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**SECURITIES AND EXCHANGE COMMISSION**

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(Company's Full Name)

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(Business Address: No. Street City / Town / Province)

FRANCES LYNETTE V. SAYSON**Contact Person**

846-2906

Company Telephone Number

1	2
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3	1
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Month

Day

Fiscal Year

ACGR

FORM TYPE

0	3	4th Tuesday
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Month

Annual Meeting

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Primary License Type	Secondary License Type, If Applicable

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Dept. Requiring this Doc.	
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Amended Articles Number / Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel Concerned

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT


1. Report is Filed for the Year **2015**
2. Exact Name of Registrant as Specified in its Charter **Philippine National Construction Corporation**
3. **PNCC Compound, Km. 15 East Service Road, Bicutan Parañaque City** **1700**
Address of Principal Office Postal Code
4. SEC Identification Number **30939**
5.  (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number **410-000-058-V**
7. **(632) 846 3045**
Issuer's Telephone number, including area code
8.
Former name or former address, if changed from the last report

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	11
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Actual number of Directors for the year	11
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(a) Composition of the Board

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
Elpidio C. Jamora, Jr.	NED	OP*	OP*	09/30/2013	09/30/2013	Special Meeting	2
Luis F. Sison	ED	OP*	OP*	01/11/2011	01/11/2011	Special Meeting	4
Tomas C. Alvarez	NED	OP*	OP*	01/11/2011	01/11/2011	Special Meeting	4
Rosendo T. Capco	NED	OP*	OP*	01/11/2011	01/11/2011	Special Meeting	4
Antonio C. Pido	NED	OP*	OP*	01/11/2011	01/11/2011	Special Meeting	4
Nora O. Vinluan	NED	OP*	OP*	01/11/2011	01/11/2011	Special Meeting	4
Rosanna E. Velasco	NED	OP*	OP*	09/30/2013	09/30/2013	Special Meeting	2
Cristino L. Panlilio	NED	OP*	OP*	09/30/2013	09/30/2013	Special Meeting	2
Tomas C. Falgui II	NED	OP*	OP*	10/08/2013	10/08/2013	Special Meeting	2
Elisea G. Gozun	NED	GSIS	OP*	10/14/2013	10/14/2013	Special Meeting	2
Robert G. Vergara	NED	GSIS	OP*	10/14/2013	10/14/2013	Special Meeting	2
Toni Angeli V. Co	Ex-officio	PMO	OP*	01/20/2014	01/20/2014	Regular Meeting	1

Legend:

*OP – Office of the President of the Philippines

(b) Brief Summary of the Corporate Governance Policy that the Board of Directors Adopted

BOARD RESPONSIBILITIES.

As provided for in the company's Revised Manual on Corporate Governance:

It is the Board's responsibility to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.

1. Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent, professional, honest and highly motivated management officers. Adopt an effective succession planning program for Management.
2. Provide sound strategic policies and guidelines to the corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.
3. Ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices.
4. Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the corporation. If feasible, the corporations's CEO or Chief Financial Officer shall exercise oversight responsibility over this program.
5. Identify the corporation's stakeholders in the community in which the corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.
6. Implement a system of internal checks and balances within the Board. A regular review of the

effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the corporation's internal control system in order to maintain its adequacy and effectiveness.

7. Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operational and financial viability.
8. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.
9. Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
10. Ensure the integrity of the corporation's accounting and financial reporting systems, including independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, and financial and operational control.
11. Establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.
12. Meet regularly, ideally at least once a month, and at such times or frequency as may be needed, to properly discharge its responsibilities, with independent views expressed during such meetings being given due consideration. The minutes of such meetings should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration.
13. Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.
14. Appoint a Compliance Officer who shall have the rank of at least vice president. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTEREST.

As provided for in the company's Revised Manual on Corporate Governance:

The Board respects the rights of the stockholders as provided for in the Corporation Code such as voting right, pre-emptive right, power of inspection, right to information, right to dividends and appraisal right.

Voting Right

1. Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
2. Cumulative voting shall be used in the election of directors.
3. A director shall not be removed without cause if it will deny shareholders representation in the Board.

Pre-emptive Right

All stockholders shall have pre-emptive rights in accordance with law, unless the same is denied in the Articles of Incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation shall lay down the specific rights and powers of stockholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

Power of Inspection

All stockholders shall be allowed to inspect corporate books and records including minutes of the Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

Right to Information

1. The stockholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the corporation's share, dealings with the corporation, relationship among directors and key officers and the aggregate compensation of directors and officers.
2. The minority stockholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and best practice.
3. The minority stockholders shall have access to any and all information relating to matters for which the management is accountable for. If not included, then the minority stockholders shall be allowed to propose such matters in the agenda of a stockholders' meeting, being within the definition of "legitimate purposes" and in accordance with law, jurisprudence and best practice.

Right to Dividends

1. Stockholders shall have the right to receive dividends subject to the discretion of the Board.
2. The corporation shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock except : a) when justified by definite corporate expansion projects or programs approved by the Board, or b) when the corporation is prohibited under loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured, or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is a need for special reserve for probable contingencies.

Appraisal right

The stockholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:

1. In case any amendments to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the terms of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets provided in the Corporation Code; and
3. In case of merger or consolidation.

The Board shall continue to be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders shall be encouraged to personally attend such meetings. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the stockholder's favor.

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board shall take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information shall be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although all stockholders shall be treated equally or without discrimination, the Board shall 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.

DISCLOSURE AND TRANSPARENCY.***As provided for in the company's Revised Manual on Corporate Governance:***

1. All material information about the corporation which could adversely affect its viability or the interests of its stockholders and other stakeholders shall be publicly and timely disclosed. Such information shall include, among others, earning results, acquisition of assets, off balance sheet transactions, related party transactions and direct and indirect remuneration of members of the Board and Management.
2. The reports or disclosures required under this Manual shall be prepared and submitted to the pertinent regulatory agencies by the responsible Committee or Officer through the Corporation's Compliance Officers.
3. All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report.
4. The Board shall commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Securities and Exchange Commission for the interest of its stockholders and other stakeholders.
5. The Revised Manual on Corporate Governance shall be available for inspection by any stockholder of the Corporation at reasonable times on business days.
6. The Compliance Officer shall provide copies of the Manual to all directors, division and department heads to ensure that thorough dissemination of the Manual to all employees and related third parties, and to enjoin compliance in the process.
7. An adequate number of printed copies of the Manual must be produced under the supervision of the Compliance Officer, with a minimum of at least one (1) hard copy of the Manual per department.

(c) The Company's vision and mission statement is under review and will be approved as required.**(d) Directorship in Other Companies****(i) Directorship in the Company's Group²**

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent) Indicate if director is also the Chairman.
Elpidio C. Jamora, Jr.	Citra Metro Manila Tollways Corp. DISC Contractors, Builders & Gen. Services Inc.	NED NED/Chairman
Luis F. Sison	CDCP Farms Corp. Alabang Sto. Tomas Devt. Inc. Traffic Control Products Corp. DISC Contractors, Builders & Gen. Services Inc.	ED ED ED ED
Tomas C. Alvarez	Traffic Control Products Corp. DISC Contractors, Builders & Gen. Services Inc.	NED NED
Rosanna E. Velasco	DISC Contractors, Builders & Gen. Services Inc.	NED
Rosendo T. Capco	Traffic Control Products Corp. CDCP Savings & Loan Association	NED NED
Antonio C. Pido	DISC Contractors, Builders & Gen. Services Inc. Alabang Sto. Tomas Devt. Inc.	NED NED
Nora O. Vinluan	Traffic Control Products Corp. DISC Contractors, Builders & Gen. Services Inc.	NED NED

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

(ii) Directorship in Other Listed Companies

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Robert G. Vergara	National Reinsurance Corporation of the Philippines Philippine Stock Exchange, Inc.	NED NED

(iii) Relationship within the Company and its Group

There is known relationship 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
Robert G. Vergara	GSIS	GSIS Representative
Tomas G. Falgui II	Robert G. Vergara	3 rd degree by affinity

- (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:

NO, the company has not set a limit on the number of board seats in other companies that an individual director or CEO may hold simultaneously. The Governance Commission for GOCCs (GCG), per Memorandum Circular No 2012-07, has ruled that the capacity of Appointive Directors to serve with diligence shall not be compromised. Pursuant thereto, GCG has ruled that no Appointive Director in a GOCC, Subsidiary or Affiliate may hold more than two (2) other Board seats in other GOCCs, Subsidiaries and/or Affiliates.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director Non-Executive Director CEO	Section 11 of Code of Corporate Governance for GOCCs (GCG Memorandum Circular No. 2012-07)	2

(e) Shareholding in the Company

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Elpidio C. Jamora, Jr.		1	00.00%
Luis F. Sison	2000	1 / PNCC	00.00%
Tomas C. Alvarez		101	00.00%
Rosendo T. Capco		10	00.00%
Rodolfo C. Naguit*		2	00.00%
Antonio C. Pido		50	00.00%
Nora O. Vinluan		2	00.00%
Rosanna E. Velasco		50	00.00%
Cristino L. Panlilio	1455	1	00.00%
Robert G. Vergara		50	00.00%
Elisea G. Gozun		50	00.00%
Tomas C. Falgui II		100	00.00%

- * Resigned effective June 30, 2013. However, shares assigned to Mr. Naguit still remain under his name.

2) Chairman and CEO

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

Yes ☒

No ☐

Identify the Chair and CEO:

Chairman of the Board	Elpidio C. Jamora, Jr.
CEO/President	Luis F. Sison

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	<ul style="list-style-type: none"> Presides at all meetings of the stockholders and of the Board of Directors. He presides and/or attends meetings of standing committees created by the Board Informs the Board of Directors and the stockholders on matters of interest to them at their respective meetings Represents and votes shares of the Company in other corporations. 	<ul style="list-style-type: none"> Exercises overall responsibility for the successful administration of the affairs and business of the Corporation Presides at all meetings of the stockholders and of the directors, in the absence, inability or default of the Chairman Exercises general supervision over all the other officers of the Corporation Represents and votes the shares owned by the Corporation in other corporations
Accountabilities	<ul style="list-style-type: none"> Ensures that policies enunciated by the Board are implemented Ensures that the meetings of the Board and shareholders are held in accordance with the by-laws 	<ul style="list-style-type: none"> Negotiates, enters into and executes on behalf of the Corporation all contracts and agreements Signs, endorses and delivers all checks, drafts, bills of exchange, promissory notes and orders of payment of sums of money Submits an annual report of the operations of the company to the Board and at such other times as the latter may request, an annual report to the stockholders at the annual meeting Appoints, removes or suspends all agents, employees, and other subordinate personnel of the company
Deliverables	<ul style="list-style-type: none"> Supervises the preparation of agenda of the meeting in coordination with the Corporate Secretary taking into consideration the suggestions of the CEO, Management and directors Maintains qualitative and timely lines of communication and information between the Board and Management 	<ul style="list-style-type: none"> Determines, promulgates and enforces the general operating and administrative policies required to implement basic policy established by the Board

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

Members of the Board of Directors in GOCCs and their Subsidiaries are appointed by the President of the Philippines from a shortlist prepared by the GCG per Section 15 of R.A. 10149. Generally, top key management positions are retained by current position holders.

- 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.

Article 3.2.2 of the Revised Manual on Corporate Governance provides that:

The Board may likewise provide for the following additional qualifications for membership in the Board 1) membership in good standing in relevant industry, business or professional organizations; and 2) previous business experience in relevant industry.

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 Directors of the Board as constituted are experts or have broad experience in the industry the company belongs to. The appointment of Directors by the Office of the President of the Philippines is mindful of these qualifications.

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

	Executive	Non-Executive	Independent Director
Role	Designs, develops and implements strategic plans for the organization in a cost-effective and time efficient manner. The Executive Director is authorized to run the organization.	Participates in governing the organization by establishing broad policies and organizational objectives	Promotes independent judgment in carrying out his responsibilities in the establishment of policies and objectives. Protects the voice / interests of minority shareholders.
Accountabilities	Accountable to the Board of Directors for his management of the organization	Accountable to the shareholders / stakeholders for the organization's performance	Accountable to the minority shareholders in representing their interests
Deliverables	Business Plan Operational Budget	Inputs to policy formulation consistent with organizational goals	Contribution to policy formulation that speaks for minority concerns

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

Independent director is a person who, apart from his fees and shareholdings, exercises independence resulting from being independent of management and being free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities/

The company adopts the the principle under Securities Regulation Code of having at least two (2) independent directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2). The membership of the Board may be a combination of

executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision making process. However, as explained below, this has yet to be implemented.

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

Not applicable. The above definition cannot be applied as yet. As a GOCC, no independent directors have as yet been nominated / elected in the Company. Consequently, no term limit has as yet been set for independent director(s).

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

(a) Resignation/Death/Removal

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

Name	Position	Date of Cessation	Reason
There is nothing to report.			

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

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

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors (ii) Non-Executive Directors	Every GOCC and Subsidiary, through the Compliance Officer, or the Corporate Secretary, if there is no Compliance Officer appointed, shall submit to the GCG within thirty (30) days from the start of each calendar year a certificate stating and attesting to the qualifications and disqualifications rules applicable to their Appointive Directors and CEO, as found in their Charter or By-laws and the provisions of laws, rules and regulations applicable to the particular GOCC.	<i>Minimum Qualification of Directors</i> – provided for in the Revised Manual on Corporate Governance: (a) Be a Filipino citizen; (b) At least a college graduate or equivalent college degree, with at least five years relevant experience; (c) Be at least thirty (30) years old; (d) Be of good moral character, of unquestionable integrity and of known probity; (e) Possess management skills and competence preferably relating to the operations of the corporation; (f) Assiduous;
	<i>(Art. 4 of Fit and Proper Rule for Appointive Directors and CEOs of GOCCs – Memo Circular No. 2012-05 of GCG)</i>	<i>(Minimum Qualifications) Additional Qualifications of Appointive Directors and CEOs(not indicated in the Revised Manual on Corporate Governance) - Without prejudice to the qualifications set out in the Charter or By-laws of the GOCC, every Appointive Director and CEO, if a sectoral representative, to be a bona fide member</i>

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
		<p>of the indicated sector or the association being represented as provided for in the Charter or By-laws.</p> <p>Further, a director may be allowed to attend within three (3) months from the date of appointment a special seminar on public corporate governance for Directors conducted by the GCG or any individual or entity accredited by the GCG. <i>(Art. 5 of Fit and Proper Rule for Appointive Directors and CEOs of GOCCs – Memo Circular No. 2012-05 of GCG)</i></p>
(iii) Independent Directors	The company adopts the process and qualifications set by Securities Regulation Code on nomination and election of Independent directors.	
b. Re-appointment		
(i) Executive Directors	Unless removed by the President of the Republic of the Philippines, Executive Director and Non-Executive Director are automatically reappointed.	
(ii) Non-Executive Directors		
(iii) Independent Directors	The company adopts the process and qualifications set by Securities Regulation Code on nomination and election of Independent directors.	
c. Permanent Disqualification		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	Apply Article 3.3 of Revised Manual on Corporate Governance	<p>Grounds for the permanent disqualification of a director:</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 (a) involves the purchase or sale of securities, as defined in SRC; (b) arises out of the person’s conduct as an underwriter, broker, 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 affiliate person or 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: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting a director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging or in continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and

Procedure	Process Adopted	Criteria
c. Permanent Disqualification		
		<p>(b) above, or willfully violating the laws that govern securities and banking activities.</p> <ul style="list-style-type: none"> • If such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, SRC or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization. • 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 Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, SRC or any other law administered by the Commission 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 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

Procedure	Process Adopted	Criteria
c. Permanent Disqualification		
		<ul style="list-style-type: none"> • in ((i) to (v)) above. • 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 election or appointment. • Persons who have been convicted by final judgment or a court or tribunal of: <ul style="list-style-type: none"> ○ A crime or offense involving dishonesty or breach of trust such as, but not limited to estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification, or bribery; violation of the Bouncing Checks Law, the Anti-Graft and Corrupt Practices Act; violating banking laws, rules and regulations; ○ Persons who have been judicially declared insolvent, spendthrift or incapacitate to contract; ○ Persons who have been found by a competent administrative body as administratively liable for violation of laws, rules and regulations where a penalty of removal from office is imposed, which finding of the administrative body has become final and executor.
	<p>Article 6 of the GCG Memorandum Circular No. 2012-05 entitled Fit and Proper Rule for Appointive Directors and CEOS of GOCCs provides the criteria for permanent disqualification of a Director</p>	<p><i>Directors, CEO and Officers of GOCCs who have been:</i></p> <ol style="list-style-type: none"> 1. <i>Found by a competent administrative body as administratively liable for violation of laws, rules and regulations particularly applicable to the sector of the GOCC concerned, as well as those covered by related sectors, and where a penalty of removal from office is imposed, which finding of the administrative body has become final and executory;</i> 2. <i>Determined by the Commission on Audit (COA) pursuant to a Notice of Disallowance which has become final and executory, to have, by virtue of their office, acquired or received a benefit or profit, of whatever kind or nature including, but not limited to, the acquisition of shares in corporations where the GOCC has an interest, using rights, options or properties of the GOCC for their own benefit, receiving</i>

Procedure	Process Adopted	Criteria
c. Permanent Disqualification		
		<p><i>commission on contracts from the GOCC's assets, or taking advantage of corporate opportunities of the GOCC's, or</i></p> <p>3. <i>Found to be culpable for a GOCC's insolvency, closure, or ceasure of operations, as determined by the GCG in consultation with the appropriate Government Agency;</i></p> <ul style="list-style-type: none"> • Directors and Officers of private corporations, or any person found by the GCG in consultation with the appropriate Government Agency, to be unfit for the position of Appointive Director because they were found administratively liable by such Government Agency for; <ol style="list-style-type: none"> 1. <i>A violation of laws, rules and regulations relevant to the sector of the GOCC concerned, as well as in related sectors; or</i> 2. <i>Any offense/violation involving dishonesty or breach of trust; and which finding of such Government Agency has become final and executory.</i>
d. Temporary Disqualification		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	As provided for in Article 3.3.2 of Revised Manual on Corporate Governance	<ul style="list-style-type: none"> • Refusal to comply with the disclosure requirements of SRC and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists; • Directors who have been absent or who have not participated for whatever reason in more in more than fifty (50) percent of all meetings, both regular and special, of the Board during the immediately preceding semester, or who failed to attend for whatever reasons at least twenty (20) percent of all board meetings in any year; • Dismissal or termination for cause as director of any corporation covered by SEC. 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 or its subsidiaries and affiliates exceeds two (2) percent of its subscribed capital stock. The disqualification shall be lifted if the limit

Procedure	Process Adopted	Criteria
d. Temporary Disqualification		
		<p>is later complied with;</p> <ul style="list-style-type: none"> • If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final; • Persons who refused or failed to fully disclose the extent of their business interest or any material information to the appropriate agency, when required pursuant to the requirements of the SRC, or any other relevant provision of law, as well as when required by a circular, memorandum, rule or regulation, applicable to such institutions; and such disqualification shall be in effect as long as the refusal or failure persists; • Persons who are delinquent in the payment of their obligations as defined below: <ul style="list-style-type: none"> ○ Delinquency in the payment of obligations means the failure to pay according to the terms of the contracted obligation within at least sixty (60) days from formal demand; ○ Obligations shall include all borrowings obtained by: 1) a director for his/her own account or as a representative or agent of others or where he/she acts as a guarantor, endorser or surety for loans from such institutions; 2) the spouse or child under the parental authority of the director; 3) any person whose borrowings or loan proceeds were credited to the account of, or used for the benefit of a director; 4) a partnership in which a director, or his/her spouse, is the managing partner or a general partner owning a controlling interest in the partnership, and 5) a corporation, association or firm wholly-owned or majority of the capital of which is owned by any of the group of persons mentioned. • Persons who have been convicted in the first instance by a court for: <ul style="list-style-type: none"> ○ Any offense involving dishonesty or breach of trust such as, but not limited to, estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification or bribery;

Procedure	Process Adopted	Criteria
d. Temporary Disqualification		
		<ul style="list-style-type: none">○ A violation of the Bouncing Checks Law and the Anti-Graft and Corrupt Practices Act;○ A violation of banking laws, rules and regulations; or○ An offense where the penalty imposed is to serve a maximum term of imprisonment of more that six (6) years. <p>But whose conviction has not yet become final and executory; provided that such temporary disqualification shall cease upon receipt of a certified true copy of a judgment amounting to an acquittal.</p> <ul style="list-style-type: none">● Persons with derogatory records as certified by, or on the official files of the Judiciary, the National Bureau of Investigation (NBI), the Philippine National Police (PNP), the Ombudsman, quasi-judicial bodies, other government agencies, international police, monetary authorities and similar agencies of foreign countries, for irregularities and violations of any law, rules and regulations that would adversely affect the reputation and integrity of the Director, of the ability to effectively discharge his/her duties. <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>
e. Removal		
(i) Executive Directors	Executive Directors and Non-Executive Directors representing the equity interest of the Government in the Company serve at the pleasure of and may be removed by the President of the Republic of the Philippines anytime.	
(ii) Non-Executive Directors		
(iii) Independent Directors		
f. Re-instatement		
(i) Executive Directors	The President of the Republic of the Philippines has the discretion to re-instate any Director to the PNCC Board representing the equity interest of the government in the Company.	
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	The Company has not adopted a rule on suspension of Directors.	
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual General Meeting **NO MEETING HELD IN 2015**

Name of Director	Votes Received
N/A	N/A

6) Orientation and Education Program

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

No new director was appointed in 2015.

- (b) State any in-house training and external courses attended by Directors and Senior Management for the past three (3) years: 2013 to 2015

Name of Director/Officer	Date of Training	Program	Name of Training Institution
There is nothing to report.			

- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year. (2015)

Name of Director/Officer	Date of Training	Program	Name of Training Institution
There is nothing to report.			

CODE OF BUSINESS CONDUCT & ETHICS

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p><i>As provided for in the Company's Revised Manual on Corporate Governance:</i></p> <ul style="list-style-type: none"> A Director should not use his position to profit or gain some benefit or advantage for himself and/or his related interest. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. <p><i>As provided for in Section 27.1 of Code of Corporate Governance for GOCCs, GCG Circular Memorandum No. 2012-07:</i></p> <ul style="list-style-type: none"> Directors and Officers shall at all times avoid any actual or potential conflict of interest with the GOCC. Each shall also avoid any conduct, or situation, which could reasonably be construed as creating an 	<p><i>As provided for in the company's Codes of Conduct and Employee Discipline:</i></p> <p>All employees shall not directly or indirectly participate for their personal gain in any business transaction or contact entered into by the company and shall strictly avoid conflict of interest in the performance of their functions. Conflict of interest is deemed to exist where a PNCC employe has or acquires a financial or other interest of a personal nature in any business enterprise or transaction in which he may be called upon to act (for example, to approve, recommend action, make a study, or make findings of fact) in a manner detrimental to the interest of the company by reason of his personal involvement in such business enterprise or transaction.</p>	

Business Conduct & Ethics	Directors	Senior Management	Employees
	appearance of a conflict of interest. Any question about a Director's or Officer's actual or potential conflict of interest with the GOCC shall be brought promptly to the attention of the Chairman of the Board, who will review the question and determine an appropriate course of action.		
(b) Conduct of Business and Fair Dealings	<p><i>As provided for in the Company's Revised Manual on Corporate Governance:</i></p> <ul style="list-style-type: none">• A director should avoid situations that may compromise his impartiality.• A director should carefully evaluate the issues and, if necessary, make inquiries and request clarification. <p><i>As provided for in Section 26 of Code of Corporate Governance for GOCCs, GCG Memorandum Circular 2012-07:</i></p> <p>The fiduciary duty of diligence of Directors and Officers to always act in the best interest of the GOCC, with utmost good faith in all its dealings with the property and monies of the GOCC, includes the obligation to:</p> <ul style="list-style-type: none">• Exercise extraordinary diligence, skill and utmost good faith in the conduct of the business and in dealing with the properties of the GOCC, using the utmost diligence of a very cautious person with due regard to all the circumstances;• Apply sound business principles to ensure the financial soundness of the GOCC; and• Elect and/or employ only Officers who are fit and proper to hold such office with due regard to the qualifications, competence, experience and integrity	<p><i>As provided for in the company's Codes of Conduct and Employee Discipline:</i></p> <ul style="list-style-type: none">• All employees shall remain truthful in dealing with their clients, superiors or subordinates at all times. They must act with justice and sincerity and shall not discriminate anyone. They shall act at all times respect the rights of others, and shall refrain from doing acts contrary to law, good morals, good customs, public policy, public order, public safety and public interest. <p><i>As provided for in the company's Codes of Conduct and Employee Discipline:</i></p> <ul style="list-style-type: none">• Officers and employees shall extend prompt, courteous and adequate service to the company's clients.• The Employee must make truthful representations regarding his rank/position at all times in all his official transactions and must perform any act pertaining to any person in authority in the Company only if he is being officially authorized to do so.• The Employee must observe proper conduct and courtesy and show respect towards his fellow employees, Company visitors, patrons/clients at any time within Company premises.	

Business Conduct & Ethics	Directors	Senior Management	Employees
(c) Receipt of gifts from third parties	<p><i>As provided for in Section 26 of Code of Corporate Governance for GOCCs, GCG Memorandum Circular 2012-07:</i></p> <p><i>No Gift Policy.</i> A Director or Officer shall not solicit, nor accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan or anything of monetary value ("Gift") from any person where such Gift:</p> <ul style="list-style-type: none"> • Would be illegal or in violation of law; • Is part of an attempt or agreement to do anything in return; • Has a value beyond what is normal and customary in the GOCC's business; • Is being made to influence the matter of Board's, or Officer's actions as such, or • Could create the appearance of a conflict of interest 	<p><i>As provided for in the company's Codes of Conduct and Employee Discipline:</i></p> <p>The Company prohibits all Employees of the following:</p> <ul style="list-style-type: none"> • Soliciting or receiving money, gift or anything of value, from any person, personally or through the mediation of another, to perform an act prejudicial to the Company or as a condition for the performance of one's duty. <p>Bribing, or offering money, gift or anything of value to any employee, personally or through mediation of another, to seek or qualify for preference, benefit or favorable condition of employment.</p> <p>Extorting/accepting bribes in cash or in kind from clients for personal gain.</p>	
(d) Compliance with Laws & Regulations	<p><i>As provided for in the Company's Revised Manual on Corporate Governance:</i></p> <ul style="list-style-type: none"> • A director shall have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies. <p><i>As provided for in Section 25 of Code of Corporate Governance for GOCCs, GCG Memorandum Circular 2012-07:</i></p> <p><i>Respect for and Obedience to the Constitution and the law.</i> – As Public Officials, a Director or Officer shall respect and obey the Constitution, and shall comply, and cause the GOCC to faithfully and timely comply, with all legal provisions, rules and regulations, and corporate governance standards, applicable to them and to the GOCC in which they serve, and to act within the bounds of their Charter, Articles of Incorporation and By-laws.</p>	<p><i>As provided for in the company's Codes of Conduct and Employee Discipline:</i></p> <p>All employees shall at all times respect the rights of others, and shall refrain from doing acts contrary to law, good morals, good customs, public policy, public order, public safety and public interest.</p>	

Business Conduct & Ethics	Directors	Senior Management	Employees
(e) Respect for Trade Secrets/Use of Non-public Information	<p><i>As provided for in the Company's Revised Manual on Corporate Governance:</i></p> <ul style="list-style-type: none"> • A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. • He should not reveal confidential information to unauthorized persons without the authority of the Board. <p><i>As provided for in Section 30 of Code of Corporate Governance for GOCCs, GCG Memorandum Circular 2012-07: Duty of Confidentiality.</i> Pursuant to their duties of diligence and loyalty, a member of the Board or an Officer shall not use or divulge confidential or classified information officially made known to them by reason of their office and not made available to the public, either: (1) to further their private interests, or give undue advantage to anyone; or (2) which may prejudice the public interest.</p>	<p><i>As provided for in the company's Codes of Conduct and Employee Discipline:</i></p> <p>The Company prohibits all employees from:</p> <ul style="list-style-type: none"> • Losing or misplacing Company records or any other documents which cause prejudice to the Company • Knowingly submitting false, misleading or grossly inaccurate data or information about the work assigned to him as a result of neglect or failure to make proper research or inquiry causing prejudice to Company interest. 	
(f) Use of Company Funds, Assets and Information	<p><i>As provided for in Section 27 of Code of Corporate Governance for GOCCs, GCG Memorandum Circular 2012-07:</i></p> <p>The fiduciary duty of loyalty of Directors and Officers to always act in the best interest of the GOCC, with utmost good faith in all its dealings with the property and monies of the GOCC, includes the obligation to:</p> <ol style="list-style-type: none"> Act with utmost and undivided loyalty to the GOCC; Avoid conflicts of interest and declare any interest they may have in any particular matter before the Board; and <p>Avoid (1) taking for themselves opportunities related to the GOCC's business; (2) using the GOCC's property, information or position for personal gain; or (3) competing with the GOCC's business opportunities.</p>	<p><i>As provided for in the company's Codes of Conduct and Employee Discipline:</i></p> <p>The Employee who is accountable for or is entrusted with the custody, control, handling of company funds must use or appropriate said funds for legal or authorized purposes only.</p>	

Business Conduct & Ethics	Directors	Senior Management	Employees
(g) Employment & Labor Laws & Policies	Not Applicable – No employee – employer relationship	All employees are expected to at all times respect the rights of others, and shall refrain from doing acts contrary to law, good morals, good customs, public policy, public order, public safety and public interest. The company and its senior management and employees must adhere to what is lawful, just, fair and resonalbe in all matters concerning hiring, recruitment, terms and conditions of employment, salaries and wages, working days, hours, promotions, transfers, and other matters relations to the employee and his job. The company, its senior management and its employees should commit to provide safe, healthy and harmonious working conditions, to treat everyone considerately and fairly, to uphold the dignity of the individual, to recognize their importance as an asset to the company and to recognize the employees’ constitutional right to organize within legal bounds.	
(h) Disciplinary action	The GCG Code of Governance provides for the bases for disqualification, either permanent or temporary, of directors. It provides for the the bases for removal from office and for suspension. The President of the Philippines, upon the recommendation of the GCG, appoints, re-appoints, suspends and removes directors of the company.	The company prescribes a Code of Ethical Conduct and Personnel Discipline (CCED) to govern ethical behavior and commendable performance of its employees. Any infraction to the CCED will be subjected to thorough investigation by the Local Board, Administrative Board, Special Administrative Board or the Safety Committee, depending on the committed infraction. The same shall be meted with the appropriate penalty/ies in accordance with the company’s Code of Discipline.	
(i) Whistle Blower	Any employee or non-employee can file a complaint against anybody in the Company whom he deems to have committed an infraction against himself or the company.		
(j) Conflict Resolution	The current system is to discuss/evaluate issues at the Board level. Failing resolution within the Board, opinion of OGCC/DOJ will be sought.		

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

Yes, the PNCC Code of Conduct and Employee Discipline has been disseminated to all employees as this applies to them. On the other hand, the Revised Manual on Corporate Governance and Code of Corporate Governance for GOCCs – GCG Memorandum Circular No. 2012-07 have been disseminated to all Directors, as these are applicable to them.

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

The Code of Conduct and Employee Discipline provides for mechanisms to monitor adherence to the provisions thereof. These include not only the declaration of company principles on expected behavior and conduct on all aspects of corporate activities, but also the clearly defined disciplinary measures on any infraction thereon. The following are also provided for: Jurisdiction of various Administrative Boards, the Procedure to be followed

in Prosecuting Administrative Cases, Provisions on Preventive Suspension and in the Imposition of Penalties. All these have promoted the implementation of the provisions of the Code of Conduct in the company.

3) 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.

It is an avowed policy of the Company that all transactions between the Company and Related parties are carried out with integrity and transparency.

Related Party Transactions	Policies and Procedures
(1) Parent Company	The company does not have any parent company, and is in fact the parent company of its various subsidiaries.
(2) Joint Ventures	<p>All joint venture agreements in relation to tollways franchise under P.D. 1894 is approved by the Board of Directors. Any supplemental agreement and/or amendments, or restatements of the existing Joint Venture Agreements are likewise approved by the Board of Directors.</p> <p>The Negotiating Committees were created by the Board to negotiate the terms of the joint venture agreement, which are then submitted to the Board for approval and ratification.</p> <p>Before the agreement is signed by PNCC, this is first referred for review by the Office of Government Corporate Counsel</p>
Related Party Transactions	Policies and Procedures
	<p>(OGCC), its statutory counsel, prior to signing thereof.</p> <p>The Board of Directors then designates the President and/or the Chairman of the Board to sign, execute and deliver the said agreements and/or amendments, supplements or restatements.</p> <p>All such agreements stipulate that the approval of the President of the Philippines is required to be valid and binding.</p>
(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	<p>All other bidden contracts/agreements for projects:</p> <ul style="list-style-type: none"> - Up to ₱500K for approval of the President/CEO - Over ₱500K shall be recommended by President/CEO for approval of the Board - All agreements shall be signed by the President/CEO

(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.

ay be involved:

Related Party Transactions	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	
1. Elpidio C. Jamora, Jr.	No related party transaction with /among subject directors
2. Luis F. Sison	
3. Antonio C. Pido	
4. Rosendo T. Capco	
5. Nora O. Vinluan	
6. Cristino L. Panlilio	
7. Rosanna E. Velasco	
8. Elisea G. Gozun	
9. Robert G. Vergara	
10. Tomas C. Alvarez	
11. Tomas C. Falgui II	
12. Toni Angeli V. Coa (<i>Ex-Officio</i>)	
Name of Officer/s	
1. Janice Day E. Alejandrino	No related party transaction with subject officers
2. Miriam M. Pasetes	
3. Yolanda C. Mortel	
4. Susan R. Vales	
5. Henry B. Salazar	
6. Felix M. Erece, Jr.	
Name of Significant Shareholders	No known related party transaction with significant shareholders

(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	Regular discussion/resolution of issues that are coming up; Office of Government Corporate Counsel (OGCC), the company's statutory legal counsel and Department of Justice (DOJ) are consulted on issues. However, in cases of unsettled issues, the same are elevated to the DOJ, OGCC, Office of the Solicitor General (OSG) and regular courts as the case may be.
Group (This pertains to Directors, officers and significant shareholders)	
	Directors/Officers/Significant Shareholders
Company	In compliance with disclosure requirements of related accounting standards and the Securities Regulation Code reporting requirements, we properly disclose to the public all material information, through detailed disclosures provided in the related Notes to financial statements (Note 30. Related Party Transactions) and Sec Form 17-A, Annual Report.
Group (This pertains to Directors, officers and significant shareholders)	

4) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,³ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
There is nothing to report.		

- (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
There is nothing to report.		

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

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
The Company is not aware of any person holding more than 5% of the shares of the Company under a voting trust or similar agreement which may result in a change in control of the Company.		

5) Alternative Dispute Resolution

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

Alternative Dispute Resolution System	
Corporation & Stockholders	The Board of Directors shall establish an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities. <i>Article 3.4.2.11 of Revised Manual on Corporate Governance</i>
Corporation & Third Parties	
Corporation & Regulatory Authorities	

³ Family relationship up to the fourth civil degree either by consanguinity or affinity.

B. BOARD MEETINGS& ATTENDANCE

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

YES

- 2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Elpidio C. Jamora, Jr.	09/30/2013	17	17	100%
Member	Luis F. Sison	01/11/2011	17	15	88.24%
Member	Tomas C. Alvarez	01/11/2011	17	17	100%
Member	Rosendo T. Capco	01/11/2011	17	17	100%
Member	Tomas C. Falgui, II	10/08/2013	17	8	47.06%
Member	Elisea G. Gozun	10/14/2013	17	11	64.71%
Member	Cristino L. Panlilio	09/30/2013	17	12	70.59%
Member	Antonio C. Pido	01/11/2011	17	10	58.82%
Member	Rosanna E. Velasco	09/30/2013	17	14	82.35%
Member	Robert G. Vergara	10/14/2013	17	6	35.29%
Member	Nora O. Vinluan	01/11/2011	17	16	94.12%
Ex-Officio	Toni Angeli V. Coa	01/20/2014	17	8	47.06%

- 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. As provided for in Section 5.07 of Corporation's By-Laws, "A majority of the Directors shall constitute a quorum at any meeting but if less, the meeting may be adjourned from time to time, and the meeting may be continued as adjourned without further notice; unless a quorum is constituted at the meeting, no business may be transacted."

- 5) Access to Information

- (a) How many days in advance are board papers⁴ for board of directors meetings provided to the board?
At least 3 days before the actual 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?

As stated in Section 7.08 of the Corporation's By-Laws, the Corporate Secretary shall have the following powers and duties:

- 1) He shall keep accurate minutes of all meetings of the stockholders of the Board, and of the Executive Committee, and shall attend to the giving of all notices required by the By-Laws to be given.**
- 2) He shall be the custodian of the corporate seal, stock certificate books, stock and transfer books,**

⁴ 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.

records, documents, and papers of the Corporation, prepare ballots for the annual elections and keep a complete and up-to-date list of the stockholders and their addresses

The Revised Manual on Corporate Governance enumerates the following responsibilities of the Corporate Secretary:

- 1) 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;
- 2) Be loyal to the mission, vision and objectives of the corporation;
- 3) Work fairly and objectively with the Board, Management and stockholders and stakeholders;
- 4) Have appropriate administrative and interpersonal skills;
- 5) 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;
- 6) Have a working knowledge of the operations of the corporation;
- 7) Inform members of the Board 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;
- 8) Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so;
- 9) Ensure that all Board procedures, rules and regulations are strictly followed by members;
- 10) If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Code; and
- 11) Submit to the Commission, on or before January 30 of the following year, a sworn certification about the directors' record of attendance in Board meetings. The certification may be submitted through SEC Form 17-C in a separate filing.

The Code of Corporate Governance for GOCCs provides the following responsibilities of the Corporate Secretary:

- 1) Serve as an adviser to the Board Members on their responsibilities and obligations;
- 2) Keep the minutes of meetings of the shareholders, the Board, the Executive Committee, and all other committees in a book or books kept for that purpose, and furnish copies thereof to the Chairman, the CEO and other members of the Board as appropriate;
- 3) Keep in safe custody the seal of the GOCC and affix it to any instrument requiring the same;
- 4) For stock GOCCs, have charge of the stock certificate book and such other books and papers as the Board may direct;
- 5) Attend to the giving and serving of notices of Board and shareholder meetings, if applicable;
- 6) Be fully informed and be part of the scheduling process of other activities of the Board;
- 7) Receive instructions from the Chairman on the preparation of an annual schedule, the calling of Board meetings, the preparation of regular agenda for meetings, and notifying the Board of such agenda at every meeting;
- 8) Oversee the adequate flow of information to the Board prior to meetings; and
- 9) Ensure fulfillment of disclosure requirements to regulatory bodies.

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

YES

- (e) Committee Procedures

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

Yes ☒

No ☐

Committee	Details of the procedures
Executive	1. For information that may require preparation for such, a Director may directly write the concerned personnel through the President; 2. Request for a copy of documents, a Director may fill-out the Document Request Form for the release of needed documents.
Audit	
Nomination	
Remuneration	
Others (specify)	

6) External Advice

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

Generally, the members, either individually or as a Board, in furtherance of their duties and responsibilities, may access independent professional advice at the company's expense, subject to the approval of the Board of Directors.

Procedures	Details
Seek legal advice/opinion	Refer to the Office of the Government Corporate Counsel for advice and guidance on possible legality or implications
Seek independent opinion on financial matters and related regulatory concerns	Refer to the external auditors for proper guidance on the correct accounting treatment and other financial statement disclosure requirements

Change/s in existing policies

Existing Policies	Changes	Reason
NONE	NONE	NONE

C. REMUNERATION MATTERS

1) Remuneration Process

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Board Approval	
(2) Variable remuneration		
(3) Per diem allowance	N/A	N/A
(4) Bonus	Board Approval	
(5) Stock Options and other financial instruments		
(6) Others (specify)		

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

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Follows Company's salary structure and benefit packages	Compensation / salary package is composed of basic salary pay plus allowances.	Directors who assume executive positions follow the salary structure in place for corresponding positions.
Executive Directors, Non-Executive Directors	The Board adopts and complies with Executive (E.O.) 24, series of 2011, prescribing rules to govern the compensation of members of the board of directors.	Effective 01 June 2013, the Governance Commission for Government Owned or Controlled Corporation (GOCC), in its letter dated 27 May 2013 determined PNCC to be under classification "D". The entitlement of the members of the Board of Directors for actual attendance of meeting are as follows: <u>Board Meetings:</u> ₱10,000.00 per meeting but not to exceed the maximum annual amount of ₱240,000.00 <u>Committee meetings:</u> ₱6,000.00 per meeting but not to exceed the maximum annual amount of ₱144,000.00	
		Effective April 20, 2015, the Board resolved to amend the previous resolutions on the matter of Directors' reimbursable representation, transportation and communication expenses, as follows: <u>Transportation & Gasoline Allowance</u> ₱1,000.00 per meeting but not to exceed ₱60,000 per year subject to submission of receipts <u>Communication Allowance</u> ₱2,000.00 per month but not to exceed ₱24,000 per annum subject to submission of telephone /cellphone bills or receipts for cellphone loads	

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. The Company has not held any stockholders' meeting for the last three years. To govern director's compensation, the Board adopted Executive Order no. 24, series of 2011.

Remuneration Scheme	Date of Stockholders' Approval
NO	No stockholder's meeting was held for the last three years

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	₱4,504,356.00	N/A	N/A
(b) Variable Remuneration	N/A	N/A	N/A
(c) Per diem Allowance	₱192,000.00	₱1,786,000.00	N/A
(d) Bonuses	₱385,363.00	N/A	N/A
(e) Stock Options and/or other financial instruments	N/A	N/A	N/A
(f) Others (Specify) Gas & Driver Allowance	N/A	N/A	N/A
Total	₱5,081,719.00	₱1,786,000.00	N/A

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
(a) Advances	N/A	N/A	N/A
(b) Credit granted	N/A	N/A	N/A
(c) Pension Plan/sContributions	N/A	N/A	N/A
(d) Pension Plans, Obligationsincurred	N/A	N/A	N/A
(e) Accident / Life Insurance Premium	N/A	N/A	N/A
(f) Hospitalization Plan (HMO)	₱18,284.00	₱54,864.00	N/A
(g) Car Plan	N/A	N/A	N/A
(h) Others (Specify) Reimbursables: Representation Transportation Communication Rice Subsidy Clothing Allowance	₱8,142.56 ₱311,305.87 ₱73,307.42 ₱18,000.00 ₱5,000.00	₱440,771.98 ₱39,090.84	N/A
Total	₱434,040.49	₱534,666.83	

(d) Stock Rights, Options and Warrants

(a) Board of Directors

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

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

(e) Remuneration of Management

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

Name of Officer/Position	Total Remuneration
Senior Management as a group (Senior Vice President, Vice President and Assistant Vice President)*	₱9,016,765.28

**includes the following officers:*

1. Janice Day E. Alejandrino
2. Yolanda C. Mortel
3. Miriam M. Pasetes
4. Susan R. Vales
5. Felix M. Erece

D. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

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

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	The Company has not set up an Executive Committee starting 2013. Specific board committees are already in place with their respective oversight role on key business areas and each reporting to the Board on significant matters arising from their respective areas of responsibility.					
Member (ED)						
Member						

(b) Audit & Finance Committee

Office	Name	Date of Appointment	No. of Meetings Held*	No. of Meetings Attended	%	Length of Service in the Committee
Audit Committee (July 21, 2014 to June 14, 2015)						
Chairman	Rosanna E. Velasco	11/20/2013	12	12	100%	2
Member (NED)	Tomas C. Alvarez	01/11/2011	12	8	66.7%	4
	Nora O. Vinluan	01/11/2011	12	11	91.6%	4
Member (Ex-officio)	Luis F. Sison	01/11/2011	12	1	8.3%	4
	Elpidio E. Jamora, Jr.	11/20/2013	12	7	58.3%	2
Audit Committee (June 15, 2015 to October 25, 2015)						
Chairman	Tomas C. Alvarez	01/11/2011	Refer to above matrix			4
Member (NED)	Rosanna E. Velasco	11/20/2013				2
	Nora O. Vinluan	01/11/2011				4
Member (Ex-officio)	Luis F. Sison	01/11/2011				4
	Elpidio E. Jamora, Jr.	11/20/2013				2
Audit Committee (October 26, 2015 to present)						
Chairman	Rosanna E. Velasco	11/20/2013	Refer to above matrix			2
Member (NED)	Tomas C. Alvarez	01/11/2011				4
	Nora O. Vinluan	01/11/2011				4
Member (Ex-officio)	Luis F. Sison	01/11/2011				4
	Elpidio E. Jamora, Jr.	11/20/2013				2
*Covered period January 1, 2015 to December 31, 2015						

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Finance Committee (July 21, 2014 to present)						
Chairman	Cristino L. Panlilio	11/20/2013	7	7	100%	2
Member (NED)	Rosendo T. Capco	07/21/2014	7	7	100%	2
	Toni Angeli V. Co	07/21/2014	7	5	71.4%	2
Member (Ex-officio)	Luis F. Sison	01/11/2011	7	0	0%	4
	Elpidio E. Jamora, Jr.	11/20/2013	7	1	14.2%	2

PROFILE OF THE AUDIT COMMITTEE MEMBERS

ROSANNA E. VELASCO

Director since September 30, 2013 and Chairman of Audit Committee since November 20, 2013, member of Finance Committee since November 20, 2013 until July 21, 2014

Ms. Velasco served as the Academics and Programs Director of the center for Autism and Related Disorders Phils. – Professionals for Autism Foundation, Inc. from May 2005 – May 2007 and November 2012 until today, respectively. Ms. Velasco is the owner of RME Publishing since September 12, 2012, and is serving as Director of Inteconsult Corp. starting June 2011. She was engaged as Senior Consultant in the Corporate Achievers Institute from May 2010 until November 2012. She completed the degree of Bachelor of Science in Commerce, Major in Accounting, Minor in Management of Financial Institutions in 1979 and is a candidate for the degree of Masters in Education – Special Education at the De La Salle University.

TOMAS C. ALVAREZ

Director since January 2011 to present, Chairman of Audit Committee since January 2011 until November 2013 and remains as member of the Audit Committee until present

Mr. Alvarez has been the Chief Financial Officer of Seafront Resources Corp. from 1992-94. He served in various capacities in the SGV & Co. starting in 1958 as a member of an audit team. He then served as the Branch Manager of SGV Iloilo starting 1964, was assigned to SGV Bangkok from 1970-1980 & retired in 1989 as head of the SGV Philippine Branches. He served as a Consultant to the Columbian Motors Group of Companies from 1995-2009. He earned his Bachelor of Science degree, major in Accounting from the University of San Jose–Recoletos in 1957 & passed the CPA Board in 1958.

NORA S. VINLUAN

Director, January 2011 to present

Ms. Vinluan is a Trustee of the Multi-Saving and Loan Association, the Vice-Chairman of the Schuylkill Assets Strategists, the Executive Vice-President of the Asset Custody & Resolution Managers, Inc. She was Consultant to the Philippine Bank of Communications (2003-2005), Eastern Telecommunications Philippines, Inc. (1999-2002), & Hydro-Resources Contractors, Inc. (1985-1986) & was the Treasurer & Vice President for Finance of the Construction & Development Corp. of the Philippines (now PNCC) from 1980-1986. She obtained her degree in Bachelor of Science in Business Administration, *Cum Laude*, from the University of the Philippines in 1961 & her Master of Arts (Economics) from Syracuse University in 1965.

PROFILE OF THE FINANCE COMMITTEE MEMBERS**CRISTINO L. PANLILIO**

Director since September 30, 2013 and Chairman of Finance Committee since November 20, 2013 member of Audit Committee since November 20, 2013 until July 21, 2014

Mr. Panlilio served as Undersecretary of the Department of Trade and Industry until January 30, 2013, handling the Board of Investments, Bureau of Export Trade Promotion, Center for International Trade Expositions and Missions, Foreign Trade Service Corps., Garments & Textile Industry Development Office, Philippine International Trading Corporation and the Philippine Trade Training Center. He earned his AB Economics & Master in Business Administration degrees from the Ateneo de Manila University in 1973 and 1981, respectively. He also completed in 1984 the Advance Management Program from the Wharton School of Finance.

ROSENDO T. CAPCO

Director, January 2011 to present

Mr. Capco has served as President of the Integrated Bar of the Philippines (IBP), Rizal Chapter, & as Chairman of the IBP-Rizal Legal Aid Program for Poor Litigants in 1999-2000. He also served as Chairman of the Metro Manila Local Amnesty Board in 1999-2001. He was elected twice as Mayor of the Municipality of Pateros – for terms 2001-2004 & 2004-2007. He is presently a Managing Partner of the Capco, Campanilla & Santos Law Firm. He earned his B.S. Business Administration degree in 1972 & his Bachelor of Laws degree in 1977 from the University of the East. He passed the Philippine Bar in the 1978.

TONI ANGELI V. COO

Ex-Officio Director, January 20, 2014 to present

Ms. Coe was an Associate of Lim and Leynes Law Offices from 2007 to 2010 and of Roque and Butuyan Law Offices from 2011 to 2012. She served as a Legal Counsel for Privatization and Management Office from January 2012 to July 2013 and as its Deputy Privatization Officer (DPO) for PMO's Marketing from August 2013 to present and DPO for Legal Division from August to November 2013. She became PMO's Officer in Charge of Office of the Chief Privatization Office from November 2013 to April 2015, then as Chief Privatization Officer starting May 2015 until today. She earned her Bachelor of Laws degree from the University of the Philippines in 2006 and her Bachelor of Arts major in Social Sciences from Ateneo de Manila University in 2002. She passed the Philippine Bar in 2007.

PROFILE OF THE AUDIT & FINANCE COMMITTEE EX-OFFICIO MEMBERS

LUIS F. SISON

President/Director, January 2011 to present

Mr. Sison was the Chairman of the Philippine Retirement Authority from August 1992 up to June 10, 1998. He served as Presidential Assistant for Legal & Judicial Affairs, with the rank of Undersecretary, in the Office of the President from July 15, 1992 until June 30, 1998. He served as Chairman & President of PNCC from March 2001 until June 2002 & as its President from June 2002 until October 2002, and again, from January 11, 2011 until today. He earned his B.S. Political Science degree in 1963 & his Bachelor of Laws degree from the Ateneo de Manila University in 1967. He passed the Philippine Bar in the same year.

ELPIDIO C. JAMORA, JR.

Chairman of the Board of Directors since September 30, 2013 to present

MR. Jamora is the President of Epsilon Maritime Services, Inc., CamnorteEzone Realty, Inc., Impress Land, Inc. and Bandera Realty, Inc. He serves as Director of Himawari International Promotion, Inc., Indo Phil Acrylic Mfg. Corp., Indo Pil Cotton Mills, Inc., Mahaveer Philippine Foundation, Inc. and Exquisite Focus, Inc. He is a Managing partner and Founding Member of Carag, Jamora, Somera & Villareal Law Offices. He earned his Bachelor of Arts, major in Political Science degree, from the Lyceum of the Philippines in 1977. He earned his Bachelor of Laws degree from the University of the Philippines in 1982.

Audit Committee's responsibility relative to the external auditors

The Audit Committee shall endorse to the Board the financial statements audited by COA.

(c) Nomination Committee

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

(d) Remuneration/Compensation Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Tomas C. Falguill	01/20/2014	0	0		1yr
Member (NED) Ex-officio	Elisea G. Gozun	01/20/2014	0	0		1yr
	Rosendo T. Capco	01/20/2014	0	0		1yr
	Toni Angeli V. Co	01/20/2014	0	0		1yr

(e) Others

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

Legal Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Antonio C. Pido	01/11/2011	5	5	100%	4 yrs
Member (NED)	Rosendo T. Capco	01/11/2011	5	5	100%	4yrs
Member (Ex-Officio)	Luis F. Sison	01/11/2011	5	4	80%	4yrs
	Elpidio C. Jamora, Jr.	09/30/2013	5	5	100%	2 yrs

Special Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Tomas C. Alvarez	05/18/2015	2	2	100%	0 yr
Member	Luis F. Sison	05/18/2015	2	2	100%	0 yr
	Elpidio C. Jamora, Jr.	05/18/2015	2	2	100%	0 yr

Investigation Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Nora O. Vinluan	11/10/2014	1	1	100%	1 yr
Member (NED)	Rosendo T. Capco	11/10/2014	1	1	100%	1 yr
	Antonio C. Pido	11/10/2014	1	1	100%	1 yr
	Tomas C. Falgui II	11/10/2014	1	1	100%	1 yr

PAN (Performance Agreement Negotiation) Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Nora O. Vinluan		4	3	75%	0 yr
Member (NED)	Rosanna E. Velasco		4	4	100%	0 yr
	Elisea G. Gozun		4	2	50%	0 yr
Member (Ex-Officio)	Elpidio C. Jamora, Jr.		4	3	75%	0 yr

3) Changes in Committee Members

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

Name of Committee	Name	Reason
Executive	N/A	N/A
Audit	N/A	N/A
Finance	N/A	N/A
Nomination	N/A	N/A
Remuneration	N/A	N/A
Others (specify)		

4) Work Done and Issues Addressed

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

REFERTO ANNEX "B"

5) Committee Program

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

REFERTO ANNEX "C"

E. RISK MANAGEMENT SYSTEM

- 1) **The incumbent Board does not have a Risk Management Committee. However, the Audit Committee's function already includes the assessment and management of enterprise risks. As provided for in Section 16.3 of Code of Corporate Governance for the GOCC sector, it does not preclude the Governing Board of the GOCC from combining the functions of the committees into such combinations that will best serve the interest of the GOCC.**

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:

The main risk arising from the Company's financial instruments is liquidity risk. The Board of Directors and management review and approve the policies for managing this risk.

Risk Exposure	Risk Management Policy & Objectives
Liquidity Risk	The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and short-term deposits. The Company also monitors its risk to shortage of funds through monthly evaluation of the projected and actual cash flow information.

(b) Group

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

Risk Exposure	Risk Management Policy	Objective
This is not applicable since the Company has no identified Group.		

(c) Minority Shareholders

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

Risk to Minority Shareholders
There is nothing to report.

3) Control System Set Up

a. Company

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Liquidity Risk	Monitors its risk to shortage of funds through monthly evaluation of the projected and actual cash flow information	Coordinates with appropriate Board Committee should any matter relating to this be referred to them by Management for policy formulation and implementation by Management.

b. Group

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
There is nothing to report.		

c. Committee

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

Committee/Unit	Control Mechanism	Details of its Functions
Audit and Finance 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
	Assists the Board in fulfilling its oversight responsibilities for financial reporting process, system of internal control, audit process	Responsible for recommending the report of external auditors to the Board; monitor the system of internal controls

F. INTERNAL AUDIT AND CONTROL

1) Internal Control System

- (a) While policies are set by the Board, Management is primarily responsible for the implementation and maintenance of the internal control system of the Company. The Board through its Audit Committee oversees the actions of Management and monitors the effectiveness of the Internal Control System put in place. Recommendations are provided by Management and/or the Board, and in some cases by the External Auditor – Commission on Audit (COA) to address certain issues and concerns of the Company.
- (b) The Board established an internal audit system that can reasonably assure the Board, Management and stockholders that the company's key organizational and operational controls are faithfully complied with, effective and adequate.
- (c) Period covered by the review –year 2015;
- (d) The Board reviews the internal controls on a yearly basis.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Provides reliable and timely analysis, appraisals, recommendations and pertinent comments on the conformance / compliance of financial and business operations to established laws, norms, controls, rules and regulations to determine their integrity, effectivity and efficiency	<ul style="list-style-type: none"> Compliance with established prevailing government policies, plans, procedures, rules and regulations Corporate assets and other resources Reliability and integrity of the financial and operating information 	No Internal Auditor has been appointed to date		Submits report to the Audit Committee for their review and recommends resolution

- (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) **The Board has established and identified the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.**

- (d) Resignation, Re-assignment and Reasons

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	Whenever applicable, the company adopts audit recommendations on issues and findings by the Commission on Audit, since no Internal Auditor has been appointed to date.
Issues ⁵	
Findings ⁶	
Examination Trends	

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

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

(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
Manages activities to ascertain the extent of compliance with established prevailing government policies, plans, procedures, rules and regulations	Whenever applicable, the company adopts audit recommendations on issues and findings by the Commission on Audit, since no Internal Auditor has been appointed to date.
Ascertain the extent to which assets and other resources of the company are properly accounted for and safeguarded from loss or abuse	
Reviews the degree of reliability and integrity of the financial and operating information developed within the company	
Appraising the economy and efficiency with which company resources are employed and develops / recommend effective controls at reasonable costs	
Reviewing the operations and programs to ascertain whether results consistent with established management objectives and whether the operations or programs are being carried out as planned	

(g) Mechanisms and Safeguards

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
As a GOCC, the financial statements of PNCC is statutorily mandated to be audited by COA. PNCC does not engage the service of Financial Analysts and Investment Banks. Trading of the Company's shares in the Philippine Stock Exchange has been suspended since May 2008.			

(h) Chairman Elpidio C. Jamora, Jr. and President Luis F. Sison are the officers who will have to attest to the company's full compliance with the SEC Code of Corporate Governance.

G. ROLE OF STAKEHOLDERS

1) Company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	The PHILIPPINE NATIONAL CONSTRUCTION CORPORATION is committed to provide full client satisfaction through quality, safe and timely completion of infrastructure projects, delivery of products and services, and to operate its tollway system by providing safe and convenient travel for its users.	Continuously adopt an effective and efficient quality management system.
	<i>Section 37 of Code of Corporate Governance for GOCCs – GCG Memorandum Circular 2012-07 provides:</i> Integrity and honesty in dealings with customers is necessary for a successful and sustained business relationship. Every GOCC should operate a highly effective and efficient organization, focused on meeting customer objectives with the aim of providing services which give fair value and consistent quality, reliability and safety in return for the price paid for the same. GOCCs should operate policies of continuous improvement, of both processes and the skills of the staff, to take best advantage of advances in all aspect of society in order to ensure that it continues to add value to its customers' businesses.	Strong lines of communication with customers through email, comments/suggestions link in the company's website
Supplier/contractor selection practice	The selection/accreditation of supplier/contractors/sub-contractors is necessary to ensure the development of a pool of competent supplier/contractors/ sub-contractors for all types of work that may be undertaken / subcontracted by the company.	Periodic revalidation of previously accredited contractors/subcontractors to ensure the maintenance of the contractors/subcontractors' pool.
	<i>Section 38 of Code of Corporate Governance for GOCCs – GCG Memorandum Circular 2012-07 provides:</i> As with other relationships with the Stakeholders, GOCCs should aim to develop relationships and improve networking with business partners and suppliers, the best combination of state-of-the-art technology and world class service, strong customer relations and deep industry knowledge and experience, together with the capacity to implement and deliver value-added solutions on time and within budget.	

	Policy	Activities
Environmentally friendly value-chain	The company's efforts are focused on its assistance with other government agencies and local government unit programs	The company participates in other government agencies and local government units related projects undertaken from time to time through donations, sponsorship.
Community interaction		
Anti-corruption programmes and procedures?	<p>The Company does not condone any dishonest, unethical or unprofessional behavior and actions displayed by an employee, regardless of his/her level of authority.</p> <p>It is the responsibility of each employee to report legitimate concerns so that issues can be properly investigated or resolved and corrective measures can be instituted.</p> <p>These concerns may involve commission of fraud, theft or corruption, unauthorized use of Company funds and properties.</p>	<p>Concerns may be raised in writing to the (Human Resource) Asset Management and Administration Division while concerns involving the APMD (HRAD) head should be raised to the President and CEO while complaints concerning the President and CEO shall be raised to the Chairman of the Board of Directors.</p> <p>Management shall maintain the confidentiality of the all the concerns or complaints raised and the anonymity of the person making the complaint to the fullest extent.</p>
Safeguarding creditors' rights	The company manages its cash and investment position to meet its obligations arising from its operations and other financial liabilities.	<p>The company's excess cash is invested in high yield savings account and special savings account.</p> <p>All valid claims are settled judiciously as apt of the company's commitment to its clients.</p>

- 2) **The company has no separate corporate responsibility (CR) report/section or sustainability report/section since the suspension of operations of PNCC Foundation, Inc., the corporate responsibility arm of the company.**
 - 3) Performance-enhancing mechanisms for employee participation.
- (b) Company's policy for its employees' safety, health, and welfare

PNCC commits to safeguard the safety and health of its employees, contractors and the general public and to preserve the environment in undertaking its operations and activities.

(c) Data relating to health, safety and welfare of its employees

ACTIVITIES		INCLUSIVE DATES
1.	Formation of Fire/Earthquake Emergency Brigade	January 10, 2015
2.	Formation of Corporate Safety, Health and Environment Committee	January 20, 2015
3.	1 st CSHEC Meeting	January 27, 2015
4.	Issuance of Anti-Smoking and Alcohol Free Work Free Policies	February 12, 2015
5.	2 nd CSHEC Meeting	February 25, 2015
6.	Creation of Committee on Decorum and Investigation	March 3, 2015
7.	Issuance of Fire Prevention and Fire Safety Guidelines	March 9, 2015
8.	Orientation for Fire/Emergency Brigade	March 19, 2015
9.	Electrical Inspection of the entire premises by General Services Dept.	March 23, 2015
10.	3 rd CSHEC Meeting	March 24, 2015
11.	Heavy Equipment Inspection	March 31, 2015
12.	4 th CSHEC Meeting	April 28, 2015
13.	Submission of Report of Safety Organization to MUNTAPARLAS-DOLE	May 4, 2015
14.	Submission of Annual Work Accident/Illness Exposure Data Report to MUNTAPARLAS-DOLE	May 4, 2015
15.	PHIVOCs Warning on Mega-Quake	May 18, 2015
16.	5 th CSHEC Meeting	May 27, 2015
17.	6 th CSHEC Meeting	June 30, 2015
18.	7 th CSHEC Meeting	July 23, 2015
19.	Metro Drill Shake	July 30, 2015
20.	Basic Occupation Safety and Health Seminar	July 20 – 24, 2015
21.	Secured Fire Inspection Certificate from Bureau of Fire Protection	July 31, 2015
22.	Request for Floods, Typhoons and Other Emergency Requisites	August 25, 2015
23.	8 th CSHEC Meeting	August 25, 2015
24.	Issuance of Vehicular and Traffic Safety Reminders	September 9, 2015
25.	9 th CSHEC Meeting	September 30, 2015
26.	Submission of Vehicular and Traffic Safety Reminders to DOLE	September 30, 2015
27.	Accreditation by Safety Officer as Occupational Safety and Health Practitioner from DOLE	October 2, 2015
28.	Creation of Safety Officer of the Week	October 19, 2015
29.	10 th CSHEC Meeting	October 15, 2015
30.	Issuance of Safety and Security Reminders to SOMCO based employees	December 1, 2015
31.	Issuance of Electrical Safety Reminders to SOMCO based employees	December 3, 2015
32.	Issuance of Safety in the Shop SOMCO based employees	December 7, 2015
33.	11 th CSHEC Meeting	December 8, 2015
34.	Issuance of Safety Reminders and other safety policies to PHILPHOS based employees	December 15, 2015
35.	Seminar on SHE and Code of Employee Discipline to PHILPHOS based employees	December 15-16, 2015

(d) **The company has no provision in the Corporate Operating Budget for the year 2015 for training.** Attendance in training has been on a case by case basis, and as required by relevant regulatory bodies.

(e) **The company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures has been put on hold.**

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.

H. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(b) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Republic of the Philippines thru PMO*	126,256,145	55.33%	Record owner is also beneficial owner
Government Service Insurance System	47,490,383	20.79%	Record owner is also beneficial owner
Universal Holdings Corp.	24,780,746	10.85%	Record owner is also beneficial owner

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	

2) Does the Annual Report disclose the following:

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

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Commission on Audit	₱ 2,168,438.00 annually	N/A

4) Medium of Communication

The company utilizes the following modes of communication for dissemination information : memoranda, email, telephone (mobile & landline), corporate website, print ad.

5) Date of release of audited financial report:

6) Company Website

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

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

7) Disclosure of RPT entered into by the Company in the past three (3) years

RPT	Relationship	Nature	Value
DISC Contractors, Bulders, & Gen. Services, Inc.	Subsidiary	Janitorial Services	₱1.562M (for 2015) ₱2.225M (for 2014) ₱2.364M (for 2013)
		Contract for Driver/mechanic	₱1.562M (for 2015) ₱3.108M (for 2014) ₱1.055M (for 2013)
CITRA Central Expressway Corp.	Joint Venture	Subscription Agreement	
CITRA Intercity Tollways, Inc.	Joint Venture	Subscription Agreement	
P.T. CITRA LAMTORO GUNG PERSADA & Stage 3 Connector Tollways Holdings Corporation (S3HC)	Joint Venture	Deed of Adherence	
P.T. CITRA LAMTORO GUNG PERSADA & SMC Infraventures Inc. (SMCII)	Joint Venture	Deed of Adherence	

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

All related party transactions are fully disclosed to the Board of Directors. Contracts and agreements are done in the regular course of business and conducted on an arm's length basis, negotiated based on prevailing commercial terms and approved by the Board of Directors. None of the Company's shareholders are granted special privileges or concessions.

I. RIGHTS OF STOCKHOLDERS

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

(a) Quorum

Quorum Required	A majority of the outstanding capital stock, represented in person, or by proxy, shall constitute a quorum at any meeting of shareholders
------------------------	---

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	By voting during stockholders meeting
Description	Majority rule

(c) Stockholders' Rights

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

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
NONE	NONE

Dividends

The company has not declared any dividend for the year 2014.

Declaration Date	Record Date	Payment Date
N/A	N/A	N/A

(d) Stockholders' Participation

1. The company did not hold a stockholders' meeting in 2015.

Measures Adopted	Communication Procedure
Sending out of SEC Form 20 – IS	Via courier

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

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

- Date of sending out notices: **N/A**
- Date of the Annual/Special Stockholders' Meeting: **No meeting was held in 2015, as explained earlier.**

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

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

Resolution	Approving	Dissenting	Abstaining
N/A	N/A	N/A	N/A

5. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions: **N/A**

(e) Modifications

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

Modifications	Reason for Modification
N/A	N/A

(f) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	N/A	N/A	N/A	N/A	N/A	N/A
Special	N/A	N/A	N/A	N/A	N/A	N/A

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

(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. **N/A**

(g) Proxy Voting Policies

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

	Company's Policies
Execution and acceptance of proxies Notary Submission of Proxy Several Proxies Validity of Proxy Proxies executed abroad Invalidated Proxy Validation of Proxy Violation of Proxy	<p>At all meetings of the stockholders, a stockholder may vote by proxy executed in writing by the stockholder or by his duly authorized attorney-in-fact, only on forms prescribed by the Board of Directors and sealed with the Corporate seal that, at his request, shall be furnished to him by the Secretary of the Corporation, who shall keep a record of all stockholders to whom proxy forms have been issued. Such proxies should be acknowledged before the Secretary of the Corporation or a notary public, and shall be filed with the Secretary at least three (3) business days before the meeting.</p> <p>Shares standing in the name of another corporation may be voted by such officer, agent or proxy as the By-Laws of such provision, as the Board of Directors of such Corporation may, by resolution determine. A certificate of the Secretary of such corporation attesting to the vote authority of the officer, agent or proxy to vote the stock standing in its name shall be conclusive on the right to vote said shares.</p> <p>Shares held by an administrator, executor, guardian or judicial trustee may be voted by him, either in person or by proxy, without a transfer of such shares in his name, upon presentation to the Secretary of the certified true copy of the letters of administration, testamentary guardianship or trusteeship duly issued to him. Share standing in the name of the voting trust or trustee may be voted by him, either in person or by proxy, but no such trustee shall be entitled to vote shares held by him without a transfer of such shares in his name.</p>

(h) Sending of Notices

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

Policies / Procedure
<p>Notice of the annual or any special meeting of the stockholders shall be sent by registered mail, and shall be considered complete upon deposit in the Post Office at least five (5) days before such meeting postage prepaid, addressed to each stockholder at his last known place of residence appearing on the books of the Corporation, in a sealed envelope containing written or printed notice stating the date, hour and place of such meeting; and is a special meeting also the purpose or purposes for which it is called. Failure of or defect in the notice shall not invalidate any annual meeting of the stockholders or any of the proceedings had thereat, if the business transacted at such meeting is within the powers of the corporation and all the stockholders of the Corporation are present or represented at the meeting; and any defect in the notice or failure to state the purpose or purposes for which a special meeting is called shall not invalidate the same except when so provided by law, and all statements of purposes shall not be deemed exclusive, but any matter may be taken up in such meetings, unless otherwise required by law.</p>

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	4,813 (As of December 31, 2015)
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	N/A
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	N/A
State whether CD format or hard copies were distributed	N/A
If yes, indicate whether requesting stockholders were provided hard copies	N/A

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

Each resolution to be taken up deals with only one item.	N/A
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	N/A
The auditors to be appointed or re-appointed.	N/A
An explanation of the dividend policy, if any dividend is to be declared.	N/A
The amount payable for final dividends.	N/A
Documents required for proxy vote.	N/A

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

2) Treatment of Minority Stockholders

(a) **Company's policies with respect to the treatment of minority stockholders**

Policies	Implementation
Voting Right – Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.	Cumulative voting shall be used in the election of directors
Pre-emptive Right – All stockholders shall have pre-emptive rights in accordance with law, unless the same is denied in the Articles of Incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the corporation. The Articles of Incorporation shall lay down the specific rights and powers of stockholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.	

Policies	Implementation
<p>Power of Inspection – all stockholders shall be allowed to inspect corporate books and records including minutes of the Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.</p>	
<p>Right to information – The stockholders shall be provided, upon request, with specific reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the corporation's share, dealings with the corporation, relationship among directors and key officers and the aggregate compensation of directors and officers.</p> <p>The minority stockholder shall have access to any and all information relating to matters for which the management is accountable for. If not included, then the minority stockholders shall be allowed to propose such matters in the agenda of a stockholders' meeting, being within the definition of "legitimate purposes" and in accordance with law, jurisprudence and best practice.</p>	
<p>Right to Dividends – stockholders shall have the right to receive dividends subject to the discretion of the Board</p>	<ul style="list-style-type: none"> • The corporation shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-up capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board or b) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured: or c) when it can be clearly shown that such retention is necessary under special circumstances
<p>Appraisal Right– Any stockholder of the Registrant shall have the right to dissent and demand payment of the fair value of his shares only in the following instances, as provided by the Corporation Code:</p> <p>(1) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;</p> <p>(2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;</p>	<p>The appraisal right when available, may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares; Provided, That failure to make the demand within such period shall be deemed a waiver of the appraisal right. A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder upon surrender of his certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of</p>

Policies	Implementation
	such corporate action.
(2) In case of merger or consolidation; and (3) In case of investments in another corporation, business or purpose.	If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and Provided, Further, That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

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

J. INVESTORS RELATIONS PROGRAM

- 1) **The company establish a standard procedure for internal communication at various levels and functions within the organization 1) to receive, document, respond and control the relevant communication issues from and for external interested parties and 2) ensure prompt and appropriate delivery of information and attendant action. The Office of the President reviews major company announcements and disclosure and submitted for approval of the Board.**
- 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	<ul style="list-style-type: none"> • To establish a standard procedure for internal communication at various levels and functions within the organization • To provide procedure in receiving, documenting, responding and controlling of relevant communication issues from and for external interested parties • Ensure prompt and appropriate delivery of information and attendant action
(2) Principles	
(3) Modes of Communications	Email, letter, print ad, telephone
(4) Investors Relations Officer	Luis F. Sison, President & CEO Email Address : president@pncc.ph Office Address : PNCC Complex, KM 15 East Service Rd., Bicutan, Paranaque City Telephone No.: 8460209 / 8463045

- 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?
N/A

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

K. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Since the suspension of operations of PNCC Foundation, Inc., the corporate responsibility arm of the company and responsible for addressing the CSR of the corporation, community involvement and environmental-related programs have been put on hold. However, PNCC has maintained corporate social responsibility initiatives, although not in the level previously undertaken. The company has sponsored some government projects for the past three (3) years:

Initiative	Beneficiary	Year
Educational Welfare Program	Armed Forces of the Philippines Retired Veterans Association, Inc.	2013
Publication of White Paper	Philippine Association of Government Corporate Lawyers	2013
14 th Christmas with angels	Office of Congressman Gustavo Tambunting	2014
Supplemental Feeding Program – Children of PWDs	Handicare	2015
Office of Congressman Gustavo Tambunting	Office of Congressman Gustavo Tambunting	2015
Leadership & Education Program	Caritas Manila	2015

L. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

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	Adherence to Corporate Governance guidelines and best practices	Guidelines set by Phil. Stocks Exchange Guidelines set by Governance Commission for Government Owned and Controlled Corporation
Board Committees		
Individual Directors		
CEO/President		

INTERNAL BREACHES AND SANCTIONS

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

Violations	Sanctions
Violation of any of the provision of the Revised Manual on Corporate Governance	<ul style="list-style-type: none"> First violation, subject person shall be reprimanded Suspension from office shall be imposed in case of a second violation. The duration of the suspension shall depend on the gravity of the violation For a third violation, the maximum penalty of removal from office shall be imposed. The commission of a third violation by any member of the Board of the Corporation or its subsidiaries and affiliates shall be sufficient cause for removal from directorship, subject to the provisions of the Corporation Code.

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Parañaque City on January 27, 2015.

SIGNATURES


ELPIDIO C. JAMORA, JR.

(Signature over Printed Name)

Chairman of the Board


LUIS F. SISON

(Signature over Printed Name)


President / Chief Executive Officer

(Signature over Printed Name)

Independent Director

(Signature over Printed Name)

Independent Director


JANICE DAY E. ALEJANDRINO

(Signature over Printed Name)

Compliance Officer

*** No stockholders' meeting was held in 2015 thus no Independent Director had been elected.


JAN 27 2016

SUBSCRIBED AND SWORN to before me this ____ day of January 2016, affiant(s) exhibiting to me their government issued IDs, as follows:

NAME	GOVT ID NO	DATE OF ISSUE	PLACE OF ISSUE
ELPIDIO C. JAMORA, JR.	Passport EB42546859	12-12-2011	PASAY CITY
LUIS F. SISON	SC ID No. 3926	05-29-2009	MUNTINLUPA CITY
JANICE DAY E. ALEJANDRINO	SSS # 03-3911310-5		QUEZON CITY

NOTARY PUBLIC

Doc No. 148
Page No. 50
Book No. 804
Series of 2016


ATTY. BENJAMIN F. ALFONSO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2016
PTR NO. 2147797 1/4/2016 - QUEZON CITY
IBP NO. 1015954 1/4/2016 - QUEZON CITY
ROLL NO. 13296
COMMISSION NO. NP-144 (2015-2016) QUEZON CITY
TIN NO. 177-967-619
MCLE EXEMPTED

ANNEX “A” - Number of Members, Functions and Responsibilities

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	N/A	N/A	N/A	N/A	N/A		
Audit		3		RMCG	<ul style="list-style-type: none">Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulationsProvide oversight over Management’s activities in managing credit, market, liquidity, operational, legal and other risks of the corporation; shall include regular receipt from Management of information on risk exposures and risk management activitiesPerform oversight functions over corporation’s internal and external auditors; ensures that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functionsReview the annual internal audit plan to ensure its conformity with the objectives of the corporationDiscuss with the external auditor the nature, scope and expenses of the audit and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of effortsOrganize an internal audit department and consider the appointment of an independent internal auditor and the terms and condition of its engagement and removalMonitor and evaluate the adequacy and effectiveness of the corporation’s internal control system, including financial reporting control and information technology securityReview the reports submitted by the internal and external auditorsReview the quarterly, half-year and annual financial statements before their submission to the BoardCoordinate, monitor and facilitate compliance with laws, rules and		Recommendatory for the approval of the Board

					regulations		
Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Audit		3		RMCG	<ul style="list-style-type: none">Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditors in relation to their significance to the total annual income of the external auditor against the corporation’s overall consultancy expenses.Establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities		
Nomination		3		RMCG	<ul style="list-style-type: none">Review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approvalAssess the effectiveness of the Board’s processes and procedures in the election or replacement of directors		
Remuneration		3		RMCG	<ul style="list-style-type: none">Establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the corporation’s culture, strategy and the business environment in which it operatesDesignate the amount of remuneration which shall be in sufficient level to attract and retain directors and officers who are needed to run the company successfully, subject to approval of the BoardDevelop a form on Full Business Interest Disclosure as part of pre-employment requirements for all incoming officers, which, among others, shall compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of the duties once hiredDisallow any director to decide his or her own remunerationProvide in the Corporation’s annual reports the information and proxy statement disclosure of all fixed and variable compensation that may be paid, directly or indirectly to its directors and top four (4) management officers during the preceding fiscal year <p>Review of existing Human Resources Development or Personnel Handbook to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement</p>		

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Legal Committee		2		RMCG	<ul style="list-style-type: none"> • Review legal issues that affect the company • Review with Management and/or company's Legal counsel any legal matters (including status of pending litigation) that could have a material impact on the company's financials operation • Review compliance with applicable laws and regulations and any material reports or inquiries from regulatory or government agencies 		

*RMCG – Revised Manual on Corporate Governance

ANNEX "B" - Work Done and Issues Addressed

Name of Committee	Work Done	Issues Addressed
Audit / Finance Compensation Legal Special Investigation PAN	<ul style="list-style-type: none"> Approved the Performance Agreement for 2015-2016 between PNCC and the GCG pursuant to the GCG MC No. 2013-02. 	<ul style="list-style-type: none"> Compliance with GCG MC No. 201302
	<ul style="list-style-type: none"> Accepted the 26% compromise profit from the contract engineering design in the amount of Php11,476,231.00 from the original price of Php30,239,106.00, relative to the SLEX-Daang Hari Connector Road Project 	<ul style="list-style-type: none"> Compliance with DPWH Department Order No. 57, series of 2002
	<ul style="list-style-type: none"> Non-renewal of the lease contract with employees 	<ul style="list-style-type: none"> Avoid any action that might be misinterpreted as involving conflict of interest
	<ul style="list-style-type: none"> Approved the Deed of Adherence executed among P.T. CITRA LAMTORO GUNG PERSADA (CITRA), Philippine National Construction Corporation (PNCC), and Stage 3 Connector Tollways Holdings Corporation (S3HC) 	<ul style="list-style-type: none"> Implement the establishment of Citra Central Expressway Corporation (CCEC) which will undertake the Metro Manila Skyway stage 3 Project
	<ul style="list-style-type: none"> Appointed the members of the Audit Committee to sit as Members of the Board of Directors of PNCC subsidiaries for the purpose of dissolving it 	<ul style="list-style-type: none"> Fill the vacant seats to muster a quorum
	<ul style="list-style-type: none"> Undertaken steps to close CDCP Farms Inc., Tierra Factors Corp., Traffic Control Products Corp., and Alabang-Sto. Tomas Development Inc. 	<ul style="list-style-type: none"> Implement the directive of the President of the Republic of the Philippines to abolish/privatize the Corporation's subsidiaries
	<ul style="list-style-type: none"> Approved the PNCC Table of Organization and Manpower Complement for 2015 	<ul style="list-style-type: none"> To streamline PNCC operations through rightsizing of manpower complement
	<ul style="list-style-type: none"> Set the minimum rental rate for the FCA property at P140.00 per square meter inclusive of VAT 	<ul style="list-style-type: none"> Maximize rental income of FCA property
	<ul style="list-style-type: none"> Approved the Corporate Operating Budget for 2015 	<ul style="list-style-type: none"> To align budget with 2015 Table of Organization
	<ul style="list-style-type: none"> Constituted a special committee to form and draft a proposal for the payment of the corporation's obligations to the government through the conveyance of certain properties 	<ul style="list-style-type: none"> Determine the best term most beneficial arrangement for the company's payment of obligations
	<ul style="list-style-type: none"> Accepted FENIX (CEZA) International, Inc.'s offer to lease an open-space portion of the Financial Center Area (FCA) 	<ul style="list-style-type: none"> Maximize rental income of FCA property

Name of Committee	Work Done	Issues Addressed
	<ul style="list-style-type: none"> Accepted Gift4U's offer to renew the leases on portion of the Financial Center Area (FCA) 	<ul style="list-style-type: none"> Maximize rental income of FCA property
	<ul style="list-style-type: none"> Authorized the conduct of public bidding of the Corporations' Tagoloan property 	<ul style="list-style-type: none"> Maximize rental income of FCA property
	<ul style="list-style-type: none"> Approved and authorized the issuance and release of the Corporations' Audited Financial Statements for FY 2014 	<ul style="list-style-type: none"> To satisfy reportorial requirements of regulatory agencies
	<ul style="list-style-type: none"> Approved the renewal of the Directors and Officers Liability Insurance 	<ul style="list-style-type: none"> Protection of directors and officers against the cost of litigation and liability in the course of performing the official acts of its governing Board and Management
	<ul style="list-style-type: none"> Approved JAM Liner, Inc.'s continuation of its lease of a 1,000 square meter portion of the Financial Center Area 	<ul style="list-style-type: none"> Maximize rental income of FCA property
	<ul style="list-style-type: none"> Approved and accepted the lease of 470 square meter property formerly occupied by Ahead Operations and Nutritional Enterprises, Inc. (AONE) 	<ul style="list-style-type: none"> Maximize rental income of FCA property
	<ul style="list-style-type: none"> Accepted and approved JAM Liner, Inc.'s application to lease additional space of 1,000 square meters in the Financial Center Area in Pasay City 	<ul style="list-style-type: none"> Maximize rental income of FCA property
	<ul style="list-style-type: none"> Accepted and approved Bong Kee Marine Centre Co.'s application to lease the portion of the Financial Center Area in Pasay City formerly occupied by Seafood Fiesta 	<ul style="list-style-type: none"> Maximize rental income of FCA property
	<ul style="list-style-type: none"> Approved the offer of JAC Liner, Inc. to renew its lease contract covering 2,000 square meters of PNCC's property located in the Financial Center Area (FCA) in Pasay City 	<ul style="list-style-type: none"> Maximize rental income of FCA property
	<ul style="list-style-type: none"> Approved the lease contract with 128 EL Enterprises Limited Company covering 200 square meters of PNCC's vacant lot located along Diokno Boulevard in Pasay City 	<ul style="list-style-type: none"> Maximize rental income of FCA property
	<ul style="list-style-type: none"> Authorized the claiming and withdrawal of the cash bond in the amount of ₱100,000.00 from the National Labor Relations Commission in <i>Karen Angela Vianni V. Cristi, et al. v. PNCC (NLRC NCR Case 01-00453-13)</i>. 	<ul style="list-style-type: none"> Restore unused corporate funds to PNCC

Name of Committee	Work Done	Issues Addressed
	<ul style="list-style-type: none"> Resolved to sell the clean titled properties for the purpose of applying the proceeds to PNCC's outstanding loans to the Toll Regulatory Board (TRB) 	<ul style="list-style-type: none"> To reduce PNCC's outstanding obligations to NG
	<ul style="list-style-type: none"> Authorized the drug testing of the drivers supplied by PNCC to SOMCO 	<ul style="list-style-type: none"> To comply with requirements of customer consistent with R.A. 9165

ANNEX “C” – Committee Programs

Name of Committee	Planned Programs	Issues to be Addressed
Executive	N/A	N/A
Audit / Finance	<ul style="list-style-type: none"> • Review of Corporate Operations Budget and Financial Statements • Prepare Audit Plan for 2016 	<ul style="list-style-type: none"> • Compliance with SEC, PSE and BIR
Nomination	<ul style="list-style-type: none"> • Review of qualifications of Independent Directors 	<ul style="list-style-type: none"> • Compliance with PSE & SEC
Compensation		
Legal	<ul style="list-style-type: none"> • Review of legal issues on matters for Board deliberation before presentation to the Board 	