

COVER SHEET

4 4 2 9
S.E.C. Registration Number

M A N I L A M I N I N G C O R P O R A T I O N
(Company's Full Name)

2 0 T H F L O O R L E P A N T O B U I L D I N G
8 7 4 7 P A S E O D E R O X A S
M A K A T I C I T Y
(Business Address: No. Street City / Town / Province)

ODETTE A. JAVIER
Contact Person

815-9447
Company Telephone Number
Not later than April 30
Month Day
Annual Meeting

1 2 3 1
Month Day
Fiscal Year

A C G R 2 0 1 6
FORM TYPE

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total no. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

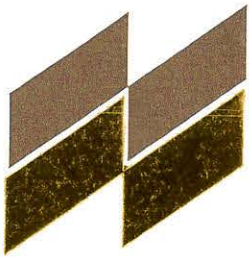
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30 May 2017

Disclosure Department
Philippine Stock Exchange, Inc.
3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

Subject: 2016 Annual Corporate Governance Report

Gentlemen:

We are submitting herewith our Annual Corporate Governance Report (ACGR) for the year 2016 in compliance with the Securities and Exchange Commission's Memorandum Circular Nos. 5 and 9, Series of 2013 and No. 20, Series of 2016.

Very truly yours,

RENE F. CHANYUNGCO
Compliance Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

(A) Use of Form ACGR

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

(B) Preparation of Report

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

(C) Signature and Filing of the Report

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

(D) Filing an Amendment

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT




1. Report is Filed for the Year 2016
2. Exact Name of Registrant as Specified in its Charter MANILA MINING CORPORATION
3. 20/F Lepanto Building, 8747 Paseo de Roxas, Makati City 1226
Address of Principal Office Postal Code
4. SEC Identification Number 4429 5.  (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number 000-164-442
7. (632) 815-9447
Issuer's Telephone number, including area code
8. None
Former name or former address, if changed from the last report

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	9
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Actual number of Directors for the year	9
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(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non- Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
Felipe U. Yap	ED	F. Yap Securities, Incorporated		June 7, 1979	April 21, 2016	Annual Meeting	37 yrs.
Bryan U. Yap	ED	F. Yap Securities, Incorporated		April 18, 1994	April 21, 2016	Annual Meeting	22 yrs.
Eduardo A. Bangayan	ID	n/a	Ranulfo Fernandez, Jr. (No relation)	April 17, 1989	April 21, 2016	Annual Meeting	27 yrs.
Rene F. Chanyungco	ED	F. Yap Securities, Incorporated		April 19, 2004	April 21, 2016	Annual Meeting	12 yrs.
Ethelwoldo E. Fernandez	ED	F. Yap Securities, Incorporated		April 16, 2001	April 21, 2016	Annual Meeting	15 yrs.
Rodolfo S. Miranda	ID	n/a	Gerard I. Consolacion (No relation)	April 21, 2009	April 21, 2016	Annual Meeting	7 yrs.
Douglas John Kirwin	ED	F. Yap Securities, Incorporated		April 28, 2014	April 21, 2016	Annual Meeting	2 yrs.
Patrick K. Yap	NED	F. Yap Securities, Incorporated		April 18, 2005	April 21, 2016	Annual Meeting	11 yrs.
Stephen Y. Yap	NED	F. Yap Securities, Incorporated		April 29, 2013	April 21, 2016	Annual Meeting	3 yrs.

- (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.

Corporate Governance Policy:

- The company shall be headed by a competent, working board 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 long-term best interests of its shareholders and other stakeholders.
- The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to shareholders and other stakeholders.

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

3. Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit and other corporate governance concerns. The composition, functions and responsibilities of all committees established shall be contained in a publicly available Committee Charter.
4. To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.
5. The board should endeavor to exercise an objective and independent judgment on all corporate affairs.
6. The Board has a self-assessment process.
7. Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.
8. The Company shall adhere to and ensure compliance with all the disclosure rules under relevant law and of the SEC and PSE.
9. The company shall establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.
10. The company shall ensure that the material and reportable non-financial and sustainability issues are disclosed.
11. The company shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.
12. To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company shall have a strong and effective internal control system and enterprise risk management framework.
13. The company shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.
14. A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.
15. The company shall be socially responsible in all its dealings with the communities where it operates. It shall ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

(c) How often does the Board review and approve the vision and mission? **Every 10 years**

(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.
Felipe U. Yap	Lepanto Consolidated Mining Company, Shipside, Incorporated, Lepanto Investment and Development Corporation, Far Southeast Gold Resources, Incorporated, Diamond Drilling Corporation of the Philippines and Diamant Manufacturing & Trading Corporation	Chairman/CEO
Bryan U. Yap	Lepanto Consolidated Mining	Executive

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

	Company, Shippside, Incorporated, Lepanto Investment and Development Corporation, Far Southeast Gold Resources, Incorporated, Diamond Drilling Corporation of the Philippines and Diamant Manufacturing & Trading Corporation	
Ethelwoldo E. Fernandez	Lepanto Consolidated Mining Company and Far Southeast Gold Resources Incorporated	Executive
Rene F. Chanyungco	Far Southeast Gold Resources Incorporated, Diamond Drilling Corporation of the Philippines and Diamant Manufacturing & Trading Corporation	Executive

(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.
Felipe U. Yap	Prime Orion Philippines, Incorporated and Zeus Holdings, Incorporated	Executive - Chairman of Zeus Holdings, Inc.

(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
Felipe U. Yap	F. Yap Securities, Inc.	Family
Bryan U. Yap	F. Yap Securities, Inc.	Family

(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:

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	The optimum number of directorship outside the Company shall be related to the capacity of a director to perform his duties diligently in general. The Company's Directors may be members of as many boards as they may accept or be elected into subject to periodic evaluation by the Nomination Committee.	The optimum number of directorship outside the Company shall be related to the capacity of a director to perform his duties diligently in general. The Company's Directors may be members of as many boards as they may accept or be elected into subject to periodic evaluation by the Nomination Committee.
Non-Executive Director	The non-executive directors of the Board shall concurrently serve as directors to a maximum of five publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge	5

	Management's proposals/views, and oversee the long-term strategy of the company.	
CEO	The optimum number of directorship outside the Company shall be related to the capacity of a director to perform his duties diligently in general. The Company's Directors may be members of as many boards as they may accept or be elected into subject to periodic evaluation by the Nomination Committee.	The optimum number of directorship outside the Company shall be related to the capacity of a director to perform his duties diligently in general. The Company's Directors may be members of as many boards as they may accept or be elected into subject to periodic evaluation by the Nomination Committee.

(e) Shareholding in the Company

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Felipe U. Yap	412,384,780	76,418,032	.19%
Bryan U. Yap	4,113,797,568	498,658,038	1.78%
Eduardo A. Bangayan	43,008,920	-	.02%
Rene F. Chanyungco	48,790,375	20,230,962	.03%
Ethelwoldo E. Fernandez	15,370,786	16,800,000	.01%
Rodolfo S. Miranda	842,697	-	0%
Douglas John Kirwin	1	-	.0%
Patrick K. Yap	60,284,164	33,058,777	.04%
Stephen Y. Yap	280,898	1,000,000	0%
TOTAL	4,694,760,189	646,165,809	2.07%

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	FELIPE U. YAP
CEO	FELIPE U. YAP

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	The Board shall be headed by a competent and qualified Chairperson whose roles and responsibilities include, among others, the following: a. Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key	The positions of Chairman of the Board and Chief Executive Officer should as much as possible be held by separate individuals. The CEO has the following roles and responsibilities, among others: a. Determines the corporation's strategic direction and formulates and implements its strategic plan on the direction of

	<p>governance concerns, and contentious issues that will significantly affect operations;</p> <p>b. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;</p> <p>c. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;</p> <p>d. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;</p> <p>e. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and</p> <p>f. Makes sure that performance of the Board is evaluated at least once a year and discussed/followed up on.</p>	<p>the business;</p> <p>b. Communicates and implements the corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;</p> <p>c. Oversees the operations of the corporation and manages human and financial resources in accordance with the strategic plan;</p> <p>d. Has a good working knowledge of the corporation's industry and market and keeps up-to-date with its core business purpose;</p> <p>e. Directs, evaluates and guides the work of the key officers of the corporation;</p> <p>f. Manages the corporation's resources prudently and ensures a proper balance of the same;</p> <p>g. Provides the Board with timely information and interfaces between the Board and the employees;</p> <p>h. Builds the corporate culture and motivates the employees of the corporation; and</p> <p>i. Serves as the link between internal operations and external stakeholders.</p>
Accountabilities	<p>1) Meetings of the Stockholders and Board of Directors.</p> <p>2) Dissemination of material information to the Stockholders and the Board of Directors</p>	<p>1) Meetings of the Stockholders and Board of Directors</p> <p>2) Dissemination to the Stockholders and the Board of Directors of information on the status of the affairs/operations of the Company.</p>
Deliverables	<p>Proper conduct of meetings of the Stockholders and Board of Directors.</p>	<p>1) Proper conduct of meetings of the Stockholders and Board of Directors.</p> <p>2) Profitable business operations in accordance with policies laid down by the Board of Directors.</p>

- 3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions? **After the President, the By-laws provide 4 levels of Vice Presidents—Executive Vice President, Senior Vice President, Vice President and Assistant Vice President, plus the Chief Finance Officer**

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain. **The Board shall be composed of nine directors with a collective working knowledge, experience or expertise that is relevant to mining. The Board should always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.**

The Board has adopted a board diversity policy to ensure that the Company benefits from a healthy exchange of ideas from a diverse mix of expertise, experience and skills. Diversity relates to, among others, business experience, geography, age, gender, and profession. It is ideal to have at least one woman in the Board of Directors. The Company will periodically assess the expertise, experience, skills and backgrounds of its directors in light of the needs of the Board, including the extent to which the current composition of the Board reflects a diverse mix of knowledge, experience, skills and backgrounds.

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, as stated above. Consistent therewith, Director Douglas J. Kirwin, a geologist was elected in April 28, 2014.**

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

	Executive	Non-Executive	Independent Director
Role	<p>The CEO: a) determines the corporation's strategic direction and formulates and implements its strategic plan on the direction of the business;</p> <p>b. Communicates and implements the corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;</p> <p>c. Oversees the operations of the corporation and manages human and financial resources in accordance with the strategic plan;</p> <p>d. Has a good working knowledge of the corporation's industry and market and keeps up-to-date with its core business purpose;</p> <p>e. Directs, evaluates</p>	<p>Review and approval of budget; appointment of officers; ensures compliance with regulations; they basically should ask the right questions to determine why targets are not met, how best to achieve targets, or whether targets are achievable or overly conservative;</p> <p>The Board shall ensure that the corporation is properly and effectively managed and supervised;</p> <p>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.</p> <p>The Board should formulate the corporation's vision, mission, strategic</p>	<p>Oversight function, especially over governance and risk matters, plus all the other roles of non-executive directors.</p> <p>Provide an independent and objective voice in the deliberations of the Board, guided by principles of good corporate governance and applicable laws and regulations.</p>

	<p>and guides the work of the key officers of the corporation;</p> <p>f. Manages the corporation's resources prudently and ensures a proper balance of the same;</p> <p>g. Provides the Board with timely information and interfaces between the Board and the employees;</p> <p>h. Builds the corporate culture and motivates the employees of the corporation; and</p> <p>i. Serves as the link between internal operations and external stakeholders.</p> <p>The COO: a) is responsible for the company's operations and reports thereon;</p> <p>b) Recommends the appointment or promotion of officers ;</p> <p>c) Recommends the approval of certain contracts or transactions;</p> <p>d) fosters 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.</p> <p>e) Ensures the corporation's faithful compliance with all applicable laws, regulations and best business practices.</p>	<p>objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.</p> <p>Ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices.</p> <p>Ensure that the Board lays down policies and makes business decisions that are sound, sustainable, and compliant with the principles of good corporate governance and applicable laws and regulations.</p>	
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	f) Manage the operations of the Company in accordance with policies and principles laid down by the Board and Ensure that the Board lays down policies and makes business decisions that are sound, sustainable, and compliant with the principles of good corporate governance and applicable laws.		
Accountabilities	<p>Budget; performance of Management ; Timely approval of budget; compliance with laws and regulations.</p> <p>Compliance with principles of good governance and formulation of sound business strategies and policies. Wise and profitable use of Company resources, bearing in mind the interests of the Company's stockholders.</p>	<p>Timely approval of budget; compliance with laws and regulations.</p> <p>Compliance with principles of good governance and formulation of sound business strategies and policies.</p>	<p>Oversight; Timely approval of budget; compliance with laws and regulations.</p> <p>Compliance with principles of good governance and formulation of sound business strategies and policies.</p>
Deliverables	Production and income Attendance and active participation in all board meetings	Attendance and active participation in all board meetings and meetings of committees they are members of	Oversight; Attendance and active participation in all board meetings and meetings of committees they are members of

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

The company complies with SEC Memorandum Circular No. 16, Series of 2002, which is written into the Qualifications for Independent Director under the Guidelines of the Nomination Committee. In the Company's New Manual on Corporate Governance, the following definition of Independent Director is adopted: "a person who is independent of management and the controlling shareholder, and free from any business or other relationship which could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a 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 limit is 9 years, per Section 5.3 of the New Manual on 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

(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 Nomination Committee (NC) accepts written nomination letters and such is taken up (qualifications and disqualifications are determined) at the NC meeting at least 1 month prior to the annual stockholders' meeting	<ol style="list-style-type: none"> 1. He shall have at least 1 share of stock of the Company; 2. He shall be at least a college graduate or he shall have been engaged or exposed to the business of the Company for at least 5 years; 3. He shall possess integrity/probity; and 4. He shall be assiduous). 5. Should be "full-time" in the management of the Company's affairs. For the purposes hereof, affiliates or wholly-owned subsidiaries of the Company or corporations controlled by the family of the concerned director shall not be deemed as another corporation. 6. Has none of the disqualifications set forth below.
(ii) Non-Executive Directors	<p>The Nomination Committee (NC) accepts written nomination letters and such is taken up (qualifications and disqualifications are determined) at the NC meeting at least 1 month prior to the annual stockholders' meeting.</p> <p>Other than the criteria listed herein, the NC also considers the following during its meeting:</p>	<ol style="list-style-type: none"> 1. He shall have at least 1 share of stock of the Company; 2. He shall be at least a college graduate or he shall have been engaged or exposed to the business of the Company for at least 5 years; 3. He shall possess integrity/probity; and

	<p>1. The nature of the business of the Corporations where the nominee is a director;</p> <p>2. Age of the director;</p> <p>3. Number of directorships/active memberships and officerships in other corporation or organizations; and</p> <p>4. Possible conflict of interest;</p>	<p>4. He shall be assiduous).</p> <p>5. Has none of the disqualifications set forth below.</p>
(iii) Independent Directors	<p>The Company discloses to the SEC and the PSE at least 2 months prior to the annual meeting the date of the annual meeting and the deadline and requirements for nomination of independent director; The NC accepts the written nomination letters and takes it up (qualifications and disqualifications are determined) at the NC meeting at least 1 month prior to the annual stockholders' meeting.</p> <p>Other than the criteria listed herein, the NC also considers the following during its meeting:</p> <p>1. The nature of the business of the Corporations where the nominee is a director;</p> <p>2. Age of the director;</p> <p>3. Number of directorships/active memberships and officerships in other corporation or organizations; and</p> <p>4. Possible conflict of interest;</p> <p>5. The optimum number of directorship outside the Company shall be related to the capacity of a director to perform his duties diligently in general.</p> <p>6. Subject to the foregoing. The Company's Directors may be members of as many boards as they may accept or</p>	<p>In addition to the criteria above:</p> <p>1. Is not a director or officer or substantial stockholder (stockholder owning at least 10% of outstanding shares) of the Company or of its related Companies or any of its substantial shareholders (other than as an Independent Director of any of the foregoing);</p> <p>2. Is not a relative of any director, officer or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;</p> <p>3. Is not acting as a nominee or representative of a substantial shareholder of the Company, any of its related companies or any of its substantial Shareholders;</p> <p>4. Has not been employed in any executive capacity by the Company, any of its related companies or by any of its substantial shareholders within the last 5 years;</p> <p>5. Is not retained as professional adviser by the Company, any of its related companies or any of its substantial shareholders within the last 5 years, either</p>

	be elected into subject to periodic evaluation by the NC.	personally of through his firm; 6. Has not engaged and does not engage in any transaction with the Company or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial or insignificant.
b. Re-appointment-		
(i) Executive Directors	Appointed by the Board at the organizational meeting after the annual meeting	Performance
(ii) Non-Executive Directors	NOT APPLICABLE AS DIRECTORS ARE ELECTED, NOT APPOINTED	
(iii) Independent Directors	NOT APPLICABLE AS DIRECTORS ARE ELECTED, NOT APPOINTED	
c. Permanent Disqualification		
(i) Executive Directors	Determined by the NC, based on complaints or on its own information, during the NC Meeting	<p>1. Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induces or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;</p> <p>2. Any person judicially declared to be insolvent;</p> <p>3. Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts,</p>

		<p>violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and</p> <p>4. Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years prior to the date of his election or appointment.</p>
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above
d. Temporary Disqualification		
(i) Executive Directors	Same as above	<p>1. 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;</p> <p>2. Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of directors during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;</p> <p>3. Dismissal/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;</p> <p>4. Being under preventive suspension as an officer or employee of the Company;</p> <p>5. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.</p>
(ii) Non-Executive Directors	Same as above	1. Refusal to fully disclose the extent of his business interest

		<p>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;</p> <p>2. Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of directors during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;</p> <p>3. Dismissal/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;</p> <p>4. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.</p>
(iii) Independent Directors	Same as above	<p>In addition to the above:</p> <p>1. He becomes an officer or employee of the Company or of its related companies or substantial shareholder of the Company (owning at least 10% of the outstanding capital stock);</p> <p>2. His beneficial security ownership exceeds 10% of the outstanding capital stock of the Company;</p>
e. Removal		
(i) Executive Directors	A complaint or petition is filed with the NC. NC takes up the complaint/petition, then recommends appropriate action to the Board.	Same grounds for permanent or temporary disqualification; in addition, infidelity to the Company or actions/ conduct inimical to the interest of the company
(ii) Non-Executive Directors	Same as above	Same grounds for permanent or temporary disqualification;

		in addition, infidelity to the Company or actions/ conduct inimical to the interest of the company
(iii) Independent Directors	Same as above	Same grounds for permanent or temporary disqualification; in addition, infidelity to the Company or actions/ conduct inimical to the interest of the company
f. Re-instatement <u>Not applicable; a director may be re-elected at an annual meeting, but not reinstated in the interim unless a vacancy occurs and the disqualified director becomes qualified in the meantime</u>		
(i) Executive Directors		
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	Same as removal	Same as removal
(ii) Non-Executive Directors	Same as removal	Same as removal
(iii) Independent Directors	Same as removal	Same as removal

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Felipe U. Yap	120,576,940,201
Bryan U. Yap	120,576,940,201
Eduardo A. Bangayan	120,576,940,201
Rene F. Chanyungco	120,576,940,201
Ethelwoldo E. Fernandez	120,576,940,201
Rodolfo S. Miranda	120,576,940,201
Douglas John Kirwin	120,576,940,201
Patrick K. Yap	120,576,940,201
Stephen Y. Yap	120,576,940,201

6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any.
New directors are invited to visit/ flown to the mine site to get oriented on the company's operations; they are advised on the company's policies especially in respect of directors' reportorial and disclosure requirements.
- (b) State any in-house training and external courses attended by Directors and Senior Management³ for the past three (3) years: **Annual Corporate Governance Seminar**
- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year. **NONE**

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Felipe U. Yap	November 29, 2016	Corporate Governance Updates and Economic Briefing	Center For Global Best Practices
Bryan U. Yap	November 29, 2016	Corporate Governance Updates and Economic Briefing	Center For Global Best Practices
Eduardo A. Bangayan	November 29, 2016	Corporate Governance Updates and Economic Briefing	Center For Global Best Practices
Rene F. Chanyungco	November 29, 2016	Corporate Governance Updates and Economic Briefing	Center For Global Best Practices
Ethelwoldo E. Fernandez			
Rodolfo S. Miranda	November 29, 2016	Corporate Governance Updates and Economic Briefing	Center For Global Best Practices
Douglas John Kirwin	November 29, 2016	Corporate Governance Updates and Economic Briefing	Center For Global Best Practices
Patrick K. Yap	November 29, 2016	Corporate Governance Updates and Economic Briefing	Center For Global Best Practices
Stephen Y. Yap	November 29, 2016	Corporate Governance Updates and Economic Briefing	Center For Global Best Practices

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	The Director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it to the Chairman (if Chairman or President is concerned, he reports to the Board) and should not participate in the decision-making process. A Director who has a continuing	The policy requires Covered Persons who find themselves in a potential or actual conflict of interest situation to promptly disclose the matter and, as applicable, seek approval from their superior (President or department head). Unless otherwise authorized by the Company, the person concerned is required to inhibit himself/herself from any action, transaction, discussion, evaluation, or decision involving such conflict of interest. The policy also prohibits the Company from granting personal loans to directors or	The policy requires Covered Persons who find themselves in a potential or actual conflict of interest situation to promptly disclose the matter and, as applicable, seek approval from the department head. Unless otherwise authorized by the Company, the person concerned is required to inhibit himself/herself from any action, transaction, discussion, evaluation, or decision involving such conflict of interest. The policy also prohibits the Company from granting personal loans to directors or officers unless allowed by applicable laws and regulations.

	material conflict of interest should seriously consider resigning from his position.	officers unless allowed by applicable laws and regulations.	
(b) Conduct of Business and Fair Dealings	<p>1. A director should conduct fair business transactions with the corporation, and to ensure that his personal interest does not conflict with the interests of the corporation.</p> <p>2. Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.</p>	<p>Employees are expected, at all times, to act in the best interests of the Company and to exercise sound judgment, unclouded by personal interest or divided loyalties, while employed by the Company or any of its subsidiaries and affiliates:</p> <p>a) An employee is expected to devote his/her time, attention and skill to the affairs of the Company and its subsidiaries and affiliates during the usual business hours and use his/her best endeavors to further the interest of the Company.</p> <p>b) An employee is expected to at all times to diligently, faithfully and to the best of his/her ability, perform the duties and responsibilities for which he/she has been employed as well as abide by any additional instructions as may reasonably be requested of him/her.</p> <p>c) An employee is required to use all proper means within his/her area of control and responsibility to maintain and improve the business, and to protect and further the reputation and interest of the Company and its affiliates.</p> <p>d) An employee is not permitted to work for, or have any interest in any</p>	<p>Employees are expected, at all times, to act in the best interests of the Company and to exercise sound judgment, unclouded by personal interest or divided loyalties, while employed by the Company or any of its subsidiaries and affiliates:</p> <p>a) An employee is expected to devote his/her time, attention and skill to the affairs of the Company and its subsidiaries and affiliates during the usual business hours and use his/her best endeavors to further the interest of the Company.</p> <p>b) An employee is expected to at all times to diligently, faithfully and to the best of his/her ability, perform the duties and responsibilities for which he/she has been employed as well as abide by any additional instructions as may reasonably be requested of him/her.</p> <p>c) An employee is required to use all proper means within his/her area of control and responsibility to maintain and improve the business, and to protect and further the reputation and interest of the Company and its affiliates.</p> <p>d) An employee is not permitted to work for, or have any interest in any other company or business, or undertake any activity which might interfere with his/her duties, or negatively affect his/her performance, or</p>

		other company or business, or undertake any activity which might interfere with his/her duties, or negatively affect his/her performance, or create a conflict with the Company's interest.	create a conflict with the Company's interest.
(c) Receipt of gifts from third parties		<p>Some of the most common ethical questions arise about gifts and entertainment. As a general rule, the company's goal is to avoid all situations in which an employee's interest may conflict, or appear to conflict, with the Company's business interests. In particular, gifts and entertainment should not be accepted if they will make the employee feel obligated to repay or reciprocate the donor with corporate business to the detriment of the company.</p> <p>Gifts include, but are not limited to, money and tangible property, as well as services and discounts on purchases of goods and services or any similar favor.</p> <p>Accordingly, to avoid the appearance of a conflict of interest, gifts should not be accepted beyond the level which is reasonable and customary under the circumstances of the business relationship. Any gift which does not meet this standard should be returned to the sender together with an explanation that it is against the Company's policy to accept such items.</p> <p>No employee should give a gift beyond the level</p>	<p>Some of the most common ethical questions arise about gifts and entertainment. As a general rule, the company's goal is to avoid all situations in which an employee's interest may conflict, or appear to conflict, with the Company's business interests. In particular, gifts and entertainment should not be accepted if they will make the employee feel obligated to repay or reciprocate the donor with corporate business to the detriment of the company.</p> <p>Gifts include, but are not limited to, money and tangible property, as well as services and discounts on purchases of goods and services or any similar favor.</p> <p>Accordingly, to avoid the appearance of a conflict of interest, gifts should not be accepted beyond the level which is reasonable and customary under the circumstances of the business relationship. Any gift which does not meet this standard should be returned to the sender together with an explanation that it is against the Company's policy to accept such items.</p> <p>No employee should give a gift beyond the level which is reasonable and customary under the circumstances of the business relationship to any officer or employee of a customer or supplier.</p>

		which is reasonable and customary under the circumstances of the business relationship to any officer or employee of a customer or supplier.	
(d) Compliance with Laws & Regulations	The Board shall ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices.	The Company is committed to being a good corporate citizen. It shall do its share in national development and growth of the host community. It shall pay all taxes due accurately and promptly. Adherence to legal processes and statutes shall be its guide at all times.	The Company is committed to being a good corporate citizen. It shall do its share in national development and growth of the host community. It shall pay all taxes due accurately and promptly. Adherence to legal processes and statutes shall be its guide at all times.
(e) Respect for Trade Secrets/Use of Non-public Information	A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.	On first joining the company, every employee is required to sign a "Confidential Information, Inventions and Developments Agreement." Such agreement obligates an employee to transfer to the company all rights to inventions or discoveries, to protect the company's trade secrets and to keep information confidential. Confidential information should be available only to Company personnel who need to know the same. Disclosure of confidential information outside the Company, especially to competitors, or adverse parties could be detrimental. Confidential information or data should be maintained in locked files and storage areas and properly disposed of in accordance with our records retention policy. Also, care should be exercised when handling or discussing confidential information not only outside, but also within the office premises to ensure that the confidential information do not become available	On first joining the company, every employee is required to sign a "Confidential Information, Inventions and Developments Agreement." Such agreement obligates an employee to transfer to the company all rights to inventions or discoveries, to protect the company's trade secrets and to keep information confidential. Confidential information should be available only to Company personnel who need to know the same. Disclosure of confidential information outside the Company, especially to competitors, or adverse parties could be detrimental. Confidential information or data should be maintained in locked files and storage areas and properly disposed of in accordance with our records retention policy. Also, care should be exercised when handling or discussing confidential information not only outside, but also within the office premises to ensure that the confidential information do not become available to employees not authorized to have access to such information and to non-employees and the

		to employees not authorized to have access to such information and to non-employees and the public. Permitting unauthorized access to office, mine or milling facilities by Company personnel likewise constitutes breach of confidentiality not to mention violation of security policies.	public. Permitting unauthorized access to office, mine or milling facilities by Company personnel likewise constitutes breach of confidentiality not to mention violation of security policies.
(f) Use of Company Funds, Assets and Information	A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.	<p>Assets owned by the company, whether physical or intangible, are to be utilized exclusively in the pursuit of company business and are not for personal use or consumption.</p> <p>Every employee of the company shall be responsible for the assets under his direct control and supervision. Everyone shall have the responsibility to be mindful of appropriate security procedures and to be alert for situations or conditions that may lead to loss, destruction, theft or misuse of Company assets.</p> <p>Confidential information should be available only to Company personnel who need to know the same. Disclosure of confidential information outside the Company, especially to competitors, or adverse parties could be detrimental. Confidential information or data should be maintained in locked files and storage areas and properly disposed of in accordance with our records retention policy. Also, care should be exercised when handling or discussing confidential</p>	<p>Assets owned by the company, whether physical or intangible, are to be utilized exclusively in the pursuit of company business and are not for personal use or consumption.</p> <p>Every employee of the company shall be responsible for the assets under his direct control and supervision. Everyone shall have the responsibility to be mindful of appropriate security procedures and to be alert for situations or conditions that may lead to loss, destruction, theft or misuse of Company assets.</p> <p>Confidential information should be available only to Company personnel who need to know the same. Disclosure of confidential information outside the Company, especially to competitors, or adverse parties could be detrimental. Confidential information or data should be maintained in locked files and storage areas and properly disposed of in accordance with our records retention policy. Also, care should be exercised when handling or discussing confidential information not only outside, but also within the office premises to ensure that the confidential information do not become</p>

		<p>information not only outside, but also within the office premises to ensure that the confidential information do not become available to employees not authorized to have access to such information and to non-employees and the public. Permitting unauthorized access to office, mine or milling facilities by Company personnel likewise constitutes breach of confidentiality not to mention violation of security policies.</p>	<p>available to employees not authorized to have access to such information and to non-employees and the public. Permitting unauthorized access to office, mine or milling facilities by Company personnel likewise constitutes breach of confidentiality not to mention violation of security policies.</p>
(g) Employment & Labor Laws & Policies		<p>The company is committed to a policy of recruiting, promoting and supporting the professional growth of, a globally competitive work force through equal employment opportunities. Determinations regarding the hiring of applicants and subsequent employee actions such as training, compensation and promotion shall be made and communicated in a manner which ensures that no discrimination on the basis of gender, sexual preference/orientation, age, religion or disability occurs unless justified by the nature or requirements of work. A work environment free from harassment and intimidation shall be maintained for all employees at all times.</p> <p>The company is committed to ensure and maintain a healthy and a health-conscious workforce. It shall continue to provide health programs that are geared towards the total</p>	<p>The company is committed to a policy of recruiting, promoting and supporting the professional growth of, a globally competitive work force through equal employment opportunities. Determinations regarding the hiring of applicants and subsequent employee actions such as training, compensation and promotion shall be made and communicated in a manner which ensures that no discrimination on the basis of gender, sexual preference/orientation, age, religion or disability occurs unless justified by the nature or requirements of work. A work environment free from harassment and intimidation shall be maintained for all employees at all times.</p> <p>The company is committed to ensure and maintain a healthy and a health-conscious workforce. It shall continue to provide health programs that are geared towards the total prevention and/or elimination of illnesses common to underground mining operations .</p>

		<p>prevention and/or elimination of illnesses common to underground mining operations.</p> <p>Adherence to legal processes and statutes shall be its guide at all times.</p>	Adherence to legal processes and statutes shall be its guide at all times.
(h) Disciplinary action	<p>o In case of first violation, the subject person shall be reprimanded.</p> <p>o Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation.</p> <p>o For third violation, the maximum penalty of removal from office shall be imposed.</p> <p>8.2. The commission of a third violation of this manual by any member of the board of the company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.</p>	<p>Violations of the Code of Conduct are deemed serious offenses which may result in disciplinary action, suspension, dismissal or may result in civil action by the company. In addition, violations of the Code of Conduct which are also violations of law may result in fines, penalties or other legal remedies. The Code of Conduct of the Company provides for a Table of Disciplinary Actions</p>	<p>Violations of the Code of Conduct are deemed serious offenses which may result in disciplinary action, suspension, dismissal or may result in civil action by the company. In addition, violations of the Code of Conduct which are also violations of law may result in fines, penalties or other legal remedies. The Code of Conduct of the Company provides for a Table of Disciplinary Actions</p>
(i) Whistle Blower	To be adopted	<p>Any employee who has personal knowledge of the commission of a Wrongful Act by an officer or another employee of the Company, or otherwise has strong and valid reasons for believing that a Wrongful Act had been committed by such officer or employee, shall immediately file a Complaint with the head of the HRTAD or the Compliance Officer for Corporate Governance (COCG). The Whistleblower may conceal his identity by submitting an anonymous written report. However, a report by an anonymous Whistleblower shall be given due course only if</p>	<p>Any employee who has personal knowledge of the commission of a Wrongful Act by an officer or another employee of the Company, or otherwise has strong and valid reasons for believing that a Wrongful Act had been committed by such officer or employee, shall immediately file a Complaint with the head of the HRTAD or the Compliance Officer for Corporate Governance (COCG). The Whistleblower may conceal his identity by submitting an anonymous written report. However, a report by an anonymous Whistleblower shall be given due course only if the report avers verifiable matters of fact and on its</p>

		the report avers verifiable matters of fact and on its face is sufficient to warrant an investigation of the alleged Wrongful Act. If necessary for the conduct of a fair and adequate investigation, the Whistleblower may be required to reveal his identity.	face is sufficient to warrant an investigation of the alleged Wrongful Act. If necessary for the conduct of a fair and adequate investigation, the Whistleblower may be required to reveal his identity.
(j) Conflict Resolution	Settlement of conflicts or cases are discussed and approved at the Board level.	The Company exhausts all avenues for settlement of conflicts prior to resorting to judicial action, and even after the matter has been lodged with the courts.	The Company exhausts all avenues for settlement of conflicts prior to resorting to judicial action, and even after the matter has been lodged with the courts.

- 2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees? **Yes**
- 3) Discuss how the company implements and monitors compliance with the code of ethics or conduct. **For officers and employees, the Human Resource and Administration Dept. monitors compliance with the Code of Business Ethics. For the Directors, complaints may be lodged with the Nomination Committee, who will investigate the matter.**
- 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
Parent Company	<p>The policy is that all its transactions with its Subsidiaries and affiliates, or with any of its officers, employees, Substantial Shareholders, or members of its Board of Directors ("Related Persons") or Close Relatives of the Related Persons be properly identified and reviewed to ensure that Related Party Transactions are disclosed and made on an arm's length basis.</p> <p>1. In accordance with Rule 68 of the Securities Regulation Code (SRC), details of the Company's Related Party Transactions shall be disclosed in the Company's Financial Statements and Annual Reports.</p> <p>2. All Related Party Transactions will be disclosed to the Audit Committee, properly documented and made on an Arm's Length basis to ensure that they are in the best interest of the Company and its shareholders. Such disclosure should include the following details:</p> <ul style="list-style-type: none"> – the name of the Related Party; – the Related Party's interest in the Related Party
Joint Ventures	
Subsidiaries	
Entities Under Common Control	
Substantial Stockholders	
Officers including spouse/children/siblings/parents	
Directors including spouse/children/siblings/parents	
Interlocking director relationship of Board of Directors	

	<p>Transaction;</p> <ul style="list-style-type: none"> – the approximate value or the amount involved in the Related Party Transaction; – the approximate value or the amount of the Related Party's interest in the Related Party Transaction, which shall be computed without regard to the amount of the profit or loss; – the purpose and timing of the Related Party Transaction. <p>3. Material Related Party Transactions should be reviewed by the Audit Committee, and recommended by the Audit Committee to the Board of Directors for approval, prior to execution. However, no such review, but mere disclosure, is required in respect of customary transactions between the Company and its Subsidiaries.</p>
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(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	None
Name of Officer/s	None
Name of Significant Shareholders	None

(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 policy requires Covered Persons who find themselves in a potential or actual conflict of interest situation to promptly disclose the matter and, as applicable, seek approval from the proper authorities. Unless otherwise authorized by the Company, the person concerned is required to inhibit himself/herself from any action, transaction, discussion, evaluation, or decision involving such conflict of interest. The policy also prohibits the Company from granting personal loans to directors or officers unless allowed by applicable laws and regulations.
Group	Same as above.

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:

None

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

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

- (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**

Names of Related Significant Shareholders	Type of Relationship	Brief Description

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company: **NONE**

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
N/A		

6) Alternative Dispute Resolution

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

Alternative Dispute Resolution System	
Corporation & Stockholders	Not applicable; no conflicts with shareholders
Corporation & Third Parties	Before deciding to go to court, the Company exhausts all possibilities of settling disputes; for cases that are already with the courts, the company resorts to mediation and has successfully terminated cases on such basis.
Corporation & Regulatory Authorities	The company works closely with the regulatory authorities and complies with regulations to avoid any disputes.

C. BOARD MEETINGS & ATTENDANCE

- 1) Are Board of Directors' meetings scheduled before or at the beginning of the year? **As the need arises.**
- 2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Felipe U. Yap	April 21, 2016	3	3	100%
Member	Bryan U. Yap	April 21, 2016	3	3	100%
Member	Eduardo A. Bangayan	April 21, 2016	3	3	100%
Member	Rene F. Chanyungco	April 21, 2016	3	3	100%

Member	Ethelwoldo E. Fernandez	April 21, 2016	3	3	100%
Member	Rodolfo S. Miranda	April 21, 2016	3	3	100%
Independent	Douglas John Kirwin	April 21, 2016	3	3	100%
Member	Stephen Y. Yap	April 21, 2016	3	3	100%
Independent	Patrick K. Yap	April 21, 2016	3	3	100%

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? **Not as a non-executive Board but as a Committee, that is, Audit Committee.**
- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.
The requirement is majority of the members present.
- 5) Access to Information
- (a) How many days in advance are board papers for board of directors meetings provided to the board? **At least 3 days in advance.**
- (b) Do board members have independent access to Management and the Corporate Secretary? **Yes.**
- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?: **Roles of the Corporate Secretary:**
- Assists the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;
 - Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the corporation;
 - Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board and the Chairman on all relevant issues as they arise;
 - Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
 - Advises on the establishment of board committees and their terms of reference;
 - Informs members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
 - Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;
 - Performs required administrative functions;
 - Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and

j. Performs such other duties and responsibilities as may be provided by the SEC.

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

(e) Committee Procedures

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

Yes ☒ X

No ☐

Committee	Details of the procedures
Executive	All requests for information are coursed through the Asst. Corporate Secretary except financial matters which are coursed through the CFO
Audit	Members have direct access to management but to facilitate requests, they are coursed through the Asst. Corporate Secretary or the Head of Internal Audit.
Nomination	All requests for information are coursed through the Asst. Corporate Secretary.
Remuneration	All requests for information are coursed through the Asst. Corporate Secretary except financial matters which are coursed through the CFO
Others : Stock Option Committee	All requests for information are coursed through the Asst. Corporate Secretary except financial matters which are coursed through the CFO

6) External Advice

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

Procedures	Details
No formal procedure but they may so request during board meetings as they have done in the past.	

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:
NONE

Existing Policies	Changes	Reason
N/A		

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers: **Remuneration of the CEO waived, no remuneration, the company not being in commercial operation.**

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Taken up by the Remuneration and Compensation Committee based on industry standards and the financial standing of the Company	Taken up by the Remuneration and Compensation Committee based on industry standards and the financial standing of the Company
(2) Variable remuneration	None	None
(3) Per diem allowance	None other than for attendance of Board meetings, which is set by the Board	None other than for attendance of Board meetings, which is set by the Board
(4) Bonus	None in the last 10 years	None in the last 10 years
(5) Stock Options and other financial instruments	Decided by the Stock Option Committee based on capacity to pay and ESOP Guidelines	Decided by the Stock Option Committee based on capacity to pay and ESOP Guidelines
(6) Others (specify)	None	None

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	<u>Executive Directors are paid per diem for attendance of Board or Committee meetings, as fixed by the Board</u>	None	Based on industry standards and the Company's capacity to pay
Non-Executive Directors	Non- Executive Directors are paid per diem for attendance of Board or Committee meetings, as fixed by the Board	None	Based on industry standards and the Company's capacity to pay

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

Remuneration Scheme	Date of Stockholders' Approval
Each Director shall receive, for his services as such director, such reasonable sum as the Board of Directors may fix from time to time for each regular or special meeting of the Board actually attended by him;	(By-Laws) April 16, 2012
Prior to the above, the By-Laws since 1970 has set the per diem at P1,000 per meeting.	

3) Aggregate Remuneration

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

Remuneration Item	Executive Directors (As such directors)	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	NA	NA	NA
(b) Variable Remuneration	NA	NA	NA
(c) Per diem Allowance	P135,000	P187,000	P67,000
(d) Bonuses	NA	NA	NA
(e) Stock Options and/or other financial instruments	No outstanding options	No outstanding options	No outstanding options
(f) Others (Specify)	None	None	None
Total	P135,000	P187,000	P67,000

Other Benefits	Executive Directors (as such directors)	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	None	None	None
2) Credit granted	None	None	None
3) Pension Plan/s Contributions	None	None	None
(d) Pension Plans, Obligations incurred	None	None	None
(e) Life Insurance Premium	None	None	None
(f) Hospitalization Plan	None	None	None
(g) Car Plan	None	None	None
(h) Others (Specify)	None	None	None
Total			

4) Stock Rights, Options and Warrants

(a) Board of Directors

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

THE LAST STOCK OPTION AWARD HAS EXPIRED.

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

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting: **None**

Incentive Program	Amendments	Date of Stockholders' Approval

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
FELIPE U. YAP – Chief Executive Officer	P2.3 million
BRYAN U. YAP – Chief Operating Officer	
RENE F. CHANYUNGCO – Senior Vice President and Treasurer	
PATRICK K. YAP – Senior Vice President	
PABLO AYSON, JR. – Vice President	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	2	1	2	NONE	Pls see discussion below	Pls see discussion below	Pls see discussion below
Audit		2	1	Yes	Pls see discussion below	Pls see discussion below	Pls see discussion below
Nomination	1	1	1	Yes	Pls see discussion below	Pls see discussion below	Pls see discussion below
Remuneration		2	1	None	Pls see discussion below	Pls see discussion below	Pls see discussion below
Others Stock Option	1	1	1	Yes	Pls see discussion below	Pls see discussion below	Pls see discussion below

FUNCTIONS AND RESPONSIBILITIES OF THE EXECUTIVE COMMITTEE

- a. Meets to make decisions when the Board is unable to meet.
Meets prior to a Board meeting, upon call by the Chairman or President or any member to prepare for or otherwise make recommendations to the Board prior to a Board meeting where a crucial decision will have to be made.

POWERS OF THE EXECUTIVE COMMITTEE: such powers as may be delegated by the Board from time to time.

FUNCTIONS AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

- a. Recommends the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- b. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;
- c. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head. The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;
- d. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;
- e. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;
- f. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- g. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence³. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;
- h. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Areas where a significant amount of judgment has been exercised
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
- i. Reviews the disposition of the recommendations in the External Auditor's management letter;
- j. Performs oversight functions over the corporation's Internal and External Auditors.
It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- k. Coordinates, monitors and facilitates compliance with laws, rules and regulations;
- l. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders; and
- m. The Audit Committee meets with the Board as often as possible without the presence of the CEO or other management team members, and periodically meets with the head of the internal audit.

POWERS OF THE AUDIT COMMITTEE

- a. Have direct access to senior management, including the Chief Executive Officer and Chief Financial Officer, Internal Audit Department and the external auditor.
- b. Have direct access to the Company's financial records.
- c. Have direct access to financial resources for the dispensation of its functions, including the engagement of advisors or consultants and attendance of trainings and seminars.

Require any officer or department head of the Company to report to the Committee at any regular or special meeting.

FUNCTIONS AND RESPONSIBILITIES OF THE NOMINATION COMMITTEE

- a. Meets at least once a year at least a month before the annual meeting for the purpose of evaluating the eligibility for directorship of all nominees;
- b. Evaluates the performance of the directors.
- c. Shortlists the nominees for election to the Board.

POWERS OF THE NOMINATION COMMITTEE

- a. Determines the qualifications or disqualifications of nominees;
- b. Reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval;
- c. Acts on complaints concerning the conduct or disqualification of directors.
- d. Assesses the effectiveness of the Board's processes and procedures in the election or replacement of directors;

FUNCTIONS AND RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

- a. Meets to discuss the remuneration of management prior to the implementation of any recommended increase or change in such remuneration;
- b. Recommends to the Board such increase or change in remuneration.

POWERS OF THE REMUNERATION COMMITTEE: Recommendatory

FUNCTIONS AND RESPONSIBILITIES OF THE STOCK OPTION COMMITTEE

- a. Administers the Company's Stock Option Plan;
- b. Recommends to the Board a stock option award with the following parameters: names of optionees and number of shares awarded to each; price of the option; date of effectivity;

POWERS OF THE STOCK OPTION COMMITTEE: Recommendatory

2) Committee Members

- (a) Executive Committee - **No meeting, the company not being in commercial operation.**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee

(b) Audit Committee – meets quarterly

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Eduardo A. Bangayan	May 24, 2004	4	4	100	10 yrs.
Member (ED)	Ethelwoldo E. Fernandez	April 28, 2014	4	4	100	1 yr.
Member (NED)	Rodolfo S. Miranda	May 19, 2009	4	4	100	5 yrs.
Member (ID)	----					
Member	----					

Disclose the profile or qualifications of the Audit Committee members.

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

(c) Nomination Committee – meets once in the month of March

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	Bryan U. Yap	May 24, 2004	1	1	100	10 yrs.
Member (ID)	Eduardo A. Bangayan	May 27, 2013	1	1	100	2 yrS.
Member (NED)	Ethelwoldo E. Fernandez	May 24, 2004	1	1	100	10 yrs.
Member	-----					
Member						

(d) Remuneration Committee - **No meeting, the company not being in commercial operation.**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Ethelwoldo E. Fernandez	May 24, 2004				10 yrs.
Member (ED)	Bryan U. Yap	May 27, 2013				2 yrS.
Member (ID)	Eduardo A. Bangayan	May 24, 2004				10 yrs.
Member (NED)	-----					
Member	-----					

(e) Others (Specify) **Stock Option Committee**

Provide the same information on all other committees constituted by the Board of Directors: **No meeting in 2016**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Rene F. Chanyungco	May 19, 2009				6 yrs.
Member (ED)						
Member (NED)	Rodolfo S. Miranda	May 19, 2009				6 yrs.
Member (ID)	Eduardo A. Bangayan	May 19, 2009				6 yrs.
Member	-----					

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes: **None**

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

4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Executive	None, as the Board met regularly	
Audit	<ol style="list-style-type: none"> 1. Approval of Internal Audit Plan 2. Approval of quarterly reports 3. Approval of Amended Audit Charter 4. Recommended the appointment of external auditor 5. Reviewed compliance of financial statements with applicable standards 6. Recommended to the Board the approval of the audited financial statements 7. Discussed risk issues and other financial concerns 8. Reviewed internal audit reports and made recommendations 	Matters that arose in the relation to internal audit reports
Nomination	Shortlisted nominees based on qualifications; Evaluated performance of nominees	
Remuneration	None this year as no change in management remuneration was made	
Others Stock Option	None in 2016.	

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	None, as the Board meets regularly	
Audit	Profitability	
Nomination	To be discussed	
Remuneration	To be discussed	
Others Stock Option	To be discussed	

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

In the management of its financial risks, the Company adheres to the following policies:

- (i) All gold exports when priced are practically settled on cash basis;
 - (ii) The Company enters into marketing contracts only with refineries and smelters of established international repute;
 - (iii) Maintain equity price and commodity price risks at acceptable levels;
 - (iv) Ensure that there are sufficient capital inflows to match repayments of short-term debt.
 - (v) Maintain a balance between continuity of funding and flexibility;
 - (vi) Manage liquidity risk by regularly evaluating projected and actual cashflows;
- (b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;
The Board of Directors approves the yearly budget and in the course of the review of the budget, risk exposures in respect of commodity price; interest rate; foreign exchange rate; cost items are also studied. Environmental risks are also managed as the Board requires regular reports on environmental concerns, including the maintenance of the tailings dam.
- (c) Period covered by the review; Yearly
- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness;
Yearly
- (e) Where no review was conducted during the year, an explanation why not.

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
Operational and Environmental Risks	Operational risk hazards include possible occurrence of accidents in the exploration or operations site. Also, pollutants may be generated from mining and milling operations, thus the need for strict compliance with health, safety and environment standards. Environmental protection is a priority of the Company. Lepanto is guided by its Environmental Policy to integrate safety, health and environmental concerns in all phases of its operations, which means complying with all international safety, health and environmental standards.	Prevent accidents in the company's operations by embracing highest safety and environmental standards and ensuring that these are implemented.
Volatility of Metal Prices	The Company's revenues are directly affected by prices of the metals it produces, which are gold and silver. These metal prices are beyond any producer's control and are influenced principally by demand factors in the world market. Thus the Company plans production assuming a certain gold price range and providing for	Make good profit.

	sensitivity analysis. The company continually reviews its cost of production which to a certain extent is controllable.	

(b) Group

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

Risk Exposure	Risk Management Policy	Objective
Operational and Environmental Risks	International standards on safety, health and environmental should be met at all times.	Prevent accidents in the company's operations by embracing highest safety and environmental standards and ensuring that these are implemented

(c) Minority Shareholders

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

Risk to Minority Shareholders
Controlling shareholders theoretically have the power to steer the company into any direction they desire. But it has been the policy of the Board to carefully deliberate on any important issue, with each director being asked for his views, before decisions are made. More often than not, decisions are unanimously made. On the other hand, if the controlling shareholder should make a mistake, he tends to suffer the most, financially and otherwise.

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)
Regulatory issues/permits	All requirements have been completed; follow-up	No further actions needed but follow-up

(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)
Regulatory issues/permits	All requirements have been completed; follow-up	No further actions needed but follow-up

(c) Committee

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

Committee/Unit	Control Mechanism	Details of its Functions
No specific committee but the Audit Committee, to whom the CFO, Controller and Internal Audit Head report regularly, has taken on this function	Monitoring through monthly written reports (reports to the Board, at the very least) and quarterly meetings	The Committee requires management, principally the CFO and Controller to report on risk concerns, particularly how management is addressing the matter and what help may be needed from the Board in so addressing the concerns.

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 by the Company as a process, influenced by its Board of Directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (i) effectiveness and efficiency of operations; (ii) reliability of reporting; and (iii) compliance with applicable 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 internal control system of the Company is reviewed by the Internal Audit Group periodically. The Audit Committee approves the annual Audit Plan which guides the internal auditors in performing their work. The Plan details the subjects of the review, the schedule and frequency of such review, and necessary manpower to complete the task. The results of all reviews are reported to the Audit Committee.
- (c) Period covered by the review;
From year to year. The current audit period covers the months of January through December 31, 2016.
- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system;
There are internal control systems that are reviewed more frequently than the others, pursuant to the Audit Plan. The most frequent is quarterly. The results are reported to the Audit Committee and are taken up during the quarterly committee meetings. All concerns raised by the Audit Committee are addressed immediately by the Internal Audit Group and the concerned departments.
- (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
Internal Audit Manager	Parent Company and its subsidiaries	In-house	Rannen Darroca	Quarterly to Audit Committee
Internal Auditor	-do-	-do-	-do-	Daily

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

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

The Internal Audit Group of the Company reports directly to the Audit Committee. All of the audit activities of the former are approved by or otherwise proposed by the Audit Committee. These are summarized in the annual Audit Plan. Further, the Internal Audit Group and the Audit Committee have access to all records, properties and personnel of the Company.

- (d) Resignation, Re-assignment and Reasons

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

Name of Audit Staff	Reason

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

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

Progress Against Plans	The Internal Audit Plan for the period April 6, 2015 to December 31, 2016 covers three major areas, to wit: (a) Internal Environmental Management System (EMS), (b) Compliance, and (c) Financial audits.
Issues ⁵	No major issues considering that the company is not in commercial operation.
Findings ⁶	No major findings considering that the company is not in commercial operation.
Examination Trends	None

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

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

- (f) Audit Control Policies and Procedures

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

Due to minimal operations, there is no perceived need at this time for an internal audit function.

⁵ "Issues" are compliance matters that arise from adopting different interpretations.

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

(g) Mechanisms and Safeguards

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
The Internal Auditor group of the Company reports directly to the Audit Committee; their Audit Plan is approved by the Audit Committee. The external auditor, SGV & Company, likewise reports directly to the Audit Committee, which approves as well their Audit Plan.	Not applicable	Not applicable	Not applicable

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

Chairman and CEO.

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	We commit to excellence in quality, environmental protection, safety, health and security in our mining operations and in the community of which we are a part.	Upgrading of assay laboratory for accuracy of metal assays.
Supplier/contractor selection practice	Any entity that wishes to transact with the company has to get accredited. For accreditation, we require a copy of the Articles of Incorporation of the company and require documents indicating the ownership of the said entity. A site/plant/office visit is then conducted. It is only after accreditation that negotiations/canvassing take place, at which the Purchasing Department ensures that the Company gets the best deal possible, and always on arm's length basis.	Periodic review of quality and compliances.

Environmentally friendly value-chain	<p>We commit to become a model of a socially responsible mining organization through the effective implementation of our environmental standards, procedures, and programs.</p> <p>We commit to enhance our environment, minimize the impact of our operations thereon and continually improve our environmental management system performance by:</p> <ul style="list-style-type: none"> • Ensuring compliance with all applicable legal requirements, industry standards and other requisites • Promoting environmental management system awareness among our employees, suppliers, contractors, host community and business partners through an effective information dissemination drive • Fostering sustainable and responsible use of resources, effective waste management and pollution control; and • Enhancing the organizational capabilities and employees' competencies towards environmentally responsible and efficient operations <p>We further commit to consistently implement, measure, monitor and review our environmental programs and performance to achieve the foregoing objectives.</p>	
Community interaction	<p>We commit to improving our Integrated Management System performance by, among others, assisting host and neighboring communities improve their quality of life. We further commit to consistently implement, measure, monitor, review and openly communicate our IMS performance to improve stakeholder confidence.</p>	<p>For our Community Relations activities for 2016, we spent about P 1.6 million for such projects for the host and neighboring communities as: Brigada Eskwela, Baranggay Road Repair and maintenance, equipment usage, rice assistance to various line agencies and communities and honoraria for volunteer teachers and Day Care workers. During the earthquake that devastated Surigao City in March 2017, we donated food and water to the victims through the city government.</p>
Anti-corruption programs and procedures?	<p>Relevant policies: The Company is committed to being</p>	Regular audit

	<p>a good corporate citizen. It shall do its share in the national development and local growth of the host community. It shall pay all taxes due accurately and promptly. Adherence to legal processes and statutes shall be its guide at all times.</p> <p>No employee should give a gift beyond the level which is reasonable and customary under the circumstances of the business relationship to any officer or employee of a customer or supplier. The Company has a Whistle-Blower Policy.</p> <p>The Company participates in the Extractive Industries Transparency Initiative (EITI)</p>	
Safeguarding creditors' rights	Policy on Asset Protection	

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?
Yes, in the Annual Report which is on the website.

3) Performance-enhancing mechanisms for employee participation.

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

Lepanto Consolidated Mining Company recognizes its employees as its greatest asset. Lepanto integrates safety, health and environmental concerns in all phases of its operations. To continually improve safety, health and environment performance, the company is committed to:

- comply with relevant local statutes, regulations, and industry initiatives;
- monitor compliance with all safety and environment standards and report safety and environment-related statistics/performance to the Board of Directors;
- promote sustainable use and responsible development of resources by adopting appropriate technologies;
- minimize, reuse or recycle, treat, and dispose properly all wastes;
- promote safety, health and environmental awareness and interaction among its employees, suppliers, contractors, host communities and other interest groups;
- continually provide appropriate training and ensure competence among the company's personnel for safe operations;
- Recognize employees for outstanding safety performance.

COVERAGE

This policy applies to all officers and employees of the Company and its subsidiaries including contractual employees, probationary employees, on-the-job trainees and consultants. It is the responsibility of all employees to follow the policies and procedures described herein. The Human Resource & Administration Department is responsible for ensuring that all employees understand and accept this policy *and, with respect to the Lepanto Mine Division (LMD) employees, the specific procedures for safe mining operations, and that they are implemented fairly and consistently.

GUIDELINES

1. Employees are expected to strictly comply with the Company's health and safety procedures which are intended to prevent injuries to themselves and their co-workers, and prevent damages to company properties.
2. For hygienic purposes, employees are expected to keep their workstations clean and orderly at all times. A pantry is provided in each office for staff meals.
3. Employees must take reasonable care of their own health and safety and that of others.
4. Medical benefits shall be provided to all regular employees, including the following:
 - a. Health card enrollment and free medical and dental services from an HMO for Makati-based employees and qualified dependents, subject to such limits as may be set from time-to-time;
 - b. Free hospitalization at the Lepanto Hospital for LMD-based employees and their dependents, subject to such limits as may be set from time-to-time.
5. Employees must comply with any direction or training provided by the Company for health and safety, including, but not limited to, fire drills and earthquake drills.
6. Employees should not misuse or tamper with anything provided for health and safety such as fire extinguishers, emergency signs, medical equipment and supplies, etc.
7. Employees must report all accidents and health, safety or security-related incidents which occur within the workplace immediately to their immediate supervisor and/or the Human Resources & Administration Department, no matter how trivial it may appear.
8. Employees must report all known, observed or perceived hazards to their immediate supervisor and/or the Human Resources & Administration Department in order to prevent accidents or mishaps.
9. Lepanto Mine Division employees must comply with all procedures for safe mining operations, insofar as applicable, relating to:
 - a) Safety Inspection / Audit
 - b) Personal Protective Equipment Management
 - c) Safety Meetings
 - d) Rules And Work Permits
 - e) Emergency Preparedness Plan
 - f) Emergency Response
 - g) Rehabilitation of Emergencies
 - h) Control And Issuance or Personal Protective Equipment
 - i) Communicating Accidents / Incidents
 - j) Outside Help, Search and Rescue Operations
 - k) Safety Training Program
 - l) Administering First Aid
 - m) Hazard Identification, Risk Assessment and Risk Control
 - n) Monthly General Accident Report
 - o) Annual Safety and Health Program

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

Excerpts from the 2016 Annual Report:

Lepanto provides health card benefits to its Makati employees. Employees and their families get free hospitalization at the Lepanto Hospital at the minesite. The Lepanto hospital was upgraded with the purchase of various equipment and instruments, including a laparoscopy equipment, ultrasound machine, cardiac monitor, cardiac defibrillator with ECG machine, blood-chem analyzer, suction machine, portable operating light, microscope, autoclave, capnograph, anesthesia machine and ultrasound machine. The company also hired seven (7) additional medical practitioners specializing in anesthesiology, pediatrics,

surgery and internal medicine.

A medical-surgical-dental mission was organized and sponsored by Lepanto early in 2016. A total of 4,000 patients from various communities in said areas were benefited by the highly successful medical program.

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

Excerpts from the 2016 Annual Report:

A total of 547 LMD employees availed themselves of the in-house training programs conducted on Supervisor Development (LEAD); Trainers' Training Workshop; e-Books User Orientation; Organizational Development; FPIC-IEC; Basic Occupational Safety and Health; First Aid; Fire Fighting; Safety Induction; Handling of Chemical & Hazardous Materials; Security Enhancement; Basic Maintenance and Driving Habits; ZR 630 Air Compressor and Maintenance; Oracle R12 Users and Approvers Training; and Orientation on Company Rules and Regulations. 51 LMD employees attended external training programs such as the National Geological Conference and the HR Leadership Conference; and programs on such topics as Basic Life Support with MCI; Basic Course of Occupational Medicine; Standards in Quality Surgical Care; Pediatric Advance Life Support; Casting; Peri-operative Nursing; Newborn Screening; Project Management; Barangay Disaster Risk Reduction; and Corporate Social Responsibility Programming.

Through the Employee Relations Office, regular data gathering, counseling and referrals were conducted among employees and their dependents under the Family Welfare Program. The employee profiles serve also as basis for identifying the suitable intervention programs for the employees and their dependents. The available intervention programs relate to: education and training; income generation and livelihood; values formation; sports and recreation; responsible parenthood; and nutrition. Various skills enhancement trainings were conducted to company dependents, consisting of Basic and Advanced Theater Workshop, Drum and Lyre Workshop, and Cordillera Indigenous Musical Instruments Training. An Inter-LMD Area basketball tournament was likewise conducted.

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

The company awards employees for loyalty and good performance. In the minesite, citations are given to: Model Employee; Best in Safety; Service awards to employees and teachers.

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

Complaints are lodged with the HR department. All alleged violations will be fully investigated and employees reporting any such matter should fear no reprisal.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

- (a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
F. Yap Securities, Incorporated	41,493,688,797	15.98%	F. Yap Securities, Incorporated
Lepanto Consolidated Mining Company	32,524,559,019	12.53%	Lepanto Consolidated Mining Company
F. Yap Securities, Incorporated	12,770,241,402	4.92%	F. Yap Securities, Incorporated
Lepanto Investment and Development Corporation	6,427,933,074	3.18%	100% wholly owned subsidiary of Lepanto Consolidated Mining Company

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Felipe U. Yap	412,384,780	76,418,032	.19%
Bryan U. Yap	4,113,797,568	498,658,038	1.78%
Rene F. Chanyungco	48,790,375	20,230,962	.03%
Stephen Y. Yap	280,898	1,000,000	0%
Patrick K. Yap	60,284,164	33,058,777	.04%
TOTAL	4,635,537,785	629,365,809	2.04%

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	Yes
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

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

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Sycip Gorres Velayo & Co.	P350,000.00	none

4) Medium of Communication

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

5) Date of release of audited financial report: **March 24, 2017**

6) Company Website

Does the company have a website disclosing up-to-date information about the following? **Yes.**
www.lepantomining.com

Business operations	✓
Financial statements/reports (current and prior years)	✓
Materials provided in briefings to analysts and media	n.a
Shareholding structure	As part of Form 17-A and 20-IS
Group corporate structure	✓
Downloadable annual report	✓
Notice of AGM and/or EGM	✓
Company's constitution (company's by-laws, memorandum and articles of association)	

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

7) Disclosure of RPT

RPT	Relationship	Nature	Value
Pls see discussion below			
(figures in thousand pesos)			

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and their key management personnel, directors, or its stockholders.

The Parent Company provides cash advance and pays expenses on behalf of its 95%-owned subsidiary, KCGRI.

Intercompany transactions are eliminated in the consolidated financial statements. The Group's related party transactions, which are under terms that are no less favorable than those arranged with third parties, are as follows:

		Amount/ Volume	Outstanding Balance	Terms	Conditions
Receivables					
KCGRI; Subsidiary	2016				
	2015	₱53,686	₱1,000,140	On demand; non-interest bearing	Unsecured, no impairment, no guarantee

LCMC holds a 20% equity interest in the Parent Company. It provided cash advances and paid expenses on behalf of the Parent Company.

DDCP, a wholly-owned subsidiary of LCMC, provides various drilling services to the Parent Company.

The Parent Company, in the normal course of business, enters into transactions with related parties. The consolidated statements of financial position include the following assets and liabilities resulting from the above transactions with related parties:

		2016		
	Amount/ Volume	Outstanding Balance	Terms	Conditions
Contract deposits				
DDCP, Affiliate				
Due to a related party				
LCMC; Shareholder				

2015				
	Amount/ Volume	Outstanding Balance	Terms	Conditions
<i>Contract deposits</i>				
DDCP, Affiliate	₱10,923,751	₱255,000,000	On demand; non-interest bearing	Refundable
<i>Due to a related party</i>				
LCMC; Shareholder	₱1,258,721	₱1,482,946	On demand; non-interest bearing	Unsecured, no guarantee

Total compensation of the Group's key management personnel in 2016, 2015 and 2014, which pertains to short-term benefits, amounted to ₱485,450, ₱485,450 and ₱2,262,450, respectively. There were no post-employment benefits for the Group's key management personnel in 2016, 2015 and 2014.

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?

All transactions are on arm's length basis, and the Purchasing department ensures that prices/ rates are competitive.

J. RIGHTS OF STOCKHOLDERS

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

(a) Quorum

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

Quorum Required	Majority
------------------------	----------

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Voting
Description	A motion is made and seconded, after which the votes of shareholders present in person or by proxy are taken.

(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 not in The Corporation Code
none	Election of 2 independent directors

Dividends: **The last was in 2000.**

Declaration Date	Record Date	Payment Date
March 29, 1996	May 16, 1996	June 14, 1996

(d) Stockholders' Participation

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

Measures Adopted	Communication Procedure
Nomination of Independent Directors	Announced by way of disclosure about 2 weeks before the deadline for nomination. This is posted on the website.
The Chair encourages shareholders to ask questions during the meeting and even to approach him or other concerned officers after the meeting.	The Chair announces this during the meeting after he renders the annual report.

8. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
- Amendments to the company's constitution:
The Articles of Incorporation may be amended by a majority vote of the Board of Directors and the written assent of 2/3 of the outstanding capital stock, without prejudice to the appraisal right of shareholders. Written notice of the proposed action and of the time and place of the stockholders' meeting where the proposed amendment shall be taken up should be promptly served upon the stockholders.
 - Authorization of additional shares:
This requires a majority vote of the Board of Directors and the written assent of 2/3 of the outstanding capital stock; Written notice of the proposed action and of the time and place of the stockholders' meeting where the proposed amendment shall be taken up should be promptly served upon the stockholders.
 - Transfer of all or substantially all assets, which in effect results in the sale of the company. Not applicable.
There has been no such transaction. However, the policy is the company may transfer all or substantially all of its property and assets by a majority vote of the Board of Directors, upon such terms and for such consideration as the Board of Directors may deem expedient, when authorized by the vote of the stockholders representing 2/3 of the outstanding capital stock, without prejudice to the appraisal rights of shareholders. Written notice of the proposed action and of the time and place of the stockholders' meeting where the proposed amendment shall be taken up should be promptly served upon the stockholders.
9. 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? **No, we observe the 15 calendar day rule.**
- Date of sending out notices: **March 29, 2016**
 - Date of the Annual/Special Stockholders' Meeting: **April 21, 2016**
10. State, if any, questions and answers during the Annual/Special Stockholders' Meeting. **None**
11. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Approval of Minutes of the Annual Meeting	unanimous	None	None
Approval of Annual Report	unanimous	None	None
Election of Directors	unanimous	None	None
Appointment of External Auditor	unanimous	None	None

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

Immediately after the meeting through a disclosure.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification: **none**

Modifications	Reason for Modification

(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	Please see attached "Annex A"	April 21, 2016	Show of hands	1.33%	61.24%	62.57%
Special	n.a					

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs? **The transfer agent and the external auditors are invited to attend the meeting for that purpose.**

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

(g) Proxy Voting Policies

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

	Company's Policies
Execution and acceptance of proxies	The company accepts proxies.
Notary	Notarization is not required for individual proxies but is required for corporate proxies.
Submission of Proxy	At least 1 week before the meeting.
Several Proxies	This has not happened. In any case, the one of later date should prevail.
Validity of Proxy	Valid for a maximum period of 5 years.
Proxies executed abroad	This is accepted.
Invalidated Proxy	Not counted.
Validation of Proxy	Done by the office of the Corporate Secretary and Controller based on records provided by the transfer agent.
Violation of Proxy	Never happened

(h) Sending of Notices

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

Policies	Procedure
The printed Notice should be served by hand to shareholders within Metro Manila and mailed elsewhere, accompanied by the Information or Proxy Statement in CD format.	Couriers are used for Metro Manila. The rest are mailed through the Phil. Postal Office.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	4,293 stockholders
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	March 29, 2016
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	March 29, 2016
State whether CD format or hard copies were distributed	CD format
If yes, indicate whether requesting stockholders were provided hard copies	Yes.

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

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	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.	Yes
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.

Policies	Implementation
The Board is committed to respect the rights of all shareholders as follows:	<ul style="list-style-type: none">- Right to be present at and to vote at the stockholders' meetings: They are promptly notified of the annual or special meetings of shareholders- Right to nominate directors—through

	<p>announcements/disclosure, they are advised of the requirements and deadlines for nomination of independent directors</p> <ul style="list-style-type: none"> - Right to inspection- they are allowed to inspect corporate books and records in accordance with the Corporation Code - Right to Information- the company discloses timely material information and submits all required reports to the SEC and PSE, and uploads the same onto the company website; shareholders' queries are encouraged and addressed during stockholders' meetings - Right to dividends- as provided by the Corporation Code and subject to discretion by the Board of Directors - Appraisal right- as provided by law - Without charge to the shareholders (except applicable transaction charges, fees or taxes of the transfer agent, brokers, the PSE or the BIR), assist shareholders who wish to be apprised of their holdings, sell or transfer shares or replace lost stock certificates – all requests are attended to by the office of the Corporate Secretary
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(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.
External communications are made through disclosures made by the office of the Chief Information Officer. Major company announcements are approved by the Board of Directors; should the Board be unable to meet, the Executive Committee approves major company announcements. In any event, drafts are initiated by the office of the Corporate Secretary or Chief Information Officer.
- 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	Shareholders, other stakeholders and the public in general are directed to the right person in the Corporation to address their concerns.
(2) Principles	Prompt attention should be given to shareholders and other stakeholders who have concerns or wish to transact with the company.
(3) Modes of Communications	via email to inquiry@lepantomining.com or letters addressed to the appropriate officer. Should no officer or department be named in the letter, the Administration Office forwards letters to the office of the Asst. Corporate Secretary who attends to the matter at hand or otherwise forwards it to the department concerned. The company's reply is via email, if an address is provided, or a letter mailed through the postal service or hand-delivered, if possible.
(4) Investors Relations Officer	The Assistant Corporate Secretary acts as Investor Relations Officer.

- 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?
No acquisition of corporate control in the capital markets and extraordinary transactions have taken place in the last ten years. The only major transaction in recent history is the option agreement entered into with Gold Fields Switzerland Holding in respect of the Far Southeast Project—option not over a substantial portion but only of a 20% interest in the said project. The Board of Directors deliberated on and approved the transaction.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price. **None**

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
LEPANTO HOSPITAL in Mankayan, Benguet	Employees and their families; host and neighboring communities
Reforestation and forest protection	Host and neighboring communities
Scholarship	Families of employees and host and neighboring communities
Construction/repair of roads, water storage and distribution facilities, schools, barangay halls, municipal and barangay buildings, stabilization of slopes, etc.	Host and neighboring communities
Solid Waste Management program	Host and neighboring communities
Livelihood programs: vermiculture, weaving, food-processing; wine making; swine and poultry raising, weaving, etc.	employees' families and host and neighboring communities
Sports Programs	employees' families and host and neighboring communities
Family Welfare programs	employees' families and host and neighboring communities
Donation of Relief Goods to victim of calamities	host and neighboring communities and other communities in the country
Road-clearing/repair	host and neighboring communities
Recovery and relief operations during calamities	host and neighboring communities and other communities in the country
Delivery of books	public schools in the host and neighboring communities;
Establishment and maintenance of community library	employees' families and host and neighboring communities
Establishment of Skills Development Center	employees' families and host and neighboring communities

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	Self-assessment	Relating to composition and quality, understanding the business and risks, process and procedures, (include all the subjects in the self-evaluation form)
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

Violations	Sanctions
Violation of the provisions of the Amended Manual on Corporate Governance	<ul style="list-style-type: none">o In case of first violation, the subject person shall be reprimanded.o Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation.o For third violation, the maximum penalty of removal from office shall be imposed. 8.2. The commission of a third violation of this manual by any member of the board of the company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.
Violation by officers or employees of the Employees' Code of Conduct	Written warning, suspension, or dismissal depending on the gravity of the offense and the number of similar previous offenses.

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on June 28, 2013.

SIGNATURES



FELIPE U. YAP

Chairman of the Board and Chief Executive Officer



EDUARDO A. BANGAYAN

Independent Director



RODOLFO S. MIRANDA

Independent Director



RENE F. CHANYUNGCO

Compliance Officer

MAKATI CITY

MAY 30 2017

SUBSCRIBED AND SWORN to before me this 30 day of May 2017, affiants exhibiting to me their SSS ID, as follows:

NAME

FELIPE U. YAP

EDUARDO A. BANGAYAN

RODOLFO S. MIRANDA

RENE F. CHANYUNGCO

NO.

SSS#06-0091101-0

Senior I.D No. 71582

SSS#03-0783231-1

SSS#03-4793502-9

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ATTY. GERVACIO B. URTIZON
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2018
PTR NO. 5903514 / 01-03-2017 / MAKATI
BP NO. 656155 LIFETIME MEMBER
APPT. NO. M 104 / 2017 / ROLL NO. 4009
MCLE COMPLIANCE NO. V-0006934
UNIT 102 PENINSULA COURT BLDG
8735 MAKATI AVE., MAKATI CITY