604,849	604,849	0.109264 %
17	CROSLO HOLDINGS CORPORATION	553,795	553,795	0.100042 %
18	PERLA R. CATAHAN	438,200	438,200	0.079160 %
19	GREGORIO T. ASIS	369,776	369,776	0.066799 %
20	FRANCIS GILES B. PUNO &/OR MA. PATRICIA D. PUNO	333,500	333,500	0.060246 %
21	RAUL I. MACATANGAY	309,997	309,997	0.056000 %
22	LUCIO W. YAN &/OR CLARA Y. YAN	300,000	300,000	0.054194 %
23	R. COYIUTO SECURITIES INC.	274,745	274,745	0.049632 %
24	ANTHONY M. MABASA	259,179	259,179	0.046820 %
25	GEORGE LITTON JR.	249,304	249,304	0.045036 %
26	RENE J. MAYOL	247,630	247,630	0.044734 %
27	ANTHONY L. FERNANDEZ	243,378	243,378	0.043966 %
28	BENJAMIN R. LOPEZ	236,661	236,661	0.042752 %
29	MANUEL E. MONTINOLA	226,850	226,850	0.040980 %
30	SOCIAL SECURITY SYSTEM	220,750	220,750	0.039878 %
31	RAUL J. SINOCRUZ	214,119	214,119	0.038680 %
32	EDWARD T. GABALDON	207,570	207,570	0.037497 %
33	EMELITA L. SABELLA	205,342	205,342	0.037094 %
34	MANILA ARCHDIOCESAN COMM, DEV. FOUNDATION INCORPORATED	196,627	196,627	0.035520 %
35	HOSPITAL DE SAN JUAN DE DIOS, INC.	196,627	196,627	0.035520 %
36	ANG GUAN PIAO	191,368	191,368	0.034570 %
37	VICTOR G. SY	180,000	180,000	0.032517 %
38	ACRIS CORPORATION	172,000	172,000	0.031071 %
39	VICTORIA A. MARTINEZ	163,626	163,626	0.029559 %
40	CO TONG TE	156,076	156,076	0.028195 %
41	ESTER M. CUMAGUN	152,476	152,476	0.027544 %
42	VALDERRAMA ARROYO SECURITIES CORP.	148,062	148,062	0.026747 %
43	ALLEN CHAM	147,934	147,934	0.026724 %
44	ISABELITA MONTINOLA	147,187	147,187	0.026589 %
45	LEANDRO V. LOCSIN	139,701	139,701	0.025237 %
46	WALTER C. SPAKOWSKI	137,780	137,780	0.024890 %
47	CHILCO HOLDINGS INCORPORATED	124,626	124,626	0.022513 %
48	ISABELITA J. MONTINOLA	122,713	122,713	0.022168 %
49	VICENTE O. YU SR. &/OR ESTRELLA R. YU	120,062	120,062	0.021689 %
50	TELENGTAN BROTHERS & SONS, INC.	120,000	120,000	0.021678 %

CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: First Philippine Holdings Corporation

Date: 25 March 2015

51	ANDRES M. CORNEJO	119,503	119,503	0.021588	%
52	JOHNNY L. SIAO	115,128	115,128	0.020798	%
53	DOLLY L. SIAO	115,128	115,128	0.020798	%
54	RUBEN L. SIAO	115,128	115,128	0.020798	%
55	SUSAN SIAO	115,128	115,128	0.020798	%
56	PETER SIAO TICK CHONG	115,128	115,128	0.020798	%
57	PAN MALAYAN MANAGEMENT & INVESTMENT CORPORATION	109,624	109,624	0.019803	%
58	M E HOLDING CORPORATION	109,119	109,119	0.019712	%
59	ALEXANDER M. ROQUE	107,183	107,183	0.019362	%
60	ESTER M. CUMAGUN	104,923	104,923	0.018954	%
61	CHIN YU	104,130	104,130	0.018811	%
62	MARIANELA A. WIENEKE	103,096	103,096	0.018624	%
63	RONALDO C. SABELLA	100,000	100,000	0.018065	%
64	HEALTH MAINTENANCE, INC.	99,600	99,600	0.017992	%
65	ERNESTO OPPEN INC	93,312	93,312	0.016857	%
66	MARTIN C. LLADO	93,306	93,306	0.016855	%
67	DANILO C. LACHICA	92,710	92,710	0.016748	%
68	THE FIRST NATIONAL INVESTMENT COMPANY INC	91,560	91,560	0.016540	%
69	ARDEL L. FADRI	89,042	89,042	0.016085	%
70	BENJAMIN ERNESTO R. LOPEZ	88,490	88,490	0.015985	%
71	ANTONIO J. MONTINOLA	87,825	87,825	0.015865	%
72	CONCHITA LAO LOPEZ	87,686	87,686	0.015840	%
73	ELIZABETH M. CANLAS	85,305	85,305	0.015410	%
74	MANUEL M. LOPEZ	84,718	84,718	0.015304	%
75	LAWAAN LOPEZ	83,797	83,797	0.015138	%
76	ALEXANDER TANCHAN &/OR DOLORES U. TANCHAN	82,944	82,944	0.014984	%
77	RODOLFO VALDERRAMA &/OR VALDERRAMA, TERESITA	82,231	82,231	0.014855	%
78	E. R. UNSON DEVELOPMENT CORP.	81,806	81,806	0.014778	%
79	MIMI CHUA	81,505	81,505	0.014724	%
80	OSONG DEVELOPMENT ENTERPRISES INC.	80,269	80,269	0.014500	%
81	VICTONETA INC.	78,720	78,720	0.014221	%
82	ESTRELLA R. YU	78,292	78,292	0.014143	%
83	ALBINO C. KINTANAR	78,146	78,146	0.014117	%
84	RICARDO B. YATCO	76,842	76,842	0.013881	%
85	ALEXANDER M. ROQUE	76,095	76,095	0.013746	%
86	JOHN FRANCIS G. SARMENTA &/OR ROSARIO G. SARMENTA	75,000	75,000	0.013549	%
87	MARIA CLARISSA G. SARMENTA &/OR ROSARIO G. SARMENTA	75,000	75,000	0.013549	%
88	FRANCISCO G. SARMENTA &/OR ROSARIO G. SARMENTA	75,000	75,000	0.013549	%
89	BETTY GOTHONG	73,740	73,740	0.013321	%
90	HMR ENTERPRISES, INC.	72,210	72,210	0.013045	%
91	PETER T. NG	71,539	71,539	0.012923	%
92	CONSTANTINO CHUA	70,812	70,812	0.012792	%
93	CENTENNIAL GUARANTEE ASSURANCE CORP	70,350	70,350	0.012709	%
94	ALBERTO A. PACOLI	70,023	70,023	0.012649	%
95	ROMAN CATHOLIC ARCHBISHOP OF MANILA	69,984	69,984	0.012642	%
96	US AUTOMOTIVE CO INC	69,984	69,984	0.012642	%
97	FRANCISCO C. DELGADO	69,972	69,972	0.012640	%
98	MONTELIBANO HIJOS, INC.	69,703	69,703	0.012592	%
99	JOSEPH TANBUNTIONG	69,115	69,115	0.012485	%
100	MARCOS C. ROCES	69,042	69,042	0.012472	%

Annex D

7.4 Disclose names of groups or individuals who hold 5% or more ownership interest in the company, significant cross-shareholding relationship and cross guarantees, as well as the nature of the company's other companies if it belongs to a corporate group.

The equity securities of the Corporation consist of common and preferred shares.^[1]

FPH Security Owners of Certain Record and Beneficial Owners of more than 5% As of March 10, 2015					
(a) Security Ownership of Certain Record and Beneficial Owner/s of more than 5%					
<i>Title of Class</i>	<i>Name & Address of Record Owner and Relationship with Issuer</i>	<i>Name of Beneficial Owner & Relationship with Record Owner</i>	<i>Citizenship</i>	<i>No. of Shares Held</i>	<i>Percent to Total Issued and Outstanding</i>
Common	Lopez Holdings Corporation (LHC) 5/F Benpres Building Exchange Road cor. Meralco Ave, Pasig City LHC is the parent of the Corporation. ^[2]	Lopez Holdings Corporation ^[3]	Filipino	254,197,231	46.9104%
Common	PCD Nominee Corporation G/F Makati Stock Exchange 6767 Ayala Avenue, Makati City	Various	Filipino Non-Filipino	154,490,844 77,240,744	27.9024% 13.9503%
	As advised by the PCD Nominee Corp., there is no beneficial ownership with 5% or more as of March 10, 2015				

^[1] The Series B perpetual preferred shares were redeemed by April 30, 2013

^[2] The Chairman Emeritus of Lopez Holdings Corp. ("LHC"), Mr. Oscar M. Lopez, is also the Chairman Emeritus of the Corporation.

^[3] The Board of Directors of LHC has the authority to decide how the shares of LHC in the Corporation are to be voted.

8.1 Establish and disclose a clear policy statement that articulates the company's recognition and protection of the rights and interests of key stakeholders specifically its employees, suppliers & customers, creditors, as well the community, environment and other key stakeholder groups.

	Policy	Activities
Customers' welfare	<p><i>First Philippine Holdings Code of Corporate Conduct (Annex A of the Manual on Corporate Governance):</i></p> <p>"Customers</p> <p>We recognize that our businesses provide basic goods and services to the country. Customer satisfaction is a paramount concern."</p>	<ul style="list-style-type: none"> The company undertakes specific activities (e.g. conducting no-deal road shows and accommodating invitations/requests for meetings from its investors to respond to queries) to listen and learn to investor requirements, needs and changing expectations. The company takes the effort to meet its institutional investors and communicates person-to-person with individual investors.
Supplier/contractor selection practice	<p><i>First Philippine Holdings Code of Corporate Conduct (Annex A of the Manual on Corporate Governance):</i></p> <p>"Suppliers and Service Providers</p> <p>We value our suppliers of goods and services as partners in the pursuit of our businesses."</p>	<p><u>Guidelines for Accreditation of Supplier:</u></p> <ol style="list-style-type: none"> Information/Data shall be subject to verification by the Purchasing Department. Verification shall include, but not limited to the following: site visit, cross-checking with existing clients as to integrity and reliability (track record) and confirmation of information provided and of legal documents presented. Site/office visit as may be necessary should be done for prospective regular or critical vendors/suppliers except for complex services and when it is deemed not practicable.

		<p>3. Suppliers must meet the standard minimum criteria as set out in the Guidelines for Accreditation of Suppliers.</p> <p>4. In some instances, accreditation will be done in coordination with the user/requisitioner. However, all accreditation documents must reside at the Purchasing Department.</p> <p>5. In case accreditation of supplier/contractor is based on user/requestor preference, technology sources or sole source vendor, unilateral acceptance will be required.</p> <p>6. In case accreditation of supplier/contractor is based on complex and/or technology sensitive purchases, a written justification from the end user/requestor will be required.</p> <p>7. Accreditation may not be required for :</p> <ul style="list-style-type: none">- non-regular supplies and purchases (ex., weighing scale);- established suppliers as approved by the AVP for Finance (ex., Rustans Supermarket, National Bookstore, accredited car dealers, etc.);- Lopez Group companies/subsidiaries/affiliates (ex., First Balfour, STSI); and- Lopez Group companies/subsidiaries accredited suppliers.
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		<p><u>Guidelines for Suppliers' Performance Evaluation:</u></p> <ol style="list-style-type: none">1. All accredited suppliers with, at least, three (3) transactions are subject to performance evaluation, at least, once a year or anytime the company deems it necessary using the Vendor Performance Evaluation Sheet (FM-PUR-03-04).2. Suppliers are rated on 4 categories and given an overall rating based on the scores where a minimum of 60% rating must be met so as not to be delisted. The 4 main categories are :<ol style="list-style-type: none">a. Quality (specifications or scope of work compliance)b. Punctuality (timeliness of delivery)c. After-Sales Service (service responsiveness)d. Price Competitiveness3. Three consecutive unsatisfactory deliveries will automatically cause suspension of transaction with the supplier for six (6) months. After the period, transaction may resume once improvement/corrective action to address cause of suspension can be proven by the supplier. If accepted, supplier will be under probation status.4. Two consecutive unsatisfactory deliveries will automatically blacklist a supplier under probation from FPH.5. After Sales Service :<ul style="list-style-type: none">On-time response – within 24 hours or within allowed timeLate response – after 24 hours or response is beyond allowed time
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		6. Requestor will take charge of evaluating a preferred supplier/contractor using his/her own form or the Vendor Performance Evaluation Sheet (FM-PUR-03-04). Evaluating-requestor must submit performance evaluation to Purchasing Department.
Environmentally friendly value-chain	<p><i>Section 16 of Manual on Corporate Governance:</i> "16. Environment</p> <p>The Corporation is committed to sustainable development. It shall operate and maintain its business in compliance with the requirements of applicable environmental laws, rules, regulations and generally accepted industry practices. The Corporation is committed to provide services that are responsive to customer needs and comply with environmental, occupational safety and health laws and regulations and other applicable requirements to which the organization subscribes. The Corporation shall conduct its business in a manner that will protect the environment."</p>	<ol style="list-style-type: none"> 1. Earth Month – June 23-27, 2014 2. Solid Waste Management Program – 3 R's - Reduce, Reuse and Recycle 3. Change of pinlight to CFL and LED Lights 4. Participation on Earth Hour 5. Waste Water Treatment of Benpres Building
Community interaction	<p><i>Section 17 of Manual on Corporate Governance:</i> "17. Corporate Social Responsibility</p> <p>The Board of Directors and Management recognize the need for the Corporation to be a good corporate citizen. The Board and Management support the Corporation's initiatives in launching and maintaining civic, charitable, and social projects and undertakings.</p> <p>The Corporation strives to work with organizations whose objectives and activities are aligned with the commitment to contribute to society's needs for poverty alleviation, health, education and environmental protection."</p>	<p>Our various CSR initiatives—specifically on education, environment, and health— are supportive of the United Nations Development Programme's Millennium Development Goals, "a set of eight time-bound, concrete specific targets aimed at significantly reducing poverty by year 2015."</p> <p>ENVIRONMENT</p> <p>Protecting the environment is crucial to the sustainability of our various projects, especially in the Energy Sector.</p> <p>At EDC and First Gen Hydro, we are securing our fuel sources through protection and reforestation efforts to strengthen the existing watersheds.</p>

	<p><i>First Philippine Holdings Code of Corporate Conduct (Annex A of the Manual on Corporate Governance):</i></p> <p>“We shall pursue civic, charitable, and social projects and undertakings.</p> <p>We remain partners with non-governmental organizations whose objectives and activities are aligned with our Company’s goals and commitment to contribute to society’s needs for poverty alleviation, health, education and environmental protection.</p> <p>We operate and maintain our businesses consistent with sustainable development and generally accepted industry practices.”</p>	<ul style="list-style-type: none"> • We are also planting close to 6.4 million trees over a 10-year period under our reforestation project, Binhi, the greening program of our Chairman Emeritus Oscar M. Lopez launched in December 2008. • Our various power plant sites all over the country are also working with the UP Institute of Biology, conducting biodiversity surveys. • First Gas rehabilitated and now protects a 10-hectare mangrove: a sanctuary for about 80 species of resident and migratory birds. It also supports some successful volunteer Bantay Dagat teams that protect marine life in the Verde Island Passage. <p>Oscar M. Lopez Center for Climate Change Adaptation and Disaster Risk Management (The OML Center)</p> <p>The OML Center has P150 Million as start-up funding for its projects. In August 2012, we signed a Memorandum of Understanding with Ateneo de Manila, De La Salle, and the University of the Philippines to collaborate on research that aims to find creative and innovative solutions that may prevent and mitigate the effects of disasters and calamities that could befall our country in the years to come.</p> <p>The OML Center envisions “a resilient Filipino society, able to cope and prosper in the midst of climate-related risks and disasters.” It will serve as a knowledge center that will mobilize private sector support for research on climate change adaptation and disaster risk management. The first set of research grants will be awarded on May 31, 2013.</p> <p>We also supported the launch of three books on biodiversity conservation:</p>
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		<ul style="list-style-type: none">• EDC’s Rafflesia of the Philippines, the first book to present the latest taxonomic information on the 10 Philippine species of Rafflesia, the largest single flower in the world.• First Gen’s Generations, which features the beauty and majesty of the mountains, natural rivers, streams, volcanoes, as well as the flora and fauna living in various power plant sites of First Gen across the country.• Philippine Native Trees 101, a guidebook replete with photos and descriptions of native Philippine trees. <p>EDUCATION</p> <p>In June 2012, we donated P9 million to the AIM Scientific Research Foundation, Inc. which promotes scientific advancement and pursuits in support of the research, training, and development initiatives of the Asian Institute of Management.</p> <p>We also supported Philippine Business for Education (PBE) with a P500,000 donation to its 1,000 teachers’ program. By providing scholarships with stipends, the PBE project seeks to attract the best and the brightest graduating high school seniors to take degrees in education, specifically majoring in English, Math, and Science.</p> <p>Our affiliate, EDC, has partnered with the local government of Kananga in Leyte, one of its host communities, to establish The Kananga-EDC Institute of Technology (KEITECH). This is a pioneering technical vocational program that aims to transform the unskilled and unemployed young adults in Kananga into a bankable work force.</p>
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		<p>EDC has also established in Leyte two Schools for Excellence (SFE) that provide quality basic education to elementary students. Through EDC’s investments in hardware and software components, the two SFEs have become among the top public schools in Leyte.</p> <p>ABS-CBN Philharmonic Orchestra and Orchestra of the Filipino Youth</p> <p>We joined forces with ABS-CBN Corporation to organize the ABS-CBN Philharmonic Orchestra (ABS-CBN PO) and the Orchestra of the Filipino Youth (OFY).</p> <p>ABS-CBN PO is a 40-piece professional orchestra that is envisioned to be of international caliber, self-sustaining and to serve as an inspiration for aspiring musicians, especially OFY members, who can then look forward to a solid career path.</p> <p>The OFY is also a 40-piece youth ensemble inspired by El Sistema of Venezuela, which is a “tested model of how music program can both create great musicians and dramatically change the life of hundreds of thousands of a nation’s neediest kids.” The OFY members, whose ages range from nine to 21 years old, are mostly underprivileged and come from Angono, Antipolo, Batangas, Bulacan, Cainta, Cardona, Cavite, Malabon, Mandaluyong, Manila, Morong, Pasig, Quezon City, Taytay, and provinces of Aurora and Cebu.</p> <p>Members receive free music education, rehearsal allowances, transportation assistance, meals, uniforms, and use of instruments for their rehearsals and performances. Over time, the OFY is envisioned to become a community-led activity, to be supported eventually by countrymen who have learned to love orchestral music.</p>
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		<p>HEALTH</p> <p>Asian Eye Institute (Asian Eye)</p> <p>Asian Eye was established in 2001 as a center of excellence in eye care in the Philippines, with FPH as one of its shareholders. Its growing patient base has reached to more than 100,000, evidence to the institute’s commitment in continuously raising the bar in eye care, on par with the best in the world.</p> <p>With the addition of new doctors, Asian Eye expanded its menu of services to include treatment of external disease and cornea disorders like corneal infections, limbal stem cell deficiency, conjunctival tumors and inflammation. It also introduced laser treatment for presbyopia or the condition wherein the muscle of the eye loses its flexibility affecting near vision.</p> <p>Another state-of-the-art technology acquired in the last quarter is the Carl Zeiss i. Terminal 2 which produces personalized eyeglasses to suit both patients’ lifestyle and visual needs.</p> <p>In partnership with Cataract Foundation Philippines, Inc., Asian Eye also completed surgery of 150 eyes of more than a hundred patients from indigent communities. Launched in 2011, the Bringing Hope to Life: Cataract Surgery Mission has improved the lives of many seniors and children suffering from congenital cataract.</p> <p>Aside from foundations and provincial local government units, beneficiaries of this program included sponsored communities of First Philippine Industrial Park, EDC, First Gas, and First Gen Hydro.</p>
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<p>Anti-corruption programmes and procedures?</p>	<p><i>Section 11 of Manual on Corporate Governance:</i></p> <p>“11. Internal Auditor</p> <p>The Corporation shall have in place an independent internal audit system which shall be performed or supervised by an Internal Auditor or a group of Internal Auditors, through which its Board, senior Management, and Shareholders shall be provided with reasonable assurance that key organizational and procedural controls are effective, appropriate, and complied with. The Internal Auditor shall facilitate the implementation of the anti-corruption programmes and procedures of the Corporation by recommending guidelines including on assigning of responsibility for the development of controls. In furtherance of the Corporation’s good governance initiatives and in consonance with its anti-corruption programmes and procedures, its Code of Conduct, its Code of Employee Discipline, the Internal Auditor shall establish and facilitate the implementation of a Whistleblower Policy which identifies who could be whistleblowers, laying down the matters which are reportable thereunder, the procedures for whistleblowing, as well as their rights and responsibilities under the said policy.”</p>	
<p>Safeguarding creditors' rights</p>	<p><i>First Philippine Holdings Code of Corporate Conduct (Annex A of the Manual on Corporate Governance):</i></p> <p>“Creditors</p> <p>We treat our creditors as partners. We foster relationships with them based on mutual trust, good faith and professionalism.”</p>	<ul style="list-style-type: none"> • Regular review and analysis of customer financial and credit performances. • Close coordination with customers to discuss emerging risks.

Annex F**Related Party Disclosures (from SEC Form 20-IS) ¹**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or under common control with the Group, including holding companies, and fellow subsidiaries are related entities of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related entities.

The following are the significant transactions with related parties:

a. IFC is a shareholder of EDC that has approximately 5% ownership interest in EDC. On May 20, 2011, EDC signed a 15-year \$75.0 million loan facility with IFC. The loan amounting ₱3,262.5 million was drawn in Peso on September 30, 2011.

On November 27, 2008, EDC entered into a loan agreement with IFC for \$100.0 million or its Peso equivalent of ₱4.1 billion. On January 7, 2009, EDC opted to draw the loan in Peso and received the proceeds amounting to ₱4,048.8 million, net of ₱51.3 million front-end fee. This loan is included under the “Long-term debts” account in the consolidated statements of financial position (see Note 20).

b. Intercompany Guarantees

EDC’s subsidiary in Chile is participating in the bids for geothermal concession areas by the Chilean government. The bid rules call for the provision of proof of EDC Chile Limitada’s financial capability to participate in said bids or evidence of financial support from EDC. Letters of credit amounting to \$80.0 million were issued by EDC in favor of EDC Chile Limitada as evidence of its financial support.

c. FPIC has an existing technical service agreement with Shell Global Solutions International B.V. (Shell) for a period of 3 years expiring on February 28, 2011, which was further extended until February 28, 2012. The agreement provides, among others, that Shell will provide FPIC a package of supporting advice and services, and training services relative to the FPIC’s day-to-day pipeline operations, at specified fee.

d. FGPC has advances to non-controlling shareholder which bear interest of 5.8% per annum. Interest income in 2012 and 2011 amounted to ₱122 million and ₱241 million, respectively. As at December 31, 2012, the “Advances to non-controlling shareholder” was eliminated with the consolidation of Goldsilk effective May 30, 2012 (see Note 5).

e. As of December 31, 2013 and 2012, advances to officers and employees amounted to ₱17 million and ₱119 million, respectively. Advances to officers and employees are non-interest bearing and normally settled through salary deduction (see Note 18).

¹ Amended as of May 30, 2014.

CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: First Philippine Holdings Corporation

Date: 25 March 2015

The following table provides the total amount of transactions that have been entered into with related parties for the relevant years that are shown in the consolidated financial statements:

Nature	2013	2012	2011	
		(As restated - see Note 2)	(As restated - see Note 2)	
<i>(Amounts in Millions)</i>				
Significant investors of subsidiaries:				
Pilipinas Shell Petroleum	Throughput fees on pipeline shipment	₱112	₱111	₱66
Lopez Inc.	Construction contracts	23	–	–
Shell Global Solutions International B.V.	Service fees	–	2	10

Trade related receivables from and payables to related parties, presented under “Trade and other receivables,” “Trade payables and other current liabilities”, “Loans payable” and “Other noncurrent liabilities” accounts in the consolidated statements of financial position, are as follows:

Relationship	Terms	Conditions	2013	2012	
<i>(Amounts in Millions)</i>					
Due from:					
Lopez Inc. Retirement Fund (LRF)	Investor of subsidiary	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	₱20	₱15
Quialex Realty Corporation (QRC)	Investor of subsidiary	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	8	7
SKI	Joint venture partner	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	1	–
Others	Affiliates*	30 days upon receipt of billings; noninterest-bearing	Unsecured, no impairment	91	71
			₱120	₱93	

Due to:

CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: First Philippine Holdings Corporation

Date: 25 March 2015

	Relationship	Terms	Conditions	2013	2012
Rockwell-Meralco BPO	Joint venture partner	30 days upon receipt of billings; noninterest-bearing	Unsecured	₱120	₱120
Lopez Holdings	Investor	30 days upon receipt of billings; noninterest-bearing	Unsecured	25	–
Others	Affiliates*	30 days upon receipt of billings; noninterest-bearing	Unsecured	–	23
				₱145	₱143

*Entities with common shareholders

	Relationship	Terms	Conditions	2013	2012
<i>(Amounts in Millions)</i>					
Loans Payable/Other noncurrent liability					
Pilipinas Shell Petroleum (see Note 17)	Investor of subsidiary	Noninterest-bearing	Unsecured	₱100	₱100

Compensation of key management personnel are as follows:

	2013	2012 (As restated - see Note 2)
<i>(In Millions)</i>		
Short-term employee benefits	₱1,051	₱934
Retirement benefits expense	267	197
Share-based payments	12	25
	₱1,330	₱1,156

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?

Item 12, SEC Form 17-A² provides for the terms of conditions of transactions with related parties:

Terms and Conditions of Transactions with Related Parties

Sales to and purchases from related parties are made at normal market prices. Outstanding balances at year-end are unsecured, interest-free and settlement occurs in cash. For the years ended December 31, 2013, 2012 and 2011, the Group has not recorded impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each year through the examination of the financial position of the related party and the market in which the related party operates.

The Audit Committee also reviews disclosures in relations to transactions with Related Parties:

Section V.1.2, Audit Committee Charter:

“Review the quarterly financial statements with management and the annual financial statements with the external auditors, focusing particularly on:

...xxx...

Review of disclosures of material information, related party transactions, and subsequent events;”

² Amended as of May 30, 2014.

Annex G

10.1 *Formally adopt a code of ethics and proper conduct that guides individual behavior and decision making, clarify responsibilities, and inform other stakeholders on the conduct expected from company personnel.*

**FIRST PHILIPPINE HOLDINGS
CORPORATE CODE OF CONDUCT**

First Philippine Holdings Corporation (“Company”) is a publicly-held holding company engaged in diversified businesses with focus on power, utilities, infrastructure and support industries.

OUR COMMITMENTS

Our basic purpose is to create new wealth for our stakeholders in a manner consistent with national socio-economic development.

We adhere to the values and principles instilled in us by our founder, namely: nationalism, integrity, entrepreneurship and innovation, teamwork and a strong work ethic.

We recognize that our businesses provide basic goods and services to the country. We remain committed to provide quality and timeliness in the delivery of our products and services consistent with the profitable growth of the Company.

In promoting the interests of our stakeholders, we are committed to good corporate governance.

In dealing with its stakeholders, we are guided by the Employee Code of Discipline in relation to our employees, and we honor the contracts entered into in relation to our joint venture and business partners, our creditors and our suppliers. We value our human resources and commit to support their development and welfare.

Accordingly, we promulgate this Code to set the principles and guidelines in the conduct of our business and in dealing with our stakeholders.

OUR PUBLICS

Shareholders

We strive to give competitive returns on the investment of our shareholders while exercising prudence in our decisions and in the use of our assets and resources.

Customers

We recognize that our businesses provide basic goods and services to the country. Customer satisfaction is a paramount concern.

Joint Venture Partners

We form strategic alliances with local and foreign parties in the pursuit of the Company's corporate objectives to enhance our competitive advantage.

We continue to abide by our governing covenants defining our business relationship with our joint venture partners under a regime of mutual trust, fairness, professionalism and good faith.

Suppliers and Service Providers

We value our suppliers of goods and services as partners in the pursuit of our businesses.

Government

We recognize the authority of the government. We abide by their rules, orders and decisions while keeping our right to invoke any and all legal entitlements and administrative, judicial or other remedies and to advocate for change and reform when appropriate. We adhere to good governance and public accountability policies of the government and we have adopted and implemented anti-corruption programmes and procedures.

Creditors

We treat our creditors as partners. We foster relationships with them based on mutual trust, good faith and professionalism.

EMPLOYEES

Our employees are our most important resource. We are committed to fostering a work environment in which employees are treated with respect and dignity.

We strive to provide our employees opportunities for professional advancement, care for their professional needs and the enhancement of the quality of life of their families. We commit to find effective ways to foster professionalism, teamwork and employee participation to attain higher levels of productivity and quality.

We hire employees based on merit, qualifications, competencies, and potential. We motivate and train our employees to achieve the highest level of efficiency and competence.

We impress upon our employees our responsibility as good corporate citizens and members of society.

CORPORATE SOCIAL RESPONSIBILITY

We shall pursue civic, charitable, and social projects and undertakings.

We remain partners with non-governmental organizations whose objectives and activities are aligned with our Company's goals and commitment to contribute to society's needs for poverty alleviation, health, education and environmental protection.

We operate and maintain our businesses consistent with sustainable development and generally accepted industry practices.

APPLICABILITY

This Code covers all directors, employees, consultants, product and service providers and any and all persons who act for and in behalf of the Company.

**FIRST PHILIPPINE HOLDINGS CORPORATION
BUSINESS MISSION**

Our basic purpose is to create new wealth for our stakeholders.

Our business will focus on vital needs for national development in the areas of energy, infrastructure, manufacturing and supporting industries.

In pursuing our objective, we will be guided by the following fundamental and imperishable values and principle: nationalism, entrepreneurship and innovation, teamwork, a strong work ethic and corporate social responsibility.

CREDO

We believe in the Filipino's ability to innovate, to seize developmental opportunities borne from the real needs of domestic and overseas markets.

We affirm our partnership with the Filipino in their endeavor of ever pushing the social development frontiers beyond currently known limits.

We share the Filipino's vision of spreading gainful employment to all who are willing to put their talents in the total betterment of the Filipino.

THE FPHC COMMITMENTS

We at the First Philippine Holdings Corporation commit to the Filipino nation:

- Our continuing search for innovate ventures and technology that optimize human and natural resources bringing out the best from the Filipino mind and skill; and
- Our thrust towards the development of communities and person we influence with our work.

We commit to our suppliers of goods and services:

- Our adherence to conducting business transactions with integrity, fairness and professionalism;
- Our willingness to assist in their development; and
- Our continuous assistance in improving the quality of such services.

We commit to our customers:

- Our unceasing quest to meet their needs; and
- Our uncompromising struggle for excellence in meeting their expectations.

We commit to all members of the FPHC family:

- Our institution of better and more comprehensive programs that allow for personal development; and
- Our constant search for more effective ways to foster teamwork and employee participation to attain higher levels of productivity and quality.

THE LOPEZ VALUES

In our service to the Filipino people, we will be guided by the following distinct Lopez values:

- A pioneering entrepreneurial spirit
- Business excellence
- Unity
- Nationalism
- Social justice
- Integrity
- Concern for employee welfare and wellness

We know from generations of experience that it is by living according to these values that a company can be built to last.

THE LOPEZ CREDO

We, as employees of the Lopez group of companies, believe that our primary reason for being is to serve God and the Filipino people.

Thus, we shall always conduct ourselves in a manner that is mindful of the long-term mutual benefit of the Lopez Group, and the various publics we serve.

We will be responsible stewards of all our resources, and conscious of our obligation to present and future generations.

Since 1928, and in the years and generations to follow, our commitment to the distinctive Lopez values will not change as we remain committed to serve our stakeholders.