

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT


1. Report is Filed for the Year2014.....
2. Exact Name of Registrant as Specified in its CharterBHI HOLDINGS, INC.....
3. 22/F THE PEARLBANK CENTRE 146 VALERO ST. SALCEDO VILLAGE, MAKATI CITY
Address of Principal Office Postal Code
4. SEC Identification Number22264..... 5.  (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number000 446 527 000.....
7.(02) 840-2961.....
Issuer's Telephone number, including area code
8.
Former name or former address, if changed from the last report

TABLE OF CONTENTS

| | |
|--|-----------|
| A. BOARD MATTERS..... | 5 |
| 1) BOARD OF DIRECTORS | |
| (a) Composition of the Board..... | 5 |
| (b) Directorship in Other Companies..... | 5 |
| (c) Shareholding in the Company..... | 6 |
| 2) CHAIRMAN AND CEO..... | 6 |
| 3) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS..... | 7 |
| 4) CHANGES IN THE BOARD OF DIRECTORS..... | 7 |
| 5) ORIENTATION AND EDUCATION PROGRAM..... | 8 |
| B. CODE OF BUSINESS CONDUCT & ETHICS..... | 8 |
| 1) POLICIES..... | 8 |
| 2) DISSEMINATION OF CODE..... | 9 |
| 3) COMPLIANCE WITH CODE..... | 9 |
| 4) RELATED PARTY TRANSACTIONS..... | 9 |
| (a) Policies and Procedures..... | 9 |
| (b) Conflict of Interest..... | 9 |
| 5) FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS..... | 10 |
| 6) ALTERNATIVE DISPUTE RESOLUTION..... | 10 |
| C. BOARD MEETINGS & ATTENDANCE..... | 10 |
| 1) SCHEDULE OF MEETINGS..... | 10 |
| 2) DETAILS OF ATTENDANCE OF DIRECTORS..... | 10 |
| 3) SEPARATE MEETING OF NON-EXECUTIVE DIRECTORS..... | 11 |
| 4) ACCESS TO INFORMATION..... | 11 |
| 5) EXTERNAL ADVICE..... | 11 |
| 6) CHANGES IN EXISTING POLICIES..... | 11 |
| D. REMUNERATION MATTERS..... | 12 |
| 1) REMUNERATION PROCESS..... | 12 |
| 2) REMUNERATION POLICY AND STRUCTURE FOR DIRECTORS..... | 12 |
| 3) AGGREGATE REMUNERATION | 12 |
| 4) STOCK RIGHTS, OPTIONS AND WARRANTS..... | 13 |
| 5) REMUNERATION OF MANAGEMENT..... | 14 |
| E. BOARD COMMITTEES..... | 14 |
| 1) NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES..... | 14 |
| 2) COMMITTEE MEMBERS..... | 14 |
| 3) CHANGES IN COMMITTEE MEMBERS..... | 16 |
| 4) WORK DONE AND ISSUES ADDRESSED..... | 16 |
| 5) COMMITTEE PROGRAM..... | 16 |
| F. RISK MANAGEMENT SYSTEM..... | 16 |
| 1) STATEMENT ON EFFECTIVENESS OF RISK MANAGEMENT SYSTEM..... | 16 |
| 2) RISK POLICY..... | 17 |
| 3) CONTROL SYSTEM..... | 17 |
| G. INTERNAL AUDIT AND CONTROL..... | 18 |
| 1) STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM..... | 18 |
| 2) INTERNAL AUDIT | |
| (a) Role, Scope and Internal Audit Function..... | 18 |

| | |
|---|-----------|
| (b) Appointment/Removal of Internal Auditor..... | 18 |
| (c) Reporting Relationship with the Audit Committee..... | 18 |
| (d) Resignation, Re-assignment and Reasons..... | 19 |
| (e) Progress against Plans, Issues, Findings and Examination Trends..... | 19 |
| (f) Audit Control Policies and Procedures..... | 19 |
| (g) Mechanisms and Safeguards..... | 19 |
| H. RIGHTS OF STOCKHOLDERS..... | 20 |
| 1) RIGHT TO PARTICIPATE EFFECTIVELY IN STOCKHOLDERS' MEETINGS..... | 20 |
| 2) TREATMENT OF MINORITY STOCKHOLDERS..... | 22 |
| I. INVESTORS RELATIONS PROGRAM..... | 22 |
| J. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES..... | 22 |
| K. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL..... | 23 |
| L. INTERNAL BREACHES AND SANCTIONS..... | 23 |

A. BOARD MATTERS

1) Board of Directors

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

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

(a) Composition of the Board

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 |
|------------------------|---|------------------------------------|---|--------------------|--|--|---------------------------------|
| Manuel N. Tankiansee | ED | No | | 2000 | 2014 | Annual | 14 yrs |
| Juanita U. Tan | ED | No | | 2000 | 2014 | Annual | 14 yrs |
| Rosalie A. Esteibar | ED | No | | 2012 | 2014 | Annual | 3 yr |
| Jemie U. Tan | NED | No | | 2000 | 2014 | Annual | 14 yrs |
| Marilou U. Pua | NED | No | | 2000 | 2014 | Annual | 14 yrs |
| Jalane Christie U. Tan | NED | No | | 2004 | 2014 | Annual | 10 yrs |
| Julie C.Dela Cuz | NED | No | | 2008 | 2014 | Annual | 6 yrs |
| Miguel Ocampo Tan | NED | No | | 2000 | 2014 | Annual | 14 yrs |
| Emma Keng Ocampo Tan | NED | No | | 2000 | 2014 | Annual | 14 yrs |
| Rudin Gonzales | ID | No | | 2001 | 2014 (13 YRS) | Annual | 13 yrs |
| Felisa P. Escudero | ID | No | | 2008 | 2014 (6YRS) | Annual | 6 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.

BHI HOLDINGS, INC.
STATEMENT OF CORPORATE GOVERNANCE
(Last Updated: December 2014)

This Statement of corporate governance has been established by the Board of Directors (the "Board") of BHI HOLDINGS, INC., (the "Company"), and is intended, together with the Company's Articles of Incorporation, Amended-By-Laws, other corporate governance documents and all applicable laws, to be a flexible framework within which the Board may conduct its business.

The Board of Directors

The Board establishes broad corporate policies for the Company, sets the strategic direction of the Company and guides management to enhance the interest of the Company and its stockholders. The Company's Amended-By-Laws contain the responsibilities of the Board and it is also responsible for the corporate governance of the Company.

¹ Reckoned from the election immediately following January 2, 2015.

Ethical Standards

The Board is committed to acting with utmost integrity and expects the same of every employee at every level of the Company. It is the Company's policy to conduct its affairs in compliance with all applicable laws and regulations and observe the highest standards of business ethics. The company intends that the spirit as well as the letter of those standards is followed by all directors, officers, and employees of the Company.

Stockholder Relations

Stockholders play an integral part of corporate governance and the Board ensures that stockholders are kept fully informed of material company information. It is the policy of the Company to facilitate communications of stockholders and other interested parties with the Board and its committees. In addition, any stockholder or other interested party wishing to communicate with the Company, its Board, any committee of the Board, may do so by submitting such communications in writing and sending it by regular mail to the attention of BHI HOLDINGS, INC. 146 Valero Street, The Pearlbank Centre, Salcedo Village, Makati City, Philippines 1200.

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

(d) Directorship in Other Companies

(i) Directorship in the Company's 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. |
|-----------------|-------------------------------------|--|
| Juanita U. Tan | Bulk Handlers, Inc. | Executive |
| Jemie U. Tan | Bulk Handlers, Inc. | Non 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. |
|-----------------|------------------------|--|
| Not applicable | Not applicable | Not applicable |

(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 |
|-----------------|-------------------------------------|---------------------------------|
| Not applicable | Not applicable | Not applicable |

(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:

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

| | Guidelines | Maximum Number of Directorships in other companies |
|-------------------------------|----------------|--|
| Executive Director | Not applicable | Not applicable |
| Non-Executive Director | Not applicable | Not applicable |
| CEO | Not applicable | Not applicable |

(c) Shareholding in the Company

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

| Name of Director | Number of Direct shares | Number of Indirect shares / Through (name of record owner) | % of Capital Stock |
|------------------------|-------------------------|--|--------------------|
| Manuel N. Tankiansee | 100 | None | .0003 |
| Juanita U. Tan | 5,800 | None | .0166 |
| Rosalie A. Esteibar | 6,000 | None | .0171 |
| Jemie U. Tan | 100 | None | .0003 |
| Marilou U. Pua | 6,100 | None | .0003 |
| Jalane Christie U. Tan | 18,000 | None | .0514 |
| Julie C. Dela Cuz | 6,000 | None | .0171 |
| Miguel Ocampo Tan | 100 | None | .0003 |
| Emma Keng Ocampo Tan | 100 | None | .0003 |
| Rudin A. Gonzales Jr. | 100 | None | .0003 |
| Felisa P. Escudero | 6,000 | None | .0171 |

2) Chairman and CEO

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

Yes

No

Identify the Chair and CEO:

| | |
|-----------------------|----------------------|
| Chairman of the Board | Manuel N. Tankiansee |
| CEO/President | Juanita U. Tan |

(b) Roles, Accountabilities and Deliverables

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

| | Chairman | Chief Executive Officer |
|------------------|---|--|
| Role | Ensure that the meetings of the board are held in accordance with the by-laws of the Corporation. | Have direct and active management of the business and operations of the corporation. |
| Accountabilities | As provided by Articles of Incorporation and by-laws | As provided by Articles of Incorporation and by-laws |
| Deliverables | As provided by Articles of Incorporation and by-laws | As provided by Articles of Incorporation and by-laws |

3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions? The Company is committed to the professional and skills training of all its current employees and are provided the opportunities to fill top management roles.

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 Company is committed to ensuring that its Directors come from diverse backgrounds and experiences.

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

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

| | Executive | Non-Executive | Independent Director |
|------------------|--|--|--|
| Role | Responsible for designing, implementing strategic plan for the Company | Responsible for promoting the success of the Company | Providing balance towards resolving conflict areas |
| Accountabilities | As provided by Articles of Incorporation and by-laws | As provided by Articles of Incorporation and by-laws | As provided by Articles of Incorporation and by-laws |
| Deliverables | As provided by Articles of Incorporation and by-laws | As provided by Articles of Incorporation and by-laws | As provided by Articles of Incorporation and by-laws |

Provide the company’s definition of "independence" and describe the company’s compliance to the definition. The Company ensures “independence” allows individuals serving the company to make unbiased judgments relating to the business of the Company.

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

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 |
|-------------|-----------------|--------------------------|---------------|
| NA | N/A | N/A | N/A |
| | | | |

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

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

| Procedure | Process Adopted | Criteria |
|---------------------------------|------------------------|-----------------|
| a. Selection/Appointment | | |

| | | |
|--------------------------------------|---|---|
| (i) Executive Directors | Based on professional/industry | Academic qualifications |
| (ii) Non-Executive Directors | Based on professional/industry | Academic qualifications |
| (iii) Independent Directors | Based on professional/industry | Academic qualifications |
| b. Re-appointment | | |
| (i) Executive Directors | Based on professional/industry | Academic qualifications |
| (ii) Non-Executive Directors | Based on professional/industry | Academic qualifications |
| (iii) Independent Directors | Based on professional/industry | Academic qualifications |
| c. Permanent Disqualification | | |
| (i) Executive Directors | As per Company's Articles, By-laws, SEC regulations and other applicable laws | As per Company's Articles, By-laws, SEC regulations and other applicable laws |
| (ii) Non-Executive Directors | As per Company's Articles, By-laws, SEC regulations and other applicable laws | As per Company's Articles, By-laws, SEC regulations and other applicable laws |
| (iii) Independent Directors | As per Company's Articles, By-laws, SEC regulations and other applicable laws | As per Company's Articles, By-laws, SEC regulations and other applicable laws |
| d. Temporary Disqualification | | |
| (i) Executive Directors | As per Company's Articles, By-laws, SEC regulations and other applicable laws | As per Company's Articles, By-laws, SEC regulations and other applicable laws |
| (ii) Non-Executive Directors | As per Company's Articles, By-laws, SEC regulations and other applicable laws | As per Company's Articles, By-laws, SEC regulations and other applicable laws |
| (iii) Independent Directors | As per Company's Articles, By-laws, SEC regulations and other applicable laws | As per Company's Articles, By-laws, SEC regulations and other applicable laws |
| e. Removal | | |
| (i) Executive Directors | As per Company's Articles, By-laws, SEC regulations and other applicable laws | As per Company's Articles, By-laws, SEC regulations and other applicable laws |
| (ii) Non-Executive Directors | As per Company's Articles, By-laws, SEC regulations and other applicable laws | As per Company's Articles, By-laws, SEC regulations and other applicable laws |
| (iii) Independent Directors | As per Company's Articles, By-laws, SEC regulations and other applicable laws | As per Company's Articles, By-laws, SEC regulations and other applicable laws |
| f. Re-instatement | | |
| (i) Executive Directors | As per Company's Articles, By-laws, SEC regulations and other applicable laws | As per Company's Articles, By-laws, SEC regulations and other applicable laws |
| (ii) Non-Executive Directors | As per Company's Articles, By-laws, SEC regulations and other applicable laws | As per Company's Articles, By-laws, SEC regulations and other applicable laws |
| (iii) Independent Directors | As per Company's Articles, By-laws, SEC regulations and other applicable laws | As per Company's Articles, By-laws, SEC regulations and other applicable laws |
| g. Suspension | | |
| (i) Executive Directors | As per Company's Articles, By-laws, SEC regulations and other applicable laws | As per Company's Articles, By-laws, SEC regulations and other applicable laws |

| | | |
|------------------------------|---|---|
| (ii) Non-Executive Directors | As per Company's Articles, By-laws, SEC regulations and other applicable laws | As per Company's Articles, By-laws, SEC regulations and other applicable laws |
| (iii) Independent Directors | As per Company's Articles, By-laws, SEC regulations and other applicable laws | As per Company's Articles, By-laws, SEC regulations and other applicable laws |

Voting Result of the last Annual General Meeting

| Name of Director | Votes Received |
|------------------------|----------------|
| Manuel N. Tankiansee | Not applicable |
| Juanita U. Tan | Not applicable |
| Rosalie A. Esteibar | Not applicable |
| Jemie U. Tan | Not applicable |
| Marilou U. Pua | Not applicable |
| Jalane Christie U. Tan | Not applicable |
| Julie C. Dela Cuz | Not applicable |
| Miguel Ocampo Tan | Not applicable |
| Emma Keng Ocampo Tan | Not applicable |
| Rudin A. Gonzales Jr. | Not applicable |
| Felisa P. Escudero | Not applicable |

6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any. None provided
- (b) State any in-house training and external courses attended by Directors and Senior Management³ for the past three (3) years: Not applicable
- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

| Name of Director/Officer | Date of Training | Program | Name of Training Institution |
|--------------------------|------------------|----------------|------------------------------|
| Not applicable | Not applicable | Not applicable | Not applicable |

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 | Disclosure required | Disclosure required | Disclosure required |
| (b) Conduct of Business and Fair Dealings | Disclosure required | Disclosure required | Disclosure required |
| (c) Receipt of gifts from third parties | Disclosure required | Disclosure required | Disclosure required |

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

| | | | |
|---|--|--|--|
| (d) Compliance with Laws & Regulations | Disclosure required | Disclosure required | Disclosure required |
| (e) Respect for Trade Secrets/Use of Non-public Information | Disclosure required | Disclosure required | Disclosure required |
| (f) Use of Company Funds, Assets and Information | Disclosure required | Disclosure required | Disclosure required |
| (g) Employment & Labor Laws & Policies | As provided by Articles of Incorporation, by-laws, and applicable laws and regulations | As provided by Articles of Incorporation, by-laws, and applicable laws and regulations | As provided by Articles of Incorporation, by-laws, and applicable laws and regulations |
| (h) Disciplinary action | As provided by Articles of Incorporation, by-laws, and applicable laws and regulations | As provided by Articles of Incorporation, by-laws, and applicable laws and regulations | As provided by Articles of Incorporation, by-laws, and applicable laws and regulations |
| (i) Whistle Blower | Not applicable | Not applicable | Not applicable |
| (j) Conflict Resolution | Mediation/Arbitration | Mediation/Arbitration | Mediation/Arbitration |

- 2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees? Yes
- 3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.
The Company implements and monitors compliance with the code of ethics or conduct with an annual review.
- 4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

| Related Party Transactions | Policies and Procedures |
|--|--|
| (1) Parent Company | The Corporation does report and disclose all RPTs, regardless of its significance. |
| (2) Joint Ventures | Not applicable |
| (3) Subsidiaries | Not applicable |
| (4) Entities Under Common Control | The Corporation does report and disclose all RPTs, regardless of its significance. |
| (5) Substantial Stockholders | Not applicable |
| (6) Officers including spouse/children/siblings/parents | The Corporation does report and disclose all RPTs, regardless of its significance. |
| (7) Directors including spouse/children/siblings/parents | The Corporation does report and disclose all RPTs, regardless of its significance. |
| (8) Interlocking director relationship of Board of Directors | Not applicable |

(b) Conflict of Interest

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

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

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

(ii) Mechanism

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

| | Directors/Officers/Significant Shareholders |
|---------|--|
| Company | Not applicable |
| Group | Not applicable |

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:

| Names of Related Significant Shareholders | Type of Relationship | Brief Description of the Relationship |
|--|-----------------------------|--|
| Not applicable | Not applicable | Not applicable |

(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:

| Names of Related Significant Shareholders | Type of Relationship | Brief Description |
|--|-----------------------------|--------------------------|
| Not applicable | Not applicable | Not applicable |

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

| Name of Shareholders | % of Capital Stock affected (Parties) | Brief Description of the Transaction |
|-----------------------------|--|---|
| Not applicable | Not applicable | Not applicable |

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 |
| Corporation & Third Parties | Not applicable |
| Corporation & Regulatory Authorities | Not applicable |

C. BOARD MEETINGS & ATTENDANCE

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

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

2) Attendance of Directors

| Board | Name | Date of Election | No. of Meetings Held during the year | No. of Meetings Attended | % |
|-------------|------------------------|------------------|--------------------------------------|--------------------------|-----|
| Chairman | Manuel N. Tankiansee | 2014 | 4 | 4 | 100 |
| Member | Juanita U. Tan | 2014 | 4 | 4 | 100 |
| Member | Rosalie A. Esteibar | 2014 | 4 | 4 | 100 |
| Member | Jemie U. Tan | 2014 | 4 | 4 | 100 |
| Member | Marilou U. Pua | 2014 | 4 | 4 | 100 |
| Member | Jalane Christie U. Tan | 2014 | 4 | 4 | 100 |
| Member | Julie C. Dela Cruz | 2014 | 4 | 4 | 100 |
| Member | Miguel Ocampo Tan | 2014 | 4 | 4 | 100 |
| Member | Emma Keng Ocampo Tan | 2014 | 4 | 4 | 100 |
| Independent | Rudin A. Gonzales Jr. | 2014 | 4 | 4 | 100 |
| Independent | Felisa P. Escudero | 2014 | 4 | 4 | 100 |

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? No

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.
No. Majority of the Board of Directors

5) Access to Information

(a) How many days in advance are board papers⁵ for board of directors meetings provided to the board? At least 15 days.

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

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc? The Corporate Secretary performs responsibilities provided for in the Company's Articles of Incorporation and by-laws.

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

(e) Committee Procedures

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

Yes

No

| Committee | Details of the procedures |
|------------|--|
| Executive | Requests are to be made in writing and addresses to the Company's offices. |
| Audit | Requests are to be made in writing and addresses to the Company's offices. |
| Nomination | Requests are to be made in writing and addresses to the Company's offices. |

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

| | |
|------------------|--|
| Remuneration | Requests are to be made in writing and addresses to the Company's offices. |
| Others (specify) | Requests are to be made in writing and addresses to the Company's offices. |

6) External Advice

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

| Procedures | Details |
|---|----------------|
| External advice requires board approval | Not applicable |

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:

| Existing Policies | Changes | Reason |
|-------------------|----------------|----------------|
| Not applicable | Not applicable | Not applicable |

D. REMUNERATION MATTERS

1) Remuneration Process

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

| Process | CEO | Top 4 Highest Paid Management Officers |
|---|----------------|--|
| (1) Fixed remuneration | Yes | Yes |
| (2) Variable remuneration | Not applicable | Not applicable |
| (3) Per diem allowance | Not applicable | Not applicable |
| (4) Bonus | Not applicable | Not applicable |
| (5) Stock Options and other financial instruments | Not applicable | Not applicable |
| (6) Others (specify) | Not applicable | Not applicable |

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 | Not applicable | Not applicable | Not applicable |
| Non-Executive Directors | Not applicable | Not applicable | Not applicable |

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 |
|---------------------|--------------------------------|
| Not applicable | Not applicable |
| Not applicable | Not applicable |
| Not applicable | Not applicable |

3) Aggregate Remuneration

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

| Remuneration Item | Executive Directors | Non-Executive Directors (other than independent directors) | Independent Directors |
|--|---------------------|--|-----------------------|
| (a) Fixed Remuneration | 1,968,000.00 | Not applicable | Not applicable |
| (b) Variable Remuneration | Not applicable | Not applicable | Not applicable |
| (c) Per diem Allowance | Not applicable | Not applicable | Not applicable |
| (d) Bonuses | Not applicable | Not applicable | Not applicable |
| (e) Stock Options and/or other financial instruments | Not applicable | Not applicable | Not applicable |
| (f) Others (Specify) | Not applicable | Not applicable | Not applicable |
| Total | 1,968,000.00 | Not applicable | Not applicable |

| Other Benefits | Executive Directors | Non-Executive Director (other than independent directors) | Independent Directors |
|---|---------------------|---|-----------------------|
| 1) Advances | Not applicable | Not applicable | Not applicable |
| 2) Credit granted | Not applicable | Not applicable | Not applicable |
| 3) Pension Plan/s Contributions | Not applicable | Not applicable | Not applicable |
| (d) Pension Plans, Obligations incurred | Not applicable | Not applicable | Not applicable |
| (e) Life Insurance Premium | Not applicable | Not applicable | Not applicable |
| (f) Hospitalization Plan | Not applicable | Not applicable | Not applicable |
| (g) Car Plan | Not applicable | Not applicable | Not applicable |
| (h) Others (Specify) | Not applicable | Not applicable | Not applicable |
| Total | Not applicable | Not applicable | Not applicable |

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:

| Director's Name | Number of Direct Option/Rights/Warrants | Number of Indirect Option/Rights/Warrants | Number of Equivalent Shares | Total % from Capital Stock |
|-----------------|---|---|-----------------------------|----------------------------|
| Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |

(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:

| Incentive Program | Amendments | Date of Stockholders' Approval |
|-------------------|----------------|--------------------------------|
| Not applicable | Not applicable | Not applicable |

5) Remuneration of Management

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

| Name of Officer/Position | Total Remuneration |
|--------------------------|--------------------|
| Not applicable | Not applicable |
| Not applicable | |
| Not applicable | |
| Not applicable | |
| Not applicable | |

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

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

| Committee | No. of Members | | | Committee Charter | Functions | Key Responsibilities | Power |
|--------------|-------------------------|------------------------------|---------------------------|-------------------|----------------|---|----------------|
| | Executive Director (ED) | Non-executive Director (NED) | Independent Director (ID) | | | | |
| Executive | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| Audit | 2 | | 1 | | | Responsible for reviewing annual and interim reports. | |
| Nomination | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| Remuneration | Not | Not | Not | Not | Not | Not | Not |

| | | | | | | | |
|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | applicable | applicable | applicable | applicable | applicable | applicable | applicable |
| Others (specify) | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |

2) Committee Members

(a) Executive Committee

| Office | Name | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|--------------|----------------|---------------------|----------------------|--------------------------|----------------|------------------------------------|
| Chairman | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| Member (ED) | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| Member (NED) | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| Member (ID) | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| Member | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |

(b) Audit Committee

| Office | Name | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|-------------|-----------------------|---------------------|----------------------|--------------------------|---|------------------------------------|
| Chairman | RUDIN A. GONZALES JR. | 2001 | | | | 13 YRS |
| Member (ED) | JUANITA U. TAN | 2001 | | | | 13 YRS |
| Member (ED) | ROSALIE A. ESTEIBAR | 2012 | | | | 3 YR |
| Member (ID) | | | | | | |
| Member | | | | | | |

Disclose the profile or qualifications of the Audit Committee members. The Audit Committee shall consist of at least three (3) members of the Board, and its members shall be appointed by and serve at the discretion of the Board. Each member shall be able to understand fundamental financial statements and have proper experiences in financial aspect. The audit committee members have relevant financial experiences.

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

The audit committee is responsible for reviewing the annual and interim reports prior to submission to the board for approval.

(c) Nomination Committee

| Office | Name | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|----------|-----------------------|---------------------|----------------------|--------------------------|---|------------------------------------|
| Chairman | Rudin A. Gonzales Jr. | 2001 | | | | 13 YRS |
| Member | Mary Jean Beira | 2001 | | | | 13 YRS |
| Member | Manuel Palaje | 2001 | | | | 13 YRS |

(d) Remuneration Committee

| Office | Name | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|--------------|----------------|---------------------|----------------------|--------------------------|----------------|------------------------------------|
| Chairman | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| Member (ED) | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| Member (NED) | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| Member (ID) | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| Member | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |

(e) Others (Specify)

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

| Office | Name | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|--------------|----------------|---------------------|----------------------|--------------------------|---|------------------------------------|
| Chairman | Not applicable | Not applicable | Not applicable | Not applicable | | Not applicable |
| Member (ED) | Not applicable | Not applicable | Not applicable | Not applicable | | Not applicable |
| Member (NED) | Not applicable | Not applicable | Not applicable | Not applicable | | Not applicable |
| Member (ID) | Not applicable | Not applicable | Not applicable | Not applicable | | Not applicable |
| Member | Not applicable | Not applicable | Not applicable | Not applicable | | Not applicable |

3) Changes in Committee Members

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

| Name of Committee | Name | Reason |
|-------------------|-----------------|----------------|
| Executive | Not applicable | Not applicable |
| Audit | Romulo A. Sigua | Death |
| Nomination | Not applicable | Not applicable |
| Remuneration | Not applicable | Not applicable |
| Others (specify) | Not applicable | Not applicable |

4) Work Done and Issues Addressed

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

| Name of Committee | Work Done | Issues Addressed |
|-------------------|----------------|------------------|
| Executive | Not applicable | Not applicable |
| Audit | Not applicable | Not applicable |
| Nomination | Not applicable | Not applicable |
| Remuneration | Not applicable | Not applicable |
| Others (specify) | Not applicable | Not applicable |

5) Committee Program

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

| Name of Committee | Planned Programs | Issues to be Addressed |
|-------------------|------------------|------------------------|
| Executive | Not applicable | Not applicable |
| Audit | Not applicable | Not applicable |
| Nomination | Not applicable | Not applicable |
| Remuneration | Not applicable | Not applicable |
| Others (specify) | Not applicable | Not applicable |

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

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

BHI HOLDINGS, INC.
RISK MANAGEMENT STATEMENT
(Last updated: December 2014)

This statement of risk management has been established by the Board of Directors (the “Board”) of BHI HOLDINGS, INC., (the “Company”), and is intended, together with the Company’s Articles of Incorporation, Amended-By-Laws, other corporate governance documents and all applicable laws, to be a flexible framework within which the Board may conduct its business.

The Board has reviewed the effectiveness of the risk management system and deems it to be sufficiently adequate. The Board shall review the risk management system and assess its effectiveness annually.

The Board is responsible for overseeing the risk management activities of the Company. With the management of risk being necessary for the protection of the Company’s personnel, assets and reputation, the Board shall implement risk management controls, such as internal policies and procedures and, external policies such as the engagement of external auditors to achieve an appropriate level of risk management and for the proper monitoring of development resulting to potential risks. The various policies implemented by the Board shall include mechanisms to ensure compliance, identification, and regular reporting to the Board of significant and material business risks and the management of those risks.

The Company aims to mitigate exposures to any potential risk and ensure that systems are in place for the prevention of risk occurrences. Nonetheless, the systems in place are intended to provide reasonable but not absolute assurance against the occurrence of any risks.

- (b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;
- (c) Period covered by the review; Year 2014
- (d) How often the risk management system is reviewed and the directors’ criteria for assessing its effectiveness; The Board shall review the risk management system and assess its effectiveness annually.
- (e) Where no review was conducted during the year, an explanation why not. – Not applicable

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 |
|----------------|------------------------|----------------|
| Not applicable | Not applicable | Not applicable |

(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 |
|----------------|------------------------|----------------|
| Not applicable | Not applicable | Not applicable |

(c) Minority Shareholders

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

| Risk to Minority Shareholders |
|--------------------------------------|
| None to the knowledge of the company |

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) |
|----------------|---|--|
| Not applicable | Not applicable | Not applicable |

(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) |
|----------------|---|--|
| Not applicable | Not applicable | Not applicable |

(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 |
|----------------|-------------------|--------------------------|
| Not applicable | Not applicable | Not applicable |

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

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

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

The Board is responsible for establishing and monitoring internal control system of the Company and reviewing their effectiveness. It recognizes that rigorous systems of internal control are critical to the Company's achievement of its business objectives.

- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate; The system are designed to manage rather than eliminate risk and that they can only provide reasonable and not absolute assurance against material misstatements. The Board has reviewed the effectiveness of the internal control system and deem it to be sufficiently adequate.
- (c) Period covered by the review; December 2014
- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; The board shall review the internal control system and assess its effectiveness annually.
- (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 |
|----------------|----------------|--|--|-------------------|
| Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| | | | | |

- (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 Head of internal audit shall have access to the chair of the Audit Committee and discuss any major findings in relation to the reports with Audit Committee.
- (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 |
|---------------------|----------------|
| Not applicable | Not applicable |

(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 | Not applicable |
| Issues⁶ | Not applicable |
| Findings⁷ | Not applicable |
| Examination Trends | Not applicable |

[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;

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

⁷ "Findings" are those with concrete basis under the company's policies and rules.

- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

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

| Policies & Procedures | Implementation |
|-----------------------|----------------|
| Not applicable | Not applicable |
| Not applicable | Not applicable |

(g) Mechanism and Safeguards

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

| Auditors (Internal and External) | Financial Analysts | Investment Banks | Rating Agencies |
|-------------------------------------|--------------------|------------------|-----------------|
| Not applicable | Not applicable | Not applicable | Not applicable |
| Not applicable | 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.

Compliance Statement

The Board of directors of BHI HOLDINGS INC. are committed to ensuring that the Company works towards compliance with the main principles of the Corporate Governance Code. Throughout the year reported on the Company has been in compliance with the main principles of the Corporate Governance Code.

H. ROLE OF STAKEHOLDERS

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

| | Policy | Activities |
|--|----------------|----------------|
| Customers' welfare | Not applicable | Not applicable |
| Supplier/contractor selection practice | Not applicable | Not applicable |
| Environmentally friendly value-chain | Not applicable | Not applicable |
| Community interaction | Not applicable | Not applicable |
| Anti-corruption programmes and procedures? | Not applicable | Not applicable |
| Safeguarding creditors' rights | Not applicable | Not applicable |

- 2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?
Not applicable
- 3) Performance-enhancing mechanisms for employee participation.
- (a) What are the company's policy for its employees' safety, health, and welfare? - Not applicable
- (b) Show data relating to health, safety and welfare of its employees. – Not applicable
- (c) State the company's training and development programmes for its employees. Show the data. – Not applicable
- (d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures – Not applicable
- 4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation. – Not applicable

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

- (a) Holding 5% shareholding or more

| Shareholder | Number of Shares | Percent | Beneficial Owner |
|----------------------------|------------------|---------------|----------------------------|
| Bulk Handlers, Inc. | 449,424 | 89.89% | Bulk handlers, Inc. |

| Name of Senior Management | Number of Direct shares | Number of Indirect shares / Through (name of record owner) | % of Capital Stock |
|---------------------------|-------------------------|--|--------------------|
| Manuel N. Tankiansee | 1 share | none | .0003 |
| Juanita U. Tan | 58 share | none | .0166 |
| Rosalie A. Esteibar | 60 share | none | .0171 |
| | | | |
| TOTAL | | | |

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 |
|-------------------------|-----------|---------------|
| PUNONGBAYAN AND ARAULLO | 95,000.00 | None |

4) Medium of Communication

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

- Personal Communication
- Telephone Communication

5) Date of release of audited financial report: April 14, 2014

6) Company Website: www.bhi_holdings.com

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

| | |
|--|-----|
| Business operations | Yes |
| Financial statements/reports (current and prior years) | Yes |
| Materials provided in briefings to analysts and media | Yes |
| Shareholding structure | Yes |
| Group corporate structure | Yes |
| Downloadable annual report | Yes |
| Notice of AGM and/or EGM | Yes |
| Company's constitution (company's by-laws, memorandum and articles of association) | Yes |

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

7) **Disclosure of RPT**

| RPT | Relationship | Nature | Value |
|----------------|----------------|----------------|----------------|
| Not applicable | Not applicable | Not applicable | Not applicable |

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?

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 | A majority of the directors shall be necessary at all meetings to constitute a quorum. |
|------------------------|--|

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

| | |
|--------------------|-------------------------------------|
| System Used | Board approval |
| Description | Elections of the Board of Directors |

(c) Stockholders' Rights

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

| Stockholders' Rights under The Corporation Code | Stockholders' Rights <u>not</u> in The Corporation Code |
|--|--|
| Voting right | Not applicable |
| Pre-emptive right | Not applicable |
| Inspection right | Not applicable |

Dividends

| Declaration Date | Record Date | Payment Date |
|-------------------------|--------------------|---------------------|
| Not applicable | Not applicable | Not applicable |

(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.

| 2. Measures Adopted | 3. Communication Procedure |
|----------------------------|--|
| 4. By mail | 5. Communications may be sent to company offices |
| 6. | 7. |

8. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
 - a. Amendments to the company's constitution – As provided for by the Company's Articles of Incorporation and By-Laws
 - b. Authorization of additional shares - As provided for by the Company's Articles of Incorporation and By-Laws
 - c. Transfer of all or substantially all assets, which in effect results in the sale of the company - As provided for by the Company's Articles of Incorporation and By-Laws
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.
 - a. Date of sending out notices: November 27, 2014
 - b. Date of the Annual/Special Stockholders' Meeting: December 19, 2014
10. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

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

| 12. Resolution | 13. Approving | 14. Dissenting | 15. Abstaining |
|---------------------------------|---------------------|----------------|----------------|
| 16. Extension of Corporate life | 17. Approved by all | 18. None | 19. None |
| 20. | 21. | 22. | 23. |

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

December 19, 2014

(e) Modifications

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

| Modifications | Reason for Modification |
|----------------|-------------------------|
| Not applicable | Not applicable |

(f) Stockholders' Attendance

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

| Type of Meeting | Names of Board members / Officers present | Date of Meeting | Voting Procedure (by poll, show of hands, etc.) | % of SH Attending in Person | % of SH in Proxy | Total % of SH attendance |
|-----------------|--|-------------------|---|-----------------------------|------------------|--------------------------|
| Annual | Manuel N. Tankiansee Juanita U. Tan Rosalie A. Esteibar Jemie U. Tan Marilou U. Pua Jalane Christie U. Tan Julie C. Dela Cruz Emma Keng Tan Miguel Ocampo Tan Felisa P. Escudero Rudin A. Gonzales Jr. | DECEMBER 19, 2014 | Show of hands | 100% | 0% | |
| Special | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs? No.

(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 | Not applicable |
| Notary | Not applicable |
| Submission of Proxy | Not applicable |
| Several Proxies | Not applicable |
| Validity of Proxy | Not applicable |
| Proxies executed abroad | Not applicable |
| Invalidated Proxy | Not applicable |
| Validation of Proxy | Not applicable |
| Violation of Proxy | Not applicable |

(h) Sending of Notices

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

| Policies | Procedure |
|-------------|--|
| SRC Rule 20 | Notice of a stockholders meeting be sent to all stockholders of record 15 days prior to the scheduled meeting. |
| | |

(i) Definitive Information Statements and Management Report

| | |
|--|------------------------------|
| Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials | 349 Stockholders |
| Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners | November 17, 2014 |
| Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders | November 27, 2014 |
| State whether CD format or hard copies were distributed | Hard copies were distributed |
| If yes, indicate whether requesting stockholders were provided hard copies | Hard copies were provided |

(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 |
|---|---|
| One share one vote | As provided by Articles of Incorporation and by-laws. |
| Provide all shareholders with the notice and agenda of the annual general meeting SRC Rule 20 | As provided by Articles of Incorporation and by-laws |

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

K. INVESTORS RELATIONS PROGRAM

- 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.
- 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 | Not applicable |
| (2) Principles | Not applicable |
| (3) Modes of Communications | Not applicable |
| (4) Investors Relations Officer | Not applicable |

- 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?
-Not Applicable

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

-Not applicable

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

| Initiative | Beneficiary |
|----------------|----------------|
| Not applicable | Not applicable |

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 | Not applicable | Not applicable |
| Board Committees | Not applicable | Not applicable |
| Individual Directors | Not applicable | Not applicable |
| CEO/President | Not applicable | Not applicable |


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 |
|------------------|-------------------------|
| First Violation | Reprimanded |
| Second Violation | Suspension |
| Third Violation | Removal from the office |

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


SIGNATURES



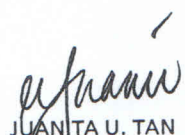
 MANUEL N. TANKIANSEE
 Chairman of the Board




 RUDIN A. GONZALES JR
 Independent Director



 JUANITA U. TAN
 Compliance Officer



 JUANITA U. TAN
 Chief Executive Officer

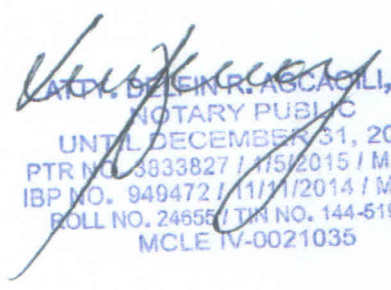


 FELISA P. ESCUDERO
 Independent Director

SUBSCRIBED AND SWORN to before me this MANILA day of JAN 06 2015 20__ , affiant(s) exhibiting to me their _____, as follows:

| NAME/NO. | DATE OF ISSUE | PLACE OF ISSUE |
|--|---------------|----------------|
| MANUEL N. TANKIANSEE / CTC NO. 13570350 | 01/08/15 | MANILA |
| JUANITA U. TAN / CTC NO. 02417900 | 01/08/15 | MAKATI |
| RUDIN A. GONZALES JR. / CTC NO. 13570363 | 01/08/15 | MANILA |
| FELISA P. ESCUDERO / CTC NO. 13570339 | 01/08/15 | MANILA |

NOTARY PUBLIC


ATTY. BENIGNO R. AGCAGLI, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2015
PTR NO. 3833827 / 115/2015 / MANILA
IBP NO. 949472 / 11/11/2014 / MANILA
ROLL NO. 24655 / TIN NO. 144-519-068
MCLE IV-0021035

Doc No. 375
Page No. 3
Book No. 222
Series of _____