

COVER SHEET

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S.E.C. Registration Number

P H I L I P P I N E N A T I O N A L
C O N S T R U C T I O N C O R P O R A T I O N

(Company's Full Name)

P N C C C O M P L E X K M 1 5 E A S T S E R V I C
E R O A D B I C U T A N P A R A N A Q U E C I T Y

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

MARIANO JESUS S. AVERIA

Contact Person

846-2906

Company Telephone Number

Month

Day

Fiscal Year

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number / Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document ID

Cashier

STAMPS



Securities and
Exchange
Commission
PHILIPPINES



SEC FORM - 1-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended 31 December 2018
2. SEC Identification Number 30939, BIR Tax Identification No. 330-058-000
4. Exact name of issuer as specified in its charter Philippine National Construction Corporation
5. Metro Manila, Philippines
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. PNCC Complex KM 15 East Service Road, Bicutan, Parañaque City.
Address of principal office
- 7700
Postal Code
8. (02) 846-3045
Issuer's telephone number, including area code
9. N/A
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

**COMPLIANT/
NON-
COMPLIANT**

ADDITIONAL INFORMATION

EXPLANATION

The Board's Governance Responsibilities

Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.

Recommendation 1.1

1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT	http://www.pncc.ph/home_our_company_BOD.htm	
2. Board has an appropriate mix of competence and expertise.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/Criteria%20for%20Nomination,%20Election,%20Reelection%20and%20Disqualification%20of%20Directors.pdf	
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	COMPLIANT		

Recommendation 1.2

1. Board is composed of a majority of non-executive directors.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/COMPOSITION%20OF%20THE%20BOARD.pdf	
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Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	COMPLIANT	<p>Article 5.1.c of Manual on Corporate Governance</p> <p>http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf</p> <p>http://www.pncc.ph/LINKS/PDFs/CORPORATE%20GOVERNANCE%20COMMITTEE%20CHARTER.pdf</p>	While there is no Board Charter yet, the Rev. Manual of Corp. Governance provides that the company shall provide in its Board Charter a policy on the training of directors, including an orientation program for first time directors and relevant annual continuing training for all directors.
2. Company has an orientation program for first time directors.	COMPLIANT	<p>Articles 5.1.c, 5.1.f.8, 5.2.c.5 of Manual on Corporate Governance</p> <p>http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf</p>	
3. Company has relevant annual continuing training for all directors.	COMPLIANT	<p>Article 5.2.c.5 of Manual on Corporate Governance</p> <p>http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf</p>	The required continuing governance training of directors was held on May 30, 2018. (Certificates of Participation of Directors-Annex "A1 to A8")

Recommendation 1.4

1. Board has a policy on board diversity.	COMPLIANT	<p>Article 5.1.d of Manual on Corporate Governance</p> <p>http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf</p> <p>Gender composition of the Board can be viewed at http://www.pncc.ph/LINKS/PDFs/COMPOSITION%20OF%20THE%20BOARD.pdf</p>	While there no policy on board diversity and there is no female member of the Board, it is the President of the Republic who appoints the Board upon the recommendation of the GCG.
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Optional: Recommendation 1.4

1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	COMPLIANT	<p>Article 5.1.d of Manual on Corporate Governance</p> <p>http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf</p>	<p>There is no policy on board diversity other than as provided in Article 5.1.d of the Rev. Manual of Corp. Governance.</p> <p>PNCC being a GOCC, the President of the Republic appoints members of the Board upon the recommendation of the GCG.</p>
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Recommendation 1.5

1. Board is assisted by a Corporate Secretary.	COMPLIANT	<p>http://www.pncc.ph/cg_seal.htm#CorpSec</p> <p>http://www.pncc.ph/LINKS/PDFs/2017%20November%2023%20Appointment%20of%20Mr.%20Mariano%20Jesus%20Averia.pdf</p>	
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2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT	<p>PNCC's Corporate Secretary is Atty. Mariano Jesus S. Averia while the Compliance Officer is Atty. Rey Nathaniel C. Ifurung</p> <p>Refer to appointment of Corporate Secretary http://www.pncc.ph/LINKS/PDFs/2017%2011November%2023%20Appointment%20of%20Mr.%20Mariano%20Jesus%20Averia.pdf</p> <p>Refer to appointment of Compliance Officer http://www.pncc.ph/LINKS/PDFs/2018%2003March%2013%20Appointment%20of%20Compliance%20Officer-Rey%20Nathaniel%20Ifurung.pdf</p>	
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT	<p>Refer to composition of the Board http://www.pncc.ph/LINKS/PDFs/COMPOSITION%20OF%20THE%20BOARD.pdf</p>	
4. Corporate Secretary attends training/s on corporate governance.	COMPLIANT	<p>See attached Certificate of Attendance of Atty. Averia (Annex "B")</p>	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings <u>at least five business days</u> before scheduled meeting.	COMPLIANT	<p>http://www.pncc.ph/cg_seal.htm#Access as certified by the Corp Sec. on 5 May 2020</p>	

Recommendation 1.6

1. Board is assisted by a Compliance Officer.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/2018%2003March%2013%20Appointment%20of%20Compliance%20Officer-Rey%20Nathaniel%20Ifurung.pdf	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	NON-COMPLIANT	Article 5.1.f of Manual on Corporate Governance details the duties and functions http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf	While the Compliance Officer was appointed with a rank of SVP his salary is not in accordance with the Salary Scale 2011 of the Company.
3. Compliance Officer is not a member of the board.	COMPLIANT	Refer to composition of the Board http://www.pncc.ph/LINKS/PDFs/COMPOSITION%20OF%20THE%20BOARD.pdf	
4. Compliance Officer attends training/s on corporate governance.	COMPLIANT	Certificate of Participation in Advanced Corporate Governance Training (Annex "C")	

Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

Recommendation 2.1

1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	COMPLIANT	Refer to composition of the Board http://www.pncc.ph/LINKS/PDFs/2018%20Accomplishment%20of%20Directors.pdf	
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Recommendation 2.2

1. Board oversees the development, review and approval of the company's business objectives and strategy.	COMPLIANT	The Board through the Performance Negotiation Agreement and the Business Development Committees (PAN) oversees the development, review and approval of the company's business objectives and strategy as required by the GCG. Refer to approved 2018-2019 Performance Scorecard. http://www.pncc.ph/LINKS/TRANSPARENCY%20SEAL/GCG-Transmittal-of-2019-Performance-Scorecard.pdf	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.			

Supplement to Recommendation 2.2

1. Board has a clearly defined and updated vision, mission and core values.	COMPLIANT	http://www.pncc.ph/home_our_company_mission.htm	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	NON-COMPLIANT	Pan for 2018-2019	While there was no written strategy execution process, the Performance Agreement Negotiation (PAN) for 2018-2019 was submitted to GCG.

1. Board is headed by a competent and qualified Chairperson.	COMPLIANT	Refer to Chairman Herculano C. Co, Jr.'s resume. http://www.pncc.ph/LINKS/PDFs/Herculano%20C.%20Co.%20Jr..pdf	
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Recommendation 2.4

1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	NON-COMPLIANT	Board of Directors	There is no succession planning program for key officers and management. However, with respect to the Board, the President of the Republic appoints the directors upon recommendation of the GCG.
	NON-COMPLIANT	For Officers	There is no succession planning program for key officers
2. Board adopts a policy on the retirement for directors and key officers.	NON-COMPLIANT	Board of Directors	The company has no policy on the retirement for directors. This governed by certain EO's.
	COMPLIANT	For Officers	The company has a Retirement Plan for all employees including the key officers.

Recommendation 2.5

1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	NON-COMPLIANT		There is no alignment of remuneration of key officers and Board members. Certain EOs govern the remunerations of the board members and the Salary Scale, 2011 govern the salary of officers and employees.
2. Board adopts a policy specifying the relationship between remuneration and performance.	NON-COMPLIANT		The GCG gave the company the option to adopt the Salary Standardization law but opted to adopt the existing salary scale 2011.

			However, the salary of the President of the company is not included in the Salary Scale.
			There is no policy on the relationship between remuneration and performance.
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT		The remuneration of Directors is governed by EOs and determined by the GCG.
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	COMPLIANT		There is a salary scale 2011 for all employees.
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	NON-COMPLIANT		There is no measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest. However, any increase requires the approval of the President of the RP.
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	NON-COMPLIANT	http://www.pncc.ph/LINKS/PDFs/CORPORATE%20GOVERNANCE%20COMMITTEE%20CHARTER.pdf	There is no board nomination and election policy. However, the By-Laws has provision on election of directors (Section 5.02). They are qualified by the Fit and Proper Rule adopted by the GCG (Section 13) and appointment of appointive directors are governed by Section 12, Code of Corp. Governance for GOCCs, GCG MC 2012-07). Section 16.2.4 provides the Nomination and Remunerations
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.			
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.			

4. Board nomination and election policy includes how the board shortlists candidates.			<p>Committee to recommend to the GCG nominees for the shortlist in line with the GOCC's and its subsidiaries' Board composition and succession plan.</p> <p>Likewise, Sections 23 and 25 of the Rev. Corporation Code applies.</p>
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.			
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	NON-COMPLIANT		<p>There is no process for identifying the quality of directors that is aligned with the strategic direction of the company. However, the GCG applies the Fit & Proper Rule.</p>
Optional: Recommendation to 2.6			
Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	NON-COMPLIANT		<p>The Company does not use professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.</p> <p>Please see comments above.</p>
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	NON-COMPLIANT	<p>Company's policies and procedures for review approval or ratification, monitoring and recording of RPT between among its parent, joint ventures, subsidiaries, associates, affiliates, etc. is detailed in Related Party Transactions</p>	<p>There is no policy on related party transactions. However, Sections 30 to 33 of the Rev. Corporation Code on the liability of directors, dealings of directors, contracts between interlocking directors, and disloyalty of directors apply. Likewise, the SEC MC No. 10, 2019 also applies.</p>
2. RPT policy includes appropriate review and approval of material RPTs, which			

guarantee fairness and transparency of the transactions.		http://www.pncc.ph/cg_company_policies.htm	The Company will prepare a Related Party Transaction policy/charter.
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	NON-COMPLIANT		
2. Board establishes a voting system whereby a majority of non related party shareholders approve specific types of related party transactions during shareholders' meetings.			
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	NON-COMPLIANT	Section 6.01 of PNCC's By-Laws http://www.pncc.ph/LINKS/PDFs/PNCC%20By-Laws.pdf	There is no Chief Risk Officer and Chief Audit Executive. However, there is an Internal Auditor appointed.
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the	NON-COMPLIANT		There is no assessment of the performance of the CEO and heads of other control functions. However, there is a twice a year

heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).			performance appraisal report of all employees.
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	NON-COMPLIANT	Board	<p>There is no performance management framework that ensures that Management's performance.</p> <p>There are no standards for management performance set by the Board and Senior Management.</p> <p>However, the Board monitors compliances during board meetings.</p>

2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	NON-COMPLIANT		<p>There is no performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.</p> <p>There are no standards for personnel performance set by the Board and Senior Management.</p> <p>However, a bi-annual performance appraisal is conducted on all employees</p>
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	NON-COMPLIANT	http://www.pncc.ph/ LINKS/PDFs/Audit Committee Charter.pdf	There is no internal control system in place. However, an internal auditor is appointed to conduct review of internal control system and performs management audit to the Board thru the Audit Committee.
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	NON-COMPLIANT		<p>There is no Internal control system which includes the mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.</p> <p>This is performed by the Internal Auditor.</p>
3. Board approves the Internal Audit Charter.	COMPLIANT	http://www.pncc.ph/ LINKS/PDFs/Audit Committee Charter.pdf	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify,	NON-COMPLIANT		There is no enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.

monitor, assess and manage key business risks.			In the meantime, the Internal Auditor performs the function.
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	NON-COMPLIANT		There is no risk management framework.
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	NON-COMPLIANT		There is no Board Charter. However, the Board is governed by its By-Laws, the Rev. Manual of Corp. Governance and GCG Manual of Corp Governance for GOCCs and the Rev. Corporation Code.
2. Board Charter serves as a guide to the directors in the performance of their functions.			
3. Board Charter is publicly available and posted on the company's website.			
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	NON-COMPLIANT		There is no insider trading policy. However, at present the company is under suspension by the PSE.
Optional Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	NON-COMPLIANT		There is no policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates. However, as GOCC, the company is not allowed to grant loans to directors.
2. Company discloses the types of decision requiring board of directors' approval.	NON-COMPLIANT		There is no policy and disclosure on the types of decision requiring board of directors' approval. However, there is a signing authority issued by the Board.

Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

Recommendation 3.1

1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	NON-COMPLIANT	http://www.pncc.ph/cg_board_committees.htm	There are some required committees which are not established.
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Recommendation 3.2

1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	COMPLIANT	http://www.pncc.ph/cg_board_committees.htm	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	NON-COMPLIANT		The Chairman and majority of the audit committee are not independent Directors. There are no independent directors.
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	http://www.pncc.ph/home_our_company_BOD.htm	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	http://www.pncc.ph/home_our_company_BOD.htm#Guinomla http://www.pncc.ph/home_our_company_BOD.htm#Co	

Supplement to Recommendation 3.2

1. Audit Committee approves all non-audit services conducted by the external auditor.	COMPLIANT	Article 5.3.b.7 of Revised Manual on Corporate Governance	There are no non-audit services conducted by the COA.
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		http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	NON-COMPLIANT		There is no meeting of the Audit Committee with COA without management presence.
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	COMPLIANT	The Audit Committee has 9 meetings in 2018. http://www.pncc.ph/LINKS/PDFs/2018%20Audit%20Committee%20Attendance.pdf	
2. Audit Committee approves the appointment and removal of the internal auditor.	COMPLIANT	Article 5.3.b.12 of Revised Manual on Corporate Governance http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf	

Recommendation 3.3

1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee .	COMPLIANT	Article 5.3.C of Revised Manual on Corporate Governance http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf http://www.pncc.ph/cg_board_committees.htm	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	NON-COMPLIANT	http://www.pncc.ph/cg_board_committees.htm	There are no independent directors.
3. Chairman of the Corporate Governance Committee is an independent director.	NON-COMPLIANT		The Chairman is not an independent director and the Chairman of the Board.

Optional: Recommendation 3.3.

1. Corporate Governance Committee meet at least twice during the year.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/2018%20Corporate%20Governance%20Committee%20Attendance.pdf	
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Recommendation 3.4

1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	NON-COMPLIANT		There is no separate BROC. However, The Audit Committee performs the functions of the BROC (par. 5.3.b.13, Rev. Manual of Corp. Governance 2017. There are no independent directors in the Company.
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.			
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	NON-COMPLIANT		

4. At least one member of the BROCC has relevant thorough knowledge and experience on risk and risk management.			
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	NON-COMPLIANT		There is no Related Party Transactions (RPT) Committee.
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.			
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	Audit Committee Charter http://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf Finance Committee Charter http://www.pncc.ph/LINKS/PDFs/Finance%20Committee%20Charter.pdf Corporate Governance Charter http://www.pncc.ph/LINKS/PDFs/CORPORATE%20GOVERNANCE%20COMMITTEE%20CHARTER.pdf PAN Committee Charter http://www.pncc.ph/LINKS/PDFs/PAN%20Committee%20Charter.pdf Business Development Committee Charter http://www.pncc.ph/LINKS/PDFs/Business%20Eco%20Dev%20Com%20Charter.pdf	There are no standards for evaluating the performance of the Committees.
2. Committee Charters provide standards for evaluating the performance of the Committees.			
3. Committee Charters were fully disclosed on the company's website.			

		Legal and Compliance Committee Charter http://www.pncc.ph/LINKS/PDFs/Legal%20Committee%20Charter.pdf	
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	NON-COMPLIANT		There is no annual stockholders meeting. There is no policy on tele-conferencing. Not all members of the board of directors attend board and committee meetings. The Board has 83.33% attendance of board meetings in 2018 http://www.pncc.ph/LINKS/PDFs/2018%20Attendance%20of%20Directors.pdf
2. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT		
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT		
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	COMPLIANT		

Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	COMPLIANT		
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	COMPLIANT		
2. Company schedules board of directors' meetings before the start of the financial year.	COMPLIANT	http://www.pncc.ph/cg_seal.htm	
3. Board of directors meet at least six times during the year.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/2018%20Attendance%20of%20Directors.pdf	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	NON-COMPLIANT		Sec.5.07. QUORUM -A majority of the Directors shall constitute a quorum xxx. (By-Laws)
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	NON-COMPLIANT		There are no independent directors
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	NON-COMPLIANT		There are no independent directors

Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	COMPLIANT		There is no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	NON-COMPLIANT		There are no independent directors. However, this provided in Section 5.5. Rev. Manual of Corp. Governance 2017.
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	NON-COMPLIANT		There are no independent directors
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	NON-COMPLIANT		There are no independent directors
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/COMPOSITION%20OF%20THE%20BOARD.pdf	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/Roles%20and%20Deliberables%20of%20Chairman%20&%20President.pdf	

Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	NON-COMPLIANT		The Chairman of the Board is not an independent director. There are also no independent directors.
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	COMPLIANT		There is no transaction with a director with material interest affecting the corporation.
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	NON-COMPLIANT	See attached Minutes of Meeting (COA Exit Conference) where the President and CEO, the sole Executive Director in the Board is not present	The non-executive directors (NEDs) have no separate periodic meetings with COA and heads of the internal audit, compliance and risk functions, without any executive present.
2. The meetings are chaired by the lead independent director.	NON-COMPLIANT		There is no independent director.
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	COMPLIANT		
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	NON-COMPLIANT		The Board has no annual self-assessment of its performance as a whole.
2. The Chairman conducts a self-assessment of his performance.			The Chairman did not conduct a self-assessment of his performance.
3. The individual members conduct a self-assessment of their performance.			

4. Each committee conducts a self-assessment of its performance.			The individual members did not conduct a self-assessment of their performance.
5. Every three years, the assessments are supported by an external facilitator.	NON-COMPLIANT		The committees did not conduct a self-assessment of its performance.
Recommendation 6.2			
1. Board has in place a system that provides at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	NON-COMPLIANT		The is no system in place that provides a criteria and process to determine the performance of the Board, individual directors and committees.
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT	http://www.pncc.ph/feedback/ContactForm.htm	While there is no such system, there is a feedback mechanism from shareholders.
Principle 7: Members of the Board are duty bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	COMPLIANT	http://www.pncc.ph/cg_cced.htm	

2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT		
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT	http://www.pncc.ph/cg_cced.htm	
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	COMPLIANT	http://www.pncc.ph/cg_cced.htm	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT		The Code of Business Conduct and Ethics is applicable to Board and officers and employees.
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.			There is an internal auditor appointed for proper and efficient implementation and monitoring of compliance with company internal policies.
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	NON-COMPLIANT		There is no Policy on Corporate Disclosures. However, the company discloses timely and material reports to the SEC and PSE.
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports,	NON-COMPLIANT		The fiscal year ended on 31 December 2018. The Annual Report for 2018 was submitted on 16 September 2019.

cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.			
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.			There is no such risks disclosure. However, the company is majority owned by the government.
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	NON-COMPLIANT		There is no policy requiring directors or officers to disclose/report to the company any dealings in the company's shares. However, there are no deals by directors or officers in the company's shares.
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.			
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	COMPLIANT		There was no trading of corporation shares as it was suspended by the PSE. There are no trades of the corporation's shares by directors and officers.

Company discloses the trading of the corporation's shares by directors, officers, and persons performing similar functions and controlling shareholders. This includes the disclosure of the company's purchases of its shares from the market (e.g., share buy-back programs).

1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	http://www.pncc.ph/home_our_company_BOD.htm	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	http://www.pncc.ph/home_our_company_MANCOM.htm http://www.pncc.ph/LINKS/PDFs/Public%20Ownership%202018%204Q.pdf	

Recommendation 8.4

1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	NON-COMPLIANT	http://www.pncc.ph/LINKS/PDFs/Remuneration%20Policy%20and%20Structure%20for%20Executive%20and%20Non.pdf	There is no policy and procedure on disclosure for setting Board and executive remuneration. However, the Board does not receive salary but per diems as determined by the GCG; the salary scale 2011 for employees was submitted to the GCG.
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	NON-COMPLIANT		
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	NON-COMPLIANT		There is no disclosure of the remuneration on an individual basis, and termination and retirement provisions.

Company discloses the remuneration of an individual based on job performance and remuneration			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	COMPLIANT		While there is no policy on RPT. However, there is a provision on Related Party Transactions in the Revised Manual on Corporate Governance (par. 5.3.e; 5.3.e.3). The RPTs on joint ventures and subsidiaries and salaries of employees are disclosed in the website.
2. Company discloses material or significant RPTs reviewed and approved during the year.	COMPLIANT		Related party transactions are disclosed on Note 33 of the Annual Audit Report for 2018 and 2017 (p. 75)
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	NON-COMPLIANT		There is no Policy on Disclosure of interests of directors in transactions or other conflict of interests.
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	COMPLIANT		Related party transactions are disclosed on Note 33 of the Annual Audit Report for 2018 and 2017 (p. 75)
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	COMPLIANT	The company is bound by PSE and SEC rules on disclosures. All material fact or event that occurred were disclosed in the company website: http://www.pncc.ph/SEC_Filings_Current_2018.htm	There is no material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	COMPLIANT		The Board appoints independent appraisers to evaluate the fairness of the transaction price on disposal of assets. The acquisition and disposal of assets are conducted pursuant to Purchasing Procedure and Asset Disposal Procedure. (Annex "D" and "E").

			A management Bids and Awards Committee (BAC) is also appointed to process company transactions in accordance with pertinent laws, rules and regulations.
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	COMPLIANT		There is no such agreement.

Recommendation 8.7

1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf	
2. Company's MCG is submitted to the SEC and PSE.			
3. Company's MCG is posted on its company website.			

Supplement to Recommendation 8.7

1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf	The Revised Manual of Corporate Governance 2017 was filed with the SEC and PSE on 31 May 2017.
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Optional: Principle 8

1. Does the company's Annual Report disclose the following information:	NON-COMPLIANT		There is no Annual Report for 2018 partly due to the resignation of the Head, Accounting Department. However, the Annual Audit Report for 2018 and 2017 was issued by COA on 24 June 2019.
a. Corporate Objectives			
b. Financial performance indicators			
c. Non-financial performance indicators			
d. Dividend Policy			
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors			
f. Attendance details of each director in all directors meetings held during the year			
g. Total remuneration of <u>each</u> member of the board of directors			

2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	NON-COMPLIANT		The Company has not submitted the 2018 Annual Report.
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.			
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.			
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).			
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	NON-COMPLIANT	http://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf par. 5.3.b.12, Rev. Manual of Corp Governance 2017	The Audit Committee has no such process. However, being a GOCC, the Commission on Audit (COA) is the statutory External Auditor of the corporation.

2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	NON-COMPLIANT		The Audit Committee does not recommend the appointment, reappointment, removal, and fees of the external auditor. The Board does not approve and the shareholders does not ratify the same. However, being a GOCC, the COA is the statutory external auditor of the corporation.
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	NON-COMPLIANT		The removal/reasons for removal/change are not disclosed to the regulators/public through the company website and required disclosures. However, COA is the corporation's statutory external auditor.
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	NON-COMPLIANT		There is no such policy. However, the rotation of the lead external auditor is performed by COA.
Supplement to Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf	

2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf	
Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	COMPLIANT		There are no non-audit services performed by COA.
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf par. 5.3.b.7 Rev. Manual of Corp. Governance 2017	There are no non-audit services performed by COA.
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	COMPLIANT		There are no non-audit services performed by COA.

Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	NON-COMPLIANT	Being a GOCC, COA is the company's statutory Auditor. In its letter, COA informed that it cannot be subject to the SEC-OGA SOAR Inspection Program as COA is not a private auditing firm which needs such accreditation. (Annex "F")	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).			
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	NON-COMPLIANT		There is no Disclosure Policy.
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	NON-COMPLIANT		There is no globally recognized standard/framework in reporting sustainability and non-financial issues.
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			
1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	COMPLIANT	Page 19 OF FOI MANUAL http://www.pncc.ph/LINKS/PDFs/PNCC%20FOI%20Manual.pdf	There are no public, material and relevant information to its shareholders and other investors for dissemination to require such media and analysts' briefing.

Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	COMPLIANT	www.pncc.ph	
a. Financial statements/reports (latest quarterly)	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/2018%20Audited%20Financial%20Statements.pdf	
b. Materials provided in briefings to analysts and media	NON-COMPLIANT		There is no Annual Report for 2018.
c. Downloadable annual report	NON-COMPLIANT		There is no Annual Report for 2018.
d. Notice of ASM and/or SSM	NON-COMPLIANT		There is no ASM or SSM for 2018.
e. Minutes of ASM and/or SSM	NON-COMPLIANT		There is no ASM or SSM for 2018.
f. Company's Articles of Incorporation and By-Laws	COMPLIANT	http://www.pncc.ph/LINKS/PDFs/Amended%20Articles%20of%20Incorporation%2021November2016.pdf	
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	COMPLIANT	www.pncc.ph	
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	NON-COMPLIANT	http://www.pncc.ph/LINKS/PDFs/Audit%20Committee%20Charter.pdf	While there is no Internal Audit Department. There is an internal auditor appointed.
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	NON-COMPLIANT		There is no enterprise risk management framework in the conduct of business.
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually	NON-COMPLIANT		There is no formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually

reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.			reviewed which includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	NON-COMPLIANT		There is no governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	COMPLIANT		There is an Internal Auditor appointed for 2018. However, there is no Internal Audit Department to provide sufficient internal audit functions.
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	NON-COMPLIANT		There is no Internal Audit Department headed by a Chief Audit Executive. However, an Internal Auditor has been appointed.
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.			
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	COMPLIANT		There is no internal audit activity outsourced by the corporation.

Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	NON-COMPLIANT		There is no separate risk management function set up by the company. The Audit Committee performs such functions.
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	NON-COMPLIANT		There is no external technical support in risk management.
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	NON-COMPLIANT		The company has no Chief Risk Officer (CRO).
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.			
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	NON-COMPLIANT		The CEO and Internal Auditor did not attest in writing that a sound internal audit, control and compliance system is in place and working effectively.
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	Article 8 of Revised Manual on Corporate Governance http://www.pncc.ph/LINKS/PDFs/AMENDED%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20MANUAL%202017.pdf	

2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	http://www.pncc.ph/cg_company_policies.htm	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	COMPLIANT	Section 4.05 of Amended By-Laws http://www.pncc.ph/LINKS/PDFs/PNCC%20By-Laws.pdf	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	COMPLIANT	Seventh Article of the Amended Articles of Incorporation http://www.pncc.ph/LINKS/PDFs/Amended%20Articles%20of%20Incorporation%2021November2016.pdf	
3. Board has an effective, secure, and efficient voting system.	COMPLIANT	http://www.pncc.ph/cg_company_policies.htm	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	COMPLIANT	Section 4.05 of Amended By-Laws http://www.pncc.ph/LINKS/PDFs/PNCC%20By-Laws.pdf	Cumulative voting is allowed.
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	COMPLIANT	Section 4.02 of Amended By-Laws http://www.pncc.ph/LINKS/PDFs/PNCC%20By-Laws.pdf	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	COMPLIANT	http://www.pncc.ph/cg_company_policies.htm	
7. Company has a transparent and specific dividend policy.	COMPLIANT	http://www.pncc.ph/cg_company_policies.htm	(Copy of Policy)

Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	NON-COMPLIANT		There is no ASM in 2018. However, in such event, COA performs such functions.
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	NON-COMPLIANT		There is no ASM in 2018.
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	NON-COMPLIANT		There is no ASM in 2018.
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)			
b. Auditors seeking appointment/re-appointment			
c. Proxy documents			
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	NON-COMPLIANT		There is no ASM in 2018.
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	NON-COMPLIANT		There is no ASM in 2018.
2. Minutes of the Annual and Special Shareholders' Meetings were available on			There is no ASM in 2018.

the company website within five business days from the end of the meeting.			
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	NON-COMPLIANT		There is no ASM in 2018. In such event, the COA and other relevant individuals shall be notified and invited to attend the ASM/SSM.
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	COMPLIANT	http://www.pncc.ph/cg_company_policies.htm	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT		
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	COMPLIANT	http://www.pncc.ph/ir_investor_relations_program.htm	
2. IRO is present at every shareholder's meeting.	NON-COMPLIANT		The President/CEO is the IRO. However, there is no ASM in 2018.
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	NON-COMPLIANT		There is no anti-takeover measures or similar devices.
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	NON-COMPLIANT	http://www.pncc.ph/LINKS/PDFs/Public%20Ownership%202017%204Q.pdf	As of December 31, 2018, the total number of shares owned by the public is 22,902,171 or 13.12% (VERIFY with Stock Transfer Agent)

Optional: Principle 13

1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	NON-COMPLIANT		There are no policies and practices to encourage shareholders to engage with the company beyond the ASM. However, there is a feedback mechanism.
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	NON-COMPLIANT		There is no electronic voting in absentia at the ASM.

Duties to Stakeholders

Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	NON-COMPLIANT		There is no identification of company's various stakeholders.
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Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	NON-COMPLIANT		There are no policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.
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Recommendation 14.3

1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	COMPLIANT	http://www.pncc.ph/contact_us.htm	
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Supplement to Recommendation 14.3

1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	NON-COMPLIANT		There is no alternative dispute resolution system to settle conflicts and differences with key stakeholders in a fair and expeditious manner.
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Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	COMPLIANT		There are no such exemptions sought by the corporation.
2. Company respects intellectual property rights.	COMPLIANT		There is no known violation of IPRs.
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	NON-COMPLIANT		There are no policies and practices that address customers' welfare.
2. Company discloses its policies and practices that address supplier/contractor selection procedures	COMPLIANT	(Annex "D")	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	NON-COMPLIANT		There are no policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	NON-COMPLIANT		There is no reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.

2. Company has policies and practices on health, safety and welfare of its employees.	COMPLIANT	http://www.pncc.ph/cg_company_policies.htm	
3. Company has policies and practices on training and development of its employees.	NON-COMPLIANT		There are no policies and practices on training and development of its employees.
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	COMPLIANT	http://www.pncc.ph/cg_cced.htm	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	NON-COMPLIANT		There are no regular periodic trainings to disseminate anti-corruption policy and program to employees.
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	COMPLIANT	http://www.pncc.ph/cg_cced.htm	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	COMPLIANT	http://www.pncc.ph/contact_us.htm	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	NON-COMPLIANT		There is no independent director. There is no framework for whistleblowing that allows employees to have direct access to an independent director. There is a unit created to handle whistleblowing concerns.
3. Board supervises and ensures the enforcement of the whistleblowing framework.	NON-COMPLIANT		There is no Board supervision or guarantee of enforcement of the whistleblowing framework.

Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

Recommendation 16.1


1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	COMPLIANT	http://www.pncc.ph/cg_csr.htm	
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Optional: Principle 16

1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	COMPLIANT	http://www.pncc.ph/cg_csr.htm	
2. Company exerts effort to interact positively with the communities in which it operates			

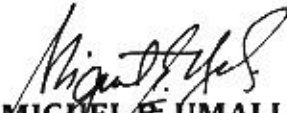
Pursuant to the requirements of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Paranaque on 06 MAR. 2020
TAGUIG CITY

SIGNATURES


HERCULANO C. CO, JR.
 Chairman of the Board


REY NATHANIEL C. IFURUNG
 Compliance Officer

(None)
 Independent Director


MIGUEL E. UMALI
 President/Chief Executive Officer (as of 2019)


MARIANO JESUS S. AVERIA
 Corporate Secretary

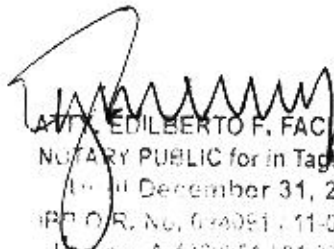
(None)
 Independent Director

No stockholders meeting was held in 2018 thus no Independent Director had been elected.

SUBSCRIBED AND SWORN to before me this 06 MAR 2020, affiant(s) exhibiting to me their government issued ID, as follows:

NAME	GOVT ID NO	DATE OF ISSUE	PLACE OF ISSUE
HERCULANO C. CO. JR.	DL#N07-77-014601	11/24/2017	Manila
MIGUEL E. UMALI	DL#N04-89-117970	09/29/2018	Quezon City
REY NATHANIEL C. IFURUNG	DL#N11-81-033432	04/25/2018	Manila
MARIANO JESUS S. AVERIA	DL#N02-95-262906	10/19/2018	Quezon City

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 SERIES OF 2020


 ATTY. EDILBERTO F. FACINABAO
 NOTARY PUBLIC for in Taguig City
 Term Expires December 31, 2020
 IBP O.R. No. 034091 - 11-04-2019
 P.R. No. A-4760851 / 01-02-2020
 MCLE Compliance No. V - 0024438
 IBP Roll No. 29543
 LC / Bldg. Gen. Luna St., Tuktukan Taguig