

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM ACGR**

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year
Dec 31, 2013
2. Exact Name of Registrant as Specified in its Charter
Megawide Construction Corporation
3. Address of principal office
2/F Spring Bldg. Arnaiz Ave. cor. P. Burgos St., Pasay City, Metro Manila
Postal Code
1112
4. SEC Identification Number
CS200411461
5. Industry Classification Code (SEC Use Only)
6. BIR Tax Identification No.
232-715-069-000
7. Issuer's telephone number, including area code
655-1111
8. Former name or former address, if changed from the last report
Not applicable

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**Megawide Construction Corporation
MWIDE**

PSE Disclosure Form ACGR-1 - Annual Corporate Governance Report
Reference: Revised Code of Corporate Governance of the
Securities and Exchange Commission

Description of the Disclosure

We are submitting attached Consolidated Annual Corporate Governance Report of Megawide Construction Corporation for year 2013.

Filed on behalf by:

Name	Joyce Briones
Designation	Corporate Information Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM - ACGR

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-

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	7
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Actual number of Directors for the year	7
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(a) Composition of the Board

Complete the table with information on the Board of Directors:

Directors' 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 ¹ (if ID, state the number of years served as ID) ²	Elected when (Annual/Special Meeting)	No. of years served as director
Michael Cosiquien	ED	N/A	Suyen Corporation	July 28, 2004	June 26, 2013	Annual Meeting	8
Edgar Saavedra B.	ED	N/A	Suyen Corporation	July 28, 2004	June 26, 2013	Annual Meeting	8
Yerik Cosiquien C.	NED	N/A	Suyen Corporation	July 28, 2004	June 26, 2013	Annual Meeting	8
Elizabeth Anne Uychaco C.	NED	Sybase Equity Investments Corporation (Sybase)	Suyen Corporation	March 16, 2011	June 26, 2013	Annual Meeting	2
Florentino Tuason, Jr.	NED	N/A	Suyen Corporation	April 8, 2011	June 26, 2013	Annual Meeting	2
Leonilo Coronel G.	ID	N/A	Suyen Corporation (no relationship with nominator)	July 19, 2010	June 26, 2013 (served as ID for 3 years)	Annual Meeting	2
Leonor Briones M.	ID	N/A	Suyen Corporation (no relationship with nominator)	July 19, 2010	June 26, 2013 (served as ID for 3 years)	Annual Meeting	2

- (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.

The Board of Directors has adopted the corporate governance policy

¹ Updated as of 2013

² Reckoned from first election on July 19, 2010. (Updated as of 2013)

stated in the Revised Code of Corporate Governance. In particular, the Board has adopted the following policies to protect the rights of minority stakeholders:

- A director shall not be removed without cause if it will deny minority shareholders representation in the Board.
- The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.
- The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes."
- The Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.
- Megawide's Board and Management committed themselves to the principles and best practices contained in its Revised Manual on Corporate Governance and acknowledged that the Revised Manual serves as their guide to the attainment of corporate goals.

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

Yearly.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group³

Identify, as and if applicable, the members of the company's Board of Directors who hold the office as 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.
Michael C. Cosiquien	Altria East Land Inc. (Altria) Citicore Holdings Investment, Inc. (Citicore)	Executive Executive
Edgar B. Saavedra	Altria Citicore	Executive Executive

³ The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

(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.
Elizabeth Anne C. Uychaco	Belle Corporation ⁴	Executive

(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
Michael C. Cosiquien	Altria Citicore	Director and stockholder Director and stockholder
Edgar B. Saavedra	Altria Citicore	Director and stockholder Director and stockholder

- (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:

There is no 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. The Board of Directors will, however, discuss and consider setting such limit pursuant to the Revised Code on Corporate Governance.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	N/A	N/A
Non-Executive Director		
CEO		

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of

⁴ Updated as of 2013

Directors who directly and indirectly own shares in the company (as of December 31, 2013):⁵

Name of Director	Number of Direct shares	Number of indirect shares / Through (name of record owner)	% of capital stock
Michael C. Cosiquien	2 (lodged with PCD)	None	Nil
Edgar B. Saavedra	2 (lodged with PCD)	None	Nil
Yerik C. Cosiquien	0	6,184,165 (some shares are lodged with PCD and some are held by his father)	Nil
Elizabeth Anne C. Uychaco	40,560 (lodged with PCD)	None	Nil
Florentino A. Tuason, Jr.	169	None	Nil
Leonilo G. Coronel	3 (lodged with PCD)	None	Nil
Leonor M. Briones	3 (lodged with PCD)	None	Nil
TOTAL	40,739	6,184,165	Nil

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 benefits of independent views.

Yes

No

Pursuant to Article 3 (C) of the Revised Code of Corporate Governance, the Board gets independent views from independent and non-executive directors.

Identify the Chair and CEO:

Chairman of the Board	Michael C. Cosiquien
CEO/President	CEO – Michael C. Cosiquien President – Edgar B. Saavedra

- (b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role		
Accountabilities	<ul style="list-style-type: none"> Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary; Supervise the preparation of the 	<ul style="list-style-type: none"> Preside at the meetings of the stockholders; Initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the
Deliverables		

⁵ Updated as of 2013

	<p>agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors;</p> <ul style="list-style-type: none"> • Maintain qualitative and timely lines of communication and information between the Board and Management; and • Be the Presiding Officer of the Executive Committee 	<p>approval of the Board of Directors, including those for executive training, development and compensation;</p> <ul style="list-style-type: none"> • Supervise and manage the business affairs of the Corporation upon the direction of the Board of Directors; • Implement the administrative and operational policies of the corporation under his supervision and control; • Appoint, remove, suspend or discipline employees of the corporation, prescribe their duties, and determine their salaries; • Oversee the preparation of the budgets and the statements of accounts of the corporation; • Represent the corporation at all functions and proceedings; • Execute on behalf of the corporation all contracts, agreements and other instruments affecting the interests of the corporation which require the approval of the Board of Directors; • Make reports to the Board of Directors and stockholders; • Perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.
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3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

The Board will still discuss such plan for succession. On October 1, 2012, the

Audit and Risk Management Committee approved that its Charter should include a succession plan, among others.

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 is still formulating a policy on the matter.

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 Board is still formulating a policy on the matter.

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

	Executive	Non-Executive	Independent Director
Role	<ul style="list-style-type: none"> • Conduct fair business transactions with the company and ensure that personal interest does not conflict with the interests of the corporation; • Devote time and attention necessary to properly and effectively perform his duties and responsibilities; • Act judiciously; • Exercise independent judgment; • Have a working knowledge of the statutory and regulatory requirements that affect the company, including its Articles of Incorporation and By-Laws, the rules and regulations of the SEC and, where applicable, the requirements of relevant regulatory agencies; • Keep abreast with industry developments and business trends in order to promote the corporation's competitiveness; and • Observe confidentiality. 		<ul style="list-style-type: none"> • Always attend Board meetings; • Conduct fair business transactions with the company and ensure that personal interest does not conflict with the interests of the corporation; • Devote time and attention necessary to properly and effectively perform his duties and responsibilities; • Act judiciously; • Exercise independent judgment; • Have a working knowledge of the statutory and regulatory requirements that affect the company, including its Articles of Incorporation and By-Laws, the rules and regulations of
Accountabilities			
Deliverables			

		<p>the SEC and, where applicable, the requirements of relevant regulatory agencies;</p> <ul style="list-style-type: none"> • Keep abreast with industry developments and business trends in order to promote the corporation's competitiveness; and • Observe confidentiality.
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Provide the company's definition of "independence" and describe the company's compliance to the definition.

The company adheres to the definition of "independent director" provided under Section 38 of the Securities Regulation Code, namely:

"xxx 'independent director' shall mean a person other than an officer or employee of the corporation, its parent or subsidiaries, or any other individual having a relationship with the corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director."

It also complies with the definition of the term provided under Part I item c of the Code of Corporate Governance:

"c. *Independent Director* - refers to a person other than an officer or employee of the corporation, its parent or subsidiaries, or any other individual having any relationship with the corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. This means that apart from the directors' fees and shareholdings, he should be independent of management and free from any business or other relationship which could materially interfere with the exercise of his independent judgment."

Does the company have a term limit of five consecutive years for independent directors?

Yes. The company shall comply with SEC Memorandum Circular No. 9 on Term Limits of 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.

Pursuant to the SEC Memorandum, an independent director who had served for five years can be re-elected after a 2-year cooling-off period and can serve for another five years provided that the independent director has not engaged in any activity that under existing rules disqualifies a person from being elected as independent director.

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: **There were no changes in the composition of the Board of Directors.**

Name	Position	Date of Cessation	Reason
N/A	N/A	N/A	N/A

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

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Please 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	Stockholders may submit the names of nominees to the Corporate Secretary. The Nomination Committee then reviews and evaluates the nominations and gives the list of nominees to the Corporate Secretary. The stockholders will then elect the directors from the list of nominees during the regular stockholders' meeting.	Directors must possess the following qualifications and none of the following disqualifications: Qualifications: <ul style="list-style-type: none"> • college education or equivalent academic degree; • practical understanding of the business of the corporation; • membership in good standing in relevant industry, business or professional organizations; • previous business experience Permanent
(ii) Non-Executive Directors		

		<p>disqualification:</p> <ul style="list-style-type: none"> ● Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that: <ul style="list-style-type: none"> (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them. ● Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: <ul style="list-style-type: none"> (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or
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		<p>officer of a bank, quasibank, trust company, investment house, or investment company;</p> <p>(c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Securities and Exchange Commission (SEC) or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or</p>
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		<p>association with a member or participant of the organization.</p> <ul style="list-style-type: none"> ● Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts. ● Any person who has been adjudged by final judgment or order of the SEC, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or any of its rule, regulation or order. ● Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation. ● Any person judicially declared as insolvent. ● Any person found guilty by final
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		<p>judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in subparagraphs (i) to (v) of Article 3, Part E (1) of the Revised Code of Corporate Governance.</p> <ul style="list-style-type: none"> ● Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment. ● A stockholder may not be nominated or elected to the Board of Directors if he/she represents an interest adverse to or in conflict with those of the Corporation or if he/she is an officer or stockholder of a corporation engaged in the same business as that of the Corporation. <p>Temporary Disqualification</p> <ul style="list-style-type: none"> ● Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The
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		<p>disqualification shall be in effect as long as the refusal persists.</p> <ul style="list-style-type: none"> • Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election. • Dismissal or termination for cause as director of any corporation covered by the Revised Code of Corporate Governance. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination. • If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with. • If any of the judgments or orders cited in the grounds for
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		<p>permanent disqualification has not yet become final.</p> <p>A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>
(iii) Independent Directors		<p>Please refer to item (a) (i) and (ii) under “Criteria.”</p> <p>Pursuant to Section 38 of the Securities Regulation Code and the SEC Code of Corporate Governance, an “independent director” shall mean a person other than an officer or employee of the corporation, its parent or subsidiaries, or any other individual having a relationship with the corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Under the SEC Code of Corporate Governance, this means that apart from the directors' fees and shareholdings, he should be independent of management and free from any business or other relationship which could materially interfere with the exercise of his independent judgment.</p>
b. Re-appointment		
(i) Executive Directors	Please refer to item (a) under “Process Adopted.”	Please refer to item (a) (i) and (ii) under “Criteria.”
(ii) Non-Executive Directors		
(iii) Independent Directors		

		For independent directors, please refer also to item (a) (iii) under “Criteria.”
c. Permanent Disqualification		
(i) Executive Directors	The Nomination Committee pre-screens and evaluates the qualifications and disqualifications of nominees.	Please refer to item (a) (i) and (ii) under “Criteria.” For independent directors, please refer also to item (a) (iii) under “Criteria.” Under SEC Memorandum Circular 9, s. 2011, after serving as independent director for 10 years, an independent director is perpetually barred from being elected as such in the same company, without prejudice to being elected as independent director in other companies outside of the business conglomerate.
(ii) Non-Executive Directors		
(iii) Independent Directors		
d. Temporary Disqualification		
(i) Executive Directors	The Nomination Committee pre-screens and evaluates the qualifications and disqualifications of nominees. The Compliance Officer will determine the violation through notice and hearing and recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.	Please refer to item (a) (i) and (ii) under “Criteria.” For independent directors, please refer also to item (a) (iii) above. Under SEC Memorandum Circular 9 s. 2011, an independent director is ineligible for election as such after completion of a five-year service period, unless he/she has undergone a 2-year cooling off period and he/she has not engaged in any activity that under existing rules disqualifies a person from being elected as independent director in the same company.
(ii) Non-Executive Directors		
(iii) Independent Directors		
e. Removal		
(i) Executive Directors	Directors may be removed by vote of the stockholders holding or representing at least 2/3 of the outstanding capital stock.	Directors may be removed with cause or by commission of a third violation of the Manual on Corporate
(ii) Non-Executive Directors		
(iii) Independent Directors		

		Governance.
f. Reinstatement		
(i) Executive Directors	Please refer to item (a) under "Process Adopted."	Please refer to item (a) (i) and (ii) under "Criteria." For independent directors, please refer also to item (a) (iii) under "Criteria."
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	The Compliance Officer will determine the violation through notice and hearing and recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.	Suspension from office shall be imposed in case of second violation of the Manual on Corporate Governance. The duration of the suspension shall depend on the gravity of the violation.
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual General Meeting⁶

Name of Director	Votes Received
Michael C. Cosiquien	942,048,545
Edgar B. Saavedra	942,048,545
Yerik C. Cosiquien	942,048,545
Elizabeth Anne C. Uychaco	942,048,545
Florentino A. Tuason, Jr.	942,048,545
Leonor M. Briones	942,048,545
Leonilo G. Coronel	942,048,545

6) Orientation and Education Program

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

The company gives a brief presentation on the company structure and business operations after election of the new directors.

- (b) State any in-house training and external courses attended by Directors and Senior Management⁷ for the past three (3) years:

**Corporate Governance Seminar
ASEAN CG Scorecard Seminar**

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

Name of	Date of Training	Program	Name of Training
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⁶ June 26, 2013. (Updated as of 2013)

⁷ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

Director/Officer			Institution
Florentino A. Tuason, Jr.	December 2012	Mandatory Continuing Legal Education	Integrated Bar of the Philippines - Makati

B. CODE OF BUSINESS CONDUCT & ETHICS

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p>In its October 1, 2012 meeting, the Audit and Risk Management Committee approved that the company should adopt a Code of Conduct for management. The company will still have to prepare such Code of Conduct.</p>		<p>All employees are required to promptly disclose any financial or personal interest in any transaction involving the Company to ensure that potential conflicts of interest are brought to the attention of management.</p>
(b) Conduct of Business and Fair Dealings			<p>All employees shall at all times observe propriety and act with fairness and transparency in dealing with business partners (suppliers, subcontractors, banks and other entities that engage in business with the company).</p>
(c) Receipt of gifts from third parties			<p>The company prohibits the solicitation or acceptance of gifts in any form from any business partner.</p>
(d) Compliance with Laws & Regulations			<p>The company aims to conduct business in accordance with the highest standards of business ethics. To this end, all business dealings should be compliant with all applicable laws and must not in any way compromise the good name and reputation of the</p>

		company.
(e) Respect for Trade Secrets/use of Non-public information		All employees shall maintain and safeguard the confidentiality of information relating to the company.
(f) Use of Company Funds, Assets and Information		All employees shall use company property and resources efficiently, responsibly, and only for legitimate business purposes only. They should safeguard company assets from loss, damage, misuse or theft.
(g) Employment & Labor Laws & Policies		The company has a manual which provides for employee rights, obligations and policies on employee-related matters, which are consistent with and in accordance with relevant provisions of the Labor Code.
(h) Disciplinary action		Employees who commit a violation of the Code of Conduct shall be subject to disciplinary action (including termination) without prejudice to any civil or criminal proceedings that the company may file for violation of existing law.
(i) Whistle Blower		It is the responsibility of all employees to comply with and report violations or suspected violations of the Code. No employee who, in good faith, reports a violation of the Code shall suffer harassment, retaliation or adverse

		employment consequence.
(j) Conflict Resolution		The principle of due process shall be observed in the handling of all cases.

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

In its October 1, 2012 meeting, the Audit and Risk Management Committee approved that the company should adopt a Code of Conduct for Management. Formulation of a Code of Conduct for Directors and Management is on-going.

A copy of the Employee Code of Conduct/Discipline has been distributed to all employees of the company.

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

In its October 1, 2012 meeting, the Audit and Risk Management Committee approved that the company should adopt a Code of Conduct for Management. Formulation of a Code of Conduct for Directors and Management is on-going.

A copy of the Employee Code of Conduct/Discipline was distributed to all employees for strict compliance. It is the responsibility of each employee to report legitimate concerns so that problems can be properly resolved and corrective measures can be instituted.

Generally, the Human Resources Department is responsible for the company-wide implementation and monitoring of compliance with the Employee Code of Conduct/Discipline.

- 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.

The review, approval or ratification, monitoring and recording of transactions between above parties shall be in accordance with the provisions of the Corporation Code, Securities Regulation Code, and SEC rules and regulations.

Related Party Transaction	Policies and Procedures
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(1) Parent Company	The company complies with the requirements of Corporation Code, Securities Regulation Code, SEC rules and regulations, and other relevant rules and regulations.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of interest

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

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

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	
Elizabeth Anne C. Uychaco	Ms. Uychaco is the nominee of the company's principal stockholder, Sybase. Sybase is under the SM Group. One of the companies under the SM Group is SM Development Corporation (SMDC), which is also a major customer of the company.
Name of Officer/s	
Name of Significant Shareholders	
Citicore	Citicore is the controlling stockholder of the company. Forty percent (40%) and 44.69% of the issued and outstanding capital stock of Citicore are owned by Michael Cosiquien and Edgar Saavedra, respectively.

(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 Board discusses and resolves issues on major transactions of the company. This ensures that independent views from all directors are obtained. The company complies with the requirements of Section 32 of the Corporation Code on "Dealings of directors, trustees or officers with the corporation."
Group	

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,⁸ 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**

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:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
Citicore	consortium partner	The company formed a joint venture company with Citicore in connection with Public-Private Partnership for School Infrastructure Project (PSIP) of the Department of Education.
Sybase	affiliated with the company's major customer, SMDC	Sybase is with the SM Group. One of the company's major customers, SMDC, is also affiliated with the SM Group.

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

Names of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction

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	None. The company will still have to adopt an alternative dispute resolution system for conflicts/differences between the company and the stockholders.
Corporation & Third Parties	In dealing with conflicts, the company, through its executives and officers, initiates dialogue with the parties concerned. They exert best efforts to enable the parties to reach an amicable settlement.
Corporation & Regulatory Authorities	The company is committed to comply with the requirements of regulatory authorities. In

⁸ Family relationship up to the fourth civil degree either by consanguinity or affinity.

	instances of conflicts or differences, the corporation consults and obtains advice from the regulatory authorities concerned.
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C. BOARD MEETINGS & ATTENDANCE

- 1) Are Board of Directors' meetings scheduled before or after at the beginning of the year? **Board meetings are scheduled before the beginning of the year.**
- 2) Attendance of Directors⁹

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Michael C. Cosiquien	July 28, 2004	9	9	100
Member	Edgar B. Saavedra	July 28, 2004	9	9	100
Member	Yerik C. Cosiquien	July 28, 2004	9	7	78
Member	Elizabeth Anne C. Uychaco	March 16, 2011	9	9	100
Member	Florentino A. Tuason, Jr.	April 8, 2011	9	9	100
Independent	Leonor M. Briones	July 19, 2010	9	8	89
Independent	Leonilo Coronel	July 19, 2010	9	9	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. Under Article III, Section 6 of the company's By-Laws, a majority of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business. Every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all members of the Board.

- 5) Access to Information
 - (a) How many days in advance are board papers¹⁰ for board of directors meetings provided to the board?

⁹ Updated as of 2013

¹⁰ 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.

Board papers are provided to members of the Board of Directors between 2-5 days before the date of the Board meeting.

- (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?

Article IV, Section 5 of the company's By-Laws provides that the Corporate Secretary shall have the following specific powers and duties:

- **To record the minutes and transactions of all meetings of the directors and the stockholders and to maintain minute books of such meetings in the form and manner required by law;**
- **To keep record books showing the details required by law with respect to the stock certificates of the corporation, including ledgers and transfer books showing all shares of the corporation subscribed, issued and transferred;**
- **To keep the corporate seal and affix it to all papers and documents requiring a seal, and to attest by his signature all corporate documents requiring the same;**
- **To attend to the giving and serving of all notices of the corporation required by law or these by-laws to be given;**
- **To certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of him by law or by government rules and regulations.**
- **To act as inspector at the election of directors and, as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and to receive votes, ballots or consents, hear and determine questions in connection with the right to vote, count and tabulate all votes, determine the result, and do such acts as are proper to conduct the election.**
- **To perform such other duties as are incident to his office or as may be assigned to him by the Board of Directors or the President.**

The company's Manual on Corporate Governance provides that the Corporate Secretary shall:

- Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the corporation.
- Be loyal to the mission, vision and objectives of the corporation.
- Work fairly and objectively with the Board, Management and stockholders.
- Have appropriate administrative and interpersonal skills.
- If he is not at the same time the corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities.
- Have a working knowledge of the operations of the corporation.
- Inform the members of the Board, in accordance with the By-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.
- Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so.
- Ensure that all Board procedures, rules and regulations are strictly followed by the members.
- If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Code.

Yes, the Corporate Secretary's role includes assisting the Chairman in preparing the board agenda, and other board papers.

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

Yes, he is trained in legal practice.

(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	Materials are distributed to the committee members prior to the date of the committee
Audit and Risk Management	
Nomination	

Compensation	meeting. Committee members may directly inquire with Management, the Corporate Secretary or Corporate Information Officer on matters to be discussed during the committee meeting.
Others (specify)	N/A

6) External Advice

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

Procedures	Details
Referral to external legal counsel	Legal matters such as validity of certain transactions, legal documents and other legal questions are referred to the external legal counsel.

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (including 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: **N/A**

Existing Policies	Changes	Reason

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	The remuneration of the CEO and the four most highly compensated management officers are determined based on the company salary structure and benefits package upon the recommendation of the Compensation Committee and subject to Board approval. Salary adjustments are based on performance and changes in responsibilities.	
(2) Variable remuneration		
(3) Per diem allowance		
(4) Bonus		
(5) Stock Options and other financial instruments		
(6) Others (specify)		

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

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

Remuneration Policy	Structure of Compensation	How Compensation is Calculated

	Packages
Executive Directors	Php20,000 director's per diem per Board meeting for each regular director
Non-Executive Directors	
	Php25,000 director's per diem per Board meeting for each independent director
	Php30,000 monthly allowance in the form of reimburseable expenses for each regular director and independent director
	Reimburseable expenses cover receipts for food, beverage, gasoline and travel expenses.

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.

No. Article III, Section 8 of the company's By-Laws provides that by resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each Board meeting. The By-Laws does not require stockholders' approval.

Remuneration Scheme	Date of Stockholders' Approval
N/A	N/A

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			
(b) Variable Remuneration			
(c) Per diem Allowance	Php 747,058.80		
(d) Bonuses	N/A	N/A	N/A
(e) Stock Options and/or other financial instruments	N/A	N/A	N/A
(f) Others (Monthly allowance)	Php 2.5 Million		
Total	Php 3,247,058.80		

Remuneration item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
a) Advances	N/A		

b) Credit granted	
c) Pension Plan/s Contributions	
d) Pension Plans/Obligations incurred	
e) Life Insurance Premium	
f) Hospitalization Plan	
g) Car Plan	
h) Others (Specify)	
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:

There are no 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
N/A	N/A	N/A	N/A	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:

There are no amendments or discontinuation of any incentive programs introduced, including the criteria used in the creation of the program.

Incentive Program	Amendments	Date of Stockholders' Approval
N/A	N/A	N/A

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
Louie Ferrer / VP for Marketing	Php 8,338,325.88
Oliver Y. Tan / Chief Financial Officer, Chief Investment and Strategy Officer / Corporate Information Officer	
Ronald Paulo/ VP Operations	
Engr. Masashi Watanabe / Assistant Vice President for Precast	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities¹¹

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	0	The Executive Committee does not have a Charter.	However, under the company's By-Laws, the Executive Committee shall act on specific matters within the competence of the Board, as may be delegated by the By-Laws or on a majority vote of the Board except as provided in Section 35 of the Corporation Code. All actions of the Executive Committee on matters not delegated shall be subject to ratification and confirmation of the Board of Directors.		
Audit and Risk Management	1	1	1	The Committee has adopted a Committee Charter on October 1, 2013	Pre-approve all audit and non-audit services rendered by and approve the engagement fees and other compensation to be paid to the independent accountant		
Nomination	0	1	1	The Nomination Committee has yet to formulate a Charter. It is governed by the Manual on Corporate Governance. Under the Manual, it shall: <ul style="list-style-type: none"> Review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval; Assess the effectiveness of the Board's processes and procedures in the election or replacement of directors; and Pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with qualifications and disqualifications stated in the Manual on Corporate Governance. 			
Compensation	1	1	1	None. The Compensation Committee has yet to formulate a Charter. However, under the Manual on Corporate Governance, it shall establish a formal and transparent			

¹¹ Updated as of 2013

				procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the company's culture, strategy and the business environment in which it operates.			
Others (specify)	N/A	N/A	N/A	N/A	N/A	N/A	N/A

2) Committee Members¹²

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Michael C. Cosiquien	November 4, 2011	2	2	100	2 years
Member (ED)	Edgar B. Saavedra	November 4, 2011	2	2	100	2 years
Member (NED)	Elizabeth Anne C. Uychaco	November 4, 2011	2	2	100	2 years
Member (NED)	Florentino A. Tuason, Jr.	November 4, 2011	2	1	50	2 years
Member (ID)	Leonilo G. Coronel	November 4, 2011	2	2	100	2 years
Member (ID)	Leonor M. Briones	November 4, 2011	2	1	50	2 years
Member	Oliver Y. Tan	November 4, 2011	2	2	100	2 years

(b) Audit and Risk Management Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Leonilo G. Coronel	July 19, 2010	4	4	100	2 years
Member (ED)	Michael C. Cosiquien	March 16, 2011	4	4	100	2 years
Member (NED)	Elizabeth Anne C. Uychaco	March 16, 2011	4	4	100	2 years

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Leonor M. Briones	July 19, 2010	1	1	100	2 years
Member (NED)	Yerik C. Cosiquien	July 19, 2010	1	1	100	2 years
Member	Louie Ferrer	March 16, 2011	1	1	100	2 years

(d) Compensation Committee

¹² Updated as of 2013

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Leonilo G. Coronel	July 19, 2010	The Compensation Committee met on August 4 and September 8, 2011.		Nil	2 years
Member (ED)	Edgar B. Saavedra	March 16, 2011			Nil	1 year
Member (NED)	Florentino A. Tuason, Jr.	April 8, 2011			Nil	2 years

(e) Others (Specify)

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

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	N/A	N/A	N/A	N/A	N/A	N/A
Member (ED)						
Member (NED)						
Member (ID)						
Member						

3) Changes in Committee Members¹³

Indicate any changes in committee membership that occurred during the year and the reason for the changes: **N/A**

Name of Committee	Name	Reason
Executive	The number of members was reduced to 4. The following are the members of the Executive Committee: Michael Cosiquien Edgar Saavedra Elizabeth Anne C. Uychaco Oliver Tan	To convene meetings easily
Audit	N/A	N/A
Nomination		
Remuneration		
Others (Specify)		

4) Work Done and Issues Addressed¹⁴

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

Name of Committee	Work Done	Issues Addressed
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¹³ Updated as of 2013

¹⁴ Updated as of 2013

Executive	Discussed and approved issuance of corporate notes	Approved the issuance of a notes facility and issuance of up to an aggregate of Php4 Billion fixed-rate corporate notes to primary institutional lenders
	Discussed and approved a placing and subscription transaction	Agreed that Megawide be authorized to assist Citicore with its plan to sell its Megawide shares to strategic investors and use the proceeds of the sale to subscribe to new Megawide shares
Audit and Risk Management	Discussed and recommended the Audited Financial Statements for year ended 2012 for Board approval	Agreed that change orders will not be recognized unless it is signed by the owner/client
	Discussed and approved the Interim Financial Statements as of March 31, 2013	None
	Discussed and approved the Interim Financial Statements as of June 30, 2013	None
	Discussed and approved the Interim Financial Statements as of September 30, 2013	None
Nomination	Reviewed the nominations and gave the list of nominees to the Corporate Secretary	None
Compensation	None	None
Others (Specify)	N/A	N/A

5) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Review the organization and management information system of the company	None
Audit and Risk Management	Review its duties and responsibilities in the next committee meeting	None
Nomination	Review the nominations and gave the list of nominees to the Corporate Secretary	None
Compensation	None	None
Others (Specify)	N/A	N/A

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

On October 1, 2012, the Audit and Risk Management Committee agreed to adopt an Enterprise Risk Management (ERM) Policy Statement wherein the company shall: (i) establish a culture of disclosing, evaluating and managing risks, from the Board of Directors and throughout the organization towards achieving its goals and objectives; (ii) protect and preserve its employees' and clients' safety and welfare, the value and condition of its properties and assets and its local and global reputation; and (iii) align its risk appetite with its long-term strategic objectives.

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

The directors have reviewed the effectiveness of the company's risk management system.

The measures currently in place have proven to be effective and adequate. However, the company, together with the Enterprise Risk Management Committee, plans to institutionalize and formalize the risk management system.

(c) Period covered by the review;

N/A. Please see explanation in item (b) above.

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

N/A. Please see explanation in item (b) above.

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

N/A. Please see explanation in item (b) above.

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
Failure to meet project deadlines	Review operational process and possible causes of delay	To fulfill the company's commitments and maintain

		harmonious relationships with clients
Poor cash flow management	Review causes of weak control points; Improve collection and monitor payments	Better cash flow management

(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: **N/A**

Risk Exposure	Risk Management Policy	Objective
N/A	N/A	N/A

(c) Minority Shareholders

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

Risk to Minority Shareholders
The risk to minority shareholders is in relation to their right to be represented in the Board. However, the shareholder has the right to cumulate his votes in order to assure proper representation in the Board.
In terms of approval of corporate actions, the company has two independent directors and it complies with the requirements of the Corporation Code, Securities Regulation Code, and Manual of Corporate Governance in ensuring and protecting the rights of the stockholders.

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)
Failure to meet project deadlines	Prepare monitoring report comparing projected vis-à-vis actual results	Formulate measures to address causes of delay
Poor cash flow management	Monitoring of collections	Stricter collection policy

(b) Group

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
N/A	N/A	N/A

(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
Enterprise Risk Management Committee	Assists the Board in the development and oversight of the company's risk management program,	Generally oversees the risk management process to be an integral part of planning and operations of the company to meet corporate goals and objectives

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, through its Audit and Risk Management Committee oversees the actions of management and monitors the effectiveness of the internal control system put in place.

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

None. The directors are still in the process of reviewing its effectiveness.

(c) Period covered by the review;

N/A. Please see item (b) above.

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

N/A. Please see item (b) above.

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

N/A. Please see item (b) above.

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
Evaluating the reliability and integrity of significant information	All financial and operating information	In-house	Athena Ava Alsol	As needed
Evaluating the systems established to ensure compliance	Compliance with policies, plans, procedures which could have a significant impact on the organization	In-house	Athena Ava Alsol	As needed

(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 auditor directly reports to the Audit and Risk Management 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.
N/A

Name of Audit Staff	Reason
N/A	N/A

(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	
Issues ¹⁵	No critical issues noted
Findings ¹⁶	No critical findings noted
Examination Trends	Lack of updated policies and work procedures

[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.”

Policies & Procedures	Implementation
Establish governance frameworks to define the scope of work and policies that will regulate and control department activities	Implemented
Ensure the efficient functioning of resources, issue written reports and instructions that deal with policies and procedures regarding recordkeeping, attendance, leave, and other administrative requirements	Implemented

(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
Internal Auditors are not authorized to: 1. Perform operational duties;	There are no independence issues involving financial analysts, investment banks and rating agencies as there are no public information being disclosed ahead to any group other than what is disclosed publicly to the regulators within the prescribed time period		

¹⁵ “Issues” are compliance matters that arise from adopting different interpretations.

¹⁶ “Findings” are those with concrete basis under the company’s policies and rules.

<p>2. Approve accounting transactions;</p> <p>External Auditors may not provide the following services to the company:</p> <ol style="list-style-type: none"> 1. Management responsibilities; 2. Preparing accounting records; 3. Financial information systems design and implementation. 	<p>for reporting.</p>
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- (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 Officer**

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare		
Supplier/contractor selection practice	The company has a supplier accreditation policy in place.	At least three suppliers are required to submit their bid proposals for review and evaluation, and a recommendation is submitted for consideration.
Environmentally friendly value-chain	ISO 14001:2004 Environmental Management System Standards LEED Certification	The company is ISO 14001 compliant.
Community interaction	Megawide Corporate Foundation, Inc.	Initiatives undertaken by the company includes the renovation of the Philippine Children's Medical Center and vehicle assistance for GMA Kapuso Foundation, Inc.
Anti-corruption programmes and procedures?	The company does not condone any dishonest, unethical or	Violations or suspected violation of company policies can be escalated

	unprofessional behavior regardless of his level of authority.	to any of the following: 1. Head of Human Resources Department 2. Compliance officer 3. Head of Audit Group
Safeguarding creditors' rights	The company manages its cash flow to meet its obligations.	All obligations are settled promptly as part of the company's commitment to its business partners.

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

Megawide Corporate Foundation, Inc.

- 3) Performance-enhancing mechanisms for employee participation:

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

The company commits to provide and maintain a safe, secure and healthy work environment.

Employees are instructed to report accidents and unsafe conditions and practices to the Safety Department.

The company also has health care benefits for employees covered by its insurance provider.

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

The company's Manual on Safety Procedures is properly disseminated to all its employees.

Moreover, all employees are required to undergo annual medical check-up.

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

Depending on their work assignment and employee development plans, employees undergo, or are sent to, specialized training courses.

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

Employees receive incentives based on their performance, which is

evaluated every June and December.

- 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.

The company's Code of Ethics and Business Conduct and other relevant rules and regulations shall serve as a guide in determining the penalties and sanctions to be imposed by the Human Resources Department where violations are proven and validated.

Before enforcing any disciplinary sanction, due process shall be observed in the handling of all cases.

Upon complainant's request, the company shall use its best efforts to protect the identity of the complainant for any report made in good faith.

Reports of violations or suspected violations shall be kept confidential, consistent with the need to conduct an adequate investigation.

I. DISCLOSURE AND TRANSPARENCY

- 1) Ownership Structure

- (a) Holding 5% shareholding or more (as of December 31, 2013)¹⁷

Shareholder	Number of Shares	Percent	Beneficial Owner
Citicore	936,933,735	57%	Citicore
PCD Nominee Corporation (Filipino)	308,510,197	19%	Various
Sybase	253,500,000	15%	Sybase

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
N/A	N/A	N/A	N/A
TOTAL			

- 2) Does the Annual Report disclose the following:¹⁸

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	N/A. All of the company's key performance

¹⁷ Updated as of 2013

¹⁸ Updated as of 2013

	indicators are financial.
Dividend policy	Yes
Details of whistle-blowing policy	No. The company will still have to adopt a whistle-blowing policy as stated in its SEC Form 17-C filed on October 5, 2012.
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	No. This information was not required to be included in the Annual Report.
Number of board of directors/commissioners meetings held during the year	No. This was disclosed in an advisement letter filed with the SEC on January 29, 2014.
Attendance details of each director/commissioner in respect of meetings held	No. This was disclosed in an advisement letter filed with the SEC on January 29, 2014.
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 & Araullo	Php1,050,000	N/A. The external auditor did not render non-audit services.

4) Medium of communication

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

- (a) **Company Website;**
- (b) **Philippine Stock Exchange (PSE) Disclosures;**
- (c) **Press releases.**

5) Date of release of audited financial report: **April 15, 2014**

6) Company Website

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

Business operations	Yes
Financial statements/reports (current and prior years)	Yes.
Materials provided in briefings to analysts and media	No.
Shareholding structure	Yes

Group corporate structure	A General Information Sheet is filed with the SEC annually and is accessible via SEC i-view and is part of the corporate disclosures filed with the PSE.
Downloadable annual report	Yes
Notice of AGM and/or EGM	The Notice is filed together with the Definitive Information Statement which is part of the corporate disclosures filed with the PSE.
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 RPT¹⁹**

RPT	Relationship	Nature	Value
Advances to officers and employees	Officers and employees	Advances to officers and employees represent unsecured, noninterest bearing cash advances for business-related expenditures that are liquidated 60 days from the date the cash advances were received. Advances are only given to few and selected employees that are highly reliable and do not have negative record in the Human Resources Department.	Php8,195,642
Rendering of services to SMDC and Ground 18 Realty Corporation of the Bench Group	Related stockholders to	The company provides construction services to SMDC and Ground 18 Realty Corporation of the Bench Group, who are both stockholders of the company. The company also contracts a casino owned by Belle Casino which is partially owned by SMDC.	Php3,299,279,291

¹⁹ Updated as of 2013

		Contracts with these companies are based on an arms-length transaction and prevailing market price in construction industry. There is no ongoing contractual arrangement between parties as result of the relationship between owners.	
Rental of land and building	<p>Megapolitan Realty and Development Corporation (Megapolitan) and Philwide Construction and Development Corporation (Philwide) are owned by the family of Michael Cosiquien.</p> <p>SMDC is one of the company's major customers. It is also related to Sybase of the SM Group.</p> <p>Altria is a subsidiary of the company.</p>	<p>The lot where the company's corporate office was constructed is leased from Megapolitan.</p> <p>In addition to the foregoing office spaces, the company also leases properties needed for its operations such as the lease agreement with SMDC, Megapolitan, Philwide and Altria.</p> <p>Rental rates are based on the current rates used by lessors depending on the location of property being rented.</p>	Php2,376,812.36
Key Management Personnel Compensation	<p>Michael Cosiquien is a director, Chairman and Chief Executive Officer of Megawide.</p> <p>Edgar Saavedra is a director, President and Chief Operating Officer of Megawide.</p>	Compensation of key management personnel includes salary and post-employment benefit of Michael Cosiquien and Edgar Saavedra. Their salary is at arm's length and have terms equivalent to the transactions entered into with third parties.	Php57,308,400
Short-term placement	BDO Private Bank, Inc. is a related party of SMDC, a major customer of the company.	<p>The company has placed its excess cash in a short-term investment with BDO Private Bank, Inc., a related party of SMDC.</p> <p>Rates on these investments are based on prevailing rate in the market.</p>	Php700 Million as of December 31, 2013
Bank loans and	BDO Unibank, Inc.	The company availed	Outstanding

finance lease	and BDO Leasing & Finance Corporation are related parties of SMDC, a major customer of the company.	of loans from BDO Unibank Inc. and entered into leaseback agreement with BDO Leasing & Finance Corporation. Interest rates provided by BDO Unibank, Inc. and BDO Leasing & Finance Corporation are based on prevailing rates in the market.	bank loan with BDO Unibank is Php1,112,500,000 and outstanding lease liability with BDO Leasing is Php247,724,631 as of December 31, 2013.
Transactions with Stockholders	Citicore is a majority stockholder of the company	In May 21, 2013, Citicore sold 118,729,800 shares to other investors pursuant to a Placing Agreement with the company, CLSA Limited and Metro Investments Corporation. On May 24, 2013, Citicore subscribed to 118,729,800 shares from Megawide.	Php2,374,596

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? **Please see above discussion.**

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 outstanding capital stock
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- (b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Viva voce and/or by ballot.
Description	The presiding officer of the stockholders' meeting presents the proposal to approve the corporate act to the stockholders. A stockholder moves for the approval of the corporate act. The presiding officer asks the stockholders for objections. If no objection is raised, the corporate act is

	approved.
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(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
Right to receive Notice of Regular meeting at least two (2) weeks prior to the meeting	Right to receive Notice of Special Meeting at least two (2) weeks prior to the meeting
Right of appraisal in certain instances where he has dissented and voted against a corporate action, including: a) An amendment of the articles of incorporation which has the effect of adversely affecting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class or of extending or shortening the term of corporate existence; b) The sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all the assets of the corporation; c) The investment of corporate funds in another corporation or business or for any purpose other than the primary purpose for which the corporation was organized; and d) A merger or consolidation.	Right to nominate candidates to be elected as directors not earlier than forty (40) days nor later than twenty-five (25) days prior to the date of the regular or special meeting of stockholders for the election of directors

Dividends

Declaration Date	Record Date	Payment Date
June 26, 2012	July 20, 2012	August 15, 2012

(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. During the stockholders' meeting, the presiding officer opens the floor for questions. The questions are addressed by the relevant officers of the company.	5.
6. Even after the meeting has been adjourned, the directors and officers	7.

entertain questions and encourage discussions with the stockholders.	
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8. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
 - a. Amendments to the company's constitution
 - b. Authorization of additional shares
 - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

During the stockholders' meeting, the presiding officer opens the floor for other matters. These matters are addressed by the relevant officers of the company. If any of the above corporate acts will be discussed in a stockholders' meeting, they will be included in the Information Statement which is distributed to the stockholders 15 business days before the AGM.

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. It gives out notices at least 15 business days before the date of the AGM.
 - a. Date of sending out notices: **June 4, 2013**²⁰
 - b. Date of the Annual/Special Stockholders' Meeting: **June 26, 2013**²¹
10. State, if any, questions and answers during the Annual/Special Stockholders' Meeting²²

The questions and answers raised during the June 26, 2013 Annual Stockholders' Meeting were as follows:

- a. **Q: What type of water is being used in mixing cement? A type of water will make the concrete stronger.**
A: The company uses the water provided by the customer. Management is amenable to a further discussion on this matter.
- b. **Q: What are the construction trends and will the "up" trend in the industry continue for a long time?**
A: According to banks and financial institutions, the property industry will remain robust. The government is trying to roll out more Public-Private Partnership (PPP) projects. Thus, Management expects the construction industry to be strong within the next years.
- c. **Q: What are the risks that Management is anticipating?**

²⁰ Updated as of 2013

²¹ Updated as of 2013

²² Updated as of 2013

A: The risks include external factors such as rolling out of construction projects, political risks, change in administration and operational risks such as hiring of skilled workers. Training is conducted to improve the skills of the workers.

11. Result of Annual/Special Stockholders' Meeting's Resolutions²³

12. Resolution	13. Approving	14. Dissenting	15. Abstaining
16. Approval of the Audited Financial Statements for the Year Ended December 31, 2012	17. 942,048,545	18. 0	19. 0
20. Appointment of External Auditor	21. 942,048,545	22. 0	23. 0
Approval of stock dividend declaration equivalent to 30% of the total issued and outstanding shares of stock	942,048,545	0	0

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

The results of the votes are reflected in the Minutes of the Annual Stockholders' Meeting. A copy of the Minutes is sent to the stockholders and uploaded in the PSE's website.

(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

(g) Details of Attendance in the Annual/Special Stockholders' Meeting Held:²⁴

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

²³ Updated as of 2013

²⁴ Updated as of 2013

Annual	14	June 26, 2013	By poll	0.02%	74.23 %	74.25%
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(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMS?

Yes, representatives of the external auditor, Punongbayan & Araullo were present to count and/or validate the votes.

(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.**

(h) 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	Must be in writing, signed by the stockholders and submitted 10 working days prior to validation. There is a presumption of regularity in the execution of proxy.
Notary	Not required
Submission of Proxy	Must be submitted to the Corporate Secretary 10 working days prior to validation.
Several Proxies	If given to two persons, either or both may exercise the power given. If three or more are named, majority of those who attend exercise the power given.
Validity of Proxy	Pursuant to the Corporation Code, it can be specific for said meeting or valid for 5 years.
Proxies executed abroad	No company policy
Invalidated Proxy	If the stockholder appears at the meeting, the proxy becomes invalid.
Validation of Proxy	At least 5 working days before any meeting
Violation of Proxy	Proxy will not be accepted.

(i) Sending of Notices

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

Policies	Procedure
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May be sent by personal delivery or mail at least two (2) weeks prior to the date of the meeting	Notices of the Annual Meeting are sent together with copies of the Information Statement through the Stock and Transfer Agent's independent delivery services provider
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(j) Definitive Information Statements and Management Report²⁵

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	18
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	June 3-4, 2013
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	June 3-4, 2013
State whether CD format or hard copies were distributed	Yes.
If yes, indicate whether requesting stockholders were provided hard copies	Yes.

(k) 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.	No. This is included in the Information Statement which is sent together with the Notice of Annual Stockholders' Meeting.
The auditors to be appointed or re-appointed.	No. This is included in the Information Statement which is sent together with the Notice of Annual Stockholders' Meeting.
An explanation of the dividend policy, if any dividend is to be declared.	No. This is included in the Information Statement which is sent together with

²⁵ Updated as of 2013

	the Notice of Annual Stockholders' Meeting.
The amount payable for final dividends.	No. This is included in the Information Statement which is sent together with the Notice of Annual Stockholders' Meeting and PSE/SEC disclosures.
Documents required for proxy vote.	Yes.

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

2) Treatment of Minority Stockholders

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

The Board of Directors has adopted the corporate governance policy stated in the Revised Code of Corporate Governance. In particular, the Board has adopted the following policies to protect the rights of minority stakeholders:

Policies	Implementation
A director shall not be removed without cause if it will deny minority shareholders representation in the Board.	These policies are being implemented by the company.
The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.	
The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes."	
The Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.	

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

K. INVESTORS RELATIONS PROGRAMS

- 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.

Aside from regular reporting and disclosures to various regulating agencies such as the SEC and PSE, the company actively maintains a website that provides timely information updates on its governance and financial performance.

The company has also designated officers to handle queries and requests from investors and shareholders.

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

	Details
(1) Objectives	To build understanding and relationship of trust with financial media, analysts, investing community and shareholders
(2) Principles	Provide essential, correct, and up-to-date information to analysts, the investing community and shareholders
(3) Modes of Communications	PSE website, company website, meetings, email, telephone calls
(4) Investors Relations Officer	Oliver Y. Tan – Chief Finance Officer Contact number: 655-1111 loc. 803 Email address: oliver@megawide.com.ph

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

The company does not have a separate rule or procedure governing the acquisition of corporate control in the capital markets and extraordinary transactions such as mergers, and sale of substantial portions of corporate assets other than the relevant provisions in the Corporation Code of the Philippines.

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

N/A. The company does not have any transaction of this nature.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES²⁶

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

Initiative	Beneficiary
Renovation of the Philippine Children's Medical Center (PCMC)	Patients of PCMC (infants of 18 years of age, high risk pregnant mothers)
Engineering Scholarship Program	Engineering students within Metro Manila (for now)
Quarterly medical missions	Urban and rural poor communities within and outside Metro Manila
Estero clean up	Brgy. San Juan, Taytay, Rizal
Regular tree planting activities	Forest areas in NCR, Regions III and IV
Training Center in Taytay, Rizal	Unemployed community members of Taytay, Rizal
Proposed donation of clinic facility in Yolanda affected area and/or rural community	Rural community in Yolanda affected areas
Logistical support during typhoons or emergencies	Private/public organizations operating within Metro Manila or Region IV
Relief Operations during typhoons or emergencies	Communities affected by disasters, focusing on Metro Manila area

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	The performance of the Board is reviewed.	By-laws, Manual on Corporate Governance
Board Committees	Self-assessment	The performance of the Audit and Risk Management Committee is reviewed based on the standard provided in the Manual on Corporate Governance.
Individual Directors	Self-assessment	By-laws, Manual on Corporate Governance
CEO/President	The performance of the CEO/President is reviewed by the Board.	By-laws, Manual on Corporate Governance, overall performance of the company.

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	Reprimand
Second violation	Suspension from office
	The duration of the suspension shall depend

²⁶ Updated as of 2013

	on the gravity of the violation.
Third	Removal from office or directorship

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

SECRETARY'S CERTIFICATE

I, **FLORENTINO A. TUASON JR.**, of legal age, Filipino and Corporate Secretary of Megawide Construction Corporation (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal address at 2/F Spring Building, Arnaiz Ave., cor P. Burgos St., Pasay City, Metro Manila, certify that:

1. In compliance with Securities and Exchange Commission (SEC) Memorandum Circular No. 12, series of 2014, the Corporation submits a Consolidated Annual Corporate Governance Report (ACGR) which includes the following updates and changes for the year 2013:
 - a. Part A (1) (a) - Information on the Board of Directors;
 - b. Part A (1) (e) – Shareholdings of directors as of December 31, 2013;
 - c. Part A (5) - Voting Result of the last Annual General Meeting;
 - d. Part C – Board Meetings and Attendance;
 - e. Part D (3) – Aggregate Remuneration of Directors;
 - f. Part D (5) – Remuneration of Management;
 - g. Part E (2) – Committee Members;
 - h. Part E (3) – Changes in Committee Members;
 - i. Part E (4) – Work Done and Issues Addressed;
 - j. Part I (1) (a) – Shareholders holding 5% or more as of December 31, 2013;
 - k. Part I (2) – Disclosure on meetings and attendance of directors;
 - l. Part I (5) – Date of release of audited financial report;
 - m. Part I (7) – Disclosure of Related Party Transactions;
 - n. Part J (9) – Date of sending out notices to the Annual Stockholders' Meeting held on June 26, 2013;
 - o. Part J (10) – Questions and Answers raised in the Annual Stockholders' Meeting held on June 26, 2013;
 - p. Part J (11) – Result of the Annual Stockholders' Meeting Resolutions;
 - q. Part J (24) (g) – Attendance in the Annual Stockholders' Meeting;
 - r. Part J (24) (j) – Information on Definitive Information Statements and Management Report;
 - s. Part L – Corporate Social Responsibility Initiatives;
2. The following are the excerpts of the Minutes of Meetings regarding said updates and changes:
 - a. Part A (1) (a) - Information on the Board of Directors
 - Excerpt of the Minutes of the Annual Stockholders' Meeting held on June 26, 2013:

"IV. ELECTION OF DIRECTORS

The Chairman stated that the next item in the Agenda is the election of directors. The following were nominated and unanimously elected to the Board of Directors:

Michael Cosiquien
Edgar Saavedra
Yerik Cosiquien
Elizabeth Anne Uychaco
Florentino A. Tuason, Jr.
Leonor Briones (independent director)
Leonilo Coronel (independent director)”

- b. Part E (4) – Work Done and Issues Addressed;
- Excerpt of the Board Resolutions on the approval of the issuance of corporate notes:

“**RESOLVED**, as it is hereby resolved, that the Corporation be, as it is hereby, authorized and empowered to issue up to an aggregate of Four Billion Pesos (₱4,000,000,000) Corporate Notes (the ‘**Notes**’) to Primary Institutional Lenders (as defined under the relevant rules and regulations of the Securities and Exchange Commission), in single or multiple drawdown/s, and under such other terms and conditions as the Management of the Corporation shall deem to be in the best interest of the Corporation;

“**RESOLVED, FURTHER**, that in relation to the aforesaid issuance of the Notes, the Corporation be, as it is hereby, authorized to execute and deliver the appropriate Notes Facility Agreement (the ‘**Agreement**’) with the syndicate of Primary Institutional Lenders, First Metro Investment Corporation as Sole Arranger, and Metropolitan Bank & Trust Company – Trust Banking Group as Notes Facility Agent, as well as any and all agreements related, connected, antecedent, supplemental, consequential or amendatory thereto, including the schedules, annexes and exhibits to all the foregoing, and any other document that may be executed and/or delivered in accordance with, or pursuant to, the Agreement;

“**RESOLVED, FURTHERMORE**, that the Corporation designates and appoints Mr. Michael Cosiquien, Chairman and Chief Executive Officer and Mr. Edgar Saavedra, President and Chief Operating Officer as the authorized signatories of the Corporation to sign, execute and deliver, for and on behalf of the Corporation, the Agreement, and such other certifications, acknowledgments and other documents as may be appropriate and/or required for the implementation of the foregoing resolutions.

“**RESOLVED, FINALLY**, that the Corporation also designates and appoints Mr. Oliver Tan, Chief Financial Officer as authorized officer to sign, execute and deliver the Borrowing Certificate, Notice of

Borrowing and Certificate of Non-default in connection with the foregoing resolutions.”


IN WITNESS WHEREOF, this certificate has been signed this July 31, 2014 at Makati City.


FLORENTINO A. TUASON, JR.
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this July 31, 2014 in Makati City, affiant exhibiting to me his Passport No. EB4627079 issued on February 4, 2012 at Manila.

Docs. No. 424 ;
Page No. 88 ;
Book No. I ;
Series of 2014.




KATRINA MICHELLE F. MANCAO
Commission No. M-301
Notary Public for Makati City
Until December 31, 2015
6th Floor Don Pablo Building
114 Amorsolo St., Legaspi Village, Makati City
PTR No. 4239126/01-14-14/Makati City
IBP No. 946580/01-03-14/RSM
Roll No. 62126
Admitted to Bar April 2013