

# COVER SHEET

SEC Registration Number

6	2	8	9	3						
---	---	---	---	---	--	--	--	--	--	--

Company Name

R	O	C	K	W	E	L	L		L	A	N	D		C	O	R	P	O	R	A	T	I	O	N		A	N	D
S	U	B	S	I	D	I	A	R	I	E	S																	

Principal Office (No./Street/Barangay/City/Town/Province)

T	h	e		G	a	r	a	g	e		a	t		R	o	c	k	w	e	l	l		C	e	n	t	e	r	,			
				E	s	t	r	e	l	l	a		S	t	.	,		R	o	c	k	w	e	l	l		C	e	n	t	e	r
				,		M	a	k	a	t	i		C	i	t	y																

Form Type

A	C	G	R
---	---	---	---

Department requiring the report

--	--	--	--

Secondary License Type, If Applicable

N	/	A
---	---	---

## COMPANY INFORMATION

Company's Email Address

<b>N/A</b>
------------

Company's Telephone Number/s

<b>793-0088</b>
-----------------

Mobile Number

<b>N/A</b>
------------

No. of Stockholders

<b>49,274</b>
---------------

Annual Meeting  
Month/Day

<b>May 27</b>
---------------

Fiscal Year  
Month/Day

<b>December 31</b>
--------------------

## CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

<b>Ms. Ellen V. Almodiel</b>
------------------------------

Email Address

<b>ellena@rockwell.com.ph</b>
-------------------------------

Telephone Number/s

<b>793-0088</b>
-----------------

Mobile Number

<b>N/A</b>
------------

Contact Person's Address

<b>Ground Floor, East Podium, Joya Lofts &amp; Towers, 28 Plaza Drive, Rockwell Center, Makati City 1200</b>
--

**Note:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM – ACGR**

**ANNUAL CORPORATE GOVERNANCE REPORT**

1. Report is Filed for the Year .....2014.....
2. Exact Name of Registrant as Specified in its Charter ...ROCKWELL LAND CORPORATION...
3. ...THE GARAGE AT THE ROCKWELL CENTER ESTRELLA ST., MAKATI CITY.... .....1200.....  
Address of Principal Office Postal Code
4. SEC Identification Number .....62893..... 5. (SEC Use Only)  
Industry Classification Code 
6. BIR Tax Identification Number .....004 710 062 000.....
7. ....(632) 793 0088.....  
Issuer's Telephone number, including area code
8. ....  
Former name or former address, if changed from the last report

## TABLE OF CONTENTS

<b>A. BOARD MATTERS</b> .....	<b>4</b>
1) BOARD OF DIRECTORS	
(a) Composition of the Board.....	4
(b) Directorship in Other Companies.....	8
(c) Shareholding in the Company.....	11
2) CHAIRMAN AND CEO.....	12
3) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS.....	14
4) CHANGES IN THE BOARD OF DIRECTORS.....	15
5) ORIENTATION AND EDUCATION PROGRAM.....	24
<b>B. CODE OF BUSINESS CONDUCT &amp; ETHICS</b> .....	<b>25</b>
1) POLICIES.....	25
2) DISSEMINATION OF CODE.....	29
3) COMPLIANCE WITH CODE.....	29
4) RELATED PARTY TRANSACTIONS.....	30
(a) Policies and Procedures.....	30
(b) Conflict of Interest.....	30
5) FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS.....	31
6) ALTERNATIVE DISPUTE RESOLUTION.....	31
<b>C. BOARD MEETINGS &amp; ATTENDANCE</b> .....	<b>31</b>
1) SCHEDULE OF MEETINGS.....	32
2) DETAILS OF ATTENDANCE OF DIRECTORS.....	32
3) SEPARATE MEETING OF NON-EXECUTIVE DIRECTORS.....	32
4) ACCESS TO INFORMATION.....	33
5) EXTERNAL ADVICE.....	35
6) CHANGES IN EXISTING POLICIES.....	35
<b>D. REMUNERATION MATTERS</b> .....	<b>35</b>
1) REMUNERATION PROCESS.....	35
2) REMUNERATION POLICY AND STRUCTURE FOR DIRECTORS.....	36
3) AGGREGATE REMUNERATION .....	36
4) STOCK RIGHTS, OPTIONS AND WARRANTS.....	37
5) REMUNERATION OF MANAGEMENT.....	38
<b>E. BOARD COMMITTEES</b> .....	<b>38</b>
1) NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES.....	38
2) COMMITTEE MEMBERS.....	49
3) CHANGES IN COMMITTEE MEMBERS.....	51
4) WORK DONE AND ISSUES ADDRESSED.....	51
5) COMMITTEE PROGRAM.....	51
<b>F. RISK MANAGEMENT SYSTEM</b> .....	<b>52</b>
1) STATEMENT ON EFFECTIVENESS OF RISK MANAGEMENT SYSTEM.....	52
2) RISK POLICY.....	52
3) CONTROL SYSTEM.....	54
<b>G. INTERNAL AUDIT AND CONTROL</b> .....	<b>56</b>
1) STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM.....	56
2) INTERNAL AUDIT	
(a) Role, Scope and Internal Audit Function.....	57

(b) Appointment/Removal of Internal Auditor.....	58
(c) Reporting Relationship with the Audit Committee.....	58
(d) Resignation, Re-assignment and Reasons.....	59
(e) Progress against Plans, Issues, Findings and Examination Trends.....	59
(f) Audit Control Policies and Procedures.....	61
(g) Mechanisms and Safeguards.....	61
<b>H. RIGHTS OF STOCKHOLDERS.....</b>	<b>66</b>
1) RIGHT TO PARTICIPATE EFFECTIVELY IN STOCKHOLDERS' MEETINGS.....	66
2) TREATMENT OF MINORITY STOCKHOLDERS.....	75
<b>I. INVESTORS RELATIONS PROGRAM.....</b>	<b>76</b>
<b>J. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES.....</b>	<b>77</b>
<b>K. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL.....</b>	<b>77</b>
<b>L. INTERNAL BREACHES AND SANCTIONS.....</b>	<b>77</b>

**A. BOARD MATTERS**

1) Board of Directors

Number of Directors per Articles of Incorporation	11
---	----

Actual number of Directors for the year	11
---	----

**(a) Composition of the Board**

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) <sup>1</sup>	Elected when (Annual /Special Meeting)	No. of years served as director
Manuel M. Lopez	NED	n/a	First Phil. Holdings Corp.	1995	May 28, 2014	Annual Meeting	19
Oscar M. Lopez	NED	n/a	First Phil. Holdings Corp.	1995	May 28, 2014	Annual Meeting	19
Federico R. Lopez	NED	n/a	First Phil. Holdings Corp.	2012	May 28, 2014	Annual Meeting	2.4
Eugenio L. Lopez III	NED	n/a	First Phil. Holdings Corp.	1995	May 28, 2014	Annual Meeting	19
Nestor J. Padilla	ED	n/a	First Phil. Holdings Corp.	1997	May 28, 2014	Annual Meeting	17
Francis Giles B. Puno	NED	n/a	First Phil. Holdings Corp.	2013	May 28, 2014	Annual Meeting	2.7
Ferdinand Erwin S. CoSeteng	NED	n/a	First Phil. Holdings Corp.	2013	May 28, 2014	Annual Meeting	2.7
Miguel Ernesto L. Lopez	ED	n/a	First Phil. Holdings Corp.	2009	May 28, 2014	Annual Meeting	6
Manuel L. Lopez, Jr.	NED	n/a	First Phil. Holdings Corp.	2011	May 28, 2014	Annual Meeting	4
Manuel N. Tordesillas	ID	n/a	Victoria A. Martinez	2012	May 28, 2014 (0.58 years)	Annual Meeting	2.7
Vicente R. Ayllón	ID	n/a	Victoria A. Martinez	2012	May 28, 2014 (0.58 years)	Annual Meeting	2.7

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

As part of the Company's commitment to institutionalize good corporate governance principles, the Company formulated and executed the Company's Manual of Corporate Governance ("Corporate Governance Manual") which was adopted by the Board of Directors on May 2, 2012.

The Corporate Governance Manual provides for, among others, the following:

- Appointment of a compliance officer, who shall directly report to the Chairman of the Board of Directors, and monitor compliance with the provisions and requirements of the Corporate Governance Manual. Subject to the further review and approval of the Board of Directors, the compliance officer shall also determine violations of the Corporate Governance Manual and recommend to the Chairman of the Board of Directors the appropriate actions for such violations;
- Identification of the general duties and responsibilities of the Board of Directors who shall be responsible for the Company's compliance with all relevant laws, regulations and codes of best business practices in order to sustain the Company's competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders. The Corporate Governance Manual also directs the Board of Directors to adopt a system of internal checks and balances, identify and monitor key risk areas and key performance indicators with due diligence, and also monitor the effectiveness of management policies and decisions;
- Creation of Board Committees, such as the Audit Committee, the Nomination and Election Committee and Risk Management Committee;
- Appointment of an External Auditor and Internal Auditor. The External Auditor shall ensure the independence of the audit of the Company in order to provide an objective assurance on the manner by which the financial statements of the Company will be prepared and presented to the stockholders. The Internal Auditor, on the other hand, shall have in place an independent audit system which shall provide with reasonable assurance that key organizational and procedural controls are effective, appropriate and complied with, taking into account the nature and complexity of the Company's business and the business culture, the volume, size and complexity of the transactions, the degree of risks, the degree of centralization and delegation of authority, the extent and effectiveness of information technology and the extent of regulatory compliance;
- Conduct of a training process for the purpose of conducting an orientation program to operationalize the Corporate Governance Manual;
- Procedures for monitoring and assessing compliance with the Corporate Governance Manual; and
- Penalties for non-compliance with the Corporate Governance Manual.

#### Investor's Rights and Protection (Section 15)

- The shareholders have the right to receive timely and transparent information about the Corporation.
- The Board recognizes and shall respect the rights of the stockholders under the law, the articles of incorporation and the by-laws, specifically the stockholders' right to vote, pre-emptive rights, power of inspection, right to dividend and appraisal rights.
- Stockholders' meetings shall be conducted fairly and in a transparent manner and the stockholders 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 and any doubts about the validity of a proxy should be resolved in the stockholders' favor.
- The Board shall promote the rights of stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for the breach of their rights.
- The Board shall take appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether by 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 and

approval.

- The Board shall give minority stockholders the right to propose the items for discussion that relate directly to the business of the corporation.

#### Disclosure and Transparency (Section 16)

All material information about the corporation which could adversely affect its viability or the interest of the stockholders shall be publicly and timely disclosed. Such information shall include among others, earning results, acquisition and dispositions of assets, off-balance sheet transactions, related party transactions, and direct and indirect remuneration of the members of the Board and Management. All such information shall be disclosed through the appropriate submissions to the SEC.

#### Composition, Duties and Responsibilities of the Board

##### Composition

In accordance with the Articles of Incorporation, the Board shall be composed of at least five but not more than fifteen members who are elected by the stockholders. There shall be at least two independent directors or such number of independent directors that constitutes 20% of the members of the Board, whichever is lesser, but in no case less than two.

##### General Duties and Responsibilities of the Board

- The Board represents the shareholders' interest in perpetuating a successful business, including optimizing long-term financial returns. The Board shall be responsible for determining that the Corporation is managed in such a way to ensure the result.
- It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders, and other stakeholders.
- The Board shall formulate the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance. It shall implement the values of the Corporation.
- The Board may delegate its duties and/or responsibilities to a committee or Management.

##### Duties and Responsibilities of a Director

- A director has the duty to be diligent and loyal to the Corporation.
- A director must exercise the degree of skill, diligence and care that a reasonably prudent person would exercise in similar circumstances. It shall be sufficient for a director to act on an informed basis in good faith and in honest belief that the action was taken in the best interest of the Corporation.
- A director is a fiduciary of the Corporation and shall not take advantage of the Corporation by means of fraudulent or unfair transactions. He must act honestly and in good faith in the interest of the Corporation. He must avoid actual and potential conflicts of interest and shall disclose fully and fairly his interests in contacts with the Corporation.
- The directors must act only within corporate powers.
- A director shall devote time and attention necessary to properly and effectively perform his duties and responsibilities. A director should devote sufficient time to familiarize himself with the Corporation's

business. He should be constantly aware of and knowledgeable with the Corporation's operations to enable him to meaningfully contribute to the Board's work.

- A director shall act judiciously. Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.
- A director shall exercise independent judgment. A director should view each problem or situation objectively.
- A director shall have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including its Articles of Incorporation and By-Laws, the rules and regulation of the SEC and, where applicable, the requirements of relevant regulatory agencies.
- A director should keep abreast with industry developments and business trends in order to promote the Corporation's competitiveness.
- A director shall observe confidentiality. A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director.

#### Specific Duties and Responsibilities of the Board to Implement Corporate Governance Principles

- Determine the Corporation's purpose and values, its vision and mission, determine the strategies to achieve this purpose and to implement its values in order to ensure that the Corporation survives and thrives.
- Ensure that adequate procedures, systems and practices that protect the Corporation's assets and reputation are in place and are maintained.
- Monitor the effectiveness of management policies and decisions.
- Have a process for the selection of qualified and competent directors and officers and adopt an effective succession planning program for management.
- Ensure the Corporation communicates with shareholders and other stakeholders effectively by providing them with relevant, accurate and timely information, including periodic and other reports submitted to regulatory authorities, and an annual report of its performance.
- 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.
- Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Corporation.
- Identify the sectors in the community in which the corporation operates or are affected by its operations and formulate a relevant communications policy affecting them.
- Adopt a system of check and balance within the Board. A regular review of the effectiveness of such a system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the Corporation's internal control system in order to maintain its adequacy and effectiveness.
- Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability.

- Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation, and its parent Company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.
- Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
- As may be deemed proper by the Board, it may establish and maintain an alternative dispute resolution system that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.
- The Board shall keep its activities and decisions within its authority under the articles of incorporation and by-laws and in accordance with existing laws, rules and regulations.
- Appoint a Compliance Office with the rank of at least vice-president. In the absence of such appointment, the Corporate Secretary or Assistant Corporate Secretary, preferably a lawyer, shall act as the Compliance Officer.
- Constitute the proper committees to assist it in good corporate governance.

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

The Board annually reviews and updates the vision and mission of Rockwell Land. The latest vision and mission was disseminated in the Annual Report last May 28, 2014.

**(d) Directorship in Other Companies**

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

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

<b>Director's Name</b>	<b>Corporate Name of the Group Company</b>	<b>Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.</b>
Manuel M. Lopez	First Philippine Holdings Corp. Lopez Group Foundation, Inc First Philippine Realty Corporation Lopez Holdings Corp Manila Electric Company	(NED) (NED) (NED) Chairman (ED) (NED)
Oscar M. Lopez	First Philippine Holdings Corporation Lopez Holdings Corporation First Gen Corp Energy Development Corp FPHC International, Inc First Balfour, Inc. First Philippine Conservation, Inc Lopez Group Foundation, Inc First Philippine Electric Corporation First Philec Solar Solutions Corp First Philippine Industrial Park, Inc.	Chairman Emeritus (NED) Chairman Emeritus (NED) Chairman Emeritus (NED) Chairman Emeritus (NED) Chairman (ED) Chairman Emeritus (NED) Chairman Emeritus (NED) Chairman (ED) Chairman Emeritus (NED) Chairman Emeritus (NED) (NE)

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





	Association Unionbank of the Philippines Mapfre Insular Insurance Corporation Pilipinas Shell Petroleum Corporation Shell Co. of the Philippines, Ltd.	(NED) (NED) (NED) (NED)
--	--	----------------------------------

**(iii) Relationship within the Company and its Group**

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Oscar M. Lopez & Manuel M. Lopez	Oscar M. Lopez – Chairman Emeritus Manuel M. Lopez - Chairman	Oscar M. Lopez and Manuel M. Lopez are brothers.
Eugenio L. Lopez III	Eugenio L. Lopez III, Oscar M. Lopez and Manuel M. Lopez	Eugenio L. Lopez III is the nephew of Oscar M. Lopez and Manuel M. Lopez.
Manuel L. Lopez Jr. Miguel Ernesto L. Lopez	Miguel L. Lopez Jr. and Miguel Ernesto Lopez	Manuel L. Lopez Jr. and Miguel Ernesto L. Lopez are brothers and sons of Manuel M. Lopez.
Federico R. Lopez, Eugenio Lopez III, Miguel Ernesto L. Lopez and Manuel L. Lopez, Jr.	Federico R. Lopez, Eugenio Lopez III, Miguel Ernesto L. Lopez and Manuel L. Lopez, Jr.	Miguel Ernesto L. Lopez and Manuel L. Lopez, Jr. are cousins of Federico R. Lopez, Eugenio Lopez III
Federico R. Lopez and Francis Giles B. Puno	Federico R. Lopez and Francis Giles B. Puno	Federico R. Lopez is the brother-in-law of Francis Giles B. Puno

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

The company reminds directors that they should exercise sound judgment in accepting other directorships outside the Corporation.

**(c) Shareholding in the Company**

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Manuel M. Lopez	11,676,679	1, FPH	0.1909%
Oscar M. Lopez	174,897	1, FPH	0.0029%
Federico R. Lopez	-	1, FPH	0.0000%
Eugenio L. Lopez III	-	1, FPH	0.0000%
Nestor J. Padilla	21,000,000	1, FPH	0.3433%
Francis Giles B. Puno	5,656	1, FPH	0.0000%
Miguel Ernesto L. Lopez	68,693	1, FPH	0.0011%
Manuel L. Lopez, Jr.	-	1, FPH	0.0000%

Manuel N. Tordesillas	-	1, FPH	0.0000%
Vicente R. Ayllón	-	1, FPH	0.0000%
Ferdinand Edwin S. CoSeteng	-	1, FPH	0.0000%
<b>TOTAL</b>	<b>32,925,925</b>	<b>11</b>	<b>0.5383%</b>

2) Chairman and CEO

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

Yes  No

Identify the Chair and CEO:

Chairman of the Board	Manuel M. Lopez
CEO/President	Nestor J. Padilla

**(b) Roles, Accountabilities and Deliverables**

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

	Chairman	Chief Executive Officer
Role and Accountabilities	<p>Section 3 of Article IV of Company By-Laws</p> <p>“The Chairman of the Board – The Chairman shall preside at all meetings of the stockholders and of the board of Directors. He shall do and perform such duties as may be from time to time assigned to him by the Board of Directors. The Board may elect a Director as Vice Chairman.</p> <p>Section 8 of Corporate Governance Manual defines its role as:</p> <p>“The Chairman</p> <p>The roles of the Chairman of the Board and the President shall, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board.</p> <p>A clear delineation of functions should be made between the Chairman and the President. If the positions of Chairman and President are unified, the proper checks and balances should be laid down to ensure that the Board gets the benefit of independent views and perspectives.</p> <p>The Corporation shall disclose the relationship between the Chairman and the President, if any, in its annual report to the Securities and Exchange Commission or such other regulatory agency as may be required by law.”</p>	<p>Section 4 of Article IV of Company By-Laws</p> <p>“The President – The President may be the chief executive officer of the Corporation. In the absence of the Chairman or the Vice Chairman, he shall preside at all meetings of the stockholders and of the Board of Directors. He shall have general charge, direction, and supervision of the business and affairs of the Corporation. He shall from time to time make such reports on the affairs of the Corporation as the Board of Director may require and shall annually present a report of the preceding year’s business at the stockholder’s meeting. He shall sign all certificates of stock and all instruments required to be executed on the part of Corporation, except as otherwise provided by the By-Laws or by the Board of Directors. He shall do and perform such other duties as may be from time to time assigned to him by the Board of Directors.”</p>
Deliverables	<p>A well-functioning Board.</p>	<p>The CEO, together with management, proposes strategies, policies and general directions to the Board.</p> <p>The CEO oversees the implementation of the approved strategies, policies and general directions.</p>

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

Section 2 of Corporate Governance provides:

“The Board shall have a process for the selection of qualified and competent directors and officers and adopt an effective succession planning program for management.”

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

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

Our board is comprised of three finance professionals (please see details below) and eight business executives.

Mr. Manuel N. Tordesillas is the President and CEO and Director of Maybank ATR Kim Eng Capital Partners, Inc., ATR Kim Eng AMG Holdings, Inc., ATR Holdings, and Asian Life Financial Assurance Corporation, which are into investment and banking and insurance (financial) industry.

Mr. Vicente R. Ayllon is currently the Chairman of the Board & CEO of The Insular Life Assurance Co., Ltd., Chairman of the Board and President of Insular Property Holdings, Inc., Chairman of the Board of Asian Hospital, Inc., Insular Investment Corporation, Insular Health Care, Insular Foundation, Insular Management and Development Corporation, Home Credit Mutual Building and Loan Association, which are in the business of insurance and health care.

Mr. Francis Giles B. Puno is the Chief Finance Officer and Treasurer of FPHC. He is currently the President and Chief Operating Officer (COO) of First Gen. He is also a director of FPHC, First Gen and EDC. Before joining FPHC, he worked with The Chase Manhattan Bank as Vice President for Global Power and Environment Group.

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

Yes, our non-executive directors are experienced in sectors relating to real property. Please refer to details below:

1. Mr. Federico R. Lopez is the Chairman of First Balfour, Inc., Terrapime, Inc., First Philippine Industrial Park, Inc., and First Philippine Realty Corporation, companies engaged in construction and property development.
2. Mr. Ayllon is a director of Insular Life Property Holdings, Inc.
3. Mr. Tordesillas is an Independent Director of Landco Pacific Corporation and Maybank ATR Kim Eng Land.

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

	<b>Executive</b>	<b>Non-Executive</b>	<b>Independent Director</b>
<b>Role</b>	The CEO is the Chief Implementer; the COO manages the day-to-day matters; the CFO attends to the financials of the Company.	The Non-Executive directors draw from their management experience and knowledge of the business to enhance decision-making, as well as the working relationship, between management/ executive directors and	Independent directors provide impartial guidance and advice to the board based on their competence and expertise

		independent directors.	
Accountabilities	It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders, and other stakeholders.		
Deliverables	The Executive directors propose strategies, policies and general directions to the Board.  They oversee the implementation of the approved strategies, policies and general directions.	The Non-Executive Directors provide assurance of the fairness and reasonableness of management plans, proposals and actions.	The Independent Directors provide stronger assurance of the fairness and reasonableness of management plans, proposals and actions.

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

Section 3 of Corporate Governance Manual provides the definition of an Independent Director:

"Qualifications of the independent director

An independent director shall mean a person other than an officer or employee of the Corporation, its parent or subsidiaries, or any other individual having a relationship with the Corporation, which would interfere with the exercise of independent judgement in carrying out the responsibilities of a Director.

If the independent director becomes an officer or employee of the same corporation he shall be automatically disqualified from being an independent director."

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

The Company elects its directors, in accordance with the Corporation Code, Securities Regulation Code, its by-laws and its Manual of Corporate Governance.

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

**(a) Resignation/Death/Removal**

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

Name	Position	Date of Cessation	Reason
n/a	n/a	n/a	n/a

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

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

Procedure	Process Adopted	Criteria
-----------	-----------------	----------

<b>a. Selection/Appointment</b>		
(i) Executive Directors	<p>The nominees are presented to the Nomination, Election and Governance Committee (NOMELEC) by the Corporate Secretary based on the letter-nomination/s received. The NOMELEC discusses / considers the qualification and/or disqualifications of the nominees to the Board.</p> <p>A director-member of the NOMELEC then moves that the Committee nominate, approve and recommend said nomination to the Board, for Board approval. After discussion and on motion duly made and seconded, the NOMELEC then considers, qualifies and accepts/ denies (as the case may be) the nominations. The Committee then makes the relevant recommendation to the Board of Directors.</p>	<p>Manual on Corporate Governance:</p> <p>Section 3: Qualifications of a Director:</p> <ul style="list-style-type: none"> <li>• Holder of at least one (1) share of stock of the Corporation</li> <li>• Personal integrity, capacity to read and understand financial statements, absence of conflicts of interest with the Corporation (subject to the discretion of the Board), time availability and motivation.</li> </ul>
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>b. Re-appointment</b>		
(i) Executive Directors	<p>The nominees for re-appointment are presented to the Nomination, Election and Governance Committee (NOMELEC) by the Corporate Secretary based on the letter-nomination/s received. The NOMELEC discusses / considers the qualification and/or disqualifications of the nominees to the Board.</p> <p>A director-member of the NOMELEC then moves that the Committee nominate, approve and recommend said nomination to the Board, for Board approval. After discussion and on motion duly made and seconded, the NOMELEC then considers, qualifies and accepts/ denies (as the case may be) the nominations. The Committee then makes the relevant recommendation to the Board of Directors.</p>	<p>Personal integrity, capacity to read and understand financial statements, absence of conflict of interest with the Corporation (subject to the discretion of the Board), time availability and motivation and performance the previous year.</p>
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>c. Permanent Disqualification</b>		
(i) Executive Directors	The director/s who are	<i>Manual on Corporate</i>



		<p>body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member of participant of the organization;</p> <p>c. Conviction by final judgment or order by a court for competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>d. Final judgment or order of the Securities and Exchange Commission, court or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Securities and Exchange Commission or BSP, or any of its rule, regulation or order;</p> <p>e. Employment as officer or employee or engagement as consultant of the corporation where he has been elected as an independent director.</p> <p>f. Judicial declaration of</p>
--	--	---

		<p>insolvency;</p> <p>g. Final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs a to e above;</p> <p>h. Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment;</p>
<b>d. Temporary Disqualification</b>		
(i) Executive Directors	<p>The director/s who are proposed to be temporary disqualified are presented to the Nomination, Election and Governance Committee (NOMELEC) by the Corporate Secretary based on the letter-nomination/s received. The NOMELEC discusses / considers the qualification and/or disqualifications of the nominees to the Board.</p> <p>A director-member of the NOMELEC then moves that the Committee nominate, approve and recommend said nomination to the Board, for Board approval. After discussion and on motion duly made and seconded, the NOMELEC then considers, qualifies and accepts/ denies (as the case may be) the nominations. The Committee then makes the relevant recommendation to the Board of Directors.</p>	<p><i>Manual on Corporate Governance:</i></p> <p>Section 3: Disqualifications of Directors</p> <ul style="list-style-type: none"> <li>• Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;</li> <li>• Absence or non-participation for unjustifiable reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;</li> <li>• Dismissal or termination from directorship in another listed corporation for cause. This disqualification shall</li> </ul>
(ii) Non-Executive Directors		
(iii) Independent Directors		

		<p>be in effect until he has cleared himself of any involvement in the alleged irregularity;</p> <ul style="list-style-type: none"> <li>• Conviction that has not yet become final referred to in the grounds for the disqualification of directors.</li> </ul> <p>The Board may create a Nominations Committee who shall consider the above qualifications and disqualification of a nominee to the Board in its recommendation of such nominee for election or re-election.</p> <p>The Board shall have the final decision to determine the qualifications of a Director.</p>
e. Removal		
(i) Executive Directors	<p>Section 28 of the Corporation Code provides:</p> <p>“Sec. 28. Removal of directors or trustees. - Any director or trustee of a corporation may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock, or if the corporation be a non-stock corporation, by a vote of at least two-thirds (2/3) of the members entitled to vote: Provided, That such removal shall take place either at a regular meeting of the corporation or at a special meeting called for the purpose, and in either case, after previous notice to stockholders or members of the corporation of the intention to propose such removal at the meeting. A special meeting of the stockholders or members of a corporation for the purpose of removal of directors or trustees, or any of them, must be called by the secretary on</p>	<p><i>Manual on Corporate Governance:</i></p> <p>Section 3: Disqualifications of Directors</p> <ul style="list-style-type: none"> <li>• Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;</li> <li>• Absence or non-participation for unjustifiable reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;</li> <li>• Dismissal or termination</li> </ul>
(ii) Non-Executive Directors		
(iii) Independent Directors		

	<p>order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock, or, if it be a non-stock corporation, on the written demand of a majority of the members entitled to vote. Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders or members by any stockholder or member of the corporation signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in this Code. Removal may be with or without cause: Provided, That removal without cause may not be used to deprive minority stockholders or members of the right of representation to which they may be entitled under Section 24 of this Code.</p>	<p>from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;</p> <ul style="list-style-type: none"> <li>• Conviction that has not yet become final referred to in the grounds for the disqualification of directors.</li> </ul> <p>The Board may create a Nominations Committee who shall consider the above qualifications and disqualification of a nominee to the Board in its recommendation of such nominee for election or re-election.</p> <p>The Board shall have the final decision to determine the qualifications of a Director</p>
<b>f. Re-instatement</b>		
(i) Executive Directors	<p>The director/s who are proposed to be reinstated are presented to the Nomination, Election and Governance Committee NOMELEC by the Corporate Secretary based on the letter-nomination/s received. The NOMELEC discusses / considers the qualification and/or disqualifications of the nominees to the Board.</p> <p>A director-member of the NOMELEC then moves that the Committee nominate, approve and recommend said nomination to the Board, for Board approval. After discussion and on motion duly made and seconded, the NOMELEC then considers, qualifies and accepts/ denies</p>	<p><i>Manual on Corporate Governance:</i></p> <p>Section 3: Disqualifications of Directors</p> <ul style="list-style-type: none"> <li>• Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;</li> <li>• Absence or non-participation for unjustifiable reason/s for more than fifty percent (50%) of all meetings, both regular and special,</li> </ul>
(ii) Non-Executive Directors		
(iii) Independent Directors		

	<p>(as the case may be) the nominations. The Committee then makes the relevant recommendation to the Board of Directors.</p>	<p>of the Board during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;</p> <ul style="list-style-type: none"> <li>• Dismissal or termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;</li> <li>• Conviction that has not yet become final referred to in the grounds for the disqualification of directors.</li> </ul> <p>The Board may create a Nominations Committee who shall consider the above qualifications and disqualification of a nominee to the Board in its recommendation of such nominee for election or re-election.</p> <p>The Board shall have the final decision to determine the qualifications of a Director</p>	
<p><b>g. Suspension</b></p>			
(i) Executive Directors	<p>The director/s who are proposed to be suspended are presented to the Nomination, Election and Governance Committee NOMELEC by the Corporate Secretary based on the letter-nomination/s received. The NOMELEC discusses / considers the qualification and/or disqualifications of the nominees to the Board.</p> <p>A director-member of the NOMELEC then moves that the Committee nominate, approve and recommend said nomination to the Board, for Board approval. After</p>	<p><i>Manual on Corporate Governance:</i></p> <p>Section 3: Disqualifications of Directors</p> <ul style="list-style-type: none"> <li>• Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;</li> <li>• Absence or non-participation for</li> </ul>	
(ii) Non-Executive Directors			
(iii) Independent Directors			

	<p>discussion and on motion duly made and seconded, the NOMELEC then considers, qualifies and accepts/ denies (as the case may be) the nominations. The Committee then makes the relevant recommendation to the Board of Directors.</p>	<p>unjustifiable reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;</p> <ul style="list-style-type: none"> <li>• Dismissal or termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;</li> <li>• Conviction that has not yet become final referred to in the grounds for the disqualification of directors.</li> </ul> <p>The Board may create a Nominations Committee who shall consider the above qualifications and disqualification of a nominee to the Board in its recommendation of such nominee for election or re-election.</p> <p>The Board shall have the final decision to determine the qualifications of a Director</p>
--	---	--

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Manuel M. Lopez	8.274%
Oscar M. Lopez	8.274%
Federico R. Lopez	8.274%
Eugenio L. Lopez III	8.274%
Nestor J. Padilla	8.274%
Francis Giles B. Puno	8.274%
Ferdinand Edwin S. CoSeteng	8.274%
Miguel Ernesto L. Lopez	8.274%
Manuel L. Lopez, Jr.	8.274%
Manuel N. Tordesillas	8.274%
Vicente R. Ayllón	8.274%

**6) Orientation and Education Program**

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

Section 13 of the Manual for Corporate Governance provides:

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. Opportunities for orientation for existing and potential directors shall be identified and appropriate development undertaken.

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

Participants	Year	Training	Provider
VPs to CEO and Board of Directors	Sept 2014	Corporate Governance Seminar	SGV & Co.
Senior Managers to CEO and Board of Directors	Aug 2014	Executive Learning Session on Adaptive Leadership by Dr. Ronald A. Heifetz	Professor, Harvard Kennedy School
AVPs to VPs	2013	Fundamentals of Finance	FPH
AVPs to SVPs	2013	Crisis and Media Handling Presentation Skills	Richard Greene
Senior Managers to CEO	2013	Negotiations Skills	FPH
BOD, CEO, SVPs and VPs	2012	Learning Sessions with Ranjay Gulati	Jaime & Josefina Chua Tiampo, Professor, Harvard Business School
HR Vice-President	April 2012	Managing Organization Development Essentials for Breakthrough Results	De la Salle College of St. Benilde

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Federico R. Lopez	November 25, 2014	Corporate Governance Seminar	SGV & Co.
Francis Giles B. Puno Ferdinand Edwin S. CoSeteng	November 21, 2014	Corporate Governance Seminar	SGV & Co.
Manuel M. Lopez Oscar M. Lopez Eugenio L. Lopez III Manuel M. Lopez, Jr. Miguel L. Lopez Nestor J. Padilla	September 15, 2014	Corporate Governance Seminar	SGV & Co.

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

Manuel N. Tordesillas Vicente R. Ayllon Enrique I. Quiason Esmeraldo C. Amistad Valerie Jane L. Soliven Ma. Lourdes L. Pineda Ellen V. Almodiel Estela Y. Dasmariñas Adela D. Flores Julius A. Marzoña Abel L. Roxas Antonette O. Marquez Davy T. Tan Divino M. Villanueva Jr.			
Federico R. Lopez Francis Giles B. Puno Nestor J. Padilla Miguel L. Lopez Valerie Jane L. Soliven Ma. Lourdes L. Pineda Ellen V. Almodiel Davy T. Tan	August 2014	Executive Learning Session on Adaptive Leadership by Dr. Ronald A. Heifetz	Professor, Harvard Kennedy School

## B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company’s policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p>Section 2 of the Manual for Corporate Governance:</p> <p>A director is a fiduciary of the Corporation and shall not take advantage of the Corporation by means of fraudulent or unfair transactions. He must act honestly and in good faith in the interest of the Corporation. He must avoid actual and potential conflicts of interest and shall disclose fully and fairly his interests in contracts with the Corporation.</p>	<p>Section F of Code of Discipline:</p> <p>19. Engaging in the same business activities which are of the same nature with the operations or business of Rockwell Land Corporation: First Offense – Dismissal</p> <p>20. Competing with or acting against the business of the Company established goodwill, or any act of disloyalty: First Offense – Dismissal</p>	
(b) Conduct of Business and Fair Dealings	<p>Section 2 of the Manual for Corporate Governance:</p> <p>A director must exercise that degree of</p>	<p>Code of Discipline:</p> <p>23. Failure to disclose business ventures and endeavors to Rockwell Land Corporation: First Offense - Dismissal</p>	

	<p>skill, diligence and care that a reasonably prudent person would exercise in similar circumstances. It shall be sufficient for a director to act on an informed basis in good faith and in honest belief that the action was taken in the best interest of the Corporation.</p> <p>A director is a fiduciary of the Corporation and shall not take advantage of the Corporation by means of fraudulent or unfair transactions. He must act honestly and in good faith in the interest of the Corporation. He must avoid actual and potential conflicts of interest and shall disclose fully and fairly his interests in contracts with the Corporation.</p> <p>The directors must act only within corporate powers.</p>	
(c) Receipt of gifts from third parties	No written policy yet.	
(d) Compliance with Laws & Regulations	<p>Section 2 of the Manual for Corporate Governance:</p> <p>A director shall have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including its Articles of Incorporation and By-Laws, the rules and regulations of the SEC and, where applicable, the requirements of relevant regulatory agencies.</p>	<p>Section 2 of the Manual of Corporate Governance</p> <p>The Board shall ensure that adequate procedures, systems and practices that protect the Corporation's assets and reputation are in place and are maintained. The Board shall be guided by best business practices. The Board shall ensure the Corporation's faithful compliance with all applicable laws, regulations and be guided by best business practices.</p>
(e) Respect for Trade Secrets/Use of Non-	Section 2 of the Manual for Corporate	Section H of Code of Discipline:

<p>public Information</p>	<p>Governance:</p> <p>A director shall observe confidentiality. A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director.</p>	<p>4. Disclosure of confidential information. First Offense – Dismissal</p> <p>8. Unauthorized use of computer passwords or use of computer passwords of other employees. First Offense – Three (3) working days suspension Second Offense – Six (6) working days suspension Third Offense – Dismissal</p> <p>10. Unauthorized disclosure of confidential information, trade secrets related to the Company’s affairs or unauthorized reproduction of Company records, documents, etc. known by employee(s) but unknown to outsiders which may benefit any competitor or any other party to the prejudice of the Company. First Offense - Dismissal</p>
<p>(f) Use of Company Funds, Assets and Information</p>	<p>Section 2 of the Manual for Corporate Governance:</p> <p>A director shall observe confidentiality. A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director.</p>	<p>Section F of Code of Discipline:</p> <p>9. Sabotage of Company materials and / or equipment: First Offense – Dismissal</p> <p>15. Using Company or its properties as part of illegal activities or making use of the Company’s name for personal gain or profit, or entering into transactions which are grossly disadvantageous to the Company, misrepresenting himself as duly authorized: First Offense – Dismissal</p> <p>21. Misappropriation, conversion, embezzlement or malversation of funds, assets, or property belonging to the company or co-employee: First Offense – Dismissal</p> <p>24. Stealing or attempting to steal private or Company property: First Offense – Dismissal</p> <p>25. Conniving or participating in any manner in the act of pilferage, theft or robbery of the Company property or other. Unauthorized possession of Company keys; First Offense – Dismissal</p> <p>26. Falsifying personal or any other Company records, either when applying for employment or during employment; First Offense – Dismissal</p>
<p>(g) Employment &amp; Labor Laws &amp; Policies</p>	<p>Section 18 of the Manual for Corporate Governance:</p> <p>To strictly observe and implement the provisions of this Manual, the Board may take appropriate actions, after notice and hearing, on the individual directors, officers and</p>	<p>Section I of Code of Discipline:</p> <p>This policy is created to set forth the Company’s Code of Discipline and the disciplinary process that the Company must utilize to address unacceptable behavior and related employment problems in the workplace, or outside the workplace when conduct impacts an employee’s ability to do his/her job and/or influence the company’s overall performance.</p>

	<p>employees, such as censure, suspension or removal from office depending on the gravity of the offense as well as the frequency of the violation.</p> <p>The Commission of a serious violation of a material provision of this Manual by any member of the Board of the Corporation shall be sufficient cause for removal from directorship.</p>	
(h) Disciplinary action	<p>Section 18 of the Manual for Corporate Governance:</p> <p>To strictly observe and implement the provisions of this Manual, the Board may take appropriate actions, after notice and hearing, on the individual directors, officers and employees, such as censure, suspension or removal from office depending on the gravity of the offense as well as the frequency of the violation.</p> <p>The Commission of a serious violation of a material provision of this Manual by any member of the Board of the Corporation shall be sufficient cause for removal from directorship.</p>	<p>Section III of Code of Discipline:</p> <p>3.1 Administrative Procedures</p> <p>3.1.1 These procedures accompany the Code of Discipline and are designed to assist functional units and Human Resources in the administration of the Company's disciplinary system.</p> <p>3.1.2 Corrective actions, whether informal or formal, must depend upon the nature, consequence/s, or potential consequence/s of the employee's conduct of performance and the surrounding circumstances and mitigating factors, if any. Management should apply corrective actions consistently, while taking into consideration the specific circumstances of each individual case. Prior to taking any corrective action it is suggested that Management considers the following:</p> <p>Whether the corrective action is consistent with Company standards of conduct.</p> <p>The nature, severity, and consequences of the offense.</p> <p>Whether, the offense constitutes a violation of a policy, procedure, or law.</p> <p>Previous counseling, whether informal or formal that addressed the same or similar misconduct or performance.</p> <p>Previous disciplinary actions that addressed the same or similar misconduct or performance.</p> <p>Whether the offense relates to the employee's job duties and the employee's ability to perform satisfactorily.</p> <p>How issues with similarly situated employees have been addressed.</p> <p>Mitigating factors that would compel a reduction in the disciplinary action to promote the interests of fairness and objectivity.</p> <p>If the corrective action is appropriate for a specific offense.</p> <p>Procedures include:</p>

		3.2.3 Preliminary Investigation 3.2.4 Preventive Suspension 3.2.5 Administrative Hearing 3.2.6 Disciplinary Action 3.2.6.1 Written Reprimand 3.2.6.2 Suspension 3.2.6.3 Dismissal
(i) Whistle Blower	No written policy yet	Written policy is currently being finalized.
(j) Conflict Resolution	Section 2 of the Manual for Corporate Governance:  As may be deemed proper by the Board, it may establish and maintain an alternative dispute resolution system that can amicably settle conflicts and differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.	No written policy yet

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

While a Code of Ethics is not formally in place, the company has a code of discipline disseminated to all employees.

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

Section 17 of the Manual on Corporate Governance states:

“The Committees shall report to the Board in such manner as the Board may require

This Manual shall be subject to annual review or at such frequency as may be determined by the Board.”

Section 18 of the Manual on Corporate Governance states:

“To strictly observe and implement the provisions of this Manual, the Board may take appropriate actions, after notice and hearing, on the individual directors, officers and employees, such as censure, suspension or removal from office depending on the gravity of the offense as well as the frequency of the violation.

The Commission of a serious violation of a material provision of this Manual by any member of the Board of the Corporation shall be sufficient cause for removal from directorship.”

**4) Related Party Transactions**

**(a) Policies and Procedures**

**Describe the company’s policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses,**

children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	<p>Note 27 of the Audited FS:</p> <p><u>Terms and Conditions of Transactions with Related Parties:</u></p> <p>Purchases from related parties are made at normal market prices. Outstanding balances at year-end are unsecured, interest-free, settlement occurs in cash and collectible/payable on demand. There have been no guarantees provided for or received for any related party receivables or payables. For the years ended December 31, 2014, 2013 and 2012, the Company has not made any provision for doubtful accounts relating to amounts owed by related parties. This assessment is undertaken at each financial year through examination of the financial position of the related party and the market in which the related party operates.</p>
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

**(b) Conflict of Interest**

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

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

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	Not Applicable
Name of Officer/s	Not Applicable
Name of Significant Shareholders	Not Applicable

**(ii) Mechanism**

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

	Directors/Officers/Significant Shareholders
Company	<p>The Audit Committee has been created to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders. The External Auditor is engaged to review the related party transactions. The Company submits itself to oversight by government and regulatory institutions and agencies. The Company engages third-party institutions to evaluate the fairness of major related party transactions.</p>
Group	

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

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
Oscar M. Lopez & Manuel M. Lopez	Oscar M. Lopez – Chairman Emeritus Manuel M. Lopez - Chairman	Oscar M. Lopez and Manuel M. Lopez are brothers.
Eugenio L. Lopez III	Eugenio L. Lopez III, Oscar M. Lopez and Manuel M. Lopez	Eugenio L. Lopez III is the nephew of Oscar M. Lopez and Manuel M. Lopez.
Manuel L. Lopez Jr. Miguel Ernesto L. Lopez	Miguel L. Lopez Jr. and Miguel Ernesto Lopez	Manuel L. Lopez Jr. and Miguel Ernesto L. Lopez are brothers and sons of Manuel M. Lopez.
Federico R. Lopez, Eugenio Lopez III, Miguel Ernesto L. Lopez and Manuel L. Lopez, Jr.	Federico R. Lopez, Eugenio Lopez III, Miguel Ernesto L. Lopez and Manuel L. Lopez, Jr	Miguel Ernesto L. Lopez and Manuel L. Lopez, Jr. are cousins of Federico R. Lopez, Eugenio Lopez III
Federico R. Lopez and Francis Giles B. Puno	Federico R. Lopez and Francis Giles B. Puno	Federico R. Lopez is the brother-in-law of Francis Giles B. Puno

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

None, FPH is the only significant holder of equity.

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

There are no shareholder agreements that may impact on the control, ownership and strategic direction of the company.

#### 6) Alternative Dispute Resolution

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

	Alternative Dispute Resolution System
Corporation & Stockholders	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.

### C. BOARD MEETINGS & ATTENDANCE

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

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

Article II Section 6 of the Corporate By-Laws provides:

The organizational meetings of the Board of Directors shall be held without notice immediately after the annual meeting of the stockholders as provided in Section 1, Article I hereof, and thereafter all meetings of the Board of Directors shall be on such dates as may fixed by resolution of the Board of Directors. Special meetings of the Board may be called by the President or by written request of any three (3) directors, upon at least one day's notice of the time and place of holding the same, given personally or by letter, telegram, or telephone, facsimile transmission, electronic mail or short messaging system (SMS). Meetings may be held at any time and place without notice if all the Directors are present or if those not present waive notice in writing before or after the meeting. The Board of Directors may meet by video conference or teleconference or through other similar electronic means.

**2) Attendance of Directors (January 1, 2014 to December 31, 2014)**

Board	Name	Date of Election	Jan 1 – Dec 31, 2014		
			No. of Meetings Held	No. of Meetings Attended	%
Chairman	Manuel M. Lopez	5/28/2014	8	8	100%
Member	Oscar M. Lopez	5/28/2014	8	8	100%
Member	Federico R. Lopez	5/28/2014	8	6	75%
Member	Eugenio L. Lopez III	5/28/2014	8	7	88%
Member	Nestor J. Padilla	5/28/2014	8	8	100%
Member	Miguel L. Lopez	5/28/2014	8	8	100%
Member	Manuel L. Lopez, Jr.	5/28/2014	8	8	100%
Member	Francis Giles B. Puno	5/28/2014	8	7	88%
Member	Ferdinand Erwin S. CoSeteng	5/28/2014	8	7	88%
Independent	Vicente R. Ayllon	5/28/2014	8	8	100%
Independent	Manuel N. Tordesillas	5/28/2014	8	7	88%

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

Yes, the audit committee, which is composed of 2 non-executive directors and 2 independent directors, held quarterly meetings on March 20, 2014, May 8, 2014, August 13, 2014 and November 11, 2014.

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

No, but majority of the board meetings are attended by at least two-thirds of the board members.

**5) Access to Information**

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

Board papers for board of directors meetings are provided at least one business day in advance

This is in accordance with Section 11 of the Manual on Corporate Governance which provides:

Adequate and Timely information

To enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide them with complete, adequate and timely information about the matters to be taken in their meetings.

Members of the Board should be given independent access to Management and the Corporate Secretary.

The information that the Board may seek may include the background or explanation on matters brought to before the Board, disclosures, budgets, forecasts and internal financial documents.

The members of the Board, in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense provided that such expenses are reasonable.

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

Yes

Section 11 of the Manual on Corporate Governance which provides:

Adequate and Timely information

To enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide them with complete, adequate and timely information about the matters to be taken in their meetings.

Members of the Board should be given independent access to Management and the Corporate Secretary.

The information that the Board may seek may include the background or explanation on matters brought to before the Board, disclosures, budgets, forecasts and internal financial documents.

The members of the Board, in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense provided that such expenses are reasonable.

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

"Section 6 of Article IV of Company By-Laws

The Secretary – The Secretary, who must be a citizen and resident of the Philippines, shall keep the minutes of all meetings of the stockholders. He shall attend to the giving and serving of all notices of the Corporation. He shall have the charge of such books and papers as the Board of Directors, may direct, and shall perform all the duties as may be assigned to him by the Board of Directors. The Board of Directors may also appoint one or more Assistant Secretaries, who may perform the duties of the Secretary, if the latter is absent , or when

---

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

such duties may be allowed or delegated by the Board of Directors, or by the Manual of Corporate Governance.”

Section 8 of the Manual on Corporate Governance states:

“The Corporate Secretary and the Assistant Corporate Secretary shall have the following duties and responsibilities:

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.

Implement such methods adopted by the Board to efficiently and timely inform and brief the board members prior to board meetings.

Attend Board meetings and take down the minutes of special and regular meetings of the Board and shareholders.

Be loyal to the mission, vision and objectives of the Corporation.

Work fairly and objectively with the Board, Management and stockholders.

Have appropriate administrative and interpersonal skills.

If he is not at the same time the Corporation’s legal counsel, be aware of the law, rules and regulations necessary in the performance of his duties and responsibilities.

Have a working knowledge of the operations of the Corporation.

If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer provided for in this Manual.

Issue a certification every January 30<sup>th</sup> of the year on the attendance of directors in meetings of the Board, countersigned by the Chairman of the Board.”

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

Yes. Enrique I. Quiason has been the Corporate Secretary of the Corporation since 1995. He is a Senior Partner of the Quiason Makalintal Barot Torres Ibarra & Sison Law Firm. He is the Corporate Secretary of Lopez Holdings and First Philippine Holdings Corp. and Assistant Corporate Secretary of ABS-CBN. He is also the Corporate Secretary and Assistant Corporate Secretary of various subsidiaries or affiliates of FPH and Lopez Holdings. He graduated with a B.S. Business Economics (cum laude) degree in 1981 and with a Bachelor of Laws degree in 1985 from the University of the Philippines. He received his LL.M. in Securities Regulation from Georgetown University in 1991. His law firm has acted as legal counsel to the Lopez group for the last five (5) years.

**(e) Committee Procedures**

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

Yes  No

Section 11 of the Manual for Corporate Governance provides:

To enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide them with complete, adequate and timely information about the matters to be taken in their

meetings.

Members of the Board should be given independent access to Management and the Corporate Secretary.

The information that the Board may seek may include the background or explanation on matters brought to before the Board, disclosures, budgets, forecasts and internal financial documents.

The members of the Board, in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense provided that such expenses are reasonable.

Committee	Details of the procedures
Executive	Upon the request of the director, the Office of the Corporate Secretary and Management provides the relevant information.
Audit	
Nomination	
Remuneration	
Others (specify)	

#### 6) External Advice

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

Last paragraph of Section 11 of the Manual for Corporate Governance states:

“The members of the Board, in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense provided that such expenses are reasonable.”

#### 7) Change/s in existing policies

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

Not applicable

### D. REMUNERATION MATTERS

#### 1) Remuneration Process

**Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:**

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Through the Board as implemented by the Chairman	CEO gives the salary increase based on approved guidelines
(2) Variable remuneration	Based on approved guidelines	Based on approved guidelines
(3) Per diem allowance	Based on approved guideline	Based on approved guideline
(4) Bonus	By-Laws and approved guidelines	By-Laws and approved guidelines
(5) Stock Options and other financial instruments	Based on approved Stock Option Plan	Based on approved Stock Option Plan
(6) Others (specify)	-	-

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

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

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Per Diem	P10,000.00 per attendance	
Non-Executive Directors	Per Diem	P10,000.00 per attendance	

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

On May 2, 2012 and August 3, 2012, the BOD and the stockholders, respectively, approved the implementation of the ESOP to be offered to all regular employees of the Company including employees seconded to other affiliates or other individuals that the Board of Administrators may decide to include. The aggregate number of ESOP shares that may be issued shall not at any time exceed 3% of the issued capital stock of the Company on a fully diluted basis. The maximum numbers of shares a participant is entitled to shall be determined as a multiple of the gross basic monthly salary based on rank and performance for the year preceding the award. The option is exercisable anytime within the Option Term once vested.

The outstanding options are as follows:

Name	No. of Shares	Date of Grant	Exercise Price	Market Price at the Date of Grant
CEO + 4 most highly compensated executive officers* Almodiel, Ellen V. (Senior Vice-President, Finance & Accounting & CFO) Lopez, Miguel Ernesto L. (Treasurer and Senior Vice-President, Property Management) Padilla, Nestor J. (President and CEO) Pineda, Ma. Lourdes L. (Senior Vice-President, New Business) Soliven, Valerie Jane L. (Senior Vice-President – Sales and Marketing)	32,127,000	various	P1.46	various
All Other Officers & directors	10,712,000	various	P1.46	various
Total	42,839,000			

*\*Alphabetically arranged*

**3) Aggregate Remuneration**

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	P42.3 million	0	0
(b) Variable Remuneration	0	0	0

(c) Per diem Allowance	P111.8 thousand	P364.7 thousand	P147.1 thousand
(d) Bonuses	P3.8 million	0	0
(e) Stock Options and/or other financial instruments	0	0	0
(f) Others (Specify)	0	0	0
<b>Total</b>	<b>P46.2 million</b>	<b>P364.7 thousand</b>	<b>P147.1 thousand</b>

<b>Other Benefits</b>	<b>Executive Directors</b>	<b>Non-Executive Director (other than independent directors)</b>	<b>Independent Directors</b>
1) Advances	0	0	0
2) Credit granted*	P88.5 million	P153.6 million	0
3) Pension Plan/s Contributions	0	0	0
(d) Pension Plans, Obligations incurred**	P9.9 million	0	0
(e) Life Insurance Premium	P67.5 thousand	0	0
(f) Hospitalization Plan	0	0	0
(g) Car Plan	0	0	0
(h) Others (Specify)	0	0	0
<b>Total</b>	<b>P98.5 million</b>	<b>P153.6 million</b>	<b>0</b>

\*Represents receivables from sale of units done in the ordinary course of business.

\*\*Note 24 of the Audited FS: The Company has a funded, noncontributory defined benefit pension plan covering all regular and permanent employees.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

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

##### (a) Board of Directors

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

On May 2, 2012 and August 3, 2012, the BOD and the stockholders, respectively, approved the implementation of the ESOP to be offered to all regular employees of the Company including employees seconded to other affiliates or other individuals that the Board of Administrators may decide to include. The aggregate number of ESOP shares that may be issued shall not at any time exceed 3% of the issued capital stock of the Company on a fully diluted basis. The maximum numbers of shares a participant is entitled to shall be determined as a multiple of the gross basic monthly salary based on rank and performance for the year preceding the award. The option is exercisable anytime within the Option Term once vested.

The outstanding options as of December 2014 are as follows:

Name	No. of Shares	Date of Grant	Exercise Price	Market Price at the Date of Grant
CEO + 4 most highly compensated executive officers* Almodiel, Ellen V. (Senior Vice-President, Finance & Accounting & CFO) Lopez, Miguel Ernesto L. (Treasurer and Senior Vice-President, Property Management) Padilla, Nestor J. (President and CEO) Pineda, Ma. Lourdes L. (Senior Vice-President, New Business) Soliven, Valerie Jane L. (Senior Vice-President – Sales and Marketing)	32,127,000	various	P1.46	various
All Other Officers & directors	10,712,000	various	P1.46	various
Total	42,839,000			

*\*Alphabetically arranged*

**(b) Amendments of Incentive Programs**

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

Not applicable

**5) Remuneration of Management**

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Senior Vice President, Sales and Marketing	P16.1 million
Senior Vice President, New Business	
Senior Vice President, Finance & Accounting	
Vice President, Human Resources	
Vice President, Provincial Development	

**E. BOARD COMMITTEES**

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

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	Not applicable						
Audit	-	2	2	Please refer to attached Audit Committee Charter.	To assist the Board of Directors in fulfilling its oversight responsibilities for the management and financial reporting process, the system of internal control, the maintenance of an effective audit process, and the process for monitoring compliance with the code of conduct.	<p>The committee will have the following responsibilities:</p> <p>V.1. Financial Statements</p> <p>The review of the financial statements of the company shall be done by the Audit Committee in the following context:</p> <p>a) Management has the primary responsibility for the financial statements and the financial reporting process; and</p> <p>b) The External Auditors is responsible for expressing an opinion on the conformity of the company's consolidated financial statements with the Philippine Financial Reporting Standards</p> <p>Review the quarterly financial statements with management and the annual financial statements with the external auditors, focusing</p>	<p>II. AUTHORITY</p> <p>The audit committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. In the performance of its functions, the Committee is empowered to:</p> <p>II.1. Recommend to the Board appointment, compensation, and oversee the work of any registered public accounting firm employed by the organization (i.e. external auditors);</p> <p>II.2. Resolve any disagreements between management and the auditor regarding financial reporting;</p> <p>II.3. Provide oversight over Management's activities in managing credit, market,</p>

					<p>particularly on:</p> <ul style="list-style-type: none"> <li>•Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements , and understand their impact on the financial statements;</li> <li>•Review with management and external auditors (annual financial statements) the results of audit, including any difficulties encountered;</li> <li>•Review the annual financial statements and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles;</li> <li>•Review interim financial reports with management before filing with regulators, and consider whether they are complete and consistent</li> </ul>	<p>liquidity, operational, legal and other risks of the corporation;</p> <p>II.4.Pre-approve all auditing and non-audit services;</p> <p>II.5.Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation;</p> <p>II.6.Seek any information it requires from employees – all of whom are directed to cooperate with the committee’s requests – or external parties;</p> <p>II.7.Meet with company officers, external auditors, or outside counsel as necessary; and</p> <p>II.8.Receive, review, and discuss reports or updates by internal and external counsels and regulatory agencies, when applicable, and ensure that</p>
--	--	--	--	--	---	---

					<p>with the information known to committee members;</p> <ul style="list-style-type: none"> <li>•Review of disclosures of material information, related party transactions, and subsequent events;</li> <li>•Review and approval of management representation letter before submission to external auditor.; and</li> <li>•Recommend to the Board of Directors the approval of the Audited Financial Statements</li> </ul> <p>V.2.External Audit</p> <ul style="list-style-type: none"> <li>•Review the external auditor’s proposed audit scope and approach, including coordination of audit efforts with internal audit;</li> <li>•Review the performance of external auditor and recommend to the Board the appointment or discharge of the auditors;</li> <li>•Review and confirm the independence of</li> </ul>	<p>management is taking appropriate actions to address regulatory issues as well as on of litigations, claims, and contingencies, if any.</p>
--	--	--	--	--	---	---

					<p>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> <ul style="list-style-type: none"> <li>•Ensure that auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions without inferring scope limitation;</li> <li>•Regularly meet with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately;</li> <li>•Review and approve audit related and permitted non-audit services to be rendered by the external auditors.</li> <li>•The Committee shall regularly review and assess external auditors' fees and shall ensure that the fees charged by the</li> </ul>	
--	--	--	--	--	---	--

					<p>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.3.Internal Control System</p> <ul style="list-style-type: none"> <li>•Consider the effectiveness of the company's internal control system, including information technology security and control;</li> <li>•Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management responses;</li> <li>•Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security; and</li> </ul>	
--	--	--	--	--	---	--

					<ul style="list-style-type: none"> <li>•Review frameworks for fraud prevention and detection including whistle blower program, if any.</li> </ul> <p>V.4.Internal Audit</p> <ul style="list-style-type: none"> <li>•The Committee shall ensure the existence of a working internal audit group, which shall be headed by a competent business manager, to identify audit issues, propose resolutions to these issues, and provide reasonable assurance that key organizational and procedural controls as promulgated by Management are effective, appropriate, and enforced;</li> <li>•The Committee shall establish a direct reporting line of the internal audit to the Committee to prevent impediments in the conduct of internal audit activities and the conveyance/presentation of audit findings. The internal audit shall functionally report directly to the Audit Committee;</li> <li>•Review with</li> </ul>	
--	--	--	--	--	---	--

					<p>management and the Internal Audit Head the plans, activities, staffing and organizational structure of the internal audit function. The annual internal audit plan must conform to the objectives of the corporation and shall include the audit scope, resources and budget necessary to implement it;</p> <ul style="list-style-type: none"> <li>•Ensure that there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Internal Audit Head;</li> <li>•Review the effectiveness of internal audit function, including compliance with the International Standards for the Professional Practice of Internal Auditing;</li> <li>•On a regular basis, meet separately with the Internal Audit Head to discuss any matters that the committee or internal audit believes should be discussed privately; and</li> </ul>	
--	--	--	--	--	---	--

					<ul style="list-style-type: none"> <li>•The Committee shall periodically review the internal audit charter and amend any revisions thereto as applicable;</li> </ul> <p>V.5.Reporting responsibilities</p> <ul style="list-style-type: none"> <li>•Regularly report to the board of directors about committee activities, issues, and related recommendations.</li> <li>•Report annually to the shareholders, describing the committee’s composition responsibilities, and how they were discharged, and any other information required by rule, including approval of non-audit services.</li> <li>•Review any reports (e.g. to SEC and PSE) the company issues that relate to committee responsibilities. Coordinate, monitor and facilitate compliance with laws, rules and regulations.</li> </ul> <p>V.6. Other Responsibilities</p> <ul style="list-style-type: none"> <li>•Perform other activities related to this charter as</li> </ul>	
--	--	--	--	--	--	--

					<p>requested by the Board of Directors;</p> <ul style="list-style-type: none"> <li>•Institute and oversee special investigations as needed;</li> <li>•Review and assess the adequacy of committee charter annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation;</li> <li>•Conduct an assessment on the performance of the Audit Committee on an annual basis or in such shorter intervals as may be set by the Board of Directors and in compliance with the relevant regulatory requirements; and</li> <li>•Confirm annually that all responsibilities outlined in this charter have been carried out.</li> </ul> <p>V.7. Review and Amendments</p> <p>The Committee shall periodically revisit and/or review this Charter specifically for the purpose of</p>	
--	--	--	--	--	--	--

						adapting changes hereto in accordance with the Rockwell Land Corporation's Manual on Corporate Governance and in keeping with new standards and emerging trends.	
Nomination and Elections	-	3	1		The Nomination and Election Committee shall have the function of reviewing and evaluating the qualification of all persons nominated to the Board and other requirements that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors, selecting directors and passing upon their qualifications.		

2) Committee Members

(a) Executive Committee – Not Applicable

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Vicente R. Ayllon	May 2014	4	3	75%	2.33 years
Member (ID)	Manuel N. Tordesillas	May 2014	4	4	100%	1.58 years
Member (NED)	Manuel L. Lopez, Jr.	May 2014	4	2	50%	1.58 years
Member (NED)	Francis Giles B. Puno	May 2014	4	3	75%	1.58 years

**Disclose the profile or qualifications of the Audit Committee members.**

Indicated in SEC 20-IS 2014

***Vicente R. Ayllón*** - 83, Filipino

Mr. Ayllón has been an Independent Director of Rockwell Land since May of 2012. He currently serves as Chairman of the Board & CEO of The Insular Life Assurance Co., Ltd., Chairman of the Board and President of Insular Life Property Holdings, Inc., Chairman of the Board of Insular Investment Corporation, Insular Health Care, Insular Foundation, Insular Management and Development Corporation, and Home Credit Mutual Building and Loan Association, He is the Vice-Chairman of the Board of Union Bank of the Philippines and Mapfre Insular Insurance Corporation. Mr. Ayllón also serves as a regular Director of Pilipinas Shell Petroleum Corporation and Shell Co. of the Philippines, Ltd.. He serves as an independent Director of The Palms Country Club. Mr. Ayllón holds a Bachelor of Science degree in Commerce from the University of the East.

***Manuel N. Tordesillas*** – 61, Filipino

Mr. Tordesillas has been an Independent Director of Rockwell Land since May of 2012. He currently serves as Chairman of Maybank ATR Kim Eng Land, President and CEO and Director of Maybank ATR Kim Eng Capital Partners, Inc., ATR Kim Eng AMG holdings, Inc. and ATR Holdings, Inc., and Director and Vice Chairman of Asian Life Financial Assurance Corporation. He is also Landco Pacific Corporation’s independent director. Mr. Tordesillas is also a regular Director of Tullet Prebon Philippines and Executive Directors of Citicorpo International Limited, among others. Mr. Tordesillas holds a Bachelor of Science degree in Industrial Management Engineering from De La Salle University and a Master’s degree in Business Administration from the Harvard Business School.

***Manuel L. Lopez, Jr.*** - 47, Filipino

Mr. Lopez has been a Director at Rockwell Land since 2011. He is currently the Chairman and CEO of PacificHub Corporation, serves as a Director of Lopez Inc., Philippine Trade Foundation, Inc., Stargate Media, and Philippine Commercial Capital, Inc. He is also presently the Executive Vice President of Benpres Insurance Agency, Inc. He has served as a Director of ABS-CBN Broadcasting Corporation, ABS-CBN Holdings Corporation, Sky Cable Corporation, and Pilipino Cable Corporation, Call Center Association of the Philippines (CCAP), among others. Mr. Lopez holds a Bachelor of Science degree in Business Administration from De La Salle University.

***Francis Giles B. Puno*** - 50, Filipino

Mr. Puno has been a Director of Rockwell Land since 2013. He was appointed Chief Finance Officer and

Treasurer of FPH in October 2007 and was promoted to Executive Vice-President in September 2011. He is currently the President and Chief Operating Officer (COO) of First Gen. He is also a director of FPHC, First Gen and EDC. Before joining FPHC, he worked with The Chase Manhattan Bank as Vice President for Global Power and Environment Group. He has a Bachelor of Science degree in Business Management from the Ateneo de Manila University and a Master in Business Administration degree from Northwestern University's Kellogg Graduate School of Management in Chicago, Illinois.

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

Audit Committee charter section V.2 on External Audit provides;

- Review the external auditor's proposed audit scope and approach, including coordination of audit efforts with external audit;
- Review the performance of external auditor and recommend to the Board the appointment or discharge of the auditors.
- 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.
- Ensure that the auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions without inferring scope limitation.
- Regularly meet with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.
- Review and approve audit related and permitted non-audit services to be rendered by the external auditors.
- 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."

**(c) Nomination Committee**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Manuel M. Lopez	05/28/2014	1	1	100%	2.4 years
Member (NED)	Oscar M. Lopez	05/28/2014	1	1	100%	2.4 years
Member (NED)	Eugenio L. Lopez III	05/28/2014	1	1	100%	2.4 years
Member (ID)	Vicente R. Ayllon	05/28/2014	1	1	100%	2.4 years

**(d) Remuneration Committee – not applicable**

**(e) Risk Management Committee**

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

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Eugenio L. Lopez III	05/28/2014	0	0	0	1.4 year
Member (ED)	Nestor J. Padilla	05/28/2014	0	0	0	1.4 year
Member (NED)	Ferdinand Edwin S. CoSeteng	05/28/2014	0	0	0	1.4 year
Member (ID)	Manuel L. Tordesillas	05/28/2014	0	0	0	1.4 year

### 3) Changes in Committee Members

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

There were no changes in committee membership that occurred during the year.

### 4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Executive	Not applicable	
Audit	<ul style="list-style-type: none"> <li>• Review and approval of quarterly unaudited FS and 2013 Audited FS</li> <li>• 2014 FS Audit Planning</li> <li>• Review of 2013 Annual Internal Audit results and approval of 2014 Annual Audit Plan (Mar 20, 2014)</li> <li>• Approval of revised Internal Audit Charter (Mar 20, 2014)</li> <li>• Review of 2014 Internal Audit results: <ul style="list-style-type: none"> <li>• 1<sup>st</sup> quarter – May 8, 2014</li> <li>• 2<sup>nd</sup> quarter – Aug 13, 2014</li> <li>• 3<sup>rd</sup> quarter – Nov 11, 2014</li> </ul> </li> </ul>	Issues presented to the audit committee have a criticality level rating of “medium” to “high” based on internal audit assessment. Internal audit recommendations have been discussed with the respective auditees and monitoring of agreed actions is being done on a quarterly basis. Status of agreed actions on critical issues is reported to the audit committee during the quarterly meetings.
Nomination		
Remuneration	Not applicable	
Risk Management	Review of corporate risks	
Others (specify)		

### 5) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Not applicable	
Audit	Continue regular quarterly audit committee meetings to discuss internal audit and finance-related issues.	Internal audit Issues to be addressed will depend on engagements to be performed and their resulting observations and issues .
Nomination		

Remuneration	Not applicable	
Others (specify)		

## F. RISK MANAGEMENT SYSTEM

### 1) Disclose the following:

#### (a) Overall risk management philosophy of the company;

Section 7 of the Manual for Corporate Governance provides:

“The Risk Management Committee shall have the following powers and functions:

- Oversee the formulation and establishment of an enterprise-wide risk management system.
- Review, analyze and recommend the policy, framework, strategy, method and/or system of or used by the Corporation to manage risks, threats or liabilities.
- 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.
- Perform such other duties and functions and/or assume such responsibilities as may be delegated by the Board of Directors.”

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

Management regularly reviews and updates the risks faced by the Company and presents it to the Board. The Risk Management Committee met in November 5, 2013.

#### (c) Period covered by the review;

Year 2014

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

The risk management system and governance structure is reviewed on an annual basis.

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

The Risk Management Committee last met in November 5, 2013. In any event, there has been no need for formal meetings of the RMC as the risks facing the company have been extensively discussed by the board as a whole and by the audit committee.

### 2) Risk Policy

#### (a) Company

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

Risk Exposure	Risk Management Policy	Objective
a. Regulatory Risk	Rockwell regularly monitors its exposures and compliance to laws	To comply with all applicable laws and regulations

	and regulations to ensure the continuity of its operations	
b. Business Interruption Risk	Rockwell continuously enhances its operations and support systems to reduce the likelihood of unscheduled interruptions and, in the case of actual interruptions, to reduce the impact to the company's financial performance.	To ensure continuity of services to its customers.
c. Interest Rate Risk	The Company's policy is to manage its interest cost using a mix of fix and variable rate debts.	To manage the exposure to floating interest rates in a cost-efficient manner.
d. Foreign Currency Risk	Rockwell monitors its exposures to foreign currency fluctuations.	To manage and minimize the exposure to foreign currency risk.
e. Credit Risk	<p>The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to verification procedures. Default or delinquency on the part of the buyers of condominiums units or club shares are being monitored on an ongoing basis to enable the Company to determine the appropriate action – usually, cancelling the sale and holding the units and club shares open for sale. Lease receivables are closely monitored based on aging of the accounts. Accounts determined to be uncollectible are recommended for write-off. With regard to other financial assets of the Company, these are also monitored regularly with the result that the Company's exposure to bad debts is significant.</p> <p>Trade receivables from sale of condominium units are secured with pre-completed condominium units. The legal title and ownership of these units will only be transferred to customers upon full payment of the contract price. Receivables from lease are guaranteed by security deposits. For other receivables, since the Company trades only with recognized third parties, there is no requirement for collateral.</p>	To manage the credit exposures with its customers and/or other third parties

**(b) Group**

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

kind of risk:

Not applicable

**(c) Minority Shareholders**

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

<b>Risk to Minority Shareholders</b>
<p>Article I of the Corporate By-Laws provides:</p> <p>Section 5. Quorum – At all meetings of stockholders, annual or special, in order to constitute a quorum, there shall be present either in person or by proxy the holders of record of the majority of the stock issued and outstanding and entitled to vote of a greater proportion. In the absence of a quorum, the holders of record of the majority of the shares present and entitled to vote may adjourn the meeting from time to time until a quorum shall be present, and no notice of such adjourned meeting shall be required.</p> <p>Section 6. Voting – Except as otherwise provided by law, each stockholder of record shall be entitled at every meeting of stockholders to one vote for each share of stock standing in his name on the stock and transfer books of the Corporation, which vote may be given personally or by power of attorney or proxy authorized in writing. The instrument authorizing a proxy to act shall be exhibited to the Secretary if so requested. In the election of Directors, each stockholder entitled to vote may cumulate and distribute his votes in accordance with the provisions of the Corporation Code.</p>

**3) Control System Set Up**

**(a) Company**

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

<b>Risk Exposure</b>	<b>Risk Assessment (Monitoring and Measurement Process)</b>	<b>Risk Management and Control (Structures, Procedures, Actions Taken)</b>
1. Regulatory Risk	Annual risk identification, evaluation, and monitoring	<ul style="list-style-type: none"> <li>• Regular monitoring of changes or updates to relevant laws and regulations</li> <li>• Close monitoring of the Company's compliance to applicable legal and regulatory</li> <li>• Close coordination with regulatory agencies</li> </ul>
2. Business Interruption Risk	Annual risk identification, evaluation, and monitoring	<ul style="list-style-type: none"> <li>• Regular monitoring of operations</li> <li>• Regular repair and maintenance of key equipment, systems and processes</li> <li>• Regular review, revision and practice of Business Continuity Management plans</li> </ul>
3. Interest Rate Risk	Annual risk identification, evaluation, and monitoring	<ul style="list-style-type: none"> <li>• Regular monitoring of the interest rates</li> <li>• Identify, assess and enter into interest hedging, whenever necessary</li> </ul>
4. Foreign Currency Risk	Annual risk identification, evaluation, and monitoring	<ul style="list-style-type: none"> <li>• Regular monitoring of the foreign</li> </ul>

		<p>currency rates</p> <ul style="list-style-type: none"> <li>• Identify, assess and enter into derivative transactions, whenever necessary</li> </ul>
5. Credit Risk	Annual risk identification, evaluation, and monitoring	<ul style="list-style-type: none"> <li>• Regular review and analysis of customer financial and credit performances</li> <li>• Close coordination with customers to discuss emerging risks</li> </ul>
6. Liquidity Risk	Regular monitoring of available cash and credit facilities within maintained debt service ratio.	Maintain enough cash sufficient to finance operations and obligations.

**(b) Group**

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

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

**(c) Committee**

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

Section 7 of the Manual on Corporate Governance states

“The Board shall create a Risk Management Committee composed of at least three (3) members of the Board, or such other number as may be prescribed by the Board. The Chairman of the Board shall designate the Chairman of the Committee.

Duties and Responsibilities

The Risk Management Committee shall have the following powers and functions:

- a. Oversee the formulation and establishment of an enterprise-wide risk management system;
- b. Review, analyze and recommend the policy, framework, strategy, method and/or system of or used by the Corporation to manage risks, threats or liabilities;
- c. 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
- d. Perform such other duties and functions and/or assume such responsibilities as may be delegated by the Board of Directors.”

**G. INTERNAL AUDIT AND CONTROL**

**1) Internal Control System**

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

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

Internal control is defined as a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: a) Effectiveness and efficiency of operations; b) Reliability of financial reporting; and c) Compliance with laws and regulations

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

The Annual Internal Control Assessment has been presented to the Audit Committee. Overall, internal controls over the engagements reviewed are adequate. However, some existing controls need to be improved to help some processes operate more efficiently and effectively.

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

Year 2014

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

Internal Audit presents its findings and recommendations for its Audit Engagements which includes evaluation of controls to the audit committee on a quarterly basis.

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

Not applicable

2) Internal Audit

(a) Role, Scope and Internal Audit Function

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

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
<p>To provide an independent, objective assurance and consulting services designed to add value and improve the organization's operations. It 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>As provided in the duly approved Internal Audit Charter:</p> <p>The scope of work of the Internal Audit is to determine whether the organization's network of risk management, control and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure that:</p> <ul style="list-style-type: none"> <li>• Risks are appropriately identified and managed;</li> <li>• Significant financial, managerial, and operating information is accurate, reliable and timely;</li> <li>• Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;</li> <li>• Resources are acquired economically, used efficiently,</li> </ul>	<p>In-house</p>	<p>Romeo G. del Mundo Jr.</p>	<p>The Internal Audit Group, reports functionally to the Audit Committee and administratively to the Management, Its activities are guided and performed in accordance with the revised "International Standards for the Professional Practice of Internal Auditing" and "Code of Ethics" developed by the Institute of Internal Auditors (IIA) and/or any other auditing standards as may be adopted by the Internal Audit.</p>

	<p>and adequately protected;</p> <ul style="list-style-type: none"> <li>• Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately; and</li> <li>• Interaction with various governance groups occurs as needed;</li> </ul> <p>Opportunities for improving management control, profitability, and the organization's image which are identified during the audits shall be communicated to the management.</p>			
--	---	--	--	--

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

Internal Auditor(s) appointment or removal is vested in the Audit Committee. For other services, Section II.1 of the Audit Committee Charter provides that the Audit committee: Recommend to the Board appointment, compensation, and oversee the work of any registered public accounting firm employed by the organization (i.e. external auditors);

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

The following are provided in Section V.4 of the Audit Committee Charter:

- The Committee shall ensure the existence of a working internal audit group, which shall be headed by a competent business manager, to identify audit issues, propose resolutions to these issues, and provide reasonable assurance that key organizational and procedural controls as promulgated by Management are effective, appropriate, and enforced.
- The Committee shall establish a direct reporting line of the internal audit to the Committee to prevent impediments in the conduct of internal audit activities and the conveyance/presentation of audit findings. The internal audit shall functionally report directly to the Audit Committee;
- The Committee shall periodically review the internal audit charter and amend any revisions thereto as applicable;

- Review with management and the chief audit executive the charter, plans, activities, staffing and organizational structure of the internal audit function;
- Ensure that there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the chief audit executive;
- Review the effectiveness of internal audit function, including compliance with the International Standards for the Professional Practice of Internal Auditing; and
- On a regular basis, meet separately with the chief audit executive to discuss any matters that the committee or internal audit believes should be discussed privately

**(d) Resignation, Re-assignment and Reasons**

**Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.**

There were two resignations in 2014, both Junior Audit Associates with less than six months tenure.

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

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

<b>Progress Against Plans</b>	The progress of Annual Internal Audit Plan vs. Actual is being monitored on a semi-annual basis and is reported to Audit Committee and Management
<b>Issues<sup>6</sup></b>	Issues are discussed with the Auditee during closing or exit meetings and their responses are incorporated in an audit report. The audit report contains a summary of observations, recommendations and agreed actions.
<b>Findings<sup>7</sup></b>	Findings are reported to the Management and to Audit Committee through the Quarterly and Annual Internal Audit Reports.
<b>Examination Trends</b>	Examinations are being done mostly on high risk areas/processes and taking into consideration inputs and suggestions from Management and the Audit Committee.

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

- 1) Preparation of an audit plan inclusive of a timeline and milestones;

The Internal Audit Process includes Managing the Internal Audit Activities, part of which is the preparation of the Annual Internal Audit Plan.

Planning and managing the internal audit activity

- 1.1. Understanding the business and control environment
- 1.2. Risk Assessment
- 1.3. Managing the internal audit activity
  - 1.3.1. Planning work schedules
  - 1.3.2. Staffing and budgets
  - 1.3.3. Approval by Board (Audit Committee) and Senior Management

The Annual Internal Audit Plan is being submitted to the Audit Committee for approval.

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

<sup>7</sup> “Findings” are those with concrete basis under the company’s policies and rules.

2) Conduct of examination based on the plan;

The process of conducting the examination based on the plan is also part of the Internal Audit Process under “Internal audit engagement”. It includes the following:

- 2.1. Engagement planning
  - 2.1.1. Familiarization, preliminary survey/research and setting of initial objectives and scope
  - 2.1.2. Opening conference with auditee
  - 2.1.3. Preparation of audit engagement work program and allocation of audit resources
- 2.2. Performing the Engagement
  - 2.2.1. Identifying, gathering data
  - 2.2.2. Analyzing/Evaluating data/information
  - 2.2.3. Documenting/recording data/information
- 2.3. Communicating Results
  - 2.3.1. Draft audit report
  - 2.3.2. Review of draft audit report
  - 2.3.3. Exit conference with auditee
  - 2.3.4. Preparation of final audit report
  - 2.3.5. Disseminate approved audit report
- 2.4. Follow-up and monitoring
  - 2.4.1. Audit follow-up
  - 2.4.2. Disseminate approved report

3) Evaluation of the progress in the implementation of the plan;

The progress in the implementation of the plan is being monitored on a regular basis by the Internal Audit Head. The audit plan or schedule/list of audit engagements together with the Quarterly/Annual Internal Audit results are also presented to the audit committee.

4) Documentation of issues and findings as a result of the examination;

Documentation of the audit engagement (including issues and findings) is done thru the auditor’s work papers. There is a duly approved process and procedures for the proper preparation of audit’s work papers. Portion of the approved work paper preparation process/procedures are shown below:

4.1. Work Paper preparation

The work paper file documents the work the auditor has done. The work papers serve as the connecting link between the audit assignment, the auditor’s fieldwork and the final report. Work papers contain the records of planning and preliminary surveys, the audit program, audit procedures, fieldwork and other documents relating to the audit. Most importantly, the work papers document the auditor’s conclusions and the reasons those conclusions were reached. The disposition of each audit finding identified during the audit and its related corrective action should be documented.

4.1.1. In the preparation of the audit work papers, the following should be observed:

- Work papers should be completed throughout the audit;
- The work papers should provide a basis for evaluating the Internal Audit’s quality assurance program and demonstrate compliance with the International Standards for the Professional Practice of Internal Auditing (ISPPIA);
- Work papers should be economical to prepare and not difficult to review.
- Work papers should be complete but concise--a usable record of work performed. Auditors should include in their work papers only what is essential;

and, they should ensure that each work paper included serves a purpose that relates to an audit procedure. Work papers that are created and later determined to be unnecessary should be deleted.

Also, the findings, issues and other relevant information in the audit engagement are further documented in the minutes of the closing meeting, and the final internal audit engagement report.

- 5) Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;

Through the follow up and monitoring process, the status of the audit findings and issues are tracked as to the Auditee’s committed implementation plans.

- 6) Conduct of the foregoing procedures on a regular basis.]

As evidenced by quarterly and annual internal audit reports, audit engagements including the necessary audit engagement procedures are performed / implemented on a regular basis.

**(f) Audit Control Policies and Procedures**

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

Policies & Procedures	Implementation
Internal Audit Charter	Revisions to the Internal Audit Charter have been presented and approved by the Audit Committee during the year.
Internal Audit Policies on the following: 1. Independence and Objectivity 2. Proficiency and Due Professional Care  3. Quality Assurance and Improvement	These policies have been formally documented and implemented. Annual review of these processes is also in place to make the necessary revisions if applicable.
Internal Audit Processes on the following: 1. Planning and managing the Internal Audit activity 1.1. Understanding the business and control environment 1.2. Risk Assessment 1.3. Managing the internal audit activity 2. Internal Audit Engagement 2.1. Engagement planning 2.2. Conducting fieldwork 2.3. Communicating Results 2.4. Follow-up and monitoring 3. Quality Control/Assurance	These processes have been formally documented and implemented. Annual review of these processes is also in place to make the necessary revisions if applicable.

**(g) Mechanism and Safeguards**

**State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company’s shares**

**and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):**

<b>Auditors (Internal and External)</b>	<b>Financial Analysts</b>	<b>Investment Banks</b>	<b>Rating Agencies</b>
1. Direct Reporting to the Audit Committee	Section 10 of Manual on Corporate Governance:  Internal Auditor:  The Corporation have in place an independent audit system which shall be performed 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 organization and procedural controls are effective, appropriate, and complied with. The internal audit system to be adopted shall take into account the nature and complexity of the Corporation's business and the business culture, the volume, size and complexity of the transactions, the degree of risks, the degree of centralization and delegation of authority, the extent and effectiveness of information technology and the extent of regulatory compliance. The internal control system for management's operational responsibility shall center on the Chief Executive Officer.  The Internal Auditor shall report to the Audit Committee.		
2. Annual declaration/undertaking of Non-Conflict of Interests by the Internal Auditors			
3. Duly approved Audit Committee Charter and Internal Audit Charter			
4. Duly approved Internal Audit Policies and Procedures			

**(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.**

The Chairman/ Chief Executive Officer or the President/ Chief Operating Officer will attest, to the best of his knowledge, to the Company's full compliance with the SEC Code of Corporate Governance.

#### **H. ROLE OF STAKEHOLDERS**

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

	<b>Policy</b>	<b>Activities</b>
Customers' welfare	No written policy	Dedicated Customer Service Team
Supplier/contractor selection practice	To deal with contractors with utmost competence and integrity	The foregoing has been observed in the company's selection of suppliers and contractors
Environmentally friendly value-chain	No written policy	Adherence to ESH Policies
Community interaction	No written policy	CSR activities
Anti-corruption programmes and procedures?	No written policy	The company abides by the applicable law, rules and regulation on this.
Safeguarding creditors' rights	No written policy	Regular updates and meetings

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

Yes, a section on corporate responsibility was included in the annual report.

3) Performance-enhancing mechanisms for employee participation.

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

Rockwell ESH Team Environment, Safety and Health Policy

- Administer our business with integrity by taking into account the protection and enhancement of the environment, and the education of safety and health awareness that is fair to the people and the community;
- Develop and maintain a vigorous Environmental, Safety and Health Management System best suited to all our business units thereby achieving excellence and maintaining leadership resulting in a healthy and friendly surrounding consistent with our business concerns;
- Devise business-like and innovative programs as well as establish worthy standards in all our operations that will continually improve working conditions and practices thereby gaining higher productivity and avoiding distress, damage to environment and financial loss;
- Establish a mindset that will challenge and motivate all staff, service providers, suppliers, business partners and clients to actively participate as a team and voluntarily conform to the Environment, Safety and Health programs, standards and regulations;
- Promote public safety and security management programs; and
- Comply with all regulatory laws and legal requirements mandated by law with regards to Environment, Safety and Health.

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

Rockwell conducts the following activities under the ESH system:

- 1) Fire drills (twice a year)
- 2) Earthquake drill
- 3) First Aid seminar
- 4) EBOLA virus orientation

The company held its Annual Physical Examination to employees last November 6-7, 2014 through its HMO provider, Health Maintenance Inc. and Prolab Diagnostics.

**Immunization Program (Number of People Immunized)**

Nature	Male	Female	Total No. of Cases
Influenza	37	77	114

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

Group/Employee Category	Average Training Hours (in house)
Rank and File	39
Supervisor/Specialist	37
Assistant Manager	28
Manager	22
Senior Manager	15
AVP	32
SVP and VP	24
Total training hours	197

**(d) State the company's reward/compensation policy that accounts for the performance of the company**

## beyond short-term financial measures

The ESOP aims to recognize and reward performance. Each year, for five consecutive years, the Company may offer employees with Stock Options which they can purchase following a vesting schedule.

In recognition of an employee's contribution to the achievement of the Company's business goals he will be awarded with shares of common stock of Rockwell Land. These Options are personal to the employee and shall not be transferred, charged, pledged, assigned or otherwise disposed of.

Rockwell Land Corporation also has an established retirement benefit plan known as the "Rockwell Land Corporation Retirement Plan".

Its objective is to provide, through a retirement fund to be established by the company, for the payment of benefits to its employees when they are retired, or separated from service, the payment of definite amounts to their beneficiaries, subject to the conditions and limitations set in the plan.

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

No written policies and procedures yet.

## I. DISCLOSURE AND TRANSPARENCY

### 1) Ownership Structure

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

Shareholder	Number of Shares	Percent	Beneficial Owner
First Philippine Holdings Company	5,296,015,375	86.582%	First Philippine Holdings Company

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Enrique I. Quiason	3,575	-	0.0001%
Esmeraldo C. Amistad	-	-	0.0000%
Valerie Jane L. Soliven	-	-	0.0000%
Maria Lourdes L. Pineda	132,818	8,454 (Paolo Pineda)	0.0023%
Estela Y. Dasmariñas	1,882	-	0.0000%
Ellen V. Almodiel	-	-	0.0000%
Julius A. Marzoña	-	-	0.0000%
Davy T. Tan	-	-	0.0000%
Abel L. Roxas	-	-	0.0000%
Antonette O. Marquez	-	-	0.0000%
Adela D. Flores	4,340	-	0.0001%
Divino M. Villanueva, Jr.	-	-	0.0000%
<b>TOTAL</b>	<b>142,615</b>	<b>8,454</b>	<b>0.0025%</b>

- 2) **Does the Annual Report (17-A) disclose the following:**

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes

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

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

Details of whistle-blowing – Not required

Training and/or continuing education programme attended by each director/commissioner – Not required

Number of board of directors/commissioners meetings held during the year - Not required, but was disclosed in 17-C report filed to SEC and uploaded to PSE website last January 12, 2015.

Attendance details of each director/commissioner in respect of meetings held - Not required, but was disclosed in 17-C report filed to SEC and uploaded to PSE website last January 12, 2015.

### 3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
SGV & Co.	P3.0 million	-

### 4) Medium of Communication

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

Information is disseminated via the Rockwell website, registered mail, mail via courier, personal delivery, telephone calls, emails and other modes of communication.

### 5) Date of release of audited financial report:

April 15, 2015

### 6) Company Website

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

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes

Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

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

Not applicable

## 7) Disclosure of RPT

### Related Party Disclosures (from SEC Form 20-IS)

The Company, in the ordinary course of business, engages in transactions with Meralco and its subsidiaries, FPHC, its subsidiaries and affiliates, and directors and officers and their close family members.

Except as disclosed in Note 26 of the Company's audited consolidated financial statements, there is no material transaction or proposed transaction to which the Company was or is to be a party, in which any of its directors or executive officers, or any individual owning, directly or indirectly, significant voting power of the Company, or any close family members or individuals, had or is to have a direct or indirect material interest.

The following table summarizes these significant transactions with related parties:

Related Parties	Relationship	Nature of Transaction	Period	Transaction Amount	Amounts		Terms	Conditions
					Owed from (to) Related Parties			
Rockwell- Meralco BPO	Joint venture	Advances (see Note 17)	<b>2014</b>	₱-	₱-	90-day; non-interest bearing	Unsecured	
			2013	-	(₱120,000)			
			2012	120,000	(120,000)			
		Advances (see Note 10)	<b>2014</b>	<b>42,455</b>	<b>42,455</b>	90-day; non-interest bearing	Unsecured; no impairment	
			2013	39,098	39,098			
			2012	3,150	3,150			
Advances to officers and employees		Advances (see Note 8)	<b>2014</b>	<b>31,844</b>	<b>43,454</b>	30-day; non-interest bearing	Unsecured; no impairment	
			2013	49,910	20,127			
			2012	65,775	12,448			
FPHC	Parent	Charges for construction of 8 Rockwell (see Note 17)	<b>2014</b>	<b>18,155</b>	<b>(18,155)</b>	On demand; non-interest bearing	Unsecured	
			2013	18,155	(18,155)			
			2012	-	-			
Meralco	Parent company until May 2012; JV Partner	Utilities	<b>2014</b>	-	-	30-day; non-interest bearing	Unsecured	
			2013	-	-			
			2012	86,781	(18,733)			

**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?**

Purchases from related parties are made at normal market prices. Outstanding balances at year-end are unsecured, interest-free, settlement occurs in cash and collectible/payable on demand. There have been no guarantees provided for or received for any related party receivables or payables. For the years ended December 31, 2014, 2013 and 2012, the Company has not made any provision for doubtful accounts relating to amounts owed by related parties. This assessment is undertaken at each financial year through examination of the financial position of the related party and the market in which the related party operates.

## J. RIGHTS OF STOCKHOLDERS

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

#### (a) Quorum

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

<b>Quorum Required</b>	<p>Article I Section 5 of the By-Laws:</p> <p>At all meetings of stockholders, annual or special, in order to constitute a quorum, there shall be present either in person or by proxy the holders of record of the majority of the stock issued and outstanding and entitled to vote, and except in those cases where the Corporation Code requires the affirmative vote of a greater proportion. In the absence of a quorum, the holders of record of the majority of the shares present and entitled to vote may adjourn the meeting from time to time until a quorum shall be present, and no notice of such adjourned meeting shall be required.</p>
------------------------	---

**(b) System Used to Approve Corporate Acts**

**Explain the system used to approve corporate acts.**

<b>System Used</b>	<p><b>Voting Procedures (from SEC Form 20-IS)</b></p> <p>A quorum for any meeting of stockholders shall consist of the majority of the outstanding capital stock of the Corporation, and a majority of such quorum shall decide any question in the meeting except those matters which the Corporation Code requires a greater proportion of affirmative vote.</p> <p>At each meeting of the stockholders, every stockholder entitled to vote on a particular question or matter involved shall be entitled to vote for each share of stock standing in his name in the books of the Company at the time of the closing of the stock and transfer books for such meeting.</p> <p>Regarding the election of members of the Board of Directors, nominees who receive the highest number of votes shall be declared elected pursuant to Section 24 of the Corporation Code of the Philippines. Likewise, the nominee – for the Company’s external auditor – who receives the highest number of votes shall be declared elected.</p> <p>The manner of voting is non-cumulative, except as to the election of directors and each stockholder shall have one vote for each share entitled to vote and registered in his name. Unless a motion is duly made and seconded, voting shall be made viva voce and counted manually by the Corporate Secretary. Voting shall be done by balloting upon motion duly made and seconded and the transfer agent shall count and canvass the ballots.</p> <p>In accordance with Section 23 of the Corporation Code, at each election of directors, every stockholder entitled to vote at such election have the right to vote, in person or by proxy, the number of shares owned by him as of the relevant record date for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate the number of votes equal to the number of directors to be elected multiplied by the number of his shares shall be equal or by distributing such votes on the same principle among any number of candidates as the stockholder shall see fit.</p> <p>In the election of directors, the top eleven (11) nominees with the most number of votes will be elected as directors. If the number of nominees does not exceed the number of directors to be elected all the shares present or represented at the meeting will be cast in favor of the nominees.</p> <p>Unless a motion is duly made and seconded, voting shall be made viva voce and counted manually by the Corporate Secretary. Voting shall be done by balloting upon motion duly made and seconded and the transfer agent shall count and canvass the ballots.</p>
--------------------	--

	Other than the nominees' election as directors, no director, executive officer, nominee or associate of the nominees has any substantial interest, direct or indirect by security holdings or otherwise in any way of the matters to be taken upon during the meeting.
<b>Description</b>	Same as explanation above.

**(c) Stockholders' Rights**

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

<b>Stockholders' Rights under The Corporation Code</b>	<b>Stockholders' Rights <u>not</u> in The Corporation Code</b>
The shareholders have the right to receive timely and transparent information about the Corporation.	To encourage attendance and participation, we provide free parking, meals and tokens during Annual and Special Stockholders' Meetings.
The Board recognizes and shall respect the rights of the stockholders under the law, the articles of incorporation and the by-laws, specifically the stockholders' right to vote, pre-emptive rights, power of inspection, right to dividend and appraisal rights.	
Stockholders' meetings shall be conducted fairly and in a transparent manner and the stockholders 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 and any doubts about the validity of a proxy should be resolved in the stockholders' favor.	
The Board shall promote the rights of stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for the breach of their rights.	
The Board shall take appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether by 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 and approval.	
The Board shall give minority stockholders the right to propose the items for discussion that relate directly to the business of the corporation.	

## Dividends

Declaration Date	Record Date	Payment Date
July 3, 2014	July 18, 2014	August 11, 2014

### (d) Stockholders' Participation

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

The amended By-Laws and Corporate Governance Manual can be downloaded from <http://www.e-rockwell.com/investor-relation/corporate-governance> and <http://www.e-rockwell.com/policies-and-manuals>.

2. **State the company policy of asking shareholders to actively participate in corporate decisions regarding:**
  - a. Amendments to the company's constitution
  - b. Authorization of additional shares
  - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

Shareholders are notified for annual meetings or special meetings. Based on our by-laws, notice of time and place are served either personally or by mail for stockholders of record of the Corporation that are entitled to vote at such meeting. Notice should be given not less than (10) calendar days before the schedule of the meeting. However, for (2) consecutive annual meetings since 2012, notice of the annual meeting follows the SEC's prescribed period of giving notice with at least (15) business days prior to the meeting date.

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

The Company sends out notices of the Annual Stockholders' Meeting at least (15) business days prior to the meeting date.

- a. Date of sending out notices:  
For the 2014 Annual Stockholders' Meeting (ASM held last May 28, 2014), notices were sent out on May 7, 2014.
- b. Date of the Annual/Special Stockholders' Meeting: May 28, 2014

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

Question	Answer
Mr. Philip Turner: Is it good business practice to maintain a balance of residential sales, leasing and others, where the residential sales increases each year and the leasing and others drop as a proportion percentage of the total sales? I noticed you're building two buildings for offices, that mean that offices will be leased and this would change the situation.	Mr. Nestor J. Padilla (CEO and President): Our objective is to try to maintain a nice mix of recurring income and development income and unfortunately in 2013, the development income grew faster than the recurring income. We would like to maintain a mix of 60:40. In 2013, the mix is about 32% for recurring income, but in the next 2 years we expect this to go up to 38% and back to 40% in 2016.
Mr. Philip Turner: That sounds a nice answer, Mr. Padilla. There is a 76% in trade and other receivables, what restricts the cashflows and	Ms. Ellen V. Almodiel (SVP, Finance & Accounting * & CFO): Our trade and other receivables is actually dependent on the percentage of

<p>what are the effects of these restrictions to cash flows?</p>	<p>completion so as we recognize our revenues, the receivables also increases. For last year, it substantially increased because our completion for Edades and 205 Santolan projects are almost a 100% but in terms of collection we will only start to collect them this year. Trade and other receivables in 2013, there is a substantial increase of P1.7B, and we are seeing negative cash from operation of P800M but actually for the first quarter (of 2014) it's now positive at P100M because we start to collect the receivables from the handover of the units in Edades and 205 Santolan. It is actually a timing issue in terms of recognition of revenue as well as cashflows.</p>
<p>Mr. Philip Turner: So this year should be a much better year?</p>	<p>Ms. Ellen V. Almodiel (SVP, Finance &amp; Accounting &amp; CFO): It should be, we are positive cashflow this year.</p>
<p>Ms. Cecilia Tuazon: My question pertains to Aruga, I would like to know the reason for venturing into the hotel business and what are our future plans for expansion?</p>	<p>Mr. Nestor J. Padilla (CEO and President): Over the years, when we were turning over units in Rockwell Center, we realized that right here in Rockwell there was a very strong demand for short and possibly hotel accommodations and we tried that about 3 years ago in a very simple setting in Joya and since then that experiment as you may want to call it, has given our owners a very good rental return of about 11% to 12%. So we are very confident that our first project, which will be Aruga Serviced Apartments, would do very well. But on a bigger picture we are as confident as the government in terms of the upcoming and already happening growth in tourism, both domestic and international tourism.</p>
<p>Mr. George Tan: I would like to second the gentleman's comment about the stellar performance of the company not just for last year, or this year, but for the last 3 years as a represented by your CAGR of 24%. In fact, our income had been growing consistently for the last 3 years. My question is with respect to the interest of the shareholders, as we all know that we are interested in increasing the wealth of the shareholders and we expect that with the growth of the company the value of the shares will also grow correspondingly. My question really is that is there something Management would do with respect to making sure that the value of this business reflected in the price of the share given that it's one of those trading at very low PE, if we look at the market leader Ayala Land is trading at 32x PE ratio while Rockwell is doing less than 9x despite pretty much similar performance in earnings over the last 3 years. So with respect to that I was looking at what ABS CBN did to buy back some of the shares to bring up the price to more realistic values. I don't know if that's something applicable for Rockwell Land given that if you look at your previous</p>	<p>Mr. Nestor J. Padilla (CEO and President): Thank you for the comment and question, Mr. Tan. We are with you in looking for realizing the full value of the company. As much as we would like to track the 32-33x PE of Ayala, if you notice in my report, we raise about P10B last year and the P10B that we raised is meant to make sure first of all that the company is able to complete all the projects that we have committed but more than that I think it is an opportunity for us to somehow work on making sure that the growth of Rockwell is sustained more than just the next 3 years but the next 5-7 years and your team has been studying not just Ayala but we have studied for example Megaworld, we have studied Robinsons. These 3 companies as you said, Ayala is trading at 30-32x PE, Megaworld is trading based on first quarter annualized figures, Megaworld is trading at about 18x, those with a higher a recurring income like Robinsons, like SMDC, or SM Prime now, is trading at about 22-25x. As Mr. Turner pointed out we are really working out on our recurring income because the recurring income I think will isolate us from the ups and down of the market and based on</p>

<p>transactions as well the parent company bought the shares of San Miguel and PLDT at P2.20 which is still higher than what the stock price is doing right now.</p>	<p>the first quarter earnings of this year, our stock price at P1.90 is already trading at 11x PE and the annualized figure of 2014 is not reflective of what we expect in 2014 but nevertheless the big picture is we really need to work on making sure that our recurring income will go to a nice mix. We may not be able to get to the mix of SM or Robinsons but we would like to bring that up and I think we are with you in trying to make sure that the message is appreciated by investors and hopefully at the right time the free float of the company will increase from what it is today.</p>
<p>Mr. Rommel Songco: My first question is just on, because I understand you discussed some expansion plans for the commercial leasing space, how about for retail leasing, do you have any expansion plan on that?</p>	<p>Mr. Nestor J. Padilla (CEO and President): The retail leasing at the moment is primarily driven by the Powerplant Mall but everytime we develop we open neighborhood retail around our projects. But we haven't found the right product to bring up the next Powerplant, if we are gonna say a Powerplant 2 but I think we are very much in the planning stage and looking for the right location for increasing the retail portfolio that we have.</p>
<p>Mr. Rommel Songco: Second is that, I did not get, how currently, how much is the landbank of Rockwell Land?</p>	<p>Mr. Nestor J. Padilla (CEO and President): The landbank of Rockwell is not like the landbank of Ayala which is thousands of hectares, we measure our landbank by how much gross floor area can we develop. We have enough for the next 3-4 years, just enough to sustain our net income for the next 5-6 years, so in the next few years the money that we raised is really to again increase this so called landbank or development bank so that we are able to sustain the growth of Rockwell.</p>
<p>Mr. Rommel Songco: My final question is to just clarify the revenue recognition policies of the company in terms of the equity payment of the customer and project completion.</p>	<p>Mr. Nestor J. Padilla (CEO and President): We follow like everybody else the accounting standard so you recognize income as and when there is percentage completion of project.</p>
<p>Mr. Rommel Songco: So is that 10%, 10%?</p>	<p>Mr. Nestor J. Padilla (CEO and President): No, it follows percentage completion so we may receive 10% downpayment, we may receive 20% cash of the total purchase price for as long as the project has not started we cannot recognize it as income but the moment you get going with the substructure if you get to be 5% at the end this year, then you recognize the 5% of whatever you sold.</p>
<p>Mr. Rudy Medinilla: In the construction of these tall buildings, has the matter of earthquake been considered?</p>	<p>Mr. Nestor J. Padilla (CEO and President): Definitely, we worked with the best structural engineer in the country that is Wilson Sy of Sy^2. The buildings, the high-rise buildings that we have are all designed to the strongest earthquake ever registered and I think it was in Chile which was the strongest earthquake ever registered.</p>

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

<b>Resolution and Matters for Approval</b>	<b>Approving</b>	<b>Dissenting</b>	<b>Abstaining</b>
Minutes of Previous Meeting Held on May 29, 2013	91.01%	0%	0%
Annual Report of the Chairman and President	91.01%	0%	0%
Ratification of all Acts and Resolutions of the Board of Directors and of the Executive Committee Adopted During the Preceding Year	91.01%	0%	0%
Election of Directors: Manuel M. Lopez Oscar M. Lopez Federico R. Lopez Eugenio L. Lopez III Nestor J. Padilla Francis Giles B. Puno Miguel Ernesto L. Lopez Manuel L. Lopez, Jr. Manuel N. Tordesillas Vicente R. Ayllón Ferdinand Edwin S. CoSeteng	91.01%	0%	0%
Amendment of the Third Article of the Articles of Incorporation to Reflect the Complete Address of the Principal Office of the Corporation	91.01%	0%	0%
Election of External Auditors and Fixing of their Remuneration	91.01%	0%	0%

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

Results of the Annual Stockholders Meeting were published on May 28, 2014.

**(e) Modifications**

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

Not applicable

**(f) Stockholders' Attendance**

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Manuel M. Lopez Federico R. Lopez Eugenio Lopez III Manuel L. Lopez, Jr. Oscar M. Lopez Miguel L. Lopez Nestor J. Padilla Manuel N. Tordesillas Mr. Vicente R. Ayllon Enrique I. Quiason Rodolfo R. Waga, Jr.	May 28, 2014	Voting was by viva voce	0.26%	90.74%	91.01%

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

STSI counts and validates the votes at the ASM. STSI is 100% owned by FPH.

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

Rockwell's common shares have voting rights (one vote for one share).

**(g) Proxy Voting Policies**

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

From Article I Section 7 of the By-Laws:

	Company's Policies
Execution and acceptance of proxies	Voting at any annual or special meeting of the stockholders may be made by proxy and shall be in writing, provided that no proxies shall be voted at any meeting unless such proxies shall have been placed on file with the Secretary of the Corporation for verification, at least ten (10) calendar days prior to the date on which shall meeting shall convene. Any proxy, duly executed and filed, shall continue in full force until a written revocation of the proxy or a duly executed proxy covering the same shares and bearing a later date is filed. Any proxy may by its terms be limited for use at a single specified meeting of the stockholders.
Notary	Stockholders may submit their proxies in lieu of personal attendance at the stockholders' meetings. If the proxy is being signed by an authorized signatory, please attach a duly notarized power of attorney (in case of individual stockholder) or a certified board resolution (in case of corporate stockholders) as proof of authorization to execute the proxy.  For shares held for the benefit of another person (i.e. brokers/dealers), a certification under oath that the written consent of the beneficial owner/s of the shares covered by the proxy has/have been secured must be attached to the proxy.  Proxies executed abroad must be duly authenticated by the Philippine

	Embassy or Consular Office.
Submission of Proxy	Before each meeting of the stockholders, all proxies filed before the meeting shall be submitted to and examined by the Secretary.
Several Proxies	The company accepts this.
Validity of Proxy	Proxies may be effective for a maximum period of five (5) years.
Proxies executed abroad	Proxies executed abroad must be duly authenticated by the Philippine Embassy or Consular Office.
Invalidated Proxy	Any proxy is automatically suspended or revoked, as the case may be, when the person executing the proxy is present at a stockholders' meeting and elects to vote.
Validation of Proxy	In the validation of proxies, a special committee of inspectors may be designated or appointed by the Board of Directors which shall be empowered to pass on the validity of proxies of the Corporation, and no shares may be represented or voted under a proxy that is found to be invalid or irregular. Each proxy filed with the Secretary prior to a meeting shall be examined by him as promptly as possible after filing.
Violation of Proxy	When there is a violation of proxy requirements, said proxy form is set aside and the votes are not counted.

**(h) Sending of Notices**

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

<b>Policies</b>	<b>Procedure</b>
<p>Section 2 of Article I of the By-Laws states:</p> <p>Notice of the time and place of holding such Annual Meeting shall be served either personally or by mail upon each stockholders of record of the Corporation entitled to vote at such meeting not less than ten (10) calendar 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 postal address as it appears on the books of the corporation. The Board of Directors shall fix the record date for the determination of stockholders entitled to notice and participate in the scheduled annual stockholders' meeting.</p>	<p>Annual Stockholders' Meeting was held last May 28, 2014 and notices were sent out on May 7, 2014, following the prescribed period of 15 days prior to meeting date for notice and definitive information statement.</p> <p>The By-laws provide for 10 calendar days before the meeting date.</p>
<p>Section 4 of Article I of the By-Laws states:</p> <p>Notice of each such special meeting, unless otherwise provided by law, may be given as herein provided for giving notice of the Annual Meeting. The Board of Directors shall fix the record date for such special stockholders meeting.</p>	<p>No special meeting was called in 2014.</p>

(i) **Definitive Information Statements and Management Report**

2014 ASM (May 28, 2014)

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	There are 48,908 shareholders as of April 14, 2014, the record date fixed for the ASM.
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	May 7, 2014
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	May 7, 2014
<b>State whether CD format or hard copies were distributed</b>	CD Format of Definitive Information Statement were distributed to shareholders
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	Hard copies are available. However, no requests were received.

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

Each resolution to be taken up deals with only one item.	Yes, except for the new By-Laws
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Not applicable
Documents required for proxy vote.	Yes

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

**2) Treatment of Minority Stockholders**

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

Section 15 of the Manual for Corporate Governance:

The Board shall give minority stockholders the right to propose the items for discussion that relate directly to the business of the corporation.

<b>Policies</b>	<b>Implementation</b>
No specific policy except for Section 15 of the Manual on Corporate Governance, which states:  The Board shall give minority stockholders the right to propose the items for discussion that relate directly to the business of the corporation.	

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

Yes.

**K. INVESTORS RELATIONS PROGRAM**

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

The President, Corporate Secretary or Assistant Corporate Secretary and Chief Finance Officer reviews and approves major company announcements.

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 investor requirements, needs and changing expectations.

The company takes the effort to meet its institutional investors and/or communicates person-to-person with shareholders through STSI.

Internal Communications are done through:

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

While external communications are through:

1. One-on-One Meetings
2. Investors Conferences
3. Non-Deal Roadshows
4. Annual Stockholders' Meeting
5. Disclosures
6. Press Releases

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

	Details
(1) Objectives	To provide fair, timely, accurate and reliable financial and related information to stakeholders
(2) Principles	The Company has an Investor Relations Officer that coordinates with various teams for different stakeholders.
(3) Modes of Communications	Disclosure, Investor Conference, One-on-One Meeting, Letter, E-mail, Telephone, Fax, Website, Brochure, Annual and Quarterly Reports, Annual Stockholders' Meetings
(4) Investors Relations Officer	Investor Relations are handled by the following cross functional teams: <ol style="list-style-type: none"><li>1. Corporate Communications for Media</li><li>2. Finance for Institutional Investors</li></ol>

	3. Legal and Stock Transfer Office for individual investors
--	---

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

The Company seeks approval from its BOD, the two of which are independent directors. Whenever necessary, the Company appoints a third party for valuations.

In instances where the law requires shareholder action, the same is presented to the shareholders for their approval during an annual or special meeting.

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

**L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

Initiative	Beneficiary
renewal of sponsorship to 4 students	Bantay Bata 163
Educational Assistance SY2014-2015	Sts. Peter & Paul Parish
Educational Assistance	Phil-Asia Assistance
Science classroom make-over	Hands On Manila
Bayan Ni Juan exhibit at the PowerPlant Mall	ABS-CBN Foundation

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

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

	Process	Criteria
<b>Board of Directors</b>	A Governance Self-Assessment Form is given to the Board annually. This is intended to assess the performance of the Board as a whole, the Chairman, the individual members of the Board, Board meetings, Board committees and Board matters. The directors are advised to go over each guide question carefully and assign a number from 1 - 10 [the lowest (1) meaning strongly disagree and the highest (10) meaning strongly agree] which reflects their personal view of the degree of the company's compliance to certain corporate governance mechanisms. The results are then tallied and presented to the Board for evaluation and appropriate action.	
<b>Board Committees</b>		
<b>Individual Directors</b>		
<b>CEO/President</b>		

**N. INTERNAL BREACHES AND SANCTIONS**

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

Section 18 of the Manual for the Corporate Governance

To strictly observe and implement the provisions of this Manual, the Board may take appropriate actions, after notice and hearing, on the individual directors, officers, and employees, such as censure, suspension or removal from office depending on the gravity of the offense as well as the frequency of [the violation.

The commission of a serious violation of a material provision of this Manual by any member of the Board of the Corporation shall be sufficient cause for removal from directorship.

Violations	Sanctions
<b>Penalties for Non-compliance with the Manual</b>	
<p>To strictly observe and implement the provisions of this Manual, the Board may take appropriate actions, after notice and hearing, on the individual directors, officers and employees, such as censure, suspension or removal from office depending on the gravity of the offense as well as the frequency of the violation.</p> <p>The Commission of a serious violation of a material provision of this Manual by any member of the Board of the Corporation shall be sufficient cause for removal from directorship.</p>	
<b>Code of Discipline: Attendance, Tardiness and Absence</b>	
Tardiness – An employee shall be considered to have committed one (1) offense if he/she has been tardy for more than five (5) times in one (1) month. However, consideration will be given for tardiness due to unavoidable circumstances such as inclement weather conditions, mass transportation strikes, floods, earthquakes and the like.	First Offense – Written warning Second Offense – Three (3) working days suspension Third Offense – Seven (7) working days suspension Fourth Offense - Dismissal
Unauthorized absence	First Offense – Written warning Second Offense – Three (3) working days suspension Third Offense – Dismissal
Abandonment of work – absence from work for three (3) consecutive working days without notification to the office.	First Offense – Three (3) working days suspension Second Offense – Dismissal
<b>Code of Discipline: Negligence of Duty</b>	
1. Neglecting or failure to obey or comply with a Company order, policy, procedure, requirement, practice or to perform an assigned work.	First Offense – Written warning Second Offense – Three (3) working days suspension Third Offense – Six (6) working days suspension Fourth Offense - Dismissal
2. Failure to render overtime work without justified reason after having been mandated and authorized to work overtime.	First Offense – Written warning Second Offense – Three (3) working days suspension Third Offense – Six (6) working days suspension
3. Failure to register time in reporting for or departing from work five (5) times in a month.	First Offense – Written warning Second Offense – Three (3) working days suspension Third Offense – Six (6) working days suspension Fourth Offense - Dismissal
4. Negligence – disregard of standard company policies and procedures or failure to exercise care and diligence expected under given circumstances.	First Offense – Written warning Second Offense – Three (3) working days suspension Third Offense – Six (6) working days suspension
5. Gross negligence – gross and/or blatant disregard to perform required care and diligence amounting to wanton disregard of established rules and regulations.	First Offense – Dismissal
<b>Code of Discipline: Work Performance and Attitude Towards Work</b>	
1. Abandonment of post or leaving work station of the Company premises during work hours without permission from the immediate supervisor and proper endorsement to a reliever as required by the nature of the job.	First Offense – Written warning Second Offense – Three (3) working days suspension Third Offense – Dismissal
2. Loitering, loafing, or wasting time at any place within or outside the office premises during working hours.	First Offense – Written warning Second Offense – Three (3) working days suspension Third Offense – Six (6) working days suspension Fourth Offense - Dismissal
3. Frequently receiving outside visitors during working hours for personal business or making or receiving frequent outside personal telephone calls.	First Offense – Written warning Second Offense – Three (3) working days suspension Third Offense – Six (6) working days suspension Fourth Offense - Dismissal

4. Sleeping on Company time.	First Offense – Written warning Second Offense – Three (3) working days suspension Third Offense – Six (6) working days suspension Fourth Offense - Dismissal
5. Vending, soliciting, or collecting contribution for any purpose during office hours in Company premises.	First Offense – Three (3) working days suspension Second Offense – Six (6) working days suspension Third Offense – Dismissal
6. Doing unauthorized or unofficial work during official work hours.	First Offense – Three (3) working days suspension Second Offense – Six (6) working days suspension Third Offense – Dismissal
7. Malingering or pretending to be ill to escape work; making or giving false excuse(s) for leave of absence due to illness.	First Offense – Three (3) working days suspension Second Offense – Six (6) working days suspension Third Offense – Dismissal
8. Moonlighting or engaging in any activity prejudicial to the interest of the Company.	First Offense – Three (3) working days suspension Second Offense – Six (6) working days suspension Third Offense – Dismissal
9. Refusing without justifiable reason, to accept work or change of work shift/area assigned by a superior.	First Offense – Three (3) working days suspension Second Offense – Six (6) working days suspension Third Offense – Dismissal
10. Deliberately slowing down, holding back, hindering or limiting the services or intimidating, coercing or inducing another team member to do so.	First Offense – Three (3) working days suspension Second Offense – Six (6) working days suspension Third Offense – Dismissal
11. Inciting or participating in unauthorized concerted work stoppage, mass leave, or other similar disruptive activities.	First Offense – Dismissal
<b>Code of Discipline: Conduct, Behavior, Public Moral</b>	
1. Grossly indecent or immoral conduct within company premises, including but not limited to having illicit affairs with colleagues, having sex in company premises, exhibitionism, sharing of pornographic material, visiting pornographic sites in the web within company premises, downloading graphic materials with sexual content.	First Offense - Dismissal
2. Use of obscene, abusive language, and/or spreading malicious gossip or rumor while in the premises of the Company or at Company authorized functions.	First Offense – Three (3) working days suspension Second Offense – Dismissal
3. Making false, vicious, or malicious statement concerning any employee, official, or the Company itself.	First Offense – Three (3) to six (6) working days suspension, depending upon the gravity of the offense Second Offense – Dismissal
4. Showing disrespect or unruly conduct toward or in the presence of Company visitors, customers, suppliers and other parties as to cause bad image to the Company.	First Offense – Three (3) to six (6) working days suspension, depending upon the gravity of the offense Second Offense – Dismissal
5. Taking prohibited drugs within the Company premises or reporting for work under the influence of drugs.	First Offense - Dismissal
6. Drinking alcoholic beverage within the work place during office hours or reporting for work under the influence of liquor or alcohol.	First Offense – Three (3) working days suspension Second Offense – Seven (7) working days suspension Third Offense – Dismissal
7. Fighting, provoking, or instigating a fight, inflicting, or attempting to inflict harm on anyone at any time within Company premises.	First Offense – Three (3) working days suspension Second Offense – Seven (7) working days suspension Third Offense – Dismissal
8. Threatening, intimidating, coercing, or harassing fellow employees.	First Offense – Three (3) working days suspension Second Offense – Seven (7) working days suspension Third Offense – Dismissal
9. Sabotage of Company materials and/or equipment.	First Offense – Dismissal

10. Disorderly conduct or horseplay which might result in injury to persons or destruction of the property of the Company or of others.	First Offense – Three (3) working days suspension Second Offense – Six (6) working days suspension Third Offense – Dismissal
11. Taking part in booking, lottery, or gambling in any form within the Company premises.	First Offense – Three (3) working days suspension Second Offense – Seven (7) working days suspension Third Offense – Dismissal
12. Unauthorized selling lending money with interest, peddling or conduct of personal business which takes up time and compromise productivity.	First Offense – Six (6) working days suspension Third Offense – Dismissal
13. Lending or borrowing money at exorbitant interest within the office premises.	First Offense - Dismissal
14. Possessing, participating or assisting in the distribution of illegal items such as narcotics, contraband, pornographic materials, deadly weapons, etc. within or outside of company premises.	First Offense - Dismissal
15. Using Company or its properties as part of illegal activities or making use of the Company's name for personal gain or profit, or entering into transactions which are grossly disadvantageous to the Company, misrepresenting himself as duly authorized.	First Offense - Dismissal
16. Commission of a crime involving moral turpitude such as seduction, rape, abduction acts of lasciviousness or engaging in any immoral/unethical acts or conduct in violation of common decency and morality.	First Offense - Dismissal
17. Commission of any act, which although not covered by the Code of Discipline but is punishable under the Revised Penal Code of the Philippines.	First Offense - Dismissal
18. Committing of at least three offenses in a rolling twelve (12) month period.	First Offense - Dismissal
19. Engaging in the same business activities which are of the same nature with the operations or business of Rockwell Land Corporation.	First Offense - Dismissal
20. Competing with or acting against the business of the Company established goodwill, or any act of disloyalty.	First Offense - Dismissal
21. Misappropriation, conversion, embezzlement or malversation of funds, assets, or property belonging to the company or co-employee.	First Offense - Dismissal
22. Engaging in business activities which, although different from the operations or business of Rockwell Land Corporation, prevent the employee from accomplishing his/her duties and responsibilities and/or reduce his/her productivity.	First Offense – Written warning Second Offense – Six (6) working days suspension Third Offense – Dismissal
23. Failure to disclose business ventures and endeavors to Rockwell Land Corporation.	First Offense – Dismissal
24. Stealing or attempting to steal private or Company property.	First Offense – Dismissal
25. Conniving or participating in any manner in the act of pilferage, theft or robbery of the Company property or others. Unauthorized possession of Company keys.	First Offense – Dismissal
26. Falsifying personal or any other Company records, either when applying for employment or during employment.	First Offense – Dismissal
27. Failure to report within seventy-two (72) hours from receipt of one's payslip in any case of overpayment of salary, commission, allowance, or any	First Offense – Three (3) working days suspension Second Offense – Six (6) working days suspension Third Offense – Dismissal

other form remuneration or reimbursement.	
28. On part of a superior, deliberately condoning, tolerating or participating in an offense committed by a subordinate.	First Offense – Dismissal
29. Coercing or inducing others to violate provisions of this Code of Discipline.	First Offense – Six (6) working days suspension Second Offense – Dismissal
30. Any form of fraud or acts of dishonesty.	First Offense - Dismissal
31. Commission of a crime or offense including serious threats against the person of guest(s), employer, immediate superior or other team members or any member of their family or their authorized representative while on duty or within the premises of the Company.	First Offense – Six (6) working days suspension Second Offense – Dismissal
32. Solicitation or collection of contributions, money or material objects for any purpose from employees, guests, suppliers, not sanctioned by the company.	First Offense - Dismissal
33. Accepting or offering anything of value in exchange for promotion or employment for any reason(s) directly or indirectly connected with employment.	First Offense – Six (6) working days suspension Second Offense – Dismissal
34. Extortion or any form of oppressive exaction of money or anything of value from guests or other team members.	First Offense – Dismissal
35. Forging the signature of any management official, guest(s) or other team members.	First Offense – Dismissal
36. Receiving two (2) successive “poor rating” in the Performance management system within a 12-month period, while holding the same or equivalent position and that the employee has grossly and habitually neglected the performance of his duties.	First Offense - Dismissal
37. Committing any act of sexual harassment.	First Offense - Dismissal
<b>Code of Discipline: Health and Safety</b>	
1. Refusal to submit to medical examination or violating any health and safety precautionary rules and practices of the Company.	First Offense – Three (3) working days suspension Second Offense – Six (6) working days suspension Third Offense – Dismissal
2. Commission of any act, which may endanger the life or safety of other team member and guests within the premises of the Company.	First Offense – Dismissal
3. Failure to wear safety equipment prescribed by the Company i.e. safety shoes, gloves, etc.	First Offense – Written Warning Second Offense – Six (6) working days suspension Third Offense – Dismissal
4. Bringing unauthorized firearms, explosives, and deadly weapons, within the premises of the Company.	First Offense – Dismissal
5. Deliberately withholding information that could be detrimental to the safety and security of the Company premises, guests and team members.	First Offense – Dismissal
6. Willful violation or disregard of safety rules in the Company.	First Offense - Dismissal
<b>Code of Discipline: Property and Security</b>	
1. Utter disregard of or refusal to submit to any authorized inspection and body search by the security personnel.	First Offense – Written Warning Second Offense – Six (6) working days suspension Third Offense – Dismissal
2. Neglecting or carelessness resulting to loss, wastage or spoilage of Company property regardless of amount.	First Offense – Written Warning Second Offense – Six (6) working days suspension Third Offense – Dismissal
3. Bringing into or removing from the office premises any package or item for any reason without a	First Offense - Dismissal

“Property/Gate Pass” duly approved by an authorized company representative. The Company has the right to inspect any package carried by a team member into or out of the Company premises.	
4. Disclosure of confidential information.	First Offense – Dismissal
5. Abusive use of materials and supplies belonging to the Company.	First Offense – Written Warning Second Offense – Six (6) working days suspension Third Offense – Dismissal
6. Operating, using, meddling with or impeding the proper use of machines, tools, equipment, computers, vehicles, facilities or premises to which the employee had not been assigned to or is not allowed/authorized to use.	First Offense – Written Warning Second Offense – Six (6) working days suspension Third Offense – Dismissal
7. Making false statements about the Company or any of its subsidiaries, products/services.	First Offense – Written Warning Second Offense – Six (6) working days suspension Third Offense – Dismissal
8. Unauthorized use of computer passwords or use of computer passwords of other employees.	First Offense – Written Warning Second Offense – Six (6) working days suspension Third Offense – Dismissal
9. Unauthorized withdrawal of the Company’s funds, supplies, materials and other properties.	First Offense - Dismissal
10. Unauthorized disclosure of confidential information, trade secrets related to the Company’s affairs or unauthorized reproduction of Company records, documents, etc. known by employee(s) but unknown to outsiders which may benefit any competitor or any other party to the prejudice of the Company.	First Offense – Dismissal
11. Failure to disclose business ventures and endeavors to Rockwell Land Corporation.	First Offense - Dismissal

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of MAKATI CITY on MAR 13 2015, 20  .

**SIGNATURES**

MANUEL M. LOPEZ  
 \_\_\_\_\_  
 Chairman of the Board

  
 \_\_\_\_\_  
 NESTOR J. PADILLA  
 Chief Executive Officer

  
 \_\_\_\_\_  
 MANUEL N. TORDESILLAS  
 Independent Director

  
 \_\_\_\_\_  
 VICENTE R. AYLLON  
 Independent Director

  
 \_\_\_\_\_  
 ENRIQUE I. QUIASON  
 Compliance Officer

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of MAR 13 2015, 20  , affiant(s) exhibiting to me their \_\_\_\_\_, as follows:

NAME/RES. CERT.NO./PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Manuel M. Lopez / DE0003367	June 10, 2013	PE Tokyo
Nestor J. Padilla / EB7323729	February 7, 2013	DFA, Manila
Manuel N. Tordesillas / EC0303518	February 14, 2014	DFA, Manila
Vicente R. Ayllon / EB6270950	September 6, 2012	DFA, Manila
Enrique I. Quiason / EC1299905	June 3, 2014	DFA, NCR Central

  
 NOTARY PUBLIC

**MA. VICTORIA O. POLLISCO**  
 Notary Public  
 For and in Makati Until Dec. 31, 2016  
 Roll of Attorneys No. 36149  
 PTR No. 4760152/01-09-15/Makati  
 IBP No. 974962/01-06-15/La Union  
 MCLE Compliance No. IV- 0007598

Doc No. 45  
 Page No. 10  
 Book No. XXX  
 Series of 2015



 <b>ROCKWELL LAND</b>	<b>AUDIT COMMITTEE CHARTER</b>		<i>Version No. 2</i>
	<i>Document Code:</i> <b>ACC-001</b>	<i>Initial Issue Date:</i> <b>October 1, 2012</b>	<i>Revision Date</i> <b>March 5, 2015</b>
			<i>  Page   1 of 7</i>

## I. PURPOSE

To assist the Board of Directors in fulfilling its oversight responsibilities for the management and financial reporting process, the system of internal control, the maintenance of an effective audit process, and the process for monitoring compliance with the code of conduct.

## II. AUTHORITY

The audit committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. In the performance of its functions, the Committee is empowered to:

1. Recommend to the Board appointment, compensation, and oversee the work of any registered public accounting firm employed by the organization (i.e. external auditors);
2. Resolve any disagreements between management and the auditor regarding financial reporting;
3. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. The function shall include regular receipt from management of information on risk exposures and risk management activities;
4. Pre-approve all auditing and non-audit services;
5. Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation;
6. Seek any information it requires from employees – all of whom are directed to cooperate with the committee's requests – or external parties;
7. Meet with company officers, external auditors, or outside counsel as necessary; and
8. Receive, review, and discuss reports or updates by internal and external counsels and regulatory agencies, when applicable, and ensure that management is taking appropriate actions to address regulatory issues as well as on of litigations, claims, and contingencies, if any.

 <b>ROCKWELL LAND</b>	<b>AUDIT COMMITTEE CHARTER</b>		<i>Version No. 2</i>
			<i>Revision Date March 5, 2015</i>
	<i>Document Code: ACC-001</i>	<i>Initial Issue Date: October 1, 2012</i>	<i>  Page   2 of 7</i>

### III. COMPOSITION

1. The Committee shall be composed of at least three (3) members of the Board, with accounting, audit, finance or legal background. Each member must have an adequate understanding of the company's financial management systems and environment.
2. At least one (1) member must have an understanding of generally-accepted accounting principles; experience in analyzing or evaluating financial statements; experience with internal controls; and understanding of audit committee functions.
3. The Audit Committee members shall keep itself abreast about changes in generally-accepted accounting principles, corporate governance, internal controls and other topics that is relevant in carrying out its functions. It shall also comply with any training and education requirement that may be mandated by regulatory authorities.
4. The Chairman of the Board shall designate the chairman of the Audit Committee. The chairman of the Audit Committee shall be an independent director.
5. The Board, through the committee, shall ensure that a succession plan is in place and that such plan is regularly reviewed and updated.

### IV. MEETINGS

1. To provide a systematic guide for the discharge of its responsibilities, the Committee will agree on an annual calendar/schedule of activities that shall determine the agenda for each meeting subject to adjustments and/or revisions as needed. The Internal Audit Head will ensure that the schedule is carried as planned.
2. The committee will meet at least, quarterly and may convene additional meetings, as circumstances require. Meetings may be attended in person or via tele- or video conference. Meetings will be minuted.
3. The Committee members are requested to attend every meeting. The Committee shall invite to the meetings members of management, selected representatives from internal and external auditors and/or other functional groups of the company as necessary.
4. Meeting agenda shall be prepared and provided in advance to members, along with appropriate briefing materials.

 <b>ROCKWELL LAND</b>	<b>AUDIT COMMITTEE CHARTER</b>		<i>Version No. 2</i>
			<i>Revision Date March 5, 2015</i>
	<i>Document Code: ACC-001</i>	<i>Initial Issue Date: October 1, 2012</i>	<i>  Page   3 of 7</i>

## V. RESPONSIBILITIES

The committee will have the following responsibilities:

### V.1. *Financial Statements*

The review of the financial statements of the company shall be done by the Audit Committee in the following context:

- a) Management has the primary responsibility for the financial statements and the financial reporting process; and
- b) The External Auditors is responsible for expressing an opinion on the conformity of the company's consolidated financial statements with the Philippine Financial Reporting Standards

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

1. Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements;
2. Review with management and external auditors (annual financial statements) the results of audit, including any difficulties encountered;
3. Review the annual financial statements and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles;
4. Review interim financial reports with management before filing with regulators, and consider whether they are complete and consistent with the information known to committee members;
5. Review of disclosures of material information, related party transactions, and subsequent events;
6. Review and approval of management representation letter before submission to external auditor.; and

 <b>ROCKWELL LAND</b>	<b>AUDIT COMMITTEE CHARTER</b>		<i>Version No. 2</i>
	<i>Document Code:</i> <b>ACC-001</b>	<i>Initial Issue Date:</i> <b>October 1, 2012</b>	<i>Revision Date</i> <b>March 5, 2015</b>
			<i>  Page   4 of 7</i>

7. Recommend to the Board of Directors the approval of the Audited Financial Statements

### ***V.2. External Audit***

1. Review the external auditor's proposed audit scope and approach, including coordination of audit efforts with internal audit;
2. Review the performance of external auditor and recommend to the Board the appointment or discharge of the auditors;
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;
4. Ensure that auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions without inferring scope limitation;
5. Regularly meet with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately;
6. Review and approve audit related and permitted non-audit services to be rendered by the external auditors.
7. 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.

### ***V.3. Internal Control System***

1. Consider the effectiveness of the company's internal control system, including information technology security and control;
2. Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management responses;

 <b>ROCKWELL LAND</b>	<b>AUDIT COMMITTEE CHARTER</b>		<i>Version No. 2</i>
	<i>Document Code:</i> <b>ACC-001</b>	<i>Initial Issue Date:</i> <b>October 1, 2012</b>	<i>Revision Date</i> <b>March 5, 2015</b>
			<i>  Page   5 of 7</i>

3. Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security; and
4. Review frameworks for fraud prevention and detection including whistle blower program, if any.

#### ***V.4. Risk Management***

As part of the Committee's oversight function over Management's activities in managing the company risks, it shall;

1. Review and understand the identified risks of the company and ensure that internal audit resources and audit plan are reasonably allocated to the areas of highest risks;
2. Review and evaluate the sufficiency and effectiveness of risk management process and policies;
3. Provide assistance in the preparation and implementation of Business Continuity Plan;
4. Promote risk awareness across the company.

#### ***V.5. Internal Audit***

1. The Committee shall ensure the existence of a working internal audit group, which shall be headed by a competent Internal Audit Head, to identify audit issues, propose resolutions to these issues, and provide reasonable assurance that key organizational and procedural controls as promulgated by Management are effective, appropriate, and enforced;
2. The Committee shall establish a direct reporting line of the internal audit to the Committee to prevent impediments in the conduct of internal audit activities and the conveyance/presentation of audit findings. The internal audit shall functionally report directly to the Audit Committee;
3. Review and approve the annual audit plan, activities, staffing and organizational structure of the internal audit function and any revisions thereto. The annual internal

 <b>ROCKWELL LAND</b>	<b>AUDIT COMMITTEE CHARTER</b>		<i>Version No. 2</i>
	<i>Document Code:</i> <b>ACC-001</b>	<i>Initial Issue Date:</i> <b>October 1, 2012</b>	<i>Revision Date</i> <b>March 5, 2015</b>
			<i>  Page   6 of 7</i>

audit plan must conform to the objectives of the corporation and shall include the audit scope, resources and budget necessary to implement it;

4. Ensure that there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Internal Audit Head;
5. Review the effectiveness of internal audit function, including compliance with the International Standards for the Professional Practice of Internal Auditing;
6. On a regular basis, meet separately with the Internal Audit Head to discuss any matters that the committee or internal audit believes should be discussed privately; and
7. The Committee shall periodically review the Internal Audit Charter at least annually and approve any revisions thereto as applicable to ensure alignment to the International Standards for the Professional Practice of Internal Auditing.

#### ***V.6. Reporting responsibilities***

1. Regularly report to the board of directors about committee activities, issues, and related recommendations.
2. Report annually to the shareholders, describing the committee's composition responsibilities, and how they were discharged, and any other information required by rule, including approval of non-audit services.
3. Review any reports (e.g. to SEC and PSE) the company issues that relate to committee responsibilities. Coordinate, monitor and facilitate compliance with laws, rules and regulations.

#### ***V.7. Other Responsibilities***

1. Perform other activities related to this charter as requested by the Board of Directors;
2. Institute and oversee special investigations as needed;

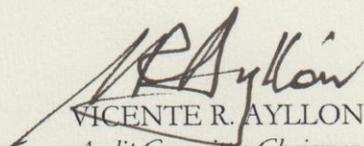
 <b>ROCKWELL LAND</b>	<b>AUDIT COMMITTEE CHARTER</b>		<i>Version No. 2</i>
	<i>Document Code:</i> <b>ACC-001</b>	<i>Initial Issue Date:</i> <b>October 1, 2012</b>	<i>Revision Date</i> <b>March 5, 2015</b>
			<i>  Page   7 of 7</i>

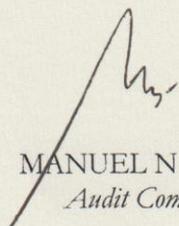
3. Review and assess the adequacy of committee charter at least annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation;
4. Conduct an assessment on the performance of the Audit Committee on an annual basis or in such shorter intervals as may be set by the Board of Directors and in compliance with the relevant regulatory requirements; and
5. Confirm annually that all responsibilities outlined in this charter have been carried out.

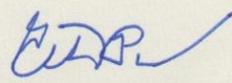
**V.8. Review and Amendments**

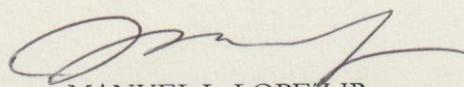
The Committee shall periodically revisit and/or review this Charter at least annually, specifically for the purpose of adapting changes hereto in accordance with the Rockwell Land Corporation's Manual on Corporate Governance and in keeping with new standards and emerging trends.

Endorsed for Approval:

  
**VICENTE R. AYLLON**  
*Audit Committee Chairman*

  
**MANUEL N. TORDESILLAS**  
*Audit Committee Member*

  
**FRANCIS GILES B. PUNO**  
*Audit Committee Member*

  
**MANUEL L. LOPEZ JR.**  
*Audit Committee Member*

Approved by:

  
**MANUEL M. LOPEZ**  
*Chairman of the Board*

Date Approved: