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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) ¹ | Elected when (Annual /Special Meeting) | No. of years served as director |
|-----------------------------|---|------------------------------------|---|--------------------|--|--|---------------------------------|
| Manuel M. Lopez | NED | n/a | First Phil. Holdings Corp. | 1995 | May 29, 2013 | Annual Meeting | 18 |
| Oscar M. Lopez | NED | n/a | First Phil. Holdings Corp. | 1995 | May 29, 2013 | Annual Meeting | 18 |
| Federico R. Lopez | NED | n/a | First Phil. Holdings Corp. | 2012 | May 29, 2013 | Annual Meeting | 1.4 |
| Eugenio L. Lopez III | NED | n/a | First Phil. Holdings Corp. | 1995 | May 29, 2013 | Annual Meeting | 18 |
| Nestor J. Padilla | ED | n/a | First Phil. Holdings Corp. | 1997 | May 29, 2013 | Annual Meeting | 16 |
| Francis Giles B. Puno | NED | n/a | First Phil. Holdings Corp. | 2013 | May 29, 2013 | Annual Meeting | 1.7 |
| Ferdinand Erwin S. CoSeteng | NED | n/a | First Phil. Holdings Corp. | 2013 | May 29, 2013 | Annual Meeting | 1.7 |
| Miguel Ernesto L. Lopez | ED | n/a | First Phil. Holdings Corp. | 2009 | May 29, 2013 | Annual Meeting | 5 |
| Manuel L. Lopez, Jr. | NED | n/a | First Phil. Holdings Corp. | 2011 | May 29, 2013 | Annual Meeting | 3 |
| Manuel N. Tordesillas | ID | n/a | Ms. Victoria A. Martinez | 2012 | May 29, 2013 (1.7 years) | Annual Meeting | 1.7 |
| Vicente R. Ayllón | ID | n/a | Ms. Victoria A. Martinez | 2012 | May 29, 2013 (1.7 years) | Annual Meeting | 1.7 |

(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.

¹ Reckoned from the election immediately following January 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 29, 2013.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

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

| Director's Name | Corporate Name of the Group Company | Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman. |
|------------------------|--|--|
| Manuel M. Lopez | First Philippine Holdings Corp. Lopez Holdings Corp. Indra Philippines, Inc. Rockwell Leisure Club Lopez Inc. ABS-CBN Corporation ABS-CBN Holdings Corp. Manila Electric Company Sky Cable Corporation Lopez Group Foundation, Inc. | (NED) Chairman (ED) Chairman (NED) Chairman (NED) (NED) (NED) (NED) (NED) (NED) (NED) |
| Oscar M. Lopez | First Philippine Holdings Corporation Lopez Holdings Corporation Energy Development Corp. Asian Eye Institute ABS-CBN Corporation | Chairman Emeritus (NED) Chairman Emeritus (NED) Chairman Emeritus (NED) Chairman (NED) (NED) |
| Federico R. Lopez | First Philippine Holdings Corporation | Chairman (ED) |

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

| | | |
|-------------------------|---|--|
| | First Gen Corporation Energy Development Corporation First Gas Power Corporation First Gas Holdings Corporation FGP Corporation First Philippine Industrial Corporation First Philippine Electric Corporation First Philippine Realty Corporation First Balfour, Inc. | Chairman (ED) Chairman (ED) Chairman (ED) Chairman (ED) Chairman (ED) Chairman (ED) Chairman (NED) Chairman (NED) Chairman (NED) |
| Eugenio L. Lopez III | ABS-CBN Corporation Bayan Telecommunications Lopez Holdings Corporation First Gen Corp. | Chairman (ED) Chairman (NED) (NED) (NED) |
| Nestor J. Padilla | First Philippine Realty Corporation First Batangas Hotel Corporation First Philippine Industrial Park Terraprime, Inc. FPIP Property Developers & Management Corporation FPIP Utilities Inc. Grand Batangas Resort Development, Inc. | (NED) (NED) (NED) (NED) (NED) (NED) (NED) |
| Miguel Ernesto L. Lopez | Rockwell Leisure Club, Inc. | (NED) |
| Francis Giles B. Puno | First Gen Corporation First Philippine Holdings Corporation Energy Development Corporation | (NED) (NED) (NED) |
| Manuel L. Lopez, Jr. | ABS-CBN Corporation, ABS-CBN Holdings Corporation Sky Cable Corporation | (NED) (NED) (NED) |

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

| Director's Name | Name of Listed Company | Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman. |
|-----------------------|--|---|
| Manuel N. Tordesillas | Maybank Kim Eng Group Executive Committee Landco Pacific Corporation Asian Life and General Assurance Corporation Maybank ATR Kim Eng Land ATR Holdings, Inc. Maybank ATR Kim Eng Capital Partners, Inc. ATR Kim Eng AMG Holdings, Inc. Tullett Prebon Philippines | (NED) (ID) (NED) Chairman (NED) (ED) (ED) (ED) (NED) |
| Vicente R. Ayllon | The Insular Life Assurance Co., Ltd. Insular Life Property Holdings, Inc. Insular Investment Corporation Insular Health Care Insular Foundation Insular Life Management & Development Corp. Home Credit Mutual Building & Loan Association Unionbank of the Philippines | Chairman (ED) Chairman (ED) Chairman (NED) Chairman (NED) Chairman (NED) Chairman (NED) Chairman (NED) Chairman (NED) (NED) |

| | | |
|--|---|-------------------------|
| | Mapfre Insular Insurance Corporation Pilipinas Shell Petroleum Corporation Shell Co. of the Philippines, Ltd. | (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 | 10,614,467 | 1, FPH | 0.1735% |
| 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 | - | 1, FPH | 0.0000% |
| Miguel Ernesto L. Lopez | 243,693 | 1, FPH | 0.0040% |
| 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% |
| TOTAL | 7,243,798 | 11 | 0.1187% |

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 |
|--|-----------------|--------------------------------|

| | | |
|----------------------------------|---|---|
| <p>Role and Accountabilities</p> | <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> |
| <p>Deliverables</p> | <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. 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., Terraprime, 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:

| | Executive | Non-Executive | Independent Director |
|-------------------------|--|---|--|
| Role | 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. | Independent directors provide impartial guidance and advice to the board based on their competence and expertise |
| 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, | The Non-Executive Directors provide | The Independent Directors provide |

| | | | |
|--|--|---|--|
| | <p>policies and general directions to the Board.</p> <p>They oversee the implementation of the approved strategies, policies and general directions.</p> | <p>assurance of the fairness and reasonableness of management plans, proposals and actions.</p> | <p>stronger assurance of the fairness and reasonableness of management plans, proposals and actions.</p> |
|--|--|---|--|

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 |
|-------------------|----------|-------------------|--|
| Elpidio L. Ibanez | Director | May 29, 2013 | Mr. Ibanez was not re-elected when his term as directors ended |
| Benjamin R. Lopez | Director | May 29, 2013 | Mr. Lopez was not re-elected when his term as directors ended |

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

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

| Procedure | Process Adopted | Criteria |
|---------------------------------|----------------------------|---------------------|
| a. Selection/Appointment | | |
| (i) Executive Directors | The nominees are presented | Manual on Corporate |

| | | |
|--------------------------------------|---|--|
| (ii) Non-Executive Directors | 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>Governance:</p> <p>Section 3: Qualifications of a Director:</p> <ul style="list-style-type: none"> • Holder of at least one (1) share of stock of the Corporation • 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. |
| (iii) Independent Directors | <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> | |
| b. Re-appointment | | |
| (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 | | |
| c. Permanent Disqualification | | |
| (i) Executive Directors | The director/s who are proposed to be permanently | <i>Manual on Corporate Governance:</i> |
| (ii) Non-Executive Directors | | |

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| <p>(iii) Independent Directors</p> | <p>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>Section 3: Disqualifications of Directors</p> <p>a. Conviction by final judgment or order by a competent judicial or administrative body of any crime that (i) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (ii) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (iii) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliate person or any of them;</p> <p>b. Final judgment or order of the Securities and Exchange Commission or any court or administrative body of competent jurisdiction which enjoins a person, by reason of misconduct, from (i) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (ii) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (iii) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (i) and (ii) above, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the Commission or ay court or administrative body denying, revoking or</p> |
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| | | <p>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 insolvency;</p> |
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| | | <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> |
| d. Temporary Disqualification | | |
| (i) Executive Directors | | <p><i>Manual on Corporate Governance:</i></p> <p>Section 3: Disqualifications of Directors</p> <ul style="list-style-type: none"> • 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; • 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; • Dismissal or termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has |
| (ii) Non-Executive Directors | | |
| (iii) Independent 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> | |

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| | | <p>cleared himself of any involvement in the alleged irregularity;</p> <ul style="list-style-type: none"> • Conviction that has not yet become final referred to in the grounds for the disqualification of directors. <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 | Section 28 of the Corporation Code provides: | <i>Manual on Corporate Governance:</i> |
| (ii) Non-Executive Directors | | |
| (iii) Independent Directors | <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 order of the president or on</p> | <p>Section 3: Disqualifications of Directors</p> <ul style="list-style-type: none"> • 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; • 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; • Dismissal or termination from directorship in |

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| | <p>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>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"> • Conviction that has not yet become final referred to in the grounds for the disqualification of directors. <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> |
| f. Re-instatement | | |
| (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 (as the case may be) the</p> | <p><i>Manual on Corporate Governance:</i></p> <p>Section 3: Disqualifications of Directors</p> <ul style="list-style-type: none"> • 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; • 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 |
| (ii) Non-Executive Directors | | |
| (iii) Independent Directors | | |

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| | <p>nominations. The Committee then makes the relevant recommendation to the Board of Directors.</p> | <p>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"> • 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; • Conviction that has not yet become final referred to in the grounds for the disqualification of directors. <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> |
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g. Suspension

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| (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 discussion and on motion duly</p> | <p><i>Manual on Corporate Governance:</i></p> <p>Section 3: Disqualifications of Directors</p> <ul style="list-style-type: none"> • 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; • Absence or non-participation for unjustifiable reason/s for |
| (ii) Non-Executive Directors | | |
| (iii) Independent Directors | | |

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| | <p>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>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"> • 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; • Conviction that has not yet become final referred to in the grounds for the disqualification of directors. <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> |
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Voting Result of the last Annual General Meeting

| Name of Director | Votes Received |
|-----------------------------|----------------|
| Manuel M. Lopez | 8.285% |
| Oscar M. Lopez | 8.285% |
| Federico R. Lopez | 8.285% |
| Eugenio L. Lopez III | 8.285% |
| Nestor J. Padilla | 8.285% |
| Francis Giles B. Puno | 8.285% |
| Ferdinand Edwin S. CoSeteng | 8.285% |
| Miguel Ernesto L. Lopez | 8.285% |
| Manuel L. Lopez, Jr. | 8.285% |
| Manuel N. Tordesillas | 8.285% |
| Vicente R. Ayllón | 8.285% |

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 Management³ for the past three (3) years:

| Participants | Year | Training | Provider |
|---|------------|--|--|
| AVPs to VPs | 2013 | Fundamentals of Finance | FPH |
| AVPs to SVPs | 2013 | Crisis and Media Handling Presentation Skills | FPH |
| Senior Managers to CEO | 2013 | Negotiations Skills | FPH |
| CEO, SVPs and VPs | 2012 | Learning Sessions with Ranjay Gulati | Jaime & Josefina Chua Tiampo, Professor, Harvard Business School |
| CEO, SVPs and VPs | 2011 | Winning in Emerging Markets by Dr. Tarun Khanna | Jorge Paulo Lemann Professor, Harvard Business School |
| HR Vice-President | April 2012 | Managing Organization Development Essentials for Breakthrough Results | De la Salle College of St. Benilde |
| VPs and SVPs | 2011 | Leadership Styles | Francis Kong Inspire – Manila |
| Sales Senior Vice- President | 2011 | Prospecting | Mansmith and Fielders - Manila |
| Business Development Vice-President | 2011 | Effective Negotiation Skills | Mansmith and Fielders - Manila |

(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 |
|--|------------------|---|--|
| Miguel L. Lopez | August 2013 | Crisis and Media Handling | Richard Greene |
| Nestor J. Padilla and Miguel L. Lopez | August 2013 | Workshop on Communication and Presentation Skills | Richard Greene |
| Oscar M. Lopez, Federico R. Lopez, Nestor J. Padilla and | June 25-26, 2012 | Executive Learning Session by Ranjay Gulati | Jaime & Josefina Chua Tiampo, Professor, Harvard Business School |

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

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| Miguel L. Lopez | | | |
| Federico R. Lopez | Feb. 19, 2013 June 17-19, 2013 | Contracts Course for CEOs Executive Learning Session on Negotiation by Prof. Deepak Malhotra | FPH Eli Goldston Professor of Business Administration, Harvard Business School |
| Eugenio L. Lopez III | Mar. 18, 2013 | Visioning Workshop with ExCom Members | ABS-CBN University |

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 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>Code of Discipline:</p> <p>23. Failure to disclose business ventures and endeavors to Rockwell Land Corporation: First Offense - Dismissal</p> | |

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| | <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-public Information | <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 H of Code of Discipline:</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</p> |

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| | | party to the prejudice of the Company. First Offense - Dismissal |
| (f) Use of Company Funds, Assets and Information | <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> |
| (g) Employment & Labor Laws & Policies | <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</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> |

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| | of the Corporation shall be sufficient cause for removal from directorship. | |
| (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. The nature, severity, and consequences of the offense. Whether, the offense constitutes a violation of a policy, procedure, or law. Previous counseling, whether informal or formal that addressed the same or similar misconduct or performance. Previous disciplinary actions that addressed the same or similar misconduct or performance. Whether the offense relates to the employee's job duties and the employee's ability to perform satisfactorily. How issues with similarly situated employees have been addressed. Mitigating factors that would compel a reduction in the disciplinary action to promote the interests of fairness and objectivity. If the corrective action is appropriate for a specific offense.</p> <p>Procedures include:</p> <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</p> |
| (i) Whistle Blower | No written policy yet | Written policy is currently being finalized. |
| (j) Conflict Resolution | <p>Section 2 of the Manual for Corporate Governance:</p> <p>As may be deemed</p> | No written policy yet |

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| | <p>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.</p> | |
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2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

We don't have a code of ethics but we have 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 25 of the Audited FS:</p> <p><u>Terms and Conditions of Transactions with Related Parties:</u> 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</p> |
| (2) Joint Ventures | |
| (3) Subsidiaries | |
| (4) Entities Under Common Control | |
| (5) Substantial Stockholders | |
| (6) Officers including spouse/children/siblings/parents | |
| (7) Directors including | |

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| spouse/children/siblings/parents | receivables or payables. For the years ended December 31, 2013, 2012 and 2011, 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. |
| (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 | 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. |
| Group | |

5) Family, Commercial and Contractual Relations

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

| 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 |

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

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| | | 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

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, 2012 to December 31, 2013)

| Board | Name | Date of Election | January 1 – May 29, 2013 | | | May 30 – Dec 31, 2013 | | |
|-------------|-----------------------------|------------------|--------------------------|--------------------------|------|-----------------------|--------------------------|------|
| | | | No. of Meetings Held | No. of Meetings Attended | % | No. of Meetings Held | No. of Meetings Attended | % |
| Chairman | Manuel M. Lopez | 5/29/2013 | 6 | 6 | 100% | 5 | 5 | 100% |
| Member | Oscar M. Lopez | 5/29/2013 | 6 | 6 | 100% | 5 | 3 | 60% |
| Member | Federico R. Lopez | 5/29/2013 | 6 | 6 | 100% | 5 | 4 | 80% |
| Member | Eugenio L. Lopez III | 5/29/2013 | 6 | 4 | 67% | 5 | 4 | 80% |
| Member | Nestor J. Padilla | 5/29/2013 | 6 | 6 | 100% | 5 | 4 | 80% |
| Member | Miguel L. Lopez | 5/29/2013 | 6 | 6 | 100% | 5 | 5 | 100% |
| Member | Manuel L. Lopez, Jr. | 5/29/2013 | 6 | 6 | 100% | 5 | 5 | 100% |
| Member | Francis Giles B. Puno | 5/29/2013 | Not applicable | | | 5 | 4 | 80% |
| Member | Ferdinand Erwin S. CoSeteng | 5/29/2013 | Not applicable | | | 5 | 3 | 60% |
| Member | Benjamin R. Lopez | 8/3/2012 | 6 | 3 | 50% | Not applicable | | |
| Member | Elpidio L. Ibañez | 8/3/2012 | 6 | 4 | 67% | Not applicable | | |
| Independent | Vicente R. Ayllon | 5/29/2013 | 6 | 3 | 50% | 5 | 3 | 60% |
| Independent | Manuel N. Tordesillas | 5/29/2013 | 6 | 6 | 100% | 5 | 2 | 40% |

*Mr. Vicente R. Ayllon and Mr. Manuel N. Tordesillas were elected as independent directors last May 2012.

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 February 27, 2013, August 6, 2013, September 19, 2013 and November 12, 2013.

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 papers⁵ 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

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

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 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 30th 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 | |

| | |
|------------------|---|
| Audit | Upon the request of the director, the Office of the Corporate Secretary and Management provides the relevant information. |
| 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 | P8,823.53 per attendance | |
| Non-Executive Directors | Per Diem | P8,823.53 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. (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 | P38.5 million | 0 | 0 |
| (b) Variable Remuneration | 0 | 0 | 0 |
| (c) Per diem Allowance | P170.5 thousand | P785.3 thousand | P179.4 thousand |
| (d) Bonuses | P3.3 million | 0 | 0 |
| (e) Stock Options and/or other financial instruments | 0 | 0 | 0 |
| (f) Others (Specify) | 0 | 0 | 0 |
| Total | P37.4 million | P425.0 thousand | P75.0 thousand |

| Other Benefits | Executive Directors | Non-Executive Director (other than independent) | Independent Directors |
|----------------|---------------------|---|-----------------------|
| | | | |

| | | directors) | |
|---|---------------------|----------------------|----------|
| 1) Advances | 0 | 0 | 0 |
| 2) Credit granted* | P57.7 million | P171 million | 0 |
| 3) Pension Plan/s Contributions | 0 | 0 | 0 |
| (d) Pension Plans, Obligations incurred** | P7.2 million | 0 | 0 |
| (e) Life Insurance Premium | P56.2 thousand | 0 | 0 |
| (f) Hospitalization Plan | 0 | 0 | 0 |
| (g) Car Plan | 0 | 0 | 0 |
| (h) Others (Specify) | 0 | 0 | 0 |
| Total | P7.1 million | P23.1 million | 0 |

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

**Note 4 of the Audited FS: The Company has a funded, noncontributory defined benefit pension plan covering all regular and permanent employees. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for each individual plan at the end of the previous reporting year exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plans. The past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to a pension plan, past service cost is recognized immediately.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognized reduced by past service cost not yet recognized and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative (defined benefit asset), the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to 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 2013 are as follows:

| Name | No. of Shares | Date of Grant | Exercise Price | Market Price at the Date of Grant |
|---------------------------------|---------------|---------------|----------------|-----------------------------------|
| CEO + 4 most highly compensated | 32,127,000 | various | P1.46 | various |

| | | | | |
|--|------------|---------|-------|---------|
| executive officers* Almodiel, Ellen V. (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) | | | | |
| 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 | P15.4 million |
| Senior Vice President, New Business | |
| Vice President, Finance | |
| Vice President, Human Resources | |
| Vice President/General Manager of Rockwell Club | |

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 | The committee will have the following responsibilities: V.1.Financial | II.AUTHORITY The audit committee has authority to conduct or |

| | | | | | | | |
|--|--|--|--|--|--|---|---|
| | | | | | <p>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> | <p>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 particularly on:</p> <ul style="list-style-type: none"> •Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental | <p>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, liquidity, operational, legal and other risks of the corporation;</p> <p>II.4.Pre-approve all auditing and non-audit services;</p> |
|--|--|--|--|--|--|---|---|

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| | | | | | <p>areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements;</p> <ul style="list-style-type: none"> •Review with management and external auditors (annual financial statements) the results of audit, including any difficulties encountered; •Review the annual financial statements and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles; •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; •Review of disclosures of material information, related party transactions, and | <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 management is taking appropriate actions to address regulatory issues as well as on of litigations, claims, and contingencies, if any.</p> |
|--|--|--|--|--|---|--|

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| | | | | | <p>subsequent events;</p> <ul style="list-style-type: none"> •Review and approval of management representation letter before submission to external auditor.; and •Recommend to the Board of Directors the approval of the Audited Financial Statements <p>V.2.External Audit</p> <ul style="list-style-type: none"> •Review the external auditor’s proposed audit scope and approach, including coordination of audit efforts with internal 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 | |
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|--|--|--|--|--|---|--|
| | | | | | <p>the relationships with the auditors;</p> <ul style="list-style-type: none"> •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; •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 | |
|--|--|--|--|--|---|--|

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|--|--|--|--|--|---|--|
| | | | | | <p>standards.</p> <p>V.3.Internal Control System</p> <ul style="list-style-type: none"> •Consider the effectiveness of the company’s internal control system, including information technology security and control; •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; •Monitor and evaluate the adequacy and effectiveness of the corporation’s internal control system, including financial reporting control and information technology security; and •Review frameworks for fraud prevention and detection including whistle blower program, if any. <p>V.4.Internal Audit</p> <ul style="list-style-type: none"> •The Committee | |
|--|--|--|--|--|---|--|

| | | | | | | |
|--|--|--|--|--|---|--|
| | | | | | <p>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;</p> <ul style="list-style-type: none"> •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; •Review with 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 | |
|--|--|--|--|--|---|--|

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | <p>objectives of the corporation and shall include the audit scope, resources and budget necessary to implement it;</p> <ul style="list-style-type: none"> •Ensure that there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Internal Audit Head; •Review the effectiveness of internal audit function, including compliance with the International Standards for the Professional Practice of Internal Auditing; •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 •The Committee shall periodically review the internal audit charter and amend any revisions thereto as applicable; <p>V.5.Reporting responsibilities</p> | |
|--|--|--|--|--|--|--|

| | | | | | | | |
|--|--|--|--|--|--|--|--|
| | | | | | | <ul style="list-style-type: none"> •Regularly report to the board of directors about committee activities, issues, and related recommendations. •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. •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. <p>V.6. Other Responsibilities</p> <ul style="list-style-type: none"> •Perform other activities related to this charter as requested by the Board of Directors; •Institute and oversee special investigations as needed; •Review and assess the adequacy of | |
|--|--|--|--|--|--|--|--|

| | | | | | | | |
|--|--|--|--|--|--|--|--|
| | | | | | | <p>committee charter annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation;</p> <ul style="list-style-type: none"> •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 •Confirm annually that all responsibilities outlined in this charter have been carried out. <p>V.7. Review and Amendments</p> <p>The Committee shall periodically revisit and/or review this Charter 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</p> | |
|--|--|--|--|--|--|--|--|

| | | | | | | | |
|--------------------------|----------------|---|---|--|---|---------|--|
| | | | | | | 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. | | |
| Remuneration | Not applicable | | | | | | |
| Risk Management | 1 | 2 | 1 | | Oversee the formulation and establishment of an enterprise-wide risk | | |

| | | | | | | | |
|--|--|--|--|--|--|--|--|
| | | | | | <p>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</p> | | |
|--|--|--|--|--|--|--|--|

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|--|--|--|--|--|----------------------------|--|--|
| | | | | | by the Board of Directors. | | |
|--|--|--|--|--|----------------------------|--|--|

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 2013 | 4 | 4 | 100% | 1.42 years |
| Member (ID) | Manuel N. Tordesillas | May 2013 | 4 | 2 | 50% | 0.58 years |
| Member (NED) | Benjamin R. Lopez | Aug 2012 (until May 2013) | 4 | 1 | 25% | 0.75 years |
| Member (NED) | Elpidio L. Ibanez | Aug 2012 (until May 2013) | 4 | 1 | 25% | 0.75 years |
| Member (NED) | Manuel L. Lopez, Jr. | May 2013 | 4 | 2 | 50% | 0.58 years |
| Member (NED) | Francis Giles B. Puno | May 2013 | 4 | 3 | 75% | 0.58 years |

Disclose the profile or qualifications of the Audit Committee members.

Indicated in SEC 20-IS 2013

Vicente R. Ayllón - 82, Filipino

Mr. Ayllón was elected as an Independent Director of Rockwell Land in 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 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 – 60, Filipino

Mr. Tordesillas was elected as an Independent Director of Rockwell Land in May of 2012. He currently serves as President and CEO and Director of Maybank ATR Kim Eng Capital Partners, Inc., ATR Kim Eng AMG Holdings, Inc., ATR Holdings, and Vice Chairman of Asian Life Financial Assurance Corporation. Mr. Tordesillas is also a regular Director of Maybank ATR Kim Eng Fixed Income, Inc. and Tullet Prebon Philippines, 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. - 46, Filipino

Mr. Lopez has been a Director at Rockwell Land since 2011. He is currently the Chairman and CEO of PacificHub Corporation and serves as a Director of Philippine Trade Foundation, Inc., Stargate Media, and Philippine Commercial Capital, Inc. He is also a Board Member of the Contact Center Association of the Philippines (CCAP). He has served as a Director of ABS-CBN Broadcasting Corporation, ABS-CBN Holdings Corporation, Sky Cable Corporation, and Pilipino Cable Corporation, among others. Mr. Lopez holds a

Bachelor of Science degree in Business Administration from De La Salle University.

Francis Giles B. Puno - 49, Filipino

Mr. Puno was elected Director of Rockwell Land in 2013. He was appointed Chief Finance Officer and Treasurer of FPHC in October 2007, and was promoted to Executive Vice-President in September 2011. He is currently the President and Chief Operating Officer of First Gen. He is also a director of FPHC, First Gen and EDC. He is also President of First Phil. Development Corporation. 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.

Elpidio L. Ibañez - 62, Filipino

Mr. Ibanez has been a Director at Rockwell Land since 1999. He is the current President and Chief Operating Officer of FPH. He is the President of First Phil. Utilities Corp., and FPH Capital Resources, Inc. He is also a Director of various FPH subsidiaries and affiliates such as First Gen Corp., and Energy Development Corporation. He has also served as a Director in Energy Development Corporation, First Gen Renewables Inc., First Private Power Corporation, First Gas Holdings Corporation, and First Batangas Hotel Corporation, among others. Mr. Ibanez holds a Bachelor of Arts degree in Economics from the Ateneo de Manila University and a Master's degree in Business Administration from the University of the Philippines.

Benjamin R. Lopez - 43, Filipino

Mr. Lopez has been a Director at Rockwell Land since 2001. He is presently serving as the Vice President and Head of Corporate Communications of FPH. He is a member of the Board of Directors of First Balfour, Inc., First Philec and First Philippine Utilities Corp. He has also served as a Vice President for Project Development of Rockwell Land. Mr. Lopez holds a Bachelor of Arts degree in International Affairs from George Washington University and an Executive Masters in Business Administration from the Asian Institute of Management.

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 | 05/29/2013 | 1 | 1 | 100% | 1.4 years |
| Member (NED) | Oscar M. Lopez Eugenio L. Lopez III | 05/29/2013 | 1 | 1 | 100% | 1.4 years |
| Member (ID) | Vicente R. Ayllon | 05/29/2013 | 1 | 1 | 100% | 1.4 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 | 05/29/2013 | 1 | 1 | 100% | 0.4 year |
| Member (ED) | Nestor J. Padilla | 05/29/2013 | 1 | 1 | 100% | 0.4 year |
| Member (NED) | Ferdinand Edwin S. CoSeteng | 05/29/2013 | 1 | 1 | 100% | 0.4 year |
| Member (ID) | Manuel L. Tordesillas | 05/29/2013 | 1 | 1 | 100% | 0.4 year |

3) Changes in Committee Members

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

Changes in the Audit Committee was due to the members not being re-elected for 2013. They have been replaced with new and existing board members.

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"> • Review and approval of 2012 Audited FS • 2013 FS Audit Planning • Review of 2012 Annual Internal Audit results (Feb 27, 2013) • Review of 2013 Internal Audit results: <ul style="list-style-type: none"> • 1st quarter – May 3, 2013 • 2nd quarter – Aug 6, 2013 • 3rd quarter – Nov 12, 2013 | 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 2013

(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 met in November 5, 2013

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 and regulations to ensure the continuity of its operations | To comply with all applicable laws and regulations |
| 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 condominium 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</p> | To manage the credit exposures with its customers and/or other third parties |

| | | |
|--|--|--|
| | <p>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> | |
|--|--|--|

(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.

| Risk to Minority Shareholders |
|--|
| <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:

| Risk Exposure | Risk Assessment (Monitoring and Measurement Process) | Risk Management and Control (Structures, Procedures, Actions Taken) |
|-------------------------------|---|---|
| 1. Regulatory Risk | Annual risk identification, evaluation, and monitoring | <ul style="list-style-type: none"> • Regular monitoring of changes or updates to relevant laws and regulations • Close monitoring of the Company’s compliance to applicable legal and regulatory • Close coordination with regulatory agencies |
| 2. Business Interruption Risk | Annual risk identification, evaluation, and monitoring | <ul style="list-style-type: none"> • Regular monitoring of operations • Regular repair and maintenance of |

| | | |
|--------------------------|--|--|
| | | <p>key equipment, systems and processes</p> <ul style="list-style-type: none"> • Regular review, revision and practice of Business Continuity Management plans |
| 3. Interest Rate Risk | Annual risk identification, evaluation, and monitoring | <ul style="list-style-type: none"> • Regular monitoring of the interest rates • Identify, assess and enter into interest hedging, whenever necessary |
| 4. Foreign Currency Risk | Annual risk identification, evaluation, and monitoring | <ul style="list-style-type: none"> • Regular monitoring of the foreign currency rates • Identify, assess and enter into derivative transactions, whenever necessary |
| 5. Credit Risk | Annual risk identification, evaluation, and monitoring | <ul style="list-style-type: none"> • Regular review and analysis of customer financial and credit performances • Close coordination with customers to discuss emerging risks |
| 6. Liquidity Risk | Regular monitoring of available cash and credit facilities within maintained debt service ratio. | 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:

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

| | | |
|-------------------|--|--|
| 5. Credit Risk | Annual risk identification, evaluation, and monitoring | <ul style="list-style-type: none"> • Regular review and analysis of customer financial and credit performances • Close coordination with customers to discuss emerging risks |
| 6. Liquidity Risk | Regular monitoring of available cash and credit facilities within maintained debt service ratio. | 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 2013

(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"> • Risks are appropriately identified and managed; • Significant financial, managerial, and operating information is accurate, reliable and timely; • Employees’ | <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>actions are in compliance with policies, standards, procedures, and applicable laws and regulations;</p> <ul style="list-style-type: none"> • Resources are acquired economically, used efficiently, and adequately protected; • Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately; and • Interaction with various governance groups occurs as needed; <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, 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 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.

Dione Kocencio, our audit manager, resigned in July 2013 because of better advancement opportunities.

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

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

| | |
|-------------------------------|---|
| Progress Against Plans | 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 |
| Issues⁶ | 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. |
| Findings⁷ | Findings are reported to the Management and to Audit Committee through the Quarterly and Annual Internal Audit Reports. |
| Examination Trends | 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

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

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

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.

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 | The internal audit charter has been formally documented and signed by the chairman of the audit committee |
| Internal Audit Policies on the following: <ol style="list-style-type: none"> 1. Independence and Objectivity 2. Proficiency and Due Professional Care 3. Quality Assurance and Improvement | These policies have been formally documented and implemented. SGV was engaged in October 2013 to assess the current state of the company’s Internal Audit Activity which covers the team’s policies, procedures and methodologies. |

| | |
|--|--|
| <p>Internal Audit Processes on the following:</p> <ol style="list-style-type: none"> 1. Planning and managing the Internal Audit activity <ol style="list-style-type: none"> 1.1. Understanding the business and control environment 1.2. Risk Assessment 1.3. Managing the internal audit activity 2. Internal Audit Engagement <ol style="list-style-type: none"> 2.1. Engagement planning 2.2. Conducting fieldwork 2.3. Communicating Results 2.4. Follow-up and monitoring 3. Quality Control/Assurance | <p>These processes have been formally documented and implemented. SGV was engaged in October 2013 to assess the current state of the company's Internal Audit Activity which covers the team's policies, procedures and methodologies.</p> |
|--|--|

(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):

| Auditors (Internal and External) | Financial Analysts | Investment Banks | Rating Agencies |
|---|---|-------------------------|------------------------|
| 1. Direct Reporting to the Audit Committee | <p>Section 10 of Manual on Corporate Governance:</p> <p>Internal Auditor:</p> <p>The Corporation shall 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.</p> <p>The Internal Auditor shall report to the Audit Committee.</p> | | |
| 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:**

| | Policy | Activities |
|--|---------------|-------------------|
|--|---------------|-------------------|

| | | |
|--|---|---------------------------------|
| Customers' welfare | No written policy | Dedicated Customer Service Team |
| Supplier/contractor selection practice | To deal with contractors with utmost competence and integrity | |
| Environmentally friendly value-chain | No written policy | |
| Community interaction | No written policy | |
| Anti-corruption programmes and procedures? | No written policy | |
| 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) First aid seminars
- 3) Health and safety tips deployed around the workplace

The company held its Annual Physical Examination to employees last October 22 -23, 2013 through its HMO provider, Health Maintenance Inc. and Prolab Diagnostics. The company also had its immunization program, extended to the employee's dependents, last April 20, 2012.

Immunization Program (Number of People Immunized)

| | | | |
|-----------|------|--------|--------------------|
| Nature | Male | Female | Total No. of Cases |
| Influenza | 19 | 31 | 50 |

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

| | |
|-------------------------|------------------------|
| Group/Employee Category | Average Training Hours |
| Rank and File | 40 |
| Supervisor/Specialist | 85 |
| Assistant Manager | 93 |
| Manager | 69 |
| Senior Manager | 65 |
| AVP | 24 |
| SVP and VP | 37 |
| Total training hours | 413 |

(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% |
| Rodolfo R. Waga Jr. | 1,116 | - | 0.0000% |

| | | | |
|-------------------------|---------------|----------------------|----------------|
| Valerie Jane L. Soliven | - | - | 0.0000% |
| Maria Lourdes L. Pineda | 81,272 | 8,454 (Paolo Pineda) | 0.0013% |
| 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% |
| Belen C. Nones | - | - | 0.0000% |
| TOTAL | 87,845 | 8,454 | 0.0014% |

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 – The whistle-blowing policy is being finalized.

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 29, 2014.

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 29, 2014.

3) **External Auditor's fee**

| Name of auditor | Audit Fee | Non-audit Fee |
|-----------------|--------------|---------------|
| SGV & Co. | P2.3 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, 2014

6) **Company Website**

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

| | |
|--|-----|
| Business operations | Yes |
| Financial statements/reports (current and prior years) | Yes |
| Materials provided in briefings to analysts and media | Yes |
| Shareholding structure | Yes |
| Group corporate structure | Yes |
| Downloadable annual report | Yes |
| Notice of AGM and/or EGM | Yes |
| Company's constitution (company's by-laws, memorandum and articles of association) | 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 25 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 provides the total amount of transactions that have been entered into with related parties for the relevant years that are shown in the consolidated financial statements:

| RPT | Relationship | Nature | Value |
|------------------------|---------------|----------|-----------------|
| Rockwell-Meralco BPO | Joint Venture | Advances | P39.098 million |
| Officers and Employees | | Advances | P49.9 million |

Trade related receivables from related parties presented under "Trade and other receivables," account in the consolidated statements of financial position, are as follows:

| Name | Beginning Balance | Additions | Deductions | Ending Balance | | Total |
|------------------------|-------------------|------------|------------|----------------|-------------|-------------|
| | | | | Current | Non-Current | |
| Accounts Receivable | | | | | | |
| Officers and Directors | 131,609,122 | 3,302,429 | 1,997,530 | 30,734,259 | 102,179,762 | 132,914,021 |
| Employees | 66,061,682 | 51,661,956 | 44,404,087 | 20,582,532 | 52,737,019 | 73,319,552 |
| Total | 197,670,804 | 54,964,385 | 46,401,616 | 51,316,791 | 154,916,781 | 206,233,573 |

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 yearend 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, 2013, 2012 and 2011, 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.

| | |
|------------------------|---|
| Quorum Required | <p>Article I Section 5 of the By-Laws: 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.

| | |
|--------------------|--|
| System Used | <p>Voting Procedures (from SEC Form 20-IS)</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</p> |
|--------------------|--|

| | |
|--------------------|--|
| | <p>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> <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.</p> |
| Description | 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.

| Stockholders' Rights under The Corporation Code | Stockholders' Rights <u>not</u> in The Corporation Code |
|---|--|
| 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 4, 2013 | July 25, 2013 | August 20, 2013 |

(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 2013 Annual Stockholders' Meeting (ASM held last May 29, 2013), notices were sent out on May 6, 2013.
- b. Date of the Annual/Special Stockholders' Meeting: May 29, 2013

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

| Question | Answer |
|--|---|
| Revenue increased 10% but general admin expenses increased by 23%. Why such a large increase in expenses for such a small increase in revenue? | Mr. Nestor Padilla: <ul style="list-style-type: none"> •Revenues are based on percentage completion •Expenses do not keep in pace with % completion of projects and there were extraordinary expenses that were realized in 2012. •Our objective is to keep expenses below 15% of sales |
| Operating income is 1.348B, but in audited report is operating income is loss of 873M (page 41). It's misleading. | Ms. Ellen Almodiel (SVP, Finance & Accounting & CFO): <ul style="list-style-type: none"> •Amount is negative because we have expense for CAPEX for the construction of projects, everything is fully funded by our working capital loans •Net cash inflow is for whole year of 2012 |
| What will happen next year? | Mr. Padilla (CEO and President): No projections for next year but Q1 results have been distributed |
| Ayala acquired 3000ha in Mariveles, Bataan. Are we not interested in buying lots in Mariveles, Bataan, because someday we may make a highway | Mr. Padilla (CEO and President): We are always on the lookout for possible growth areas, thank you for pointing it out |
| no name of auditor at the top of the page | Mr. Padilla (CEO and President): We will take that into consideration for next year |
| How much is a share in Rockwell? | Mr. Padilla (CEO and President): Market price yesterday was 2.80-2.85, market has corrected the past few days |

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

| Resolution | Approving |
|--|-----------|
| Approval of the minutes of previous meeting (Aug 3, 2012) | Unanimous |
| Approval/ratification of the December 31, 2012 report and the audited financial statements (Approved by the BOD last March 11, 2013) | Unanimous |
| Ratification of the acts of the Board and Management of the corporation | Unanimous |
| Appointment of Sycip, Gorres, Velayo and Co., Certified Public Accountants as external auditors | Unanimous |

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 29, 2013.

(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 | May 29, 2013 | Voting was by viva voce | 0.00% | 90.91% | 90.91% |

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

No, 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.

| Policies | Procedure |
|--|---|
| <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 29, 2013 and notices were sent out on May 6, 2013, 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 2013.</p> |

(i) Definitive Information Statements and Management Report

2013 ASM (May 29, 2013)

| | |
|---|--|
| Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials | There are 49,565 shareholders as of March 25, 2013, the record date fixed for the ASM. |
| Date of Actual Distribution of Definitive Information Statement and Management Report | May 6, 2013 |

| | |
|---|--|
| and Other Materials held by market participants/certain beneficial owners | |
| Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders | May 6, 2013 |
| State whether CD format or hard copies were distributed | CD Format of Definitive Information Statement were distributed to shareholders |
| If yes, indicate whether requesting stockholders were provided hard copies | 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.

| Policies | Implementation |
|--|-----------------------|
| 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"> 1. Corporate Communications for Media 2. Finance for Institutional Investors 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 |
|---|---|
| Typhoon Maring & Yolanda disaster relief (Aug & Dec 2013) | Victims of Typhoon Maring & Yolanda |
| Run for the Pasig River (Oct 2013) | ABS-CBN Foundation (KBPIP) |
| School Rehabilitation (Nov 2013) | Jacinto Zamora Elementary School Manila |
| Christmas Outreach (Dec 2013) | Children of Sts. Peter and Paul Parish |

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

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

| | Process | Criteria |
|-----------------------------|--|----------|
| Board of Directors | 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. | |
| Board Committees | | |
| Individual Directors | | |
| CEO/President | | |

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 |
|---|-----------|
| Penalties for Non-compliance with the Manual | |
| 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. | |

| Code of Discipline: Attendance, Tardiness and Absence | |
|--|--|
| 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 |
| Code of Discipline: Negligence of Duty | |
| 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 |
| Code of Discipline: Work Performance and Attitude Towards Work | |
| 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 |

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| 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 |
| Code of Discipline: Conduct, Behavior, Public Moral | |
| 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 | First Offense - Dismissal |

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| interest within the office premises. | |
| 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 other form remuneration or reimbursement. | First Offense – Three (3) working days suspension Second Offense – Six (6) working days suspension Third Offense – Dismissal |
| 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 | First Offense – Six (6) working days suspension Second Offense – Dismissal |

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| members or any member of their family or their authorized representative while on duty or within the premises of the Company. | |
| 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 |
| Code of Discipline: Health and Safety | |
| 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 |
| Code of Discipline: Property and Security | |
| 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 “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. | First Offense - Dismissal |
| 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, | First Offense – Written Warning Second Offense – Six (6) working days suspension |

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| vehicles, facilities or premises to which the employee had not been assigned to or is not allowed/authorized to use. | 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 _____ on _____, 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 _____ 20__ , affiant(s) exhibiting to me their _____, as follows:

| NAME/RES. CERT.NO./PASSPORT NO. | DATE OF ISSUE | PLACE OF ISSUE |
|----------------------------------|-------------------|----------------|
| Manuel M. Lopez / EA0007404 | November 24, 2009 | DFA, Manila |
| Nestor J. Padilla / XX3751497 | May 20, 2009 | DFA, Manila |
| Manuel N. Tordesillas / 10684251 | February 1, 2013 | Makati City |
| Vicente R. Ayllon / 10655520 | January 15, 2013 | Makati City |
| Enrique I. Quiason / 01709937 | January 23, 2013 | Pasig City |

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Book No. _____
Series of _____