

May 30, 2017

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City, 1307

ATTENTION : **DIR. JUSTINA F. CALLANGAN**
Corporate Governance and Finance Department

via PSE EDGE

PHILIPPINE STOCK EXCHANGE, INC.

3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

ATTENTION : **MR. JOSE VALERIANO B. ZUÑO III**
OIC – Head, Disclosure Department

via electronic mail

PHILIPPINE DEALING & EXCHANGE CORP.

Market Regulatory Services Group
37/F, Tower 1, The Enterprise Center
6766 Ayala Avenue corner Paseo de Roxas, Makati City

ATTENTION : **MS. VINA VANESSA S. SALONGA**
Head – Issuer Compliance and Disclosures Department

Gentlemen:

In compliance with the SEC Memorandum Circular No. 20, Series of 2016, we submit herewith Aboitiz Power Corporation's Annual Corporate Governance Report for the year 2016.

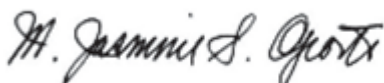
Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION

By:



M. JASMINE S. OPORTO
Corporate Secretary

COVER SHEET

C 1 9 9 8 0 0 1 3 4

S.E.C. Registration Number

A B O I T I Z P O W E R C O R P O R A T I O N

(Company's Full Name)

3 2 N D S T R E E T , B O N I F A C I O G L O B A L

C I T Y , T A G U I G C I T Y , M E T R O M A N I L A

P H I L I P P I N E S

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

M. JASMINE S. OPORTO

Contact Person
Contact Person

02- 886-2729

Company Telephone Number

1 2 3 1

Month Day
Fiscal Year

ACGR

FORM TYPE

3rd Monday of May

0 5 1 5

Month Day
Annual Meeting

N/A

Secondary License Type, if Applicable

SEC

Dept. Requiring this Doc

N/A

Amended Articles Number/Section

Total No. of Stockholders

x

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

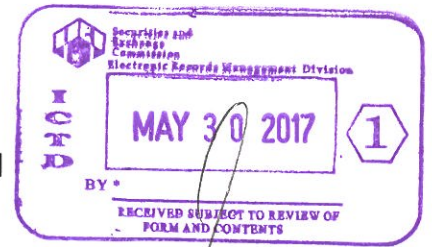
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT



1. Report is Filed for the Year 2016
2. Exact Name of Registrant as Specified in its Charter ABOITIZ POWER CORPORATION
3. 32nd Street, Bonifacio Global City, Taguig City 1634
Address of Principal Office Postal Code
4. SEC Identification Number C199800134
5. (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number 200-652-460
7. (02) 886-2800
Issuer's Telephone number, including area code
8. N.A.
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	nine (9)
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Actual number of Directors for the year	nine (9)
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(a) Composition of the Board

Complete the table with information on the Board of Directors: (2016-2017)

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
Enrique M. Aboitiz, Jr.	NED	NA	<u>Erramon I. Aboitiz, as representative of Aboitiz Equity Ventures, Inc. (AEV)</u>	<u>May 18, 2009</u>	<u>May 16, 2016</u>	ASM	<u>7</u>
Jon Ramon Aboitiz	NED	NA	<u>Erramon I. Aboitiz, as representative of AEV</u>	<u>February 13, 1998</u>	<u>May 16, 2016</u>	ASM	<u>18</u>
Erramon I. Aboitiz	ED	NA	<u>Erramon I. Aboitiz, as representative of AEV</u>	<u>February 13, 1998</u>	<u>May 16, 2016</u>	ASM	<u>18</u>
Jaime Jose Y. Aboitiz	ED	NA	<u>Erramon I. Aboitiz, as representative of AEV</u>	<u>2004-2007; May 18, 2009</u>	<u>May 16, 2016</u>	ASM	<u>10</u>
Mikel A. Aboitiz	NED	NA	<u>Erramon I. Aboitiz, as representative of AEV</u>	<u>February 13, 1998</u>	<u>May 16, 2016</u>	ASM	<u>18</u>
Antonio R. Moraza	ED	NA	<u>Erramon I. Aboitiz, as representative of AEV</u>	<u>February 13, 1998</u>	<u>May 16, 2016</u>	ASM	<u>18</u>
Alfonso A. Uy	ID	NA	<u>Antonio O. Tiu, no relationship with the ID</u>	<u>May 20, 2013</u>	<u>May 16, 2016 3years</u>	ASM	<u>3</u>
Romeo L. Bernardo	ID	NA	<u>Davy Brian B. Chua, no relationship with the ID</u>	<u>May 19, 2008</u>	<u>May 16, 2016 4 years</u>	ASM	<u>8</u>
Carlos C. Ejercito	ID	NA	<u>Riella Mae Christa D. Baguio, no relationship with the ID</u>	<u>May 19, 2014</u>	<u>May 16, 2016 2 years</u>	ASM	<u>2</u>

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

Sources: 2016 Definitive Information Statement (SEC Form 20-IS)
2016 AP Nomination Forms

(b) Corporate Governance Policies

Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

(i) Aboitiz Power Corporation (“Company”, “AboitizPower”) **Amended Manual on Corporate Governance** institutionalizes the principles of good corporate governance in the entire organization.

The Board of Directors, Management, Employees, and Shareholders of AboitizPower believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization as soon as possible.

The Company’s Manual on Corporate Governance, adopted by the Board of Directors on March 30, 2011, amended as of **November 24, 2016**, initially approved by the Securities and Exchange Commission on June 18, 2009, provides for shareholder rights as follows:

“The Board shall be committed to respect the following rights of the stockholders:

1. Right to Participate in Shareholders’ Meetings

Shareholders have the right to:

- a. **receive notices of all shareholders’ meetings with information on the agenda for the meeting, other explanatory materials in relation to the agenda items, as well as copies of other documents necessary for the full participation in the shareholders’ meeting;**
- b. **Attend and vote in the shareholders’ meetings; and**
- c. **Be informed of the results of the shareholders’ meetings within a reasonable period of time.**

2. Voting Right

The Company follows the principle of one share-one vote for each stockholder.

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

3. Pre-emptive Right

All shareholders shall have pre-emptive rights, unless the same is denied in the articles of incorporation or an amendment thereto, and in documents signed by such shareholders. They shall have the right to subscribe to the capital stock of AboitizPower. The Articles of Incorporation shall lay down the specific rights and powers of shareholders 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.

4. Power of Inspection

All shareholders shall be allowed to inspect corporate books and records including minutes of 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.

5. Right to Information

- a. The shareholders 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 AboitizPower's shares, dealings with AboitizPower, relationships among directors and key officers, and the aggregate compensation of directors and officers.
- b. The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.
- c. The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of shareholders' meeting, being within the definition of "legitimate purposes".

6. Right to Dividends

- a. Shareholders shall have the right to receive dividends subject to the discretion of the Board.
- b. AboitizPower intends to maintain an annual cash dividend payment ratio of approximately one-third of its consolidated net income from the preceding fiscal year, subject to the requirements of applicable laws and regulations and the absence of circumstances which may restrict the payment of cash dividends, such as the undertaking by AboitizPower of major projects and developments requiring substantial cash expenditures or restrictions on cash dividend payments under its loan covenants

7. Appraisal Right

The shareholders 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:

- a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any shareholders 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 term of corporate existence;
- b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- c. In case of merger or consolidation.

The Board should be transparent and fair in the conduct of the annual and special shareholders' meetings of AboitizPower. The shareholders should be encouraged to personally attend such meetings. If they cannot attend, they should 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 should be resolved in the shareholder's favor.

It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders' meaningful participation in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints. Accurate and timely information should be made available to the shareholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although all shareholders should be treated equally or without discrimination, the Board should give minority shareholders, in accordance with the By-laws, the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of AboitizPower."

*Source: Section VIII of Amended Manual on Corporate Governance
Article I, Section 6 of the Amended By Laws*

The following are the Company's governance policies regarding Disclosures:

The Company's **Manual on Corporate Governance** provides:

"REPORTORIAL OR DISCLOSURE SYSTEM OF ABOITIZPOWER'S CORPORATE GOVERNANCE POLICIES

- A. **AboitizPower abides by the principle of transparency to prevent mismanagement and misappropriation by any stakeholder of the Company's assets.** The reports or disclosures required under this Manual shall be prepared and submitted to the SEC by the responsible Committee or officer through AboitizPower's Compliance Officer.
- B. All material information shall be publicly and timely disclosed. Such information shall include earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes to ownership. **Management, in close consultation with the Compliance Officer, shall formulate the Company's policies in relation to disclosures of related party transaction.**
- C. Other information that shall always be disclosed as required by law includes remuneration (including stock options) of all directors and senior management corporate strategy.
- D. All disclosed information shall be released via the approved stock exchange procedure for AboitizPower announcements and other required reports.
- E. The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stakeholders."

In addition, the Company's **Information Disclosure Policy** has the following objectives:

- I. This Disclosure Policy shall be implemented in accordance with applicable laws, and in the best interests of the Company and its shareholders. The goal of disclosure is to provide information to stakeholders and interested parties in order to assist such persons in making sound investment decisions.
- II. When disclosing information, the Company shall be guided by the principles of

accuracy, accessibility, timeliness, completeness, and regularity, and additionally, will seek to maintain a reasonable balance between the transparency of the Company and the protection of its commercial interests, while complying with relevant provisions of the laws of the Philippines, the Articles of Incorporation, this Policy and other internal documents of the Company.

- III. The Company shall not avoid the disclosure of negative information if such information might be considered material or essential to stakeholders or potential investors.
- IV. For purposes of disclosure, the preferential treatment of any one group of recipients of such information (“Selective Disclosure”) shall be prohibited unless otherwise provided for by the laws of the Philippines, and other applicable and current rules and regulations.”

Finally, the Company’s **Code of Ethics and Business Conduct** mandates that the Team Members must:

“PROVIDE FAIR AND TRUTHFUL DISCLOSURES TO THE PUBLIC

The Company has a responsibility under existing laws and governance to communicate effectively so that its stakeholders and the public are provided with full and accurate information in all material respects. To the extent that you are involved in the preparation of materials for dissemination to the public, you should be careful to ensure that the information in these materials is truthful, accurate and complete. In particular, the Company’s senior financial officers, executive officers and directors shall endeavor to promote full, fair, accurate, timely and understandable disclosure in the Company’s public communications, including documents that the Company files with or submits to the Securities and Exchange Commission and other regulators.

If you become aware of a materially inaccurate or misleading statement in a public communication, you should report it immediately to the Office of the Corporate Secretary, Corporate Information Officer, Compliance Officer or the Audit Committee of the Board of Directors of AboitizPower.

MAINTAIN ACCURATE BOOKS AND RECORDS

The Company must maintain accurate and complete books and records which are critical to the Group’s decision making process and compliance with external reporting, legal requirements and existing accounting standards. Every business transaction undertaken by the Company must be recorded correctly and in a timely manner in its corporate books and records, including gifts and hospitality extended to business partners. The Company therefore expects you to be candid and accurate when providing information for these documents. You are specifically prohibited from making false or misleading entries in the corporate books and records. In particular, senior financial officers must endeavor to ensure that financial information included in the corporate books and records is correct and complete in all material respects.”

Source: Code of Ethics and Business Conduct

- (i) The following are the Company’s governance policies regarding Board Responsibility:

The Company’s **Amended Manual on Corporate Governance** provides for the following duties and functions of the Board of Directors:

1. Duties and Functions of the Board

In general, to ensure a high standard of best practices for the Company and its stakeholders, the Board shall conduct itself with honesty and integrity in the performance of, among others, the following functions:

- 5.1 Install a process of selection to ensure a mix of competent Directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies;
- 5.2 **Appoint competent, professional, honest and highly motivated management officers and** take a direct interest in leadership succession, inclusive of the appointment of the Group CEO in particular and other key group senior management positions in general, and ensure that appropriate processes are effectively adopted to avoid any leadership gap;
- 5.3 Continuously determine the Company's purpose, its vision and mission and strategies to carry out its objectives.

VISION:

A Better Future

MISSION:

We in AboitizPower consider it our responsibility to provide reliable and ample power supply when needed, ensure that the supply of electricity is provided at a reasonable and competitive price, and lastly accomplish the first two duties with the least possible adverse effects on our environment and our host communities.

The Company adopts the Group's Purpose Statement as follows:

PURPOSE STATEMENT

Guided by our core values, we the Aboitiz Group, drive change for a better world by advancing business and communities and creating long term value for our stakeholders.

- 5.4 Ensure that the strategic business direction of the various businesses of the Company is soundly established and consistent or in line with overall the Group's goals and strategies;
- 5.5 Establish programs that can maintain its long term viability, practicability and strength in accordance with the objectives of the Company.
- 5.6 Ensure that the Company complies with all relevant laws, regulations and codes of best business practices;
- 5.7 Ensure effective business governance of the various businesses in which the Company has a direct equity or like interest, including those subsidiary organizations in which it has a majority or minority holding, or any company in which any such subsidiary has a majority or minority holding, with the objective of avoiding a deterioration in business value through regulatory breaches, or through some other means that might damage the performance and/or reputation of the business;

- 5.8 Ensure that key financial decisions made related to investment/capital expenditure considered by the various businesses in which the Company has a direct interest undergo by appropriate processes and, when or where applicable, the corresponding Board approval;
- 5.9 Periodically evaluate and monitor the implementation of existing policies and strategies, including the business plans, operating budgets and overall performance **of the management team based on the established clear performance metrics;**
- 5.10 Identify company's stakeholders **and promote cooperation between them and the Company in creating wealth growth and sustainability.** Formulate a clear policy on accurate, timely and effective communication with them. Ensure an effective and constructive communication between the Group Senior Management and external stakeholders (including stockholders and media, when appropriate or relevant), particularly on the business direction and work progress and any stakeholder concern, consistent with good governance practices and avoiding any possible damage to the image and/or financial value of the business. If feasible, oversight responsibility over this policy will be exercised by the CEO or Chief Financial Officer (CFO);
- 5.11 **Establish clear policies and mechanisms on the fair treatment and protection of its stakeholders;**
- 5.12 Adopt a system of internal checks and balances; review on a regular basis the effectiveness of such system to ensure the integrity of the decision-making and reporting processes at all times; ensure the continuing soundness, effectiveness and adequacy of the Company's control environment;
- 5.13 Identify key risk areas and key performance indicators and monitor these factors with due diligence to enable the **Company** to anticipate and prepare for possible threats to its operational and financial viability;
- 5.14 **Ensure that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks;**
- 5.15 **Ensure that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality;**
- 5.16 **Ensure the establishment of an effective performance management framework such that measures for the business are set up and agreed with the Management, including the CEO, and the personnel's performance are at par with the standards set by the Board and Senior Management;**
- 5.17 Ensure that appropriate compensation policies are in place, especially for senior management group, and that the compensation is at an appropriate level and commensurate to the contribution made to the business;
- 5.18 Ensure that Senior Management Team progress reports on the execution of strategic plans, financial performance of the business and in general, other matters related to the role and responsibilities of the Board, are received and properly evaluated;
- 5.19 Ensure the proper and orderly conduct of Annual Stockholders' Meetings, and such special stockholder meetings that may be called;

- 5.20 Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulations;
- 5.21 Determine which, if any, Board Committees should be constituted and to establish their respective roles and composition;
- 5.22 Establish and maintain an alternative dispute resolution system in the Company that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities;
- 5.23 **Adopt a Code of Ethics and Business Conduct (the “Code”) to provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings including anti-corruption;**
- 5.24 **Ensure that the Code is properly disseminated to the Board, senior management and employees. A copy of the Code is made available to the public through the company website;**
- 5.25 **Ensure the proper and effective implementation and monitoring of compliance with the code and internal policies;**
- 5.26 **Ensure proper disclosure on all relevant and material information on individual board members and Corporate Officers to enable stakeholders to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment;**
- 5.27 **Establish an Investor Relations Office to ensure constant engagement with its stockholders, and ensure that the Investor Relations team be present in every stockholders’ meeting;**
- 5.28 **Establish policies, program and procedures to encourage employees to actively participate in the realization of the Company’s goals and in its governance; and**
- 5.29 Meet on a regular basis to carry out its responsibilities, and to convene such special or emergency meetings as may be required. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted.

Moreover, the Company’s **Board Protocol** provides for the following general responsibilities of members of the Board Directors:

A Director should be aware of his role and appreciate the crucial differences between management and direction. He should have an understanding of the legal framework within which they operate. A Director should have a good understanding of a board’s operation and how to ensure its effectiveness.

In this regard, the following are the basic qualities and competencies that a Board Director should possess or endeavor to acquire:

- a. Strategic business direction;
- b. Basic principles and practice of finance and accounting;
- c. Human resource direction;
- d. Improving business performance; and
- e. Organizing for the future.

With the above, the Director is therefore expected to:

- a. Owe his duty of care and loyalty to the Company;
- b. Respect and uphold all decisions made by the Board as a collegial body;
- c. Devote time and attention necessary to properly discharge his duties and responsibilities;
- d. A Director shall observe prudence in the handling of sensitive company information; and
- e. A Director shall undergo a seminar on corporate governance principles, on relevant laws and charters applicable to the Company and the Board, and on the various businesses of the Company upon appointment to the Board.

The Company's Policy on Conflict of Interest Situations was approved by the Board Corporate Governance Committee on August 3, 2012. This policy seeks to ensure that conflict of interest situations are addressed and avoided, and all transactions are conducted at arm's length with consideration paid or received by the Company or any of its subsidiaries, and on terms no less favorable than any such terms available to unconnected third party under the same or similar circumstances.

The Company's Policy on Whistle-blowing was approved by the Board Corporate Governance Committee on September 22, 2016. This policy ensures the observance of ethical conduct and practice to promote openness, probity and accountability in the organization.

The Company's Policy on Related Party Transactions was approved by the Board Corporate Governance Committee on May 11, 2012. The purpose of this policy is to set out the procedures by which the Company or any of its subsidiaries, affiliates including directors and officers, may enter into a related party transaction.

The Company's Amended Code of Ethics and Business Conduct was approved by the Board of Directors on March 8, 2016. The purpose of this Code is to set forth basic principles to guide the employee (including those who work part time or on fixed or temporary contracts), officer or director of AEV and its group of companies in their day to day activities.

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

The Board participated in a Board Retreat and Strategy Refresh to discuss both the strategic roadmap and policies of the Company, and a review of the Company's vision and Mission. The Board, together with key officers, participated in a strategy workshop last November 24, 2016, to refresh the Company's vision, mission, strategy and, corporate initiatives and core businesses.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

Identify, as and if applicable, the members of the Company's Board of Directors who hold the office of director in other companies within its Group for the term 2016-2017:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Enrique M. Aboitiz	Aboitiz Equity Ventures, Inc. Aboitiz & Company, Inc.	Non-Executive
Jon Ramon Aboitiz	Ramon Aboitiz Foundation, Inc.	Executive
	Aboitiz & Company, Inc. Aboitiz Equity Ventures, Inc.	Non-Executive, Chairman
	Union Bank of the Philippines (UnionBank)	Non-Executive
Erramon I. Aboitiz	Aboitiz Equity Ventures, Inc. Aboitiz & Company, Inc.,	Executive
	AEV Infra Capital, Inc. Aboitiz Foundation, Inc. Aboitiz Land, Inc. Aboitiz Renewables, Inc., Abovant Holdings, Inc., Aboitiz Infra Capital, Inc., Balamban Enerzone Corp. CRH Aboitiz Holdings, Inc., Lima Enerzone Corporation, Manila-Oslo Renewable Enterprise, Inc., Ramon Aboitiz Foundation, Inc. San Fernando Electric Light & Power Co., Inc., SN Aboitiz Power – Benguet, Inc., SN Aboitiz Power – Magat, Inc., Subic EnerZone Corporation, Therma Power, Inc.,	Non-Executive, Chairman
	AboitizPower International Pte. Ltd., AEV International Pte. Ltd., AP Renewables, Inc., Apo Agua Infraestructura, Inc., Archipelago Insurance Pte Ltd., Cotabato Light & Power Company, Davao Light & Power Company, Pagbilao Energy Corporation, Petnet, Inc., Pilmico Animal Nutrition Corporation, Pilmico Foods Corporation, Propiedad Del Norte, Inc., Redondo Peninsula Energy, Inc., Republic Cement and Building Materials, Inc., Therma Luzon, Inc. Therma Mobile, Inc., Therma South, Inc.,	Non-Executive

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

	Union Bank of the Philippines Pilmico Foods Corporation , and Redondo Peninsula Energy, Inc.	
Jaime Jose Y. Aboitiz	Aboitiz Construction, Inc., Cebu Praedia Development Corporation,	Non-Executive, Chairman
	Balamban Enerzone Corporation, Cotabato Light & Power Company, Inc., Davao Light & Power Company, Lima Enerzone Corporation, Mactan Enerzone Corporation, Subic Enerzone Corporation Visayan Electric Co., Inc.	Executive
	Aboitiz & Company, Inc. Aboitiz Foundation, Inc., Aboitiz Land, Inc., Aboitiz Renewables, Inc., Cebu Private & Power Company, San Fernando Electric Light & Power Co., Abovant Holdings, Inc., Cebu Industrial Park Developers, Inc., Hedcor Bukidnon, Inc., Hedcor, Inc., Hedcor Sabangan, Inc., Hedcor Sibulan, Inc., Hedcor Tudaya, Inc., Hijos de F. Escano, Inc., Tsuneishi Heavy Industries Cebu, Inc.,	Non-Executive
Mikel A. Aboitiz	Ramon Aboitiz Foundation, Inc.	Executive
	Aboitiz & Company, Inc.	Non-Executive
Antonio R. Moraza	Aboitiz Equity Ventures, Inc. Aboitiz Foundation, Inc. Aboitiz Infra Capital, Inc. Cebu Energy Development Corporation, Redondo Peninsula Energy, Inc., SN Aboitiz Power-Benguet, SN Aboitiz Power-Magat,, Southern Philippines Power Corporation, STEAG State Power, Inc., Therma Marine, Inc., Therma Mobile, Inc., Western Mindanao Power Corporation	Non-Executive
	Aboitiz Power Distributed Energy, Inc., AP Renewables, Inc., Aseagas Corporation, Cebu Private & Power Corporation Cotabato Light & Power Corporation, Davao Light & Power Corporation, Hedcor Bukidnon, Inc., Hedcor, Inc. Hedcor Sabangan, Inc., Hedcor Sibulan, Inc., Hedcor Tudaya, Inc., Luzon Hydro Corporation Pagbilao Energy Corporation, Pilmico Animal Nutrition Corporation, Pilmico Food Corporation,	Non-Executive, Chairman

	Therma Luzon, Inc., Therma Visayas, Inc.	
	Aboitiz & Company, Inc. Aboitiz Renewable, Inc., Abovant Holdings, Inc., Therma Power, Inc.	Executive
Carlos C. Ejercito	None	Independent
Romeo L. Bernardo	None	Independent
Alfonso A. Uy	STEAG State Power, Inc.	Non-Executive

(For the term 2016-2017)

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Jon Ramon Aboitiz	International Container Terminal Services, Inc.,	Non-Executive
	Bloomberry Resorts Corporation	Independent
Carlos C. Ejercito	Bloomberry Resorts Corporation	Independent
	Century Properties Group, Inc.	
Romeo L. Bernardo	Bank of the Philippine Islands	Independent
	RFM Corporation	
	Globe Telecom, Inc.	Non-Executive

(For the term 2016-2017)

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Enrique M. Aboitiz	Aboitiz Equity Ventures, Inc.	Director
Jon Ramon Aboitiz	Aboitiz Equity Ventures, Inc.	Chairman
Erramon I. Aboitiz	Aboitiz Equity Ventures, Inc.	Director/President/CEO
Antonio R. Moraza	Aboitiz Equity Ventures, Inc.	Director

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	As provided in the Company's Amended Manual on Corporate	As a holding company, the Company's executive directors

	<p>Governance, the following guidelines shall be used in the determination of the number of directorships for Board members:</p> <p>a) The nature of the business of AboitizPower;</p> <p>b) Age of the director;</p> <p>c) Number of directorship/active memberships and officerships in other corporations or organizations; and</p> <p>d) Possible conflict of interest.</p> <p>The optimum number of directorships a Director shall hold shall be related to the capacity of a Director to perform his duties diligently in general.</p> <p>The CEO and other executive directors shall submit themselves to a low active limit on membership in other corporate boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.</p>	<p>are appointed to Board seats of the Company's Business Units (BUs) or operational companies within the Aboitiz Group.</p> <p>The Company follows the SEC rule on term and directorship limits of directors.</p>
Non-Executive Director	Same as above	Same as above
CEO	Same as above	Same as above

The Company's Independent Directors sit in no more than five boards of PLCs, as shown in the certification of affiliations required from each of the nominated Independent Directors. Likewise, executive directors do not generally sit on other boards of PLCs outside the Group, unless they have substantial interest in the said company or they have been asked to sit in the capacity as independent directors. The executive directors do not sit in more than two boards of listed companies outside the Aboitiz Group.

(e) Shareholding in the Company

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Enrique M. Aboitiz	758	0	0.00%; 0.00%
Jon Ramon Aboitiz	33,001	17,176,320	0.00%; 0.23%
Erramon I. Aboitiz	1,300,001	71,994,595	0.02%; 0.98%

Jaime Jose Y. Aboitiz	5,367,397	3,723,873	0.07%; 0.05%
Mikel A. Aboitiz	1	13,283,959	0.00%; 0.18%
Antonio R. Moraza	1	20,432,299	0.00%; 0.28%
Carlos C. Ejercito	1,000	0	0.00%
Romeo L. Bernardo	1,000	0	0.00%
Alfonso A. Uy	1,000	0	0.00%

(For the period as of December 31, 2016)

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	Enrique M. Aboitiz
CEO	Erramon I. Aboitiz

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	The Chairman, who may be a non-Executive Director, shall preside in all meetings of the Board of Directors and stockholders. He shall approve the agenda for all meetings of the Board of Directors and stockholders and also inform the Board of Directors and the stockholders of matters of interest to them at their respective meetings.	The President shall have general supervision of the business affairs and property of the Corporation and over its several offices and employees. When designated as authorized representative and signatory of the Corporation, he shall execute all resolutions of the Board and sign all certificates, contracts and other written undertakings of the Corporation. He shall submit to the Board, as soon as possible, at each annual meeting, a complete report of the operations of the Corporation for the preceding year and the state of its affairs. He shall also from time to time, report to the Board matters within his knowledge which the interests of the Corporation may require to be brought to its notice. He shall do and perform such other duties as from time to time may be assigned to him by the Board of Directors.
Accountabilities	BOARD LEADERSHIP AND THE ROLE OF THE CHAIRMAN a. The Chairman shall exercise independent judgment, act objectively, and ensure (alongside the President and Chief Executive Officer) that all relevant	THE PRESIDENT AND THE CEO All Board authority delegated to management is delegated through the President, so that all authority and accountability of management – as far as the board is concerned – is considered to

	<p>matters are included in the agenda and prioritized properly, giving more weight to “performance duties” (i.e. strategy and policy) over “compliance duties” (i.e. monitoring and accountability).</p> <p>b. The Chairman shall ensure that all the Directors are fully involved and informed of any business issue on which a decision has to be taken.</p> <p>c. The Chairman, with the assistance of the Corporate Secretary and the President and Chief Executive Officer, shall determine the annual Board Plan and Agenda and other strategic issues.</p> <p>d. The Chairman shall be responsible for the integrity of the Board process, such that decisions made shall be explicit, timely, relevant to the Company’s vision and strategy, and anchored on policies, values and ethical standards.</p> <p>e. In the event that the Chairman may not be available or capable of performing the above functions, the Vice Chairman or in his absence, any of the directors present, may act as “Lead Director” and shall automatically take over the leadership in the meeting of the Board. The following are the conditions upon which this provision would apply:</p> <ul style="list-style-type: none"> i. Physical absence; ii. Conflict of interests; or iii. As the Board may deem necessary. <p>f. It is also strongly desired to have a Chairman who, among other traits, possesses the following:</p> <ul style="list-style-type: none"> i. Wide experience, preferably at board level, in successful organizations; ii. Capacity for strategic thinking and ability to make quick and important iii. decisions; iv. Working understanding of finance as well as accounts and reports systems; v. Excellent leadership and communication skills; 	<p>be the authority and accountability of the President.</p> <p>a. The Board will specify to the President of the Company the strategic directions and expects him to achieve certain results based on a set of measures/milestones and targets that had been clearly communicated and understood.</p> <p>b. As long as the President uses any reasonable interpretation of the Board’s directions, the President is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and develop all initiatives.</p> <p>c. Only decisions of the Board acting as a body are binding upon the President.</p> <p>d. Decisions or instructions of individual board members, officers, or committees are not binding on the President except in rare circumstances when the Board has specifically authorized such exercise of authority.</p> <p>e. In the case of board members or committees requesting information or assistance without board authorization, the President can refuse such requests that require – in the President’s judgment – a material amount of staff time or funds or are disruptive.</p>
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	vi. Appropriate training in corporate governance and professional directorship; and vii. Limited number of other directorships.	
Deliverables	(as enumerated above)	(as enumerated above)

Source: Article III of the Company's Amended By-laws
Board Protocol

(c) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

The Company has in place the Aboitiz Talent Management Program (ATMP) and regular Key Talent Review to Succession. These programs address the top executive succession planning and group-wide organizational executive and management bench. The program guidelines and developments are presented and reviewed by the Board Corporate Governance Committee.

3) 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.

It is the policy of the Company to nominate and elect directors who represent a mix of highly competent directors and officers with in-depth knowledge and experience in the core industry of AboitizPower or corporate management and financial expertise valuable to the Company. Other factors considered are independent-mindedness, ethical behavior and value contribution. The Company follows a formal and transparent board nomination and election process to ensure protection of the interests of all shareholders. Any shareholder may nominate a director and Independent Director. Nominees for directors are submitted to the Board Corporate Governance Committee (to which the Nominations and Compensation Committee has been merged into). The overall procedure is in compliance with the Amended Implementing Rules and Regulations of the Securities Regulation Code.

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

The Company's selection process ensures that at least one non-executive director has experience in the industries the Company operates in. For example, Messrs. Enrique M. Aboitiz and Jon Ramon Aboitiz, who have been non-executive directors of the Company since 2009 and 1998, respectively, have held management positions and have extensive experience in the Company's various subsidiaries engaged in its main business of power generation and distribution.

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

	Executive	Non-Executive	Independent Director
Role	A director's office is one of trust and confidence. A director shall act in the best interests of AboitizPower in a manner characterized by transparency, accountability and fairness. He should also exercise	A director's office is one of trust and confidence. A director shall act in the best interests of AboitizPower in a manner characterized by transparency, accountability and fairness. He should also exercise	A director's office is one of trust and confidence. A director shall act in the best interests of AboitizPower in a manner characterized by transparency, accountability and fairness. He should also exercise

	<p>leadership, prudence and integrity in directing AboitizPower towards sustained progress.</p> <p>It shall be the Board's responsibility to foster the long-term success of AboitizPower and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of AboitizPower, its shareholders and stakeholders.</p>	<p>leadership, prudence and integrity in directing AboitizPower towards sustained progress.</p> <p>It shall be the Board's responsibility to foster the long-term success of AboitizPower and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of AboitizPower, its shareholders and stakeholders.</p>	<p>leadership, prudence and integrity in directing AboitizPower towards sustained progress.</p> <p>It shall be the Board's responsibility to foster the long-term success of AboitizPower and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of AboitizPower, its shareholders and stakeholders.</p>
Accountabilities	<p>A director shall comply with the following duties and responsibilities:</p> <p>a) <i>Conduct fair business transactions with AboitizPower and ensure that personal interest does not bias Board decisions.</i></p> <p>The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.</p> <p>A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of AboitizPower, or stands to acquire or gain financial</p>	<p>A director shall comply with the following duties and responsibilities:</p> <p>a) <i>Conduct fair business transactions with AboitizPower and ensure that personal interest does not bias Board decisions.</i></p> <p>The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.</p> <p>A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of AboitizPower, or stands to acquire or gain financial</p>	<p>The independent director has the same duties and responsibilities as the executive and non-executive directors.</p> <p>In addition, independent directors have the additional responsibility to "bring fully to the Board the benefit of the particular experience or expertise that encouraged the invitation to become a Board member, at the same time not feeling constrained to contribute on matters that may be outside personal experience and expertise."</p>

	<p>advantage at the expense of AboitizPower.</p> <p>b) <i>Devote time and attention necessary to properly discharge his duties and responsibilities.</i></p> <p>A director should devote sufficient time to familiarize himself with AP’s business. He should be constantly aware of and knowledgeable with AboitizPower’s operations to enable him to meaningfully contribute to the Board’s work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.</p> <p>c) <i>Act judiciously.</i></p> <p>Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.</p> <p>d) <i>Exercise independent judgment.</i></p> <p>A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to AboitizPower.</p> <p>e) <i>Have a working knowledge of the statutory and regulatory</i></p>	<p>advantage at the expense of AboitizPower.</p> <p>b) <i>Devote time and attention necessary to properly discharge his duties and responsibilities.</i></p> <p>A director should devote sufficient time to familiarize himself with AP’s business. He should be constantly aware of and knowledgeable with AboitizPower’s operations to enable him to meaningfully contribute to the Board’s work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.</p> <p>c) <i>Act judiciously.</i></p> <p>Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.</p> <p>d) <i>Exercise independent judgment.</i></p> <p>A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to AboitizPower.</p> <p>e) <i>Have a working knowledge of the statutory and regulatory</i></p>	
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	<p><i>requirements affecting AboitizPower, including the contents of its Articles of Incorporation and By-Laws, the requirements of the SEC, and where applicable, the requirements of other regulatory agencies.</i></p> <p>A director should also keep abreast with industry developments and business trends in order to promote AboitizPower's competitiveness. The Corporate Information Officer shall ensure that directors and officers shall be updated on their corporate duties and responsibilities and on current relevant laws, rules and jurisprudence, and best business practices.</p> <p>f) <i>Observe confidentiality.</i></p> <p>A director should keep secure and confidential all non-public information he may acquire or learn by reason of his positions as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.</p> <p>g) <i>Keep abreast of good corporate governance practices.</i></p> <p>A Director shall undergo a seminar on corporate governance principles, on relevant laws and charters applicable to the Company and the Board, and on the various businesses of the Company upon appointment to the Board.</p>	<p><i>requirements affecting AboitizPower, including the contents of its Articles of Incorporation and By-Laws, the requirements of the SEC, and where applicable, the requirements of other regulatory agencies.</i></p> <p>A director should also keep abreast with industry developments and business trends in order to promote AboitizPower's competitiveness. The Corporate Information Officer shall ensure that directors and officers shall be updated on their corporate duties and responsibilities and on current relevant laws, rules and jurisprudence, and best business practices.</p> <p>f) <i>Observe confidentiality.</i></p> <p>A director should keep secure and confidential all non-public information he may acquire or learn by reason of his positions as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.</p> <p>g) <i>Keep abreast of good corporate governance practices.</i></p> <p>A Director shall undergo a seminar on corporate governance principles, on relevant laws and charters applicable to the Company and the Board, and on the various businesses of the Company upon appointment to the Board.</p>	
Deliverables	(as enumerated above)	(as enumerated above)	(as enumerated above)

Source: Amended Manual on Corporate Governance

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

The Company uses the definition of independence of the SEC which is "a person other than an officer or employee of the Company, its parent or subsidiaries, or any other individual having a relationship with the Company, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director." To ensure compliance with the said definition, the Corporate Governance Committee adopted its own guidelines on the nomination of the Company's independent directors, which includes a list of qualifications and disqualifications for independent members of the Board. The said committee pre-screens and shortlists all candidates nominated to become a member of the board of directors in accordance with a list of qualifications and disqualifications provided in its guidelines.

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

The Company adopted SEC Memorandum Circular No. 9, Series of 2011, regarding Term Limits for Independent Directors, which allow an Independent Director to serve for two terms of five (5) consecutive years each, provided there is a two-year cooling off period in between the terms. This circular aims to enhance the effectiveness of Independent Directors and encourage the infusion of fresh ideas into the Board of Directors. In compliance with the said Memorandum, the Board Corporate Governance Committee regularly monitors the tenure of the Company's Independent Directors.

4) 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
<u>No change for the current period 2016-2017.</u>	N/A	N/A	N/A

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

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

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	"Nominations for the election of directors for the ensuing year must be received by the Corporate Secretary no less than fifteen (15) working days prior to the annual meeting of stockholders, except as may be provided by the Board of Directors in appropriate guidelines that it may promulgate from time to time in compliance with law."	A member of the Board must be: a) a holder of at least one (1) share of stock of AboitizPower; b) at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;

		<p>c) at least twenty one (21) years old;</p> <p>d) proven to possess integrity and probity;</p> <p>e) have no conflict of interest;</p> <p>f) able to devote his time in fulfilling his duties and responsibilities as Director;</p> <p>g) has practical understanding of the businesses of AboitizPower;</p> <p>h) membership in good standing in relevant industry, business or professional organizations; and</p> <p>i) has previous business experience.</p>
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Nominations for independent directors are accepted starting January 1 of the year in which such nominee director is to serve and every year thereafter, with the table for nominations to be closed by February 15 of the same year.	In addition to the foregoing qualifications, the ID must also meet all the requirements of Section 17.2 of the SRC.
b. Re-appointment		
(i) Executive Directors	“Nominations for the election of directors for the ensuing year must be received by the Corporate Secretary no less than fifteen (15) working days prior to the annual meeting of stockholders, except as may be provided by the Board of Directors in appropriate guidelines that it may promulgate from time to time in compliance with law.”	<p>A member of the Board must be:</p> <p>a) a holder of at least one (1) share of stock of AboitizPower;</p> <p>b) at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;</p> <p>c) at least twenty one (21) years old;</p> <p>d) proven to possess integrity and probity;</p> <p>e) have no conflict of</p>

		<p>interest;</p> <p>f) able to devote his time in fulfilling his duties and responsibilities as Director;</p> <p>g) has practical understanding of the businesses of AboitizPower;</p> <p>h) membership in good standing in relevant industry, business or professional organizations; and</p> <p>i) has previous business experience.</p>
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Nominations for independent directors are accepted starting January 1 of the year in which such nominee director is to serve and every year thereafter, with the table for nominations to be closed by February 15 of the same year.	In addition to the foregoing qualifications, the ID must also meet all the requirements of Section 17.2 of the SRC.
c. Permanent Disqualification		
(i) Executive Directors	The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.	<p>The following shall be grounds for the permanent disqualification of a director:</p> <p>a) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (1) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (2) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (3) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as affiliated person of any of them;</p> <p>b) Any person who, by</p>

		<p>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: (1) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (2) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (3) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (1) and (2) above, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;</p> <p>c) Any person finally convicted judicially or by</p>
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		<p>competent administrative body of an offense involving moral turpitude or fraudulent act or transgressions;</p> <p>d) Any person finally found by the SEC or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation or order of the SEC or BSP;</p> <p>e) Any person judicially declared to be insolvent;</p> <p>f) Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and</p> <p>g) Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.</p>
(ii) Non-Executive Directors	The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.	Same as above
(iii) Independent Directors	The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such	In addition to the above grounds for disqualification of a director, an independent director shall be disqualified when:

	violation, for further review and approval of the Board.	<p>a) the independent director becomes an officer or employee of AboitizPower he shall be automatically disqualified from being an independent director;</p> <p>b) If the beneficial equity ownership of an independent director in AboitizPower or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.</p>
d. Temporary Disqualification		
(i) Executive Directors	The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.	<p>Any of the following shall be a ground for the temporary disqualification of a director:</p> <p>a) Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;</p> <p>b) Absence or non-participation for whatever reason for more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his incumbency, on any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;</p> <p>c) Dismissal from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;</p> <p>d) Being under preventive suspension by AboitizPower;</p>

		<p>e) If the independent director becomes an officer or employee of AboitizPower he shall be automatically disqualified from being an independent director;</p> <p>f) Conviction that has not yet become final referred to in the grounds for the disqualification of directors; and</p> <p>A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate actions to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>
(ii) Non-Executive Directors	The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.	Same as above
(iii) Independent Directors	The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.	Same as above
e. Removal		
(i) Executive Directors	The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.	The commission of a third violation of the Company's Manual on Corporate Governance by any member of the board of AboitizPower or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.
(ii) Non-Executive Directors	The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such	Same as above

	violation, for further review and approval of the Board.	
(iii) Independent Directors	The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.	Same as above
f. Re-instatement		
(i) Executive Directors	“Nominations for the election of directors for the ensuing year must be received by the Corporate Secretary no less than fifteen (15) working days prior to the annual meeting of stockholders, except as may be provided by the Board of Directors in appropriate guidelines that it may promulgate from time to time in compliance with law.”	<p>A member of the Board must be:</p> <p>a) a holder of at least one (1) share of stock of AboitizPower;</p> <p>b) at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;</p> <p>c) at least twenty one (21) years old;</p> <p>d) proven to possess integrity and probity;</p> <p>e) have no conflict of interest;</p> <p>f) able to devote his time in fulfilling his duties and responsibilities as Director;</p> <p>g) has practical understanding of the businesses of AboitizPower;</p> <p>h) membership in good standing in relevant industry, business or professional organizations; and</p> <p>i) has previous business experience.</p>
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Nominations for independent directors are accepted starting January 1 of the year in which such nominee director is to serve and every year thereafter, with the table for	In addition to the foregoing qualifications, the ID must also meet all the requirements of Section 17.2 of the SRC.

	nominations to be closed by February 15 of the same year.	
g. Suspension		
(i) Executive Directors	The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.	Suspension from office shall be imposed in the case of a second violation. The duration of the suspension shall depend on the gravity of the violation.
(ii) Non-Executive Directors	The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.	Suspension from office shall be imposed in the case of a second violation. The duration of the suspension shall depend on the gravity of the violation.
(iii) Independent Directors	The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.	Suspension from office shall be imposed in the case of a second violation. The duration of the suspension shall depend on the gravity of the violation.

Source: *Article I, Section 7 of the Company's Amended By-Laws Amended Manual on Corporate Governance Guidelines for the Nomination and Election of Independent Directors*

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Enrique M. Aboitiz	<u>6,365,382,251</u>
Jon Ramon Aboitiz	<u>6,363,860,281</u>
Erramon I. Aboitiz	<u>6,369,462,435</u>
Jaime Jose Y. Aboitiz	<u>6,384,867,851</u>
Mikel A. Aboitiz	<u>6,182,497,073</u>
Antonio R. Moraza	<u>6,350,675,984</u>
Alfonso A. Uy	<u>6,388,660,148</u>
Romeo L. Bernardo	<u>6,388,660,148</u>
Carlos C. Ejercito	<u>6,388,660,148</u>

(May 16, 2016 Annual Stockholders' Meeting)

5) Orientation and Education Program

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

All newly elected directors undergo a director's orientation program provided by the Board Secretariat and other independent service providers and other training programs that will enhance their understanding of roles and develop their technical knowledge to discharge their functions effectively. In

addition, regular seminars and briefings are conducted during Board meetings regarding the Company's business especially geared towards familiarizing new directors with the Company's business environment.

Newly-elected directors are likewise provided with copies of all company policies prior to their assumption of their new positions.

(b) State any in-house training and external courses attended by Directors and Senior Management³ for the past three (3) years:

To improve Board knowledge depth and efficiency of its Members, the Board attends various training seminars as listed in item (c) below.

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
<u>Senior Officers</u>	<u>October 18, 2016</u>	<u>Seminar on Data Privacy</u>	<u>National Privacy Commission</u>
<u>Senior Officers</u>	<u>September 29, 2016</u>	<u>Briefing on Data Privacy</u>	<u>PricewaterhouseCoopers (PwC)</u>
<u>Directors and Senior Officers</u>	<u>September 28, 2016</u>	<u>Economic Briefing</u>	<u>Julius Baer</u>
<u>Directors and Senior Officers</u>	<u>April 13, 2016</u>	<u>Economic Briefing</u>	<u>Julius Baer</u>
<u>All Directors and Senior Officers</u>	<u>March 28, 2016</u>	<u>Mandatory Corporate Governance Seminar</u>	<u>Company-sponsored</u>
<u>Directors and Senior Officers</u>	<u>March 1, 2016</u>	<u>World Economic Forum - Top Global Risks</u>	<u>Marsh Singapore</u>
<u>Directors and Senior Officers</u>	<u>January 20, 2016</u>	<u>Economic Briefing</u>	<u>Credit Suisse</u>

B. CODE OF BUSINESS CONDUCT & ETHICS

1) Policies

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

In 2016, the Board amended the Company's Code of Ethics & Business Conduct. The Company's Amended Code of Ethics and Business Conduct applies to all directors, officers and all employees of the Company and of all companies belonging to the Aboitiz Power Corporation and its subsidiaries and affiliates ("AboitizPower Group").

All directors, officers, and employees are enjoined to observe the following rules of conduct:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	All employees, officers and directors have an obligation to act in the best interests of the Company. They should avoid any activity, interest, or association outside the Company that could impair their ability to perform their work objectively and effectively or that could give the appearance of interfering with their responsibilities on behalf of the Company or its clients.		

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

	<p>It is not possible to describe every situation in which a conflict of interest may arise. The following, however, are examples of situations that may raise a conflict of interest (unless permitted by law and Company policies):</p> <ol style="list-style-type: none"> 1. Accepting special favors as a result of a member’s position with the Company from any person or organization with which the Company has a current or potential business relationship 2. Competing with the Company for the purchase or sale of property, services, or other interests. 3. Acquiring an interest in a transaction involving the Company, a customer, or supplier (not including routine investments in publicly traded companies). 4. Receiving a personal loan or guarantee of an obligation as a result of a member’s position with the Company. 5. Working for a competitor while an employee of the Company. 6. Directing business to a supplier owned or managed by, or which employs, a relative or friend. <p><u>Employees and officers should promptly report any potential relationships, actions or transactions (including those involving family members) that reasonably could be expected to give rise to a conflict of interest to the Human Resources Department of your company. Involvement in certain outside activities may also require the prior approval of the Company (particularly if you are a licensed person). You should consult policies applicable to your business unit or division for specific reporting and approval procedures.</u></p> <p>Directors should also disclose any actual or potential conflicts of interest to the Chairman of the Board and the Compliance Officer, who shall determine the appropriate resolution. All directors must recuse themselves from any Board discussion or decision affecting their personal, business or professional interests.</p>
(b) Conduct of Business and Fair Dealings	<p><u>The Company values the contribution of its clients, business partners, suppliers and other stakeholders as it strives to achieve its corporate mission and vision. In recognition of the contributions of its valued shareholders, the Company is committed to engage in fair practices when dealing with them.</u></p> <p><u>The AboitizPower Group seeks to outperform its competition fairly and honestly through superior performance. Every director, officer and employee must therefore always keep the best interests of the Company’s clients paramount and endeavour to deal fairly with suppliers, competitors, the public and one another. No one should take unfair advantage of anyone through manipulation, abuse of privileged information, misrepresentation of facts or any other unfair dealing practices.</u></p>
(c) Receipt of gifts from third parties	<p><u>Gifts and entertainment may create an inappropriate expectation or feeling of obligation. You and members of your family are discouraged from accepting gifts or special favors (other than an occasional non-cash gift of nominal value) from any person or organization with which the Company has a current or potential business relationship. Furthermore, business gifts to, and entertainment of, customers, suppliers and business partners in connection with business discussions or the development of business relationships are only appropriate if they are in the ordinary course of business and their value is modest. Care must be exercised when giving gifts or extending hospitality to avoid being perceived as trying to influence a decision or outcome.</u></p>
(d) Compliance with Laws & Regulations	<p><u>As a publicly-listed holding company, AboitizPower and all its companies under the AboitizPower Group are subject to numerous laws and regulations. It is your</u></p>

	<p><u>responsibility as director, officer or employee to know and understand the laws applicable to your job responsibilities and to comply with both the letter and the spirit of these laws.</u></p> <p><u>This requires that you avoid not only actual misconduct but also even the appearance of impropriety. Assume that any action you take ultimately could be publicized, and consider how you and the Company would be perceived. When in doubt, stop and reflect. Ask questions; speak up. You are strongly encouraged to discuss freely any concerns. In particular, if you are unclear about the applicability of the law to your job responsibilities, or if you are unsure about the legality or integrity of a particular course of action, you should seek the advice of your (a) supervisor; (b) the Governance and Compliance Team; (c) the Human Resources Team; or (d) the Compliance Officer. You should never assume that an activity is acceptable merely because others in the industry engage in it. Trust your instincts—if something does not appear to be lawful or ethical, it may not be.</u></p>
<p>(e) Respect for Trade Secrets/Use of Non-public Information</p>	<p><u>Proprietary and confidential information generated and gathered in our business is a valuable Company asset. The protection of this information is critical to the Company's reputation or its integrity and its relationships with its clients, and in doing so, ensures compliance with the complex regulations governing the financial services industry and other industries in which the Company has presence and business activities. Accordingly, you should maintain all proprietary and confidential information in strict confidence, except when its disclosure is authorized by the Group or required by law. For this purpose, each employee shall undertake to sign a non-disclosure agreement as part of its commitment to the Company.</u></p> <p><u>"Proprietary information" includes all non-public information that might be useful to competitors or the disclosure of which could result in damages to the Company, its customers or stakeholders. It includes, for example, intellectual property rights, business plans, personal employee information and unpublished financial information. You should therefore, also respect the intellectual and other property rights of other companies. "Confidential information" of the Company include those with whom the Company has a confidential obligation, information about AboitizPower, its subsidiaries and its clients that is generally not known to the public, or information obtained from other parties with whom the Group has a relationship with and would have an expectation of confidentiality.</u></p> <p><u>The unauthorized use or distribution of proprietary or confidential information violates AboitizPower policy and could be illegal. Such use or distribution could result in negative consequences for both the Company as well as the individuals involved, and could merit potential legal and disciplinary actions. Your obligation to protect the Group's proprietary and confidential information continues even after you leave the Group. You must return all such information in your possession upon your departure or termination of employment in accordance with the existing Aboitiz Integrated Management System (AIMS) policy.</u></p>
<p>(f) Use of Company Funds, Assets and Information</p>	<p><u>The Company policies regulate the use of its telecommunication and mixed media communication systems, including telephones, computer networks, electronic mail and remote access capabilities. These systems and properties should generally be used only for legitimate company business and activities. Under no conditions may you use these systems to view, store, or send unlawful, offensive or other inappropriate materials. You may obtain copies of AboitizPower's policies from the Human Resources Department.</u></p>

	<p><u>In addition, protecting the Company’s assets against loss, theft, waste, or other misuse is the responsibility of every employee, officer and director. Any suspected misuse should be reported to your supervisor or to the Corporate Head of the Human Resources Department of AboitizPower.</u></p>
(g) Employment & Labor Laws & Policies	<p><u>The AboitizPower Group is committed to conducting its businesses in compliance with all applicable environmental and workplace health and safety laws and regulations. It strives to provide a safe and healthy work environment for employees and to avoid adverse impact on and injury to the environment and communities in which it conducts its business. Achieving this goal is the responsibility of all directors, officers and employees.</u></p>
(h) Disciplinary action	<p><u>If you are an employee or officer, this Code forms part of the terms and conditions of your employment with the Company. Directors, officers and employees are expected to cooperate in internal investigations of allegations of violations of this Code, and actual violations may subject you to the full range of disciplinary action by the Company. Your company may also report certain activities to its regulators, which could give rise to regulatory or criminal investigations. The penalties for regulatory and criminal violations may include significant fines, permanent bar from employment in the securities industry and, for criminal violations, imprisonment.</u></p>
(i) Whistle Blower	<p><u>You are the Company’s first line of defense against unethical business practices and violations of the law and this Code. If you observe or become aware of any conduct that you believe is unethical or unlawful—whether by another employee, a consultant, supplier, client, or other third party—you must communicate that information to your direct supervisor or, if appropriate or necessary, senior management or to the Company hotline found in the Company portal. They will notify and consult your direct supervisor or the Chief Human Resources Officer of AboitizPower. The Human Resources Department of your company shall be responsible for investigating any violations of this Code and imposing sanctions thereof in accordance with the existing and applicable policies.</u></p> <p><u>If you are a supervisor, you have an additional responsibility to take appropriate steps to stop any misconduct that you are aware of or become aware of, and to prevent its recurrence. Supervisors who do not take appropriate action may be held responsible for failure to supervise properly.</u></p> <p><u>If you prefer to report an allegation anonymously through the Company hotline, you must provide enough information about the incident or situation to allow the Company to investigate properly.</u></p> <p><u>The Company will not tolerate any kind of retaliation for reports or complaints regarding the misconduct of others that were made in good faith. Open communication of issues and concerns by all employees without fear of retribution or retaliation is vital to the continued success of the Group. Unless the appropriate Company management learns of a problem, the Company cannot deal with it. Concealing improper conduct often compounds the problem and may delay or hamper responses that could prevent or mitigate actual damage.</u></p>
(j) Conflict Resolution	<p><u>If you observe or become aware of any conduct that you believe is unethical or unlawful—whether by another employee, a consultant, supplier, client, or other third party—you must communicate that information to your direct supervisor or, if appropriate or necessary, senior management or to the Company hotline found in the Company portal. They will notify and consult your direct supervisor</u></p>

	<u>or the Chief Human Resources Officer of AboitizPower. The Human Resources Department of your company shall be responsible for investigating any violations of this Code and imposing sanctions thereof in accordance with the existing and applicable policies.</u>
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2) Dissemination of Code

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

Every new employee is required to undergo a New Hires Orientation Program where the Company's Code of Ethics and Business Conduct is extensively discussed. The Company's Code of Ethics and Business Conduct and Manual on Corporate Governance and the implementing policies are easily accessible from the Company's website. Hard copies of the same may also be made available by the Company to requesting directors, senior management and employees.

In December 2013, the Office of the Compliance Officer launched its online Corporate Governance E-learning Course for all employees. This mandatory course is taken by all employees through a web-based portal and application with a standard test, the results of which are reported to Management and the Board Corporate Governance Committee. This mandatory online seminar is conducted to impress upon or refresh all employees' awareness and understanding of the Manual and the Code and the underlying principles of corporate governance and ethical behavior and conduct for the Company. The Office of the Compliance Officer tracks the compliance of team leaders and team members with the Corporate Governance E-learning Course, and regularly reports the same to the Board Corporate Governance Committee.

On March 8, 2016, at its Special Board Meeting, the Board of Directors approved the revised Code of Ethics and Business Conduct ("Code"). The Governance and Compliance Team and the Human Resources Department are conducting a cascade of the Code of Ethics and Business Conduct for all employees of AboitizPower Group. All employees are required to sign their affirmation of commitment to compliance of the Code of Ethics and Business Conduct.

3) Compliance with Code

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

The Company recognizes that the employees are the Company's first line of defense against unethical business practices and violations of the law. The Company's Code of Ethics and Business Conduct provide the following:

"This Code applies to everyone equally, whether you are a director, an officer or an employee of the Company. You are therefore expected to read and follow this Code as well as the implementing policies that may have been prepared to help you further understand this Code. If you are a team leader, you have to ensure that your team members have received the required training which they need to understand their obligations and responsibilities.

The Company's Human Resources Department is responsible for disseminating the contents of this Code to existing and new directors, officers and employees of the Company through the new hires' orientation (NHO) and other trainings, and by making this Code and other policies available in the Company portal for easy access. Upon completion of the NHO, attendees are required to sign the personal commitment form of this Code which serves as an acknowledgment that such attendee understood and agrees to abide with the principles of this Code. The Human Resources Department shall annually require all directors, officers and employees to declare that they have complied with this Code."

All employees are required to sign an affirmation committing to comply with the Code and acknowledge that the Code is a condition for continued employment.

In addition to the foregoing, in case of violation of company policies, team leaders of erring members concerned is empowered and obligated to report the violation to the Human Resources Department for proper action.

The Aboitiz Legal and Compliance Committee (“Legal and Compliance Committee”), a group-wide management committee, is formed to provide a venue for discussion of legal and compliance risk management issues of the Aboitiz Group and for the review of key governance, legal risk and compliance policies for the Group.

The Legal and Compliance Committee shall have the following duties and responsibilities:

- (1) Serve as forum for sharing relevant information and best practices, and discussion of legal, regulatory and compliance issues and trends, practices, experience and research work.
- (2) Promote integration and alignment of governance, ethics, legal and compliance risk management practices and processes across the Aboitiz Group.
- (3) Develop, regularly review or update, and recommend for Group Mancom or Board Corporate Governance Committee approval, as the case maybe, governance, ethics, legal and compliance risk management policies and guidelines.
- (4) Ensure and monitor compliance with Group policies and guidelines.
- (5) Review Group capability building efforts for better people, better process, better systems.
- (6) Conduct post-mortems or look-backs on key business transactions and cases.
- (7) Review and monitor Group compliance and legal risk universes.
- (8) Review, discuss and monitor key legal, compliance issues or governance issues escalated to the Legal and Compliance Committee for decision or action.

On February 27, 2014, the Company also formally adopted its Whistleblowing Policy to encourage all employees to report any illegal or unethical practices in the Company. To provide employees several avenues to report illegal or unethical activities, the Policy allows reporting to any of the following: Chairman of the Board of Directors, Chief Executive Officer, Direct Supervisor, Human Resources Department, and Legal Department. When deemed necessary, a fact-finding team will be created to investigate any reported matter. The Whistleblowing Policy was recently amended by the Board Corporate Governance Committee on July 21, 2016.

In its meeting last December 2, 2015, the Board Corporate Governance Committee reviewed the Company’s Code of Ethics and Business Conduct, and based on the review, mandated the Compliance Officer to propose updates and amendments on the Code to align with existing practices and policies of the Company and to keep up with best corporate governance practices. On March 8, 2016, the Board of Directors approved the Revised Code of Ethics and Business Conduct as proposed by the Board Corporate Governance Committee on March 1, 2016.

4) Related Party Transactions

(a) Policies and Procedures

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

Related Party Transactions	Policies and Procedures
(1) Parent Company	The Company fully records, monitors, and discloses all related-party transactions regardless of amounts in compliance with existing Philippine financial accounting standards. The nature and extent of transactions with affiliated and related parties are disclosed annually to shareholders through the Company’s Information Statement, Annual Report and Audited Financial Statements. The Company and its subsidiaries enter into related party transactions consisting of payment of shareholder advances, professional fees and rental fees. These are made on an arm’s length basis and at current market prices at the time

	<p>of the transactions. Service and management contracts are also entered into with subsidiaries and affiliates for corporate center services, such as human resources support services, internal audit services, legal and corporate compliance services, treasury and corporate finance services, technology infrastructure services. These services are obtained from the Company to enable the Aboitiz group of companies to realize cost synergies. The Company maintains a pool of highly qualified professionals with in-depth business expertise specific to the businesses of the AboitizPower organization. Transactions are priced on a cost recovery basis. In addition, transaction costs are always benchmarked to third party rates to ensure competitive pricing. Service Level Commitments and Agreements are executed to ensure quality and timeliness of services.</p>
(2) Joint Ventures	<p>The Company fully records, monitors, and discloses all related-party transactions regardless of amounts in compliance with existing Philippine financial accounting standards. The nature and extent of transactions with affiliated and related parties are disclosed annually to shareholders through the Company's Information Statement, Annual Report and Audited Financial Statements. The Company and its subsidiaries enter into related party transactions consisting of payment of shareholder advances, professional fees and rental fees. These are made on an arm's length basis and at current market prices at the time of the transactions. Service and management contracts are also entered into with subsidiaries and affiliates for corporate center services, such as human resources support services, internal audit services, legal and corporate compliance services, treasury and corporate finance services, technology infrastructure services. These services are obtained from the Company to enable the Aboitiz group of companies to realize cost synergies. The Company maintains a pool of highly qualified professionals with in-depth business expertise specific to the businesses of the AboitizPower organization. Transactions are priced on a cost recovery basis. In addition, transaction costs are always benchmarked to third party rates to ensure competitive pricing. Service Level Commitments and Agreements are executed to ensure quality and timeliness of services.</p>
(3) Subsidiaries	<p>The Company fully records, monitors, and discloses all related-party transactions regardless of amounts in compliance with existing Philippine financial accounting standards. The nature and extent of transactions with affiliated and related parties are disclosed annually to shareholders through the Company's Information Statement, Annual Report and Audited Financial Statements. The Company and its subsidiaries enter into related party transactions consisting of payment of shareholder advances, professional fees and rental fees. These are made on an arm's length basis and at current market prices at the time of the transactions. Service and management contracts are also entered into with subsidiaries and affiliates for corporate center services, such as human resources support services, internal audit services, legal and corporate compliance services, treasury and corporate finance services, technology infrastructure services. These services are obtained from the Company to enable the Aboitiz group of companies to realize cost synergies. The Company maintains a pool of highly qualified professionals with in-depth business expertise specific to the businesses of the AboitizPower organization. Transactions are priced on a cost recovery basis. In addition, transaction costs are always benchmarked to third party rates to ensure competitive pricing. Service Level Commitments and Agreements are executed to ensure quality and</p>

	timeliness of services.
(4) Entities Under Common Control	<p>The Company fully records, monitors, and discloses all related-party transactions regardless of amounts in compliance with existing Philippine financial accounting standards. The nature and extent of transactions with affiliated and related parties are disclosed annually to shareholders through the Company's Information Statement, Annual Report and Audited Financial Statements. The Company and its subsidiaries enter into related party transactions consisting of payment of shareholder advances, professional fees and rental fees. These are made on an arm's length basis and at current market prices at the time of the transactions. Service and management contracts are also entered into with subsidiaries and affiliates for corporate center services, such as human resources support services, internal audit services, legal and corporate compliance services, treasury and corporate finance services, technology infrastructure services. These services are obtained from the Company to enable the Aboitiz group of companies to realize cost synergies. The Company maintains a pool of highly qualified professionals with in-depth business expertise specific to the businesses of the AboitizPower organization. Transactions are priced on a cost recovery basis. In addition, transaction costs are always benchmarked to third party rates to ensure competitive pricing. Service Level Commitments and Agreements are executed to ensure quality and timeliness of services.</p>
(5) Substantial Stockholders	<p>The Company fully records, monitors, and discloses all related-party transactions regardless of amounts in compliance with existing Philippine financial accounting standards. The nature and extent of transactions with affiliated and related parties are disclosed annually to shareholders through the Company's Information Statement, Annual Report and Audited Financial Statements. The Company and its subsidiaries enter into related party transactions consisting of payment of shareholder advances, professional fees and rental fees. These are made on an arm's length basis and at current market prices at the time of the transactions. Service and management contracts are also entered into with subsidiaries and affiliates for corporate center services, such as human resources support services, internal audit services, legal and corporate compliance services, treasury and corporate finance services, technology infrastructure services. These services are obtained from the Company to enable the Aboitiz group of companies to realize cost synergies. The Company maintains a pool of highly qualified professionals with in-depth business expertise specific to the businesses of the AboitizPower organization. Transactions are priced on a cost recovery basis. In addition, transaction costs are always benchmarked to third party rates to ensure competitive pricing. Service Level Commitments and Agreements are executed to ensure quality and timeliness of services.</p>
(6) Officers including spouse/children/siblings/parents	<p>Directors shall disclose to the Board, through the Company's Corporate Secretary, details of all their other directorships and any shareholdings owned by them or members of their family. Any changes to these notifications must be communicated promptly to the Board of Directors through the Company's Corporate Secretary.</p> <p>It is the responsibility of each director and senior manager to promptly notify the Board, through the Company's Corporate Secretary, of any proposed related-party transaction as soon as they become aware of it. It is the responsibility of a director or senior manager who is involved in a proposed related-party transaction to inform the Board, through the</p>

	<p>Company's Corporate Secretary, and obtain approval prior to entering into the transaction.</p> <p>Conflicted board members shall not participate in discussions on transactions in which they are a conflicted party and shall abstain from voting on such issues.</p> <p>The Board shall decide whether or not to approve the related party transaction involving a director in the absence of that director.</p> <p>In addition to the rules above, the Aboitiz Family Constitution provides policy rules for handling of corporate interest vis-à-vis the stakeholders of the Company. The Rule on Conflict of Interest applies to this group.</p>
(7) Directors including spouse/children/siblings/parents	<p>Directors shall disclose to the Board, through the Company's Corporate Secretary, details of all their other directorships and any shareholdings owned by them or members of their family. Any changes to these notifications must be communicated promptly to the Board of Directors through the Company's Corporate Secretary.</p> <p>It is the responsibility of each director and senior manager to promptly notify the Board, through the Company's Corporate Secretary, of any proposed related-party transaction as soon as they become aware of it. It is the responsibility of a director or senior manager who is involved in a proposed related-party transaction to inform the Board, through the Company's Corporate Secretary, and obtain approval prior to entering into the transaction.</p> <p>Conflicted board members shall not participate in discussions on transactions in which they are a conflicted party and shall abstain from voting on such issues.</p> <p>The Board shall decide whether or not to approve the related party transaction involving a director in the absence of that director.</p> <p>In addition to the rules above, the Aboitiz Family Constitution provides policy rules for handling of corporate interest vis-à-vis the stakeholders of the Company. The Rule on Conflict of Interest applies to this group.</p>
(8) Interlocking director relationship of Board of Directors	<p>The rule on interlocking director relationship is not applicable to directors elected to companies within the conglomerate of business. If outside the conglomerate, the policy is for full disclosure.</p> <p>The Company complies with the rule on approval of contracts between corporations with interlocking directors, as mandated by Section 33 of the Corporation Code.</p>

Source: Amended Manual on Corporate Governance
Policy on Related Party Transactions
Policy on Disclosure of Conflict of Interest

(b) Conflict of Interest

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

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

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	None
Name of Officer/s	None
Name of Significant Shareholders	None

(ii) Mechanism

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

	Directors/Officers/Significant Shareholders
Company	<p>As provided in the Company’s Code of Ethics and Business Conduct, employees and officers should promptly report any potential relationships, actions or transactions (including those involving family members) that reasonably could be expected to give rise to a conflict of interest to Human Resources Department. Involvement in certain outside activities may also require the prior approval of the Company (particularly if you are a licensed person). You should consult policies applicable to your business unit or Division for specific reporting and approval procedures.</p> <p>Directors should also disclose any actual or potential conflicts of interest to the Chairman of the Board and the Compliance Officer, who shall determine the appropriate resolution. All directors must recuse themselves from any Board discussion or decision affecting their personal, business or professional interests.</p>
Group	<p>As provided in the Company’s Code of Ethics and Business Conduct, employees and officers should promptly report any potential relationships, actions or transactions (including those involving family members) that reasonably could be expected to give rise to a conflict of interest to Human Resources Department. Involvement in certain outside activities may also require the prior approval of the Company (particularly if you are a licensed person). You should consult policies applicable to your business unit or Division for specific reporting and approval procedures.</p> <p>Directors should also disclose any actual or potential conflicts of interest to the Chairman of the Board and the Compliance Officer, who shall determine the appropriate resolution. All directors must recuse themselves from any Board discussion or decision affecting their personal, business or professional interests.</p>

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,⁴ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

The holders of significant equity in the Company, or stockholders with shareholdings of 5% or more of the total outstanding capital stock, are Aboitiz Equity Ventures, Inc., PCD Nominee Corp (Filipino) and PCD Nominee Corp (Foreign).

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
Aboitiz Equity Ventures, Inc.	Investor- investee	<u>76.88% interest</u>
PCD Nominee Corp (Filipino)	Investor- investee	<u>11.73% interest</u>
PCD Nominee Corp (Foreign)	Investor- investee	<u>7.93% interest</u>

(For the period as of December 31, 2016)

- (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
Aboitiz Equity Ventures, Inc.	Investor- investee	AEV provides corporate center functions and shared services for management, technical and professional services.

- (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
None	N/A	N/A

6) Alternative Dispute Resolution

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

	Alternative Dispute Resolution System
Corporation & Stockholders	The Company has no shareholder disputes. The Investor Relations Office is the go-to person for any issues of shareholders. The Office of the Secretary also reviews or recommends the appropriate dispute resolution system for conflicts and differences with counterparties, particularly with shareholders and other key stakeholders to ensure that they are settled in a fair and expeditious manner from the application of a law, rule or regulation especially when it refers to a corporate governance issue. The Office of the Chief Legal Officer explains the rationale for any such action as well present the specific steps being taken to finally comply with the applicable law, rule or regulation.
Corporation & Third Parties	The Company is currently reviewing contracts providing for ADR.
Corporation & Regulatory Authorities	Regulatory agencies provide the mechanisms for dispute resolution for the Company's Business Units.

C. BOARD MEETINGS & ATTENDANCE

1) Schedule of Meetings

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

The Company's Board meetings are scheduled during the last Board meeting of the previous year. The final schedule is disseminated at the beginning of the year to all members of the Board.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year*	No. of Meetings Attended	%
Chairman	Enrique M. Aboitiz	<u>May 16, 2016</u>	<u>11</u>	<u>10</u>	<u>91%</u>
Member	Jon Ramon Aboitiz	<u>May 16, 2016</u>	<u>11</u>	<u>11</u>	<u>100%</u>
Member	Erramon I. Aboitiz	<u>May 16, 2016</u>	<u>11</u>	<u>11</u>	<u>100%</u>
Member	Jaime Jose Y. Aboitiz	<u>May 16, 2016</u>	<u>11</u>	<u>10</u>	<u>91%</u>
Member	Mikel A. Aboitiz	<u>May 16, 2016</u>	<u>11</u>	<u>8</u>	<u>73%</u>
Member	Antonio R. Moraza	<u>May 16, 2016</u>	<u>11</u>	<u>10</u>	<u>91%</u>
Independent	Romeo L. Bernardo	<u>May 16, 2016</u>	<u>11</u>	<u>11</u>	<u>100%</u>
Independent	Alfonso A. Uy	<u>May 16, 2016</u>	<u>11</u>	<u>11</u>	<u>100%</u>
Independent	Carlos C. Ejercito	<u>May 16, 2016</u>	<u>11</u>	<u>11</u>	<u>100%</u>

****For the period January – December 2016***

3) Separate Meeting of Non-Executive Directors

Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

As provided in the Company's Board Protocol, the Company's Independent Directors meet at least once a year for an Executive Session. The Independent Directors may also meet periodically in an executive session with no other Director or management present except for the Chairman of the Board Corporate Governance Committee who shall call for and preside the meeting. Topics for discussion during these executive sessions shall be determined by the Independent Directors, but actions of the Board generally should be taken separately during Board meetings.

The Independent Directors met with the non-executive directors, including the Chairman of the Board Corporate Governance Committee, at Taguig City on December 13, 2016 for their informal discussion of Board, corporate and operational concerns and issues.

4) Quorum

Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

In accordance with Section II Article 3 of the Company's By-laws, a majority of the members of the Board shall constitute a quorum. This same requirement is in accordance with Section 25 of the Corporation Code.

5) Access to Information

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

In accordance with the Company's Board Protocol Process Flow, the board materials of directors are provided to the Board at least five (5) calendar days prior to the board meeting.

The Office of the Board Secretariat uses Diligent Boards technology and platform to assist the Board in its work. The Board books is a secure cloud base portal providing functionalities of a book for all Board materials on an IPAD or laptop. The application is used by the Board of Directors and its Committees during their actual meetings.

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

Members of the Board have access to Management and the Office of the Corporate Secretary. It is every Director's duty to keep abreast of the recent developments in the Company and the Company encourages the members of the Board to obtain the necessary information from various sources, which include the Management and the Corporate Secretary. The Office of the Corporate Secretary maintains an open door policy for all directors, especially independent directors.

(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.?

(1) In accordance with Article III, Section 3 of the Company's By-laws, the Corporate Secretary shall keep the minutes of all the meetings of the stockholders and the Board of Directors. He shall have charge of the corporate seal, the stock certificate books and such other books and papers of the Corporation. He shall countersign with the President the certificate of stock issued as well as such other instruments which require his signature. He shall attend to the giving and serving of all notices required by the corporation law or by these By-laws. He shall also perform such other duties as are incident to his office and as the Board of Directors may from time to time direct.

(2) Also, the Company's Manual on Corporate Governance provides that the Corporate Secretary:

- a) Gathers and analyzes all documents, records and other information essential to the conduct of his duties and responsibilities to AboitizPower.
- b) Is ultimately responsible for compliance with governmental reportorial requirements with the SEC, and with the Philippine Stock Exchange, among others
- c) As to Board meetings, secures a complete schedule thereof at least for the current year and puts the Board on notice within a reasonable period before every meeting. He also prepares and issues the agenda in consultation with senior management and ensures that the directors have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.
- d) Assists the Board in making business judgments in good faith and in the performance of their responsibilities and obligations.
- e) Attends all Board meetings and personally prepares the minutes of such meetings.
- f) 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 AP;
- g) Ensures that all Board procedures, rules and regulations are strictly followed by the members.
- h) Works fairly and objectively with the Board, management, stockholders, and other stakeholders.**
- i) Performs all other duties and responsibilities of the Chief Compliance Officer as set forth in this Manual, if applicable.**

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

- (3) All Board meeting minutes and all resource and presentation materials are uploaded to the Boardbooks and accessible by each Director on his iPad. The Corporate Secretary oversees the processes and standards and enforce protocols to enable directors to perform their functions effectively.

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

The incumbent Corporate Secretary, M. Jasmine S. Oporto, is a lawyer with extensive legal and corporate secretarial and compliance experience.

Ms. M. Jasmine S. Oporto, 57 years old, Filipino, has been the Corporate Secretary of AboitizPower since 2007. She was appointed Compliance Officer of AboitizPower in December 2012. She is also Senior Vice President – Chief Compliance Officer/Corporate Secretary of AEV since May 2012. Ms. Oporto is also Vice President for Legal Affairs of Davao Light & Power Company; Corporate Secretary of Hijos De F. Escaño, Inc. (Hijos) and Assistant Corporate Secretary of Visayan Electric Company, Inc. and Corporate Secretary of Hijos F. Escano, Inc. Prior to joining AEV, she worked in various capacities at the Hong Kong office of Kelley Drye & Warren, LLP, a New York-based law firm, and the Singapore-based consulting firm Albi Consulting Pte. Ltd. She obtained her Bachelor of Laws degree from the University of the Philippines and is a member of both the Philippine and New York bars. She is an Associate of the Institute of Corporate Directors. She is a teaching fellow of the Institute of Corporate Directors and a fellow of the Institute for Solidarity in Asia. She is also an accredited director of the Bangko Sentral ng Pilipinas, having completed the course for Corporate Governance and Risk Management for Board of Trustees/Directors of Banks. She is not connected with any government agency or instrumentality.

(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
Audit	<p>In accordance with the Company’s Board Protocol Process Flow, the board materials of directors are provided to the Board at least five (5) calendar days prior to the board meeting.</p> <p><u>The minutes and material of the previous meetings are also made available to the members of the Board through their respective iPads accessing the Diligent Boards.</u></p> <p>The Company’s Board Secretariat likewise updates members of the Board with recent developments significant to their practice through regular circulation of new laws, rules and regulations, and the like which may affect the workings of the board committees. All materials for the previous as well as future meeting are uploaded to the Diligent Boards and accessible by each Director on his iPad.</p> <p>Directors are likewise provided access to updates involving the Company and its subsidiaries through daily news updates circulated by electronic mail through the facility called Newswire. Directors are likewise given updates by the Company’s Legal Department on significant changes in laws and rules of regulatory agencies, such as tax and regulatory updates.</p>
Corporate Governance Committee	<p>In accordance with the Company’s Board Protocol Process Flow, the board materials of directors are provided to the Board at least five (5) calendar days prior to the board meeting.</p>

	<p><u>The minutes and presentation materials of the previous meetings are also archived as digital files and available to the members of the Board by accessing their Diligent Boards.</u></p> <p>The Company’s Board Secretariat likewise updates members of the Board with recent developments significant to their practice through regular circulation of new laws, rules and regulations, and the like which may affect the workings of the board committees. All materials for the previous as well as future meetings are uploaded to the Diligent Boards and accessible by each Director on his iPad.</p> <p>Directors are likewise provided access to updates involving the Company and its subsidiaries through daily news updates circulated by electronic mail through the facility called Newswire. Directors are likewise given updates by the Company’s Legal Department on significant changes in laws and rules of regulatory agencies, such as tax and regulatory updates.</p>
Risk and Reputation Management Committee	<p>In accordance with the Company’s Board Protocol Process Flow, the board materials of directors are provided to the Board at least five (5) calendar days prior to the board meeting.</p> <p>The minutes and material of the previous meetings are also available to the members of the Board through the Diligent Boards application.</p> <p>The Company’s Corporate Center likewise updates members of the Board with recent developments significant to their practice through regular circulation of new laws, rules and regulations, and the like which may affect the workings of the board committees. All materials for the previous as well as future meetings are uploaded to the Board books and accessible by each Director on his iPad.</p> <p>Directors are likewise provided access to updates involving the Company and its subsidiaries through daily news updates circulated by electronic mail through the facility called Newswire. Directors are likewise given updates by the Company’s Legal Department on significant changes in laws and rules of regulatory agencies, such as tax and regulatory updates.</p>

6) External Advice

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

Procedures	Details
<p><u>The Office of the Corporate Secretary is the contact person for all directors, assisting them on any administrative and legal queries. The Corporate Secretary may also refer issues to the Chief Legal Officer.</u></p> <p>The Chief Legal Officer can refer directors to external resource persons or request for advice on behalf of the Board.</p> <p>Moreover, the Management regularly invites resource persons, who are experts in various fields such as risk, insurance, banking, etc., to conduct briefings or seminars on topics relevant to the Board.</p>	<p>Electronic mail, personal discussions, seminars or presentation.</p>

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
Company's Manual on Corporate Governance	<u>Amendment of the Company's Manual on Corporate Governance to align it with the Philippine Corporate Governance Blueprint 2015</u>	To update the Company's corporate governance practices.
Board Corporate Governance Committee Charter	Adoption of a new charter	<u>To give focus to the Board Corporate Governance Committee on its scope of duties.</u>
<u>Whistleblowing Policy</u>	<u>Amendment of policy</u>	<u>To provide confidential channel for directors and employees to report on illegal or unethical conduct committed in relation to the Company and to address gaps in the processes.</u>
<u>Code of Ethics and Business Conduct</u>	<u>Amendment of Code of Ethics and Business Conduct to align with the governing practices of the Corporation and to broaden the coverage of the Code.</u>	<u>To align with the current best governance practices and to widen the coverage of the Code.</u>

(As of December 31, 2016)

D. REMUNERATION MATTERS

1) Remuneration Process

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

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	<p>The Company compensates individual directors and officers based on merit and incentivizes performance of top management based on their strategic goals and ability to perform their duties and responsibilities.</p> <p>AboitizPower's performance incentive philosophy is based on objective performance. Performance is evaluated and compensation is reviewed on an annual basis.</p> <p>AboitizPower ensures that it pays its officers competitive remuneration package by regularly benchmarking against other Philippine based companies through market salary surveys. Changes in Board compensation, if any, are</p>	<p>The Company compensates individual directors and officers based on their achievement of strategic goals and ability to execute their duties and responsibilities.</p> <p>AboitizPower's performance incentive philosophy is based on objective performance. Performance is evaluated and compensation is reviewed on an annual basis.</p> <p>AboitizPower ensures that it pays its officers competitive remuneration package by regularly benchmarking against other Philippine based companies through market salary surveys. Changes in Board compensation, if any, are recommended by the Board Corporate</p>

	recommended by the Board Corporate Governance Committee, approved by the Board and affirmed or voted on by the shareholders in the Annual Stockholders' Meeting.	Governance Committee, approved by the Board and affirmed or voted on by the shareholders in the Annual Stockholders' Meeting.
(2) Variable remuneration	<p>The Company compensates individual directors and officers based on merit and incentivizes performance of top management based on their strategic goals and ability to perform their duties and responsibilities.</p> <p>AboitizPower's performance incentive philosophy is based on objective performance. Performance is evaluated and compensation is reviewed on an annual basis.</p> <p>AboitizPower ensures that it pays its officers competitive remuneration package by regularly benchmarking against other Philippine based companies through market salary surveys. Changes in Board compensation, if any, are recommended by the Board Corporate Governance Committee, approved by the Board and affirmed or voted on by the shareholders in the Annual Stockholders' Meeting.</p>	<p>The Company compensates individual directors and officers based on merit and incentivizes performance of top management based on their strategic goals and ability to perform their duties and responsibilities.</p> <p>AboitizPower's performance incentive philosophy is based on objective performance. Performance is evaluated and compensation is reviewed on an annual basis.</p> <p>AboitizPower ensures that it pays its officers competitive remuneration package by regularly benchmarking against other Philippine based companies through market salary surveys. Changes in Board compensation, if any, are recommended by the Board Corporate Governance Committee, approved by the Board and affirmed or voted on by the shareholders in the Annual Stockholders' Meeting.</p>
(3) Per diem allowance	<p>All directors are entitled to a per diem allowance as part of their compensation.</p> <p>The Company provides reasonable per diem allowances to the individual directors based on market rates, scope of work performed and location of work performed.</p>	<p>All directors are entitled to a per diem allowance as part of their compensation.</p> <p>AboitizPower's performance incentive philosophy is based on objective performance. Performance is evaluated and compensation is reviewed on an annual basis.</p> <p>AboitizPower ensures that it pays its officers competitive remuneration package by regularly benchmarking against other Philippine based companies through market salary surveys. Changes in Board compensation, if any, are recommended by the Board Corporate Governance Committee, approved by the Board and affirmed or voted on by the shareholders in the Annual Stockholders' Meeting.</p>
(4) Bonus	The Company compensates individual directors and officers based on merit and incentivizes performance of top management based on their strategic goals and ability to perform their duties	The Company compensates individual directors and officers based on merit and incentivizes performance of top management based on their strategic goals and ability to perform their duties

	<p>and responsibilities. The Company rewards the individual directors and officers based on their stretched strategic goals and ability to execute their duties and responsibilities.</p> <p>AboitizPower's performance incentive philosophy is based on objective performance. Performance is evaluated and compensation is reviewed on an annual basis.</p> <p>AboitizPower ensures that it pays its officers competitive remuneration package by regularly benchmarking against other Philippine based companies through market salary surveys. Changes in Board compensation, if any, are recommended by the Board Corporate Governance Committee, approved by the Board and affirmed or voted on by the shareholders in the Annual Stockholders' Meeting.</p>	<p>and responsibilities. AboitizPower's performance incentive philosophy is based on objective performance. Performance is evaluated and compensation is reviewed on an annual basis.</p> <p>AboitizPower ensures that it pays its officers competitive remuneration package by regularly benchmarking against other Philippine based companies through market salary surveys. Changes in Board compensation, if any, are recommended by the Board Corporate Governance Committee, approved by the Board and affirmed or voted on by the shareholders in the Annual Stockholders' Meeting.</p>
(5) Stock Options and other financial instruments	At present, AboitizPower does not have any stock option or grants other financial instruments to its officers. AboitizPower has a stock purchase program for key management position.	At present, AboitizPower does not have any stock option or grants other financial instruments to its officers. AboitizPower has a stock purchase program for key management position.
(6) Others (specify)	NA	NA

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

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

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	<p>The Board members' remuneration is a form of reward and recognition to attract, retain and optimize the directors who continually deliver quality services for the sustainable growth of the Company.</p> <p><u>The Compensation is benchmarked against independent third party market study.</u></p>	<p>To compensate Directors for their services rendered to the Company, they are entitled to a monthly allowance as approved by the shareholders. In addition, each Director and the Chairman of the Board receives a per diem for every Board and Board Committee meeting attended.</p> <p>Directors who are absent at a particular Board meeting shall not</p>	<p>AboitizPower rewards its individual Directors and Officers based on ability to execute his duties and responsibilities. It is AboitizPower's philosophy to reward based on individual performance.</p> <p>Performance is evaluated and compensation is reviewed on an annual basis. AboitizPower ensures that it pays its directors and officers competitively by</p>

		be entitled to any per diem allowance. Such allowances shall be reviewed from time to time to ensure that these reflect the industry standards.	comparing rates with other Philippine-based companies through a market salary survey. Changes in Board compensation, if any, should come at the suggestion of the Committee but with full discussion and concurrence by the Board.
Non-Executive Directors	<p>The Board members' remuneration is a form of reward and recognition to attract, retain and optimize the directors who continually deliver quality services for the sustainable growth of the Company.</p> <p><u>The Compensation is benchmarked against independent third party market study.</u></p>	<p>To compensate Directors for their services rendered to the Company, they are entitled to a monthly allowance as approved by the shareholders. In addition, each Director and the Chairman of the Board receives a per diem for every Board and Board Committee meeting attended.</p> <p>Directors who are absent at a particular Board meeting shall not be entitled to any per diem allowance. Such allowances shall be reviewed from time to time to ensure that these reflect the industry standards.</p>	<p>AboitizPower rewards its individual Directors and Officers based on ability to execute his duties and responsibilities. It is AboitizPower's philosophy to reward based on individual performance.</p> <p>Performance is evaluated and compensation is reviewed on an annual basis. AboitizPower ensures that it pays its directors and officers competitively by comparing rates with other Philippine-based companies through a market salary survey. Changes in Board compensation, if any, should come at the suggestion of the Committee but with full discussion and concurrence by the Board.</p>

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.

Shareholders approve any and all proposed compensation of directors at the annual stockholders' meeting.

Remuneration Scheme	Date of Stockholders' Approval
<u>No change in remuneration scheme.</u>	<u>2016</u>
Increased the monthly allowance of members of the Board.	May 18, 2015
No change in remuneration scheme.	2012-2014

3) **Aggregate Remuneration**

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

Total Annual Remuneration for 2016:*

- a. Chairman of the Board – **Php 8,960,000.00**
- b. Members of the Board – **Php 33,060,000.00**

Remuneration Item	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
(a) Fixed Remuneration (monthly allowance) Chairman of the Board - Php 180,000.00 Board Member - Php 120,000.00	Php 4,320,000.00	Php 5,040,000.00	Php 4,320,000.00
(b) Variable Remuneration	None	None	None
(c) Per diem Allowance Chairman of the Board - Php 150,000.00 Members of the Board - Php 100,000.00 Committee Chairman - Php 100,000.00 Committee Members - Php 80,000.00	Php 3,360,000.00	Php 3,900,000.00	Php 5,680,000.00
(d) Bonuses	None	Php 13,000,000.00	None
(e) Stock Options and/or other financial instruments	None	None	None
(f) Other meetings, events and working sessions	None	None	None

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
(a) Advances	None	None	None
(b) Credit granted	None	None	None
(c) Pension Plan/s Contributions	Php 5,745,289.00	None	None
(d) Pension Plans, Obligations incurred		None	None
(e) Life Insurance Premium	None	None	None
(f) Hospitalization Plan	None	None	None
(g) Car Plan	None	None	None

(h) Others (Specify) Director and Officer Liability Insurance	Existing Directors and Officers Liability Insurance of up to Php400 million of liability for each loss per policy period, with additional Php40 million dedicated additional limit for each director or officer.	Existing Directors and Officers Liability Insurance of up to Php400 million of liability for each loss per policy period, with additional Php40 million dedicated additional limit for each director or officer.	Existing Directors and Officers Liability Insurance of up to Php400 million of liability for each loss per policy period, with additional Php40 million dedicated additional limit for each director or officer.
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4) Stock Rights, Options and Warrants

(a) Board of Directors

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

At present, AboitizPower does not grant any stock option to its directors or officers.

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

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

At present, AboitizPower does not grant any incentive program, other than monthly allowance and per diem allowance to its directors.

Incentive Program	Amendments	Date of Stockholders' Approval
NA	NA	NA

5) Remuneration of Management

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

Name of Officer/Position	Total Remuneration
Luis Miguel O. Aboitiz Executive Vice President & Chief Operating Officer – Corporate Business Group	Php78,500,000.00
Emmanuel V. Rubio Executive Vice President & Chief Operating Officer – Power Generation Group	
Donald L. Lane Executive Director – Project Development and Execution	
Juan Antonio E. Bernad Executive Vice President - Regulatory	
Thomas J. Sliman Jr. Executive Director - Projects	

E. BOARD COMMITTEES

(1) Number of Members, Functions and Responsibilities

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	ED	NED	ID				
Audit	1	1	3	The Board Audit Committee is composed of at least three (3) directors, two (2) of whom shall be independent directors and two (2) non-voting members in the persons of the Chief Financial Officer and Chief Risk Management Officer. The Chairman of the Audit Committee shall be an independent	The Board Audit Committee shall represent the Board in discharging its responsibility relating to audit related matters around the Group such as outlined below. The Committee does not have decision-making authority, except in the circumstances described herein or where on the extent that such authority is expressly delegated by the Board.	The Audit Committee provides assurance and a third line of defense on behalf of the Board in their role and responsibility to the shareholders, potential shareholders and investment community relating to the: 1. Integrity of AboitizPower 's financial statements 2. AboitizPower 's compliance	The Committee is authorized by the Company to deal with any activity within its Charter. It is authorized to seek any information it requires from any employee or members of the Company's Management in discharging its duties. The Committee is authorized by the Company to obtain outside legal or other independent professional

			<p>director. Each member, preferably with accounting and finance backgrounds, shall have adequate understanding, familiarity and competence at most of AboitizPower's financial management systems and environment.</p>	<p>The members of the Committee shall perform such other duties and functions as may be enumerated in the Board Audit Committee Charter and the Internal Audit Charter.</p>	<p>with legal/regulatory requirements</p> <p>3. The independent auditor's qualifications and independence</p> <p>4. The performance of AboitizPower's internal audit function and independent auditors</p> <p>As part of this process, the external auditors reports to the Audit Committee, and the Group Internal Auditor reports to the Committee also from a functional perspective. In performing its duties, the Audit Committee has the authority to engage and compensate independent counsels and other advisors, which the Committee determines are necessary to carry out its duties, subject to Board approval.</p> <p>The Committee is required to ensure that corporate accounting and reporting practices of the Company are in accordance with all legal requirements</p>	<p>advice and to secure the attendance of outsider experts with relevant experience and expertise as it deems necessary in the performance of its duties.</p> <p>The Committee may evaluate and update this Charter as it deems appropriate but only doing so with the sanction of the full Company.</p>
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						and are of the highest quality. Each committee member must exercise the care, diligence and skills that a reasonably prudent person would exercise in comparable circumstances.	
Corporate Governance (assumed the functions of the Nomination and Remuneration Committee)	1	1	3	The Board believes that it can usefully supplement its ability to make decisions to related to governance principles and guidelines effectively and in a timely manner if it can delegate the task of preparing a strategic agenda for the Board and ensuring that the Board is given the information necessary for making good governance decisions.	The Corporate Governance Committee is intended to assist the Board and not to pre-empt any board responsibilities in making the final decisions on corporate governance, nomination and compensation matters. In performing its duties, the Committee will maintain effective working relationships with the Board and the Group senior leadership. To perform his or her role effectively, each Committee member will obtain an understanding of the detailed responsibilities of Committee membership as well as the Group's business and operating environment.	The Committee has five main broad responsibilities: 1. Develop and recommend to the Board a set of corporate governance principles, including independence standards and otherwise taking a leadership role in shaping the corporate governance of the Group. 2. Assist the Board by developing and recommending for approval a set of governance guidelines applicable to the selection, contribution and conduct of Board members; and based on the	In performing its duties, the Committee shall have the authority to retain at the expense of the Group such outside counsel, experts and other advisors as it determines appropriate to assist it in the full performance of its functions, subject to Board approval of such appointment. The Committee is required to contribute to the management of the Group's affairs to ensure good governance, as outlined here, and in doing so to act honestly and in good faith with a view to the best interest of the stakeholders.

					<p>approved guidelines to conduct periodic evaluations of the performance of Board members against the approved criteria.</p> <p>3. Assist the Board by developing for approval criteria for the identification and selection of independent non-executive Directors and executive senior management directors, and by making specific recommendation to the Board on the director or directors to be nominated for election at the next annual meeting of shareholders .</p> <p>4. Assist the Board by ensuring that appropriate senior leadership succession planning is in place throughout</p>	
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						<p>the Group and recommending to the Board appropriate potential and actual successors to the Group CEO and other key senior leadership roles.</p> <p>5. Assist the Board by considering and recommending goals and objectives relevant to Board Director and senior leadership compensation, and making recommendations for compensation structures and levels for Board Directors, the Group CEOs and other senior leaders.</p>	
Risk and Reputation Management Committee	1	2	3	<p>The Board believes that it can usefully supplement its ability to make decisions related to risk management effectively and in a timely manner if it can delegate to a Risk Committee the task of preparing an</p>	<p>The Risk and Reputation Management Committee assists the Board, and to some extent the Audit Committee of the Board, in the following:</p> <ol style="list-style-type: none"> 1. Exercise of oversight responsibilities with 	<p>The Risk Committee represents the Board in discharging its responsibility relating to risk management related matters across the Group.</p> <p>Risk Management</p>	<p>The Committee does not have decision-making authority, except in the circumstances described herein or to the extent that such authority is expressly delegated by the Board.</p>

			<p>appropriate strategic agenda for the Board and ensuring that the Board is given the information necessary for making good risk management decisions.</p>	<p>regard to:</p> <p>a. Risk Management</p> <ul style="list-style-type: none"> • Risk Appetite and Tolerance of the Group • Risk Profile of the Group and its performance against the Defined Risk Appetite and Tolerance • Risk Management Framework • Governance Structure to support its Framework <p>b. Reputation Management</p> <ul style="list-style-type: none"> • Reputation Issues Management • Corporate Branding & Communication Strategy • Governance structure to support its framework <p>2. Establish and maintain a constructive, collaborative relationship, with the Group's senior leadership, especially, the Group CEO, the Group Chief Risk Management Officer and the heads of each of the</p>	<p>a. Governance - Approve principles, policies, strategies and structures to guide and support the RM process and implementation across the Group</p> <p>b. Process and Integration - Review the methodology, tools and processes for identifying, assessing, treating, monitoring and reporting risks. These include:</p> <ul style="list-style-type: none"> • Reviewing with management, on an annual basis, the established risk appetite and risk tolerance, • Identification, assessment and treatment of key risks at Strategic, Project and Operational levels • Monitoring and follow-up the significant risks identified, including 	
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				<p>businesses within the Group.</p> <p>3. Assist the Board, and to some extent the Board Audit Committee, in fulfilling its corporate governance responsibilities relating to risk management and reputation management.</p> <p>4. Assist the Board and not to preempt any Board responsibilities in making decisions related to risk management and reputation management. As appropriate, make recommendations to the Board for policy adoption.</p>	<p>emerging risk issues and trends</p> <ul style="list-style-type: none"> • Reviewing key strategies and results of the development, testing and audits of Business Continuity Plans (Emergency Response, Incident & Crisis Management and Business Recovery • Reviewing the integration and alignment of the Risk Management framework, concepts and process with key internal and external processes and management systems <p>c. Risk Finance</p> <ul style="list-style-type: none"> • Reviewing the framework and process for achieving the optimal balance between retaining and transferring risks. This 	
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					<p>includes the structures for the Risk Finance activities and the processes of Risk Finance with regards to:</p> <ul style="list-style-type: none"> • Procurement and renewal of insurance lines • Claims management • Risk engineering surveys. • Captives management <p>d. Capability Building - Review of the plan and performance of the Capability Building programs developed to raise awareness and enhance the Group's understanding and appreciation of risk management</p> <p>Risk Reporting</p> <ul style="list-style-type: none"> • Review the Group's risk management policy, at least on an annual basis. 	
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					<ul style="list-style-type: none"> • Provide a forum to review exposures and strategies to mitigate risks with relevant Group senior leaders and business managers. • Undertake a periodic review of the delegated authorization and control levels. Upon consultation with the Group CEO and Group CFO, to make recommendations to the Board related to any changes in these levels seen to be appropriate. • As and when appropriate, recommend to the Board seeking expert advice from external providers for specific needs for which internal 	
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					<p>expertise is unavailable , or for which an independent perspective is considered valuable.</p> <ul style="list-style-type: none"> • Review reports and significant findings of Internal Audit with respect to risk management activities, together with management's responses and follow-up reports • Review significant reports from regulatory and government agencies relating to risk management and compliance issues, and management's responses, if any • Ensure that risk reports (risk management plan, risk maps, etc.) are updated to reflect audit 	
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					<p>reports and findings above, including any additional risk information and mitigation</p> <ul style="list-style-type: none"> • Escalate to the Board Audit Committee, for discussion at a joint session of the Audit and Risk Committees, any items that have a significant financial statement impact or require significant financial statement/regulatory disclosures; and escalate other significant issues, including, but not limited to, significant compliance issues, as soon as deemed necessary by the Committee in a joint session of the Audit and Risk Committees. <p>Review the appointme</p>	
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					<p>nt, performanc e and replacemen t of the Chief Risk Managemen t Officer</p> <p>Reputation Management</p> <ul style="list-style-type: none"> • Ensure proper reputation management framework implementation across the group • Issues Identification • Issues Evaluation (Analysis & Action) • Issues Monitoring • Review Reputation Survey with management on an annual basis • Review of Corporate Brand & Communication Strategy • Review exposures and strategies to mitigate Reputation risks • Review Social Media Strategy & Corporate 	
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						<ul style="list-style-type: none"> Policy Review group CSR Strategy & Programs 	
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(ED – Executive Director; NED – Non Executive Director; ID – Independent Director)

(2) Committee Members

(a) Executive Committee

The Company does not have an Executive Board Committee. The Company has a Corporate Center Management Committee composed of the Chief Executive Officer, Chief Human Resources Officer, Chief Risk Management Officer, and all function heads of the Company. It meets and discusses policies and directions for management actions.

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held*	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Carlos C. Ejercito	<u>May 16, 2016</u>	<u>5</u>	<u>5</u>	<u>100%</u>	<u>2014 - 2016</u>
Member (ID)	Romeo L. Bernardo	<u>May 16, 2016</u>	<u>5</u>	<u>5</u>	<u>100%</u>	<u>2008 - 2016</u>
Member (ID)	Alfonso A. Uy	<u>May 16, 2016</u>	<u>5</u>	<u>5</u>	<u>100%</u>	<u>2013 - 2016</u>
Member (NED)	Mikel A. Aboitiz	<u>May 16, 2016</u>	<u>5</u>	<u>3</u>	<u>60%</u>	<u>2007 - 2016</u>
Member (ED)	Antonio R. Moraza	<u>May 16, 2016</u>	<u>5</u>	<u>5</u>	<u>100%</u>	<u>2014 - 2016</u>

****For the period January – December 2016***

Disclose the profile or qualifications of the Audit Committee members.

- Mr. Carlos C. Ejercito (Independent Director, Chairman – Board Audit Committee, Member – Board Corporate Governance Committee, Member- Board Risk and Reputation Management Committee), 71 years old, Filipino, has been an Independent Director of AboitizPower since May 19, 2014. He has served as Chairman of the Board Audit Committee and member of the Board Corporate Governance Committee and Board Risk and Reputation Management Committee since May 19, 2014. He is currently the President and Chief Executive Officer of Mount Grace Hospitals, Inc. He is an Independent Director and a member of the Board Audit Committee of Bloomberry Resorts Corporation and Century Properties Group, Inc., both publicly-listed companies, and an Independent Director of Monte Oro Resources and Energy Corporation. Mr. Ejercito is the Chairman and President of CR Nichrome, Inc., and the Chairman and Chief Executive Officer of Forum Cebu Coal Corporation. Mr. Ejercito is a Board Member of eight hospitals including Medical Center Manila, VR Potenciano Medical Center, Tagaytay Medical Center, Pinehurst Medical Services Inc., and Silvermed Corporation. He is also the President of Pinehurst Medical Services, Inc. Mr. Ejercito was formerly the Chairman of the Board of United Coconut Planters Bank and a former Director of the National Grid Corporation of the Philippines. He served as President and Chief Executive Officer of United Laboratories, Inc., Unilab Group of Companies, Univet Agricultural Products, Inc. and Greenfield Development Corporation. He was a member of the Board of Governors of the Management Association of the Philippines. Mr. Ejercito graduated cum laude from the University of the East with a degree in Bachelor of Science in Business Administration. He completed the Management Development Program of the Harvard Business School in 1983 and the coursework for Master's in Business Administration at the Ateneo Graduate School of Business. Mr. Ejercito is a certified public accountant. He is not connected with any government agency or instrumentality.
- Romeo L. Bernardo (Independent Director, Member – Board Audit Committee, Member– Board Corporate Governance Committee, Member- Board Risk and Reputation Management Committee), 62 years old, Filipino, has been an Independent Director of AboitizPower since May 19, 2008, and has been a

member of its Board Audit Committee and Board Corporate Governance Committee for the same period. He was appointed as member of the Board Risk and Reputation Management Committee on May 18, 2015. He is the Managing Director of Lazaro Bernardo Tiu and Associates, a boutique financial advisory firm based in Manila. He is also an economist of GlobalSource in the Philippines. He is Chairman of ALFM Family of Funds and Philippine Stock Index Fund. He is an Independent Director of the following publicly-listed corporations: Globe Telecom, RFM Corporation, and Bank of the Philippine Islands (BPI). He is likewise Independent Director of several companies and organizations including BPI Capital Corporation, BPI/MS Insurance Corporation, and BPI-Philam Life Assurance Corporation. He is currently affiliated in various capacities with the Foundation for Economic Freedom, World Bank Philippine Advisory Group, International Centre for Settlement of Investment Disputes and the Energy Policy and Development Program. Mr. Bernardo previously served as Undersecretary for International Finance of the Department of Finance and as Alternate Executive Director of the Asian Development Bank. He held various positions in the government, including the National Power Corporation and Philippine National Bank. He was a member of the Board of Trustees of the Philippine Institute for Development Studies from October 2005 until March 2016. He was an Advisor of the World Bank and the International Monetary Fund, and served as Deputy Chief of the Philippine Delegation to the General Agreement on Tariffs and Trade (World Trade Organization) in 1979. In the same year, he was Finance Attache of the Philippine Mission to the United Nations in Geneva, Switzerland. He was formerly President of the Philippine Economics Society; Chairman of the Federation of ASEAN Economic Societies and a faculty member of the College of Business Administration of the University of the Philippines. Mr. Bernardo holds a degree in Bachelor of Science in Business Economics from the University of the Philippines (magna cum laude) and a Master's degree in Development Economics (top of the class) from Williams College in Williamstown, Massachusetts. He is not connected with any government agency or instrumentality.

- (3) Alfonso A. Uy (Independent Director, Member – Board Audit Committee – Board Corporate Governance Committee, Member– Board Risk and Reputation Management Committee), 77 years old, Filipino, has been an Independent Director of AboitizPower since May 20, 2013, and has been a member of its Board Audit Committee, Board Risk and Reputation Management Committee and Board Corporate Governance Committee for the same period. He currently serves as Chairman of the Boards of La Filipina Uy Gongco Corporation, Philippine Foremost Milling Corporation, Mindanao Grain Processing Corporation, Amigo Shipping Corporation, Amigo Terrace Hotel, Amigo Agro-Industrial Development Corporation, Excel Farm Corporation and Capiz Sugar Central. Mr. Uy is a Director of State Properties, Inc., State Investment Trust, Inc., STEAG Power, BDO Private Bank and Global Business Power Corporation. He acts as Chairman Emeritus of Iloilo Economic Development Foundation. In the past, Mr. Uy served in various capacities in government and nongovernment organizations, such as President of the Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc. and Member of the City Council of Iloilo City. He was the recipient of various awards, including the Dr. Jose Rizal Award for Excellence in Business and Commerce, Outstanding Chemical Engineer Award of the Philippine Institute of Chemical Engineers and the Professional of the Year Award in the field of Chemical Engineering by the Philippine Regulatory Commission for the year 2005. He graduated magna cum laude from the Central Philippine University with a degree in Bachelor of Science in Chemical Engineering. He is a licensed Chemical Engineer. He is not connected with any government agency or instrumentality. He is not a director of any other publicly listed company.
- (4) Mikel A. Aboitiz (Director, Member – Board Audit Committee – Board Risk and Reputation Management Committee), 62 years old, Filipino, has been Director of AboitizPower since February 13, 1998. He has been a member of the Board Audit Committee of AboitizPower since October 26, 2007, and of the Board Risk and Reputation Management Committee since May 19, 2014. He was formerly President and Chief Executive Officer of City Savings Bank, Inc. (CitySavings) from 2001 to 2014; and Senior Vice President of AEV, a publicly listed company, from 2004 to 2015. He is currently a director of ACO and a trustee and Treasurer of RAFI. He holds a degree in Bachelor of Science, Major in Business Administration, from Gonzaga University, Spokane, Washington, U.S.A. He is not connected with any government agency or instrumentality. He is also not a director of any other publicly-listed company.
- (5) Antonio R. Moraza (Director, Member – Board Audit Committee, Member - Board Risk and Reputation Management Committee), 60 years old, Filipino, has been a director of AboitizPower since February 13, 1998 and its President and Chief Operating Officer since May 19, 2014. He has been a member of the

Board Audit Committee and the Board Risk and Reputation Management Committee since May 19, 2014. He has been a director of AEV, a publicly-listed company, since May 2009. Mr. Moraza is also Chairman of the Board of Directors of Pilmico, PANC, Therma Visayas, Inc. (TVI), TSI, TLI, Luzon Hydro Corporation (LHC), Hedcor, Inc. (Hedcor), Hedcor Sabangan, Inc. (Hedcor Sabangan), Hedcor Bukidnon, Inc. (Hedcor Bukidnon), Hedcor Tudaya, Inc. (Hedcor Tudaya), Hedcor Sibulan, Inc. (Hedcor Sibulan), Cebu Private Power Corporation (CPPC), APRI, Cotabato Light, Davao Light Pagbilao Energy Corporation (PEC), Aseagas Corporation (Aseagas), and Aboitiz Power Distributed Energy, Inc. (APX). He is likewise Vice Chairman of Cebu Energy; a director and Senior Vice President of ACO; President and Chief Executive Officer of Abovant and ARI; and a director of SN Aboitiz Power- Benguet, SN Aboitiz Power-Magat, SN Aboitiz Power-Gen, Southern Philippines Power Corporation (SPPC), STEAG State Power, Inc. (STEAG Power), Western Mindanao Power Corporation (WMPC), Redondo Peninsula Energy, Inc. (RP Energy), Therma Marine, Inc. (TMI), Therma Mobile, Inc. (TMO), East Asia Utilities Corporation (EAUC) and Aboitiz InfraCapital. Mr. Moraza holds directorship and management positions in GNPowder Mariveles Coal Plant Ltd. Co. (GNPower-Mariveles) and GNPowder Dinginin Ltd. Co. (GNPower-Dingin) and its holding companies. He is also a director and President of TPI; and a trustee of AFI. He holds a degree in Business Management from the Ateneo de Manila University. He is not connected with any government agency or instrumentality.

Source: 2016 Information Statement (SEC 20-IS)

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

Based on the Manual on Corporate Governance, the Audit Committee has the following responsibilities:

- (1) Review and approve the hiring policies regarding partners, employees and former partners and employees of the Group's external auditors, and make appropriate recommendations to the Board.
- (2) Select, monitor and review the independence, performance and effectiveness, and remuneration of external auditors, in consultation with the Group CEO, the Group CFO and the Group internal auditor, and where appropriate recommend to the Board replacing the current external auditor with another, after having conducted a rigorous search.
- (3) Ensure that external auditors are ultimately accountable to the Board and to the shareholders of the Group.
- (4) Meet with external auditors and the Group CFO to review the scope of the proposed audit for the current year and the audit procedures to be utilized. At the conclusion of the audit, receive the external auditor's report, reviewing and discussing their comments and recommendations, in consultation with the Group CEO and the Group CFO, and make specific recommendations to the Board for adoption.
- (5) Consider whether the external auditor's performance of specific non-audit services is compatible with the auditor's independence, and if so, determine the specific policies and processes to be adopted as part of the external auditor's appointment to ensure that independence is maintained.
- (6) Provide an open avenue of communication where necessary between Group senior leadership, the Group internal auditor, the Board and the external auditor.
- (7) Review the external auditor's management comment letter and management's responses thereto, and enquire as to any disagreements/restrictions between management and external auditor. Review any unadjusted differences brought to the attention of management by the external auditors and the resolution of the same.
- (8) Review and discuss with the Group CEO, the Group CFO and the external auditors the accounting policies which may be viewed as critical, and review and discuss any significant

changes to the accounting policies of the Group and accounting and financial reporting proposals that may have significant impact on the Group's financial reports.

In addition, the Audit Committee Charter provides for the following additional responsibilities with respect to the External Auditor:

- (1) Appoint, determine the compensation of, and review the scope of work, fees and performance of, including re-appointment and resignation, of the independent auditors of the Company.

The independent auditors of the Company shall report directly to the Committee and the Committee has the ultimate authority and responsibility to select, evaluate and, where appropriate, re-appoint or replace the independent auditors. The independent auditors shall report to the Committee, and the Committee shall oversee the resolution of, disagreements between management and the independent auditors in the event that they arise.

At least annually, the Committee shall evaluate the independent auditors' professional qualifications, performance, independence and compensation. The evaluation shall include a review of the qualifications, performance and independence of the lead partner of the independent auditors.

In conducting the review, the Committee shall take into account the Auditor's Report stated in the succeeding section and the independent auditors' work throughout the year, as well as the opinions of management and internal auditors. The Committee shall present its conclusions with respect to the independent auditors to the Company.

- (2) Ensure that independent auditors comply with the International on the Professional Practice of Internal Auditing (ISPPA).
- (3) Ensure that the independent auditors shall not at the same time provide the services of an internal auditor to the same client. The Committee shall ensure that other non-audit work shall not be in conflict with the functions of the independent auditor.
- (4) Ensure that the independent auditors are ultimately accountable to the Board of Directors and shareholders of the Company.

At least annually, obtain and review the completeness and timeliness of the report from the independent auditors (the "Auditor's Report") describing the Company's internal quality control procedures, any material issue raised by the most recent internal quality control review or peer review of the Company or by any inquiry or investigation by governmental or regulatory authorities within the preceding five (5) years, and the recommended steps to be taken to deal with such issues. The Committee shall review and discuss the Auditor's Report with the independent auditors and management, and make specific recommendations to the Board of Directors for adoption.

(c) Nomination Committee (now Board Corporate Governance Committee)

In February 2009, the Board of Directors of AboitizPower approved the creation of additional board committees and the consolidation of existing ones. In the same year, the Investor Relations Committee was dissolved and the Board Nominations and Compensation Committee merged with the Board Corporate Governance Committee.

Office	Name	Date of Appointment	No. of Meetings Held*	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Jon Ramon Aboitiz	<u>May 16, 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>2010-2016</u>

Member (ED)	Erramon I. Aboitiz	<u>May 16, 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>2010-2016</u>
Member (ID)	Carlos C. Ejercito	<u>May 16, 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>2014-2016</u>
Member (ID)	Romeo L. Bernardo	<u>May 16, 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>2010-2016</u>
Member (ID)	Alfonso A. Uy	<u>May 16, 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>2013-2016</u>
Ex-officio	M. Jasmine S. Oporto	<u>May 16, 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>2010-2016</u>
Ex-officio	Xavier J. Aboitiz	<u>May 16, 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>2011-2016</u>

****For the period January – December 2016***

(d) Remuneration Committee (now Board Corporate Governance Committee)

In February 2009, the Board of Directors of AboitizPower approved the creation of additional board committees and the consolidation of existing ones. In the same year, the Investor Relations Committee was dissolved and the Board Nominations and Compensation Committee merged with the Board Corporate Governance Committee.

Office	Name	Date of Appointment	No. of Meetings Held*	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Jon Ramon Aboitiz	<u>May 16, 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>2010-2016</u>
Member (ED)	Erramon I. Aboitiz	<u>May 16, 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>2010-2016</u>
Member (ID)	Carlos C. Ejercito	<u>May 16, 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>2014-2016</u>
Member (ID)	Romeo L. Bernardo	<u>May 16, 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>2010-2016</u>
Member (ID)	Alfonso A. Uy	<u>May 16, 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>2013-2016</u>
Ex-officio	M. Jasmine S. Oporto	<u>May 16, 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>2010-2016</u>
Ex-officio	Xavier J. Aboitiz	<u>May 16, 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>2011-2015</u>

****For the period January – December 2016***

(e) Others (Specify)

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

BOARD RISK AND REPUTATION MANAGEMENT COMMITTEE

Office	Name	Date of Appointment	No. of Meetings Held*	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Enrique M. Aboitiz	<u>May 16, 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>2011-2016</u>
Member (ID)	Carlos C. Ejercito	<u>May 16, 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>2014-2016</u>
Member (ID)	Alfonso A. Uy	<u>May 16, 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>2013 - 2016</u>
Member (ID)	Romeo L. Bernardo	<u>May 16, 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>2015-2016</u>
Member (ED)	Antonio R. Moraza	<u>May 16, 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>2014-2016</u>
Member (NED)	Mikel A. Aboitiz	<u>May 16, 2016</u>	<u>3</u>	<u>2</u>	<u>66%</u>	<u>2014-2016</u>
Ex-officio	Manuel R. Lozano	<u>May 16, 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>2014-2016</u>
Ex-officio	Liza Luv T. Montelibano	<u>May 16, 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>2015-2016</u>
Ex-officio	Susan V. Valdez	<u>May 16, 2016</u>	<u>3</u>	<u>3</u>	<u>100%</u>	<u>2012-2016</u>

****For the period January – December 2016***

3) Changes in Committee Members

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

Name of Committee	Name	Reason
Executive	Not applicable.	
Audit	<u>No changes in membership.</u>	
Nomination	(Incorporated into the Corporate Governance Committee)	
Remuneration	(Incorporated into the Corporate Governance Committee)	
Corporate Governance	<u>No changes in membership.</u>	
Risk and Reputation Management Committee	<u>No changes in membership.</u>	

4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Executive	Not applicable.	
Audit	<p><u>A. March 4, 2016</u></p> <ol style="list-style-type: none"> <u>1. SGV Presentation of Audit Results for Financial Year 2015</u> <u>2. AboitizPower YTD 2015 Financials</u> <u>3. Presentation of Group Internal Audit</u> <ol style="list-style-type: none"> <u>a. Overall Opinion 2015</u> <u>b. Statement of Independence</u> <u>c. Audit Highlights</u> <u>d. Audit Master Plan for 2016</u> <u>e. 2016 Audit Plans & Deliverables</u> <u>4. Board Audit Committee Self-Assessment for 2015</u> <p><u>B. May 3, 2016</u></p> <ol style="list-style-type: none"> <u>1. AboitizPower YTD March Financials</u> <u>2. Presentation of Group Internal Audit</u> <p><u>C. July 26, 2016</u></p> <ol style="list-style-type: none"> <u>1. YTD June Financials</u> <u>2. Presentation of Group Internal Audit</u> <p><u>D. October 24, 2016</u></p> <ol style="list-style-type: none"> <u>1. SGV Audit Plan for 2016 Financials</u> <u>2. YTD September Financials</u> <u>3. Presentation of Group Internal Audit</u> <ol style="list-style-type: none"> <u>a. Audit Highlights of Completed Engagements</u> <u>b. 2017 Audit Master Plan</u> <u>c. 2017 Audit Budget</u> <u>d. Review of Audit Charters</u> <p><u>E. November 22, 2016 (Joint with Board Risk & Reputation Committee)</u></p> <ol style="list-style-type: none"> <u>1. Review of the P2B and above Insurance Covers</u> <u>2. Risk and Reputation Management Report</u> <ol style="list-style-type: none"> <u>a. 2016 Year-end Report</u> <u>b. 2017 Plans, Initiatives and Programs</u> <u>c. ISMS Update</u> 	All issues passed upon by the Committee in these matters were discussed and addressed.

	<ul style="list-style-type: none"> d. <u>Policy Review and approval</u> 3. <u>2017 Risk Review</u> <ul style="list-style-type: none"> a. <u>Emerging Risks</u> b. <u>Group-wide and SBU Risks</u> c. <u>Project Risks</u> 4. <u>Risk Management Plan Validation Audit Results</u> <p>F. <u>Other Matters: Proposed 2017 AEV and AP Board Risk and Reputation Committee Agenda</u></p>	
Nomination	(Incorporated into the Corporate Governance Committee)	
Remuneration	(Incorporated into the Corporate Governance Committee)	
Corporate Governance (assumes the functions of the Nomination and Remuneration Committees)	<p>A. <u>March 1, 2016</u></p> <ul style="list-style-type: none"> 1. <u>Updates on WADDs and RE-Issuance of Stale Checks</u> 2. <u>Nominees for the Board of Directors of AboitizPower</u> 3. <u>Proposed Agenda for the 2016 ASM</u> 4. <u>Timeline for the Preparation and Proposed Content of the Information Statement for the 2016 AGM/2015 Annual Report</u> 5. <u>2015 Statutory Compliance Report</u> 6. <u>Corporate Governance Updates</u> <ul style="list-style-type: none"> a. <u>Proposed Corporate Governance Report for the Annual Report</u> b. <u>Submission of the PSE Corporate Governance Guidelines Disclosure Template for the Year</u> 7. <u>Regulatory Updates</u> <ul style="list-style-type: none"> a. <u>SEC Approval on NEW PDEX Rules on Trading and Settlement Guidelines for Holders Subject to 25% or 30% Final Withholding Tax</u> b. <u>Philippine Competition Commission Memorandum Circular No. 16-001 on Mergers and Acquisitions</u> 8. <u>Proposed Policies</u> <ul style="list-style-type: none"> a. <u>Approval of the Related Party Transactions</u> b. <u>Approval of the Revised Code of Ethics and Business Conduct</u> 9. <u>Investor Relations Report</u> <ul style="list-style-type: none"> a. <u>Investor Relations Program for 2016</u> <p>B. <u>July 21, 2016</u></p> <ul style="list-style-type: none"> 1. <u>Corporate Governance Updates</u> <ul style="list-style-type: none"> a. <u>Proposed Corporate Governance Charter</u> b. <u>Review of the Corporate Governance Manual</u> c. <u>Updates on the Governance, Risk and Compliance Project</u> 2. <u>Regulatory Updates</u> <ul style="list-style-type: none"> a. <u>Updates on the Implementing Rules and Regulation IRR of Data Privacy and Competition Act</u> b. <u>BIR RMO No. 69-2016 on the suspension of the effectivity of revenue issuances signed by former Commissioner Kim Jacinto-Henares within the period covering June 1 to June 30, 2016</u> c. <u>BIR RMO No. 70-2016 on the suspension of all BIR Field audit and field operations in relation to examinations and verifications of taxpayers' books</u> 	All issues passed upon by the Committee in these matters were discussed and addressed.

	<p style="text-align: center;"><u>of accounts, records and other transactions</u></p> <ul style="list-style-type: none"> d. <u>BIR RMO No. 38-2016 on the revocation of RMO 24-2016 and 25-2016, prescribing the rules in the conduct of investigation into the financial capacity of the parties in transactions involving the transfer of sale of properties</u> e. <u>Banko Sentral ng Pilinas (BSP) Draft Circular on the Proposed Amendments to the Rules and Regulations Governing the Operations of Non-Banking Financial Institutions engaged in Remittance and Money Changing/Foreign Exchange Dealing (referred as Money Services Business)</u> <ul style="list-style-type: none"> 3. <u>Other Updates</u> <ul style="list-style-type: none"> a. <u>Proposed Revisions to the Whistleblowing Policy</u> b. <u>Cascade of the Code of Ethics and Execution of Non-Disclosure Agreement</u> c. <u>Status of the PSE Revised Listing Agreement</u> 4. <u>Board Assessment</u> <ul style="list-style-type: none"> a. <u>Review of the Board Assessment Questionnaire</u> 5. <u>Investor Relations Report</u> <p>C. <u>November 22, 2016</u></p> <ul style="list-style-type: none"> 1. <u>Corporate Governance Matters</u> <u>Report on the Comments on the Draft 2016 Corporate Governance Code</u> <u>Approval of the Amended Corporate Governance Manual</u> <u>Approval of Draft Corporate Governance Committee Charter</u> <u>Approval of the 2016 Amendments to the ACGR</u> 2. <u>Regulatory Updates</u> <ul style="list-style-type: none"> a. <u>Tax Amnesty Bill</u> b. <u>Cybercrime Prevention Act of 2012</u> 3. <u>Other Updates</u> <ul style="list-style-type: none"> a. <u>Report on the Cascade of the Code of Ethics</u> b. <u>Review of the Aboitiz Group Legal and Compliance Risk Management Policy</u> 4. <u>Board Assessment</u> <ul style="list-style-type: none"> a. <u>Update on the results of the Board Assessment</u> 5. <u>Investor Relations Report</u> 6. <u>Other Matters</u> <ul style="list-style-type: none"> a. <u>Legal Risk Awareness E-Learning Course</u> 	
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Risk and Reputation Management	<p>A. <u>March 1, 2016</u></p> <ol style="list-style-type: none"> 1. <u>Directors and Officers Insurance Update</u> 2. <u>2015 Total Cost of Insurable Risk (TCOIR) and Benchmarking</u> 3. <u>2015 CSR Annual Reports</u> <ol style="list-style-type: none"> a. <u>Aboitiz Foundation</u> b. <u>Weather Philippines Foundation</u> 4. <u>Risk Maturity Index Validation Report</u> 5. <u>Risk Management Plan Validation Report</u> 6. <u>2016 World Economic Forum: Global Risk Report</u> <p>B. <u>July 21, 2016</u></p> <ol style="list-style-type: none"> 1. <u>Mid-year Update for Group Top Risks & Project Risks</u> 2. <u>Information Security Update</u> 3. <u>Philippine Disaster Resilience Foundation; West Valley Fault Update</u> <p>C. <u>November 22, 2016</u></p> <ol style="list-style-type: none"> 1. <u>Review of P3B and above Insurance covers</u> 2. <u>Risk and Reputation Management Report</u> <ol style="list-style-type: none"> a. <u>2016 Year-end Report</u> b. <u>2017 Plans, Initiatives and Programs</u> c. <u>ISMS Update</u> d. <u>Policy Review and Approval</u> 5. <u>2017 Risk Review</u> <ol style="list-style-type: none"> a. <u>Emerging Risks</u> b. <u>Group-wide and SBU Risks</u> c. <u>Project Risks</u> 6. <u>Risk Management Plan Validation Audit Results</u> 7. <u>Other Matters: Proposed 2017 AEV and AP Board Risk and Reputation Committee Agenda</u> 	All matters passed upon by the Committee resulted in various issues which the Committee discussed and addressed.
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5) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
Audit	Approve the inclusion in the audit master plan for next year governance audits which includes the risk management process audit and validation of the risk treatment plans committed by the different Business Units.	Adequacy and effectiveness of the risk management processes within the organization.
Nomination	Now Corporate Governance Committee	
Remuneration	Now Corporate Governance Committee	
Corporate Governance	<p>Institute the use of electronic media and information and communication technologies (ICT) [E-Learning] in making all employees and officers of the Company knowledgeable on good corporate governance practices.</p> <p><u>Update Corporate Governance E-Learning Module</u></p>	Depth of knowledge and application of good corporate governance practices within the Aboitiz Group.

	<p><u>Mandating Legal Risk Awareness E-Learning Course</u></p> <p><u>Data Privacy and Cybercrime Prevention Act Awareness</u></p> <p><u>Integrate a Governance, Risk and Compliance Program across Group</u></p>	
Risk and Reputation Management Committee	<p><u>Engage consultant and implement a group wide Information Security Management system and framework.</u></p> <p><u>Adopt integrated Governance Risk and Compliance framework.</u></p>	Ensuring risk management policies and practices are consistently implemented across the Group.

F. RISK MANAGEMENT SYSTEM

1) Statement of Effectiveness of Risk Management System

Disclose the following:

(a) Overall risk management philosophy of the company;

The Aboitiz Group commits to protect its reputation, safeguard its core investments, empower team members, delight customers and engage communities and to create long-term value for all its stakeholders.

AboitizPower and the Business Units (BUs) commit to:

1. Establish Risk Management Governance policies and structures that guides and supports the RM process across the group.
2. Develop and implement the methodology, tools and Processes for assessing, treating, monitoring and reporting risks including the Integration with Strategy and key internal and external processes.
3. Ensure the process for achieving the optimal balance between retaining and transferring risks thru Risk Finance.
4. Build a Risk Management culture through Capability Building programs to raise awareness and enhance the Group's understanding and appreciation of risk management.

While it is the Team Leader's accountability to manage business risks, each Team Member has a role to play in building the Aboitiz Group as the best risk-managed business group in the region.

(b) Is there a statement in the Annual Report or in other company reports that the directors have reviewed the effectiveness of the risk management system with comments on the adequacy thereof;

1. Risk Maturity (RM) Index Assessment- The Risk and Reputation Management Report in the Annual Report states that AboitizPower and its Business Units (BUs) continued to assess the state of the group's risk management (RM) maturity and how it compares against leading practices of similar organizations in the region and globally through the Aon's Risk Maturity Index (RMI). Participants of the RM maturity assessment included members of the board as well as key executives and team leaders.
2. Joint Meeting – Board Risk and Reputation and Board Audit Committee – In the joint meetings between the Risk and Reputation Management and Audit Committees, the top risks of AEV and the Business Units were presented as well as the results of the Risk Management Process and Risk Management Plan Validation audits.

3. Board Risk and Reputation Management Committee – In, quarterly committee meetings were held to assist the Board of Directors in handling board responsibilities on oversight of the Risk Management program, ensuring proper RM framework implementation, review, monitor and follow-up the significant risks identified, including emerging risk issues and trends and mitigation measures and review risks with management on an annual basis.

(c) Period covered by the review;

1. Risk Maturity Index Assessment- 2016
2. Joint Meeting – Board Risk and Reputation and Board Audit Committee - 2016
3. Board Risk and Reputation Management Committee – 2016

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

1. Annual Risk Maturity Index Assessment
2. Joint Meeting – Board Risk and Reputation and Board Audit Committee – One joint meeting in 2016
3. Board Risk and Reputation Management Committee – Quarterly Meetings in 2016

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

Not applicable.

2) Risk Policy

(a) Company

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

1. Purpose

This Policy sets out the risk management objectives and requirements of the Aboitiz Group and its Business Units. The Policy aims to structure and formalize the risk management activities across the Business Units of the Aboitiz Group. The Policy is intended to:

- a. Provide a framework for identifying, analyzing, evaluating, treating, monitoring and communicating risks;
- b. Communicate the roles and accountabilities of all stakeholders in the risk management process;
- c. Highlight the status of risks to which the Aboitiz Group and its Business Units are exposed to.

The Aboitiz Group's Risk Management Policy is adopted mostly from and consistent with International Standard ISO 31000 (Risk Management – Principles and Guidelines)

2. Scope

The policy covers all Aboitiz Group Business Units and Corporate Center Units.

3. General Provisions

- a. Conduct a formal risk assessment on an annual basis, and as necessary.
- b. Report annually on the key business unit risks following AboitizPower RMT risk reporting formats;
- c. Develop and review, at least annually, a statement on the risk appetite and risk tolerance of the Group

- and Business Unit;
- d. Continuously monitor key risks and controls and implement appropriate risk responses where necessary;
- e. Identification of a full time Risk Manager per Business Unit
- f. Inclusion of Risk Management in regular SBU/BU Mancom, Key Support Group (e.g. AP Regulatory, AP Business Development, etc.) discussions

4. Risk Classification System

The Group classifies its risks into four (4) namely, Strategic, Operational, Financial and Legal/Compliance. The Risk Classification system was established to:

- a. enable the organization to identify where similar risks exist within the organization
- b. enable the organization to identify who should be responsible in the management of related or similar risks
- c. allow the Group to benchmark RM practices with other organizations globally, region and industry in accordance with international risk management standards,

(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:

1. The Aboitiz Group maintains one risk management policy for AEV and AboitizPower as well as for the Group. All of the BUs are now in the process of developing their respective RM Policy based on the Group RM Policy.

2. Purpose

The RM Policy sets out the risk management objectives and requirements of the Aboitiz Group and its Business Units. The Policy aims to structure and formalize the risk management activities across the Business Units of the Aboitiz Group. The Policy is intended to:

- a. Provide a framework for identifying, analyzing, evaluating, treating, monitoring and communicating risks;
- b. Communicate the roles and accountabilities of all stakeholders in the risk management process;
- c. Highlight the status of risks to which the Aboitiz Group and its Business Units are exposed to.

The Aboitiz Group's Risk Management Policy is adopted mostly from and consistent with International Standard ISO 31000 (Risk Management – Principles and Guidelines).

3. Scope

The policy covers all Aboitiz Group Business Units and Corporate Service Units.

4. General Provisions

- a. Conduct a formal risk assessment on an annual basis, and as necessary.
- b. Report annually on the key business unit risks following AboitizPower RMT risk reporting formats;
- c. Develop and review, at least annually, a statement on the risk appetite and risk tolerance of the Group and Business Unit;
- d. Continuously monitor key risks and controls and implement appropriate risk responses where necessary;
- e. Identification of a full time Risk Manager per Business Unit
- f. Inclusion of Risk Management in regular SBU/BU Mancom, Key Support Group (e.g. AP Regulatory, AP Business Development, etc.) discussions

5. Risk Classification System

The Group classifies its risks into four (4) namely, Strategic, Operational, Financial and Legal and Compliance. The Risk Classification system was established to:

- a. enable the organization to identify where similar risks exist within the organization
- b. enable the organization to identify who should be responsible management of related or similar risks
- c. allow the Group to benchmark RM practices with other organizations globally, region and industry in accordance with international risk management standards,

(c) Minority Shareholders

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

Risk to Minority Shareholders
Takeover maneuvers or similar devices that may entrench management of the existing controlling shareholder groups. The Company, however, is committed to equitable and fair treatment of minority shareholders and has clear and enforceable policies with respect to the treatment of minority shareholders to avoid shareholder opportunism The Company provides all shareholders with accurate and timely information regarding the number of shares of all classes held by controlling shareholders and their affiliates.

3) Control System Set Up

(a) Company

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

Risks of AboitizPower, as parent company of the Aboitiz Group cover not only risks affecting AboitizPower as a company but key risks affecting its Business Units as well.

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Reputation Risk	Today’s world of higher corporate governance standards coupled with the rise of civil society groups, social media, and greater scrutiny from key stakeholders, have created a new environment where our corporate reputation has become a differentiating asset as well as our No. 1 risk.	<ol style="list-style-type: none"> 1. Building the organization’s capability through a formalized governance structure and an intelligence process 2. Implementing anticipatory issues management. 3. Development and implementation of a groupwide social media policy and strategy. 4. Development of brand champions and brand advocates through effective corporate communication and branding programs. 5. Ensuring brand integrity by establishing reputation metrics, aiming to close the gap between how we project ourselves and how others perceive the Company. 6. Integrating sustainable practices

		across the value chain and ensuring that long-term decisions balance the interest of people, planet and profit.
Competition Risk	AboitizPower will be facing pivotal changes in the power industry in the next few years. Our investments in Greenfield and Brownfield projects as well as our competitors are starting to pour in, with new players coming into the game. The power industry is now moving into a situation where there will be adequate or even, as some fear, an oversupply of electricity across all grids.	<ol style="list-style-type: none"> 1. Capacity from Greenfield and Brownfield Projects - Projected capacities from these projects are contracted ahead of commercial operations to ensure that plant operations are optimized as well as protect the revenue and cash flow streams. 2. Bidding on remaining PSALM Assets – AboitizPower continues to closely evaluate the investment viability of the remaining power generation assets that PSALM intends to auction off. 3. Open Access and Retail Competition - AboitizPower has two wholly-owned Subsidiaries, AESI and AdventEnergy, that are licensed Retail Electricity Suppliers (RES). These Subsidiaries can enter into contracts with eligible contestable customers. Moreover, AboitizPower’s generation assets that have uncontracted capacities will be able to have direct access to these customers through AboitizPower’s licensed RES.
Trading Risks	Power spot prices are subject to significant volatility from supply and demand changes. Both long-term and short-term power prices may also fluctuate substantially due to factors outside of AboitizPower’s control.	<ol style="list-style-type: none"> 1. Having a balanced portfolio of contracted and spot capacity. In particular, it intends to contract a majority of its base load and diesel capacity under price-stable bilateral contracts and offer most of its hydroelectric capacity for peaking and ancillary services. WESM operator PEMC has established a secondary cap aimed at controlling price spikes in the energy spot market. This reduces further our WESM Spot Prices exposure in the event our Power Generation Assets are unavailable - particularly on the contracts where we are required to purchase replacement power.
Regulatory Risk	The complexity of the business and regulatory landscape is increasing dramatically. Several of AboitizPower’s Business Units particularly in the power	<ol style="list-style-type: none"> 1. Dedicated regulatory team for our Power Group; 2. Maintain good working relations with the Department of Energy,

	and banking sectors are now being subject to more stringent regulations.	Energy Regulatory Commission, other key regulatory agencies; 3. Participate actively in consultative processes that lead to the development of rules and regulatory policy.
Business Interruption Due To Natural Calamities And Critical Equipment Breakdown	<p>The loss of critical functions and equipment caused by natural calamities such as earthquakes, typhoons and floods could result to significant business interruptions.</p> <p>Interruptions may also be caused by other factors such as major equipment failures, fires and explosions, hazardous waste spills, workplace fatalities, product tampering, terrorism, and other serious risks.</p> <p>The Company maintains Business Continuity and natural calamity insurance.</p>	<ol style="list-style-type: none"> 1. Perform regular preventive maintenance of all our facilities; 2. Continually evaluate and strengthen loss prevention controls; 3. Develop business continuity plans per site; and 4. Procure Business Interruption insurance to cover the potential loss in profits in the event of a major damage to the Group's critical facilities and assets.
Commodity Risk	AboitizPower has several thermal plants – TLI that use coal, and CPPC, EAUC, TMI and TMO that use Bunker-C fuel. These fuel types are subject to significant fluctuation in fuel prices and supply issues.	<ol style="list-style-type: none"> 1. The global price decline of Oil and Coal prices in 2014 is being monitored closely. 2. Deliberate shift to capacity-based contracts for the bulk of its PSAs. Such contracts come with a provision for the full pass-through of fuel costs, indexed versus the commodity markets for Oil and Coal for the energy generated by the Business Units. 3. On the supply side, long term supply agreements are in place
Project Risk	Between 2015 and 2019, we have lined up Greenfield and Brownfield projects across the country that will yield potential capacity opportunities of over 2,000 MW. Aside from increasing our generation capacity, the power business will continue to pursue development and other suitable opportunities both local and abroad in the various energy technologies such as Solar, Geothermal, Hydro, Natural Gas Coal and Wind.	<ol style="list-style-type: none"> 1. Partner with contractors and suppliers of established good reputation; 2. Implement Project Risk Management following the PMBOK (Project Management Book of Knowledge) framework; 3. Regular review of the project risk register to monitor implementation of risk control measures.

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the Group:

The Aboitiz Group covers risks affecting AboitizPower as a company as well as key risks affecting its Business Units. Each of the Business Units in the Aboitiz Group has a Risk Management Plan that covers the key

strategic, operational, financial and legal/compliance risks affecting the Business Units. These risks are then consolidated at the Aboitiz Group Level to arrive at the top Group risks.

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Reputation Risk	<p>Today's world of higher corporate governance standards coupled with the rise of civil society groups, social media, and greater scrutiny from key stakeholders, have created a new environment where our corporate reputation has become a differentiating asset as well as our No. 1 risk.</p>	<ol style="list-style-type: none"> 1. Building the organization's capability through a formalized governance structure and an intelligence process 2. Implementing anticipatory issues management. 3. Development and implementation of a groupwide social media policy and strategy. 4. Development of brand champions and brand advocates through effective corporate communication and branding programs. 5. Ensuring brand integrity by establishing reputation metrics, aiming to close the gap between how we project ourselves and how others perceive the Company. <p>Integrating sustainable practices across the value chain and ensuring that long-term decisions balance the interest of people, planet and profit.</p>
Competition Risk	<p>AboitizPower will be facing pivotal changes in the power industry in the next few years. Our investments in Greenfield and Brownfield projects as well as our competitors are starting to pour in, with new players coming into the game. The power industry is now moving into a situation where there will be adequate or even, as some fear, an oversupply of electricity across all grids.</p>	<ol style="list-style-type: none"> 1. Capacity from Greenfield and Brownfield Projects - Projected capacities from these projects are contracted ahead of commercial operations to ensure that plant operations are optimized as well as protect the revenue and cash flow streams. 2. Bidding on remaining PSALM Assets – AboitizPower continues to closely evaluate the investment viability of the remaining power generation assets that PSALM intends to auction off. 3. Open Access and Retail Competition – AboitizPower has two wholly-owned Subsidiaries, AESI and AdventEnergy, that are licensed Retail Electricity Suppliers (RES). These Subsidiaries can enter into contracts with eligible contestable customers. Moreover, AboitizPower's generation assets that have uncontracted capacities will be able to have direct access to these customers through

		AboitizPower's licensed RES.
Trading Risks	Power spot prices are subject to significant volatility from supply and demand changes. Both long-term and short-term power prices may also fluctuate substantially due to factors outside of AboitizPower's control.	<p>Having a balanced portfolio of contracted and spot capacity. In particular, it intends to contract a majority of its base load and diesel capacity under price-stable bilateral contracts and offer most of its hydroelectric capacity for peaking and ancillary services.</p> <p>WESM operator PEMC has established a secondary cap aimed at controlling price spikes in the energy spot market. This reduces further our WESM Spot Prices exposure in the event our Power Generation Assets are unavailable - particularly on the contracts where we are required to purchase replacement power.</p>
Regulatory Risk	The complexity of the business and regulatory landscape is increasing dramatically. Several of AboitizPower's Business Units particularly in the power and banking sectors are now being subject to more stringent regulations.	<ol style="list-style-type: none"> 1. Dedicated regulatory team for our Power Group; 2. Maintain good working relations with the Department of Energy, Energy Regulatory Commission, other key regulatory agencies; 3. Participate actively in consultative processes that lead to the development of rules and regulatory policy.
Business Interruption Due To Natural Calamities And Critical Equipment Breakdown	<p>The loss of critical functions and equipment caused by natural calamities such as earthquakes, typhoons and floods could result to significant business interruptions.</p> <p>Interruptions may also be caused by other factors such as major equipment failures, fires and explosions, hazardous waste spills, workplace fatalities, product tampering, terrorism, and other serious risks.</p> <p>The Company maintains Business Continuity and natural calamity insurance.</p>	<ol style="list-style-type: none"> 1. Perform regular preventive maintenance of all our facilities; 2. Continually evaluate and strengthen loss prevention controls; 3. Develop business continuity plans per site; and 4. Procure Business Interruption insurance to cover the potential loss in profits in the event of a major damage to the Group's critical facilities and assets.
Commodity Risk	AboitizPower has several thermal plants – TLI that use coal, and CPPC, EAUC, TMI and TMO that use Bunker-C fuel. These fuel types are subject to significant fluctuation in fuel prices and supply issues.	<ol style="list-style-type: none"> 1. The global price decline of Oil and Coal prices in 2014 is being monitored closely. 2. Deliberate shift to capacity-based contracts for the bulk of its PSAs. Such contracts come with a provision for the full pass-through of fuel costs, indexed versus the commodity markets for Oil and Coal for the energy generated by the

		Business Units. 3. On the supply side, long term supply agreements are in place
Project Risk	Between 2015 and 2019, we have lined up Greenfield and Brownfield projects across the country that will yield potential capacity opportunities of over 2,000 MW. Aside from increasing our generation capacity, the power business will continue to pursue development and other suitable opportunities both local and abroad in the various energy technologies such as Solar, Geothermal, Hydro, Natural Gas Coal and Wind.	<ol style="list-style-type: none"> 1. Partner with contractors and suppliers of established good reputation; 2. Implement Project Risk Management following the PMBOK (Project Management Book of Knowledge) framework; 3. Regular review of the project risk register to monitor implementation of risk control measures.

(c) Committee

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

Committee/Unit	Control Mechanism	Details of its Functions
AboitizPower Board of Directors	Oversight	Overall Responsible for Risk Management <i>Source: RM Policy</i>
Board Risk and Reputation Management Committee	Oversight (delegated by Board of Directors)	Has oversight responsibilities with regards to the following: <ol style="list-style-type: none"> 1. Enterprise Risk Management Framework 2. Governance Structure that supports its Framework 3. Risk Appetite and Tolerance of the Group 4. Risk Profile of the Group and its performance against the Defined Risk Appetite and Tolerance 5. Risk transfer and retention strategy and implementation of major insurance programs <i>Source: Board Risk and Reputation Management Committee Charter</i>
Board Audit Committee	Oversight	Oversight responsibilities with regards to the: <ol style="list-style-type: none"> 1. integrity of the Company's financial reporting system; 2. adequacy and effectiveness of the Company's systems of internal control, governance and risk management processes; 3. performance of internal audit function; 4. qualification, independence and performance of external auditors; 5. compliance with legal and regulatory requirements; and 6. maintenance of open communication lines between management, external auditors, the internal audit department, and the Company.

		<i>Source: Audit Committee Charter</i>
Board Risk and Reputation Management and Audit Committee	Oversight	<p>Escalate for discussion at a joint session of the Audit and Risk and Reputation Management Committees any items that have a significant financial statement impact or require significant financial statement/regulatory disclosures; and escalate other significant issues, including, but not limited to, significant compliance issues, as soon as deemed necessary by both Committees to a joint session of the Audit and Risk and Reputation Management Committees.</p> <p><i>Sources: Audit Committee Charter Board Risk and Reputation Management Committee Charter</i></p>
Risk Management Council	Monitor, Review and Approval	<ol style="list-style-type: none"> 1. Ensures proper implementation of Risk Management framework and its strategies, policies, and key initiatives 2. Reviews and monitors the Group's top risks and emerging risks and ensures implementation of corresponding risk mitigation 3. Approves all risk transfer programs with insured values above P2 billion <p><i>Source: RM Policy</i></p>
Insurance Management Committee	Monitor, Review and Approval	<ol style="list-style-type: none"> 1. Reviews and approves Business Interruption assumptions for the sum insured and indemnity period 2. Reviews and approves replacement value of BU's physical assets 3. Approves all insurance lines to be procured by BUs for operations and project requirements 4. Reviews and validates all insurance quotations 5. Approves insurance programs of BUs with insurable risk value of up to P2 billion <p><i>Source: Risk Finance Manual</i></p>
Risk Management Steering Committee	Monitor, Review and Approval	<ol style="list-style-type: none"> 1. Reviews and recommends group-wide Risk Management and Insurance policies, strategies and initiatives for RM Council review and approval 2. Reviews, monitors and reports implementation progress of group-wide Risk Management and Insurance projects and initiatives 3. Serves as forum for discussing key risk issues, emerging risks and sharing Risk Management knowledge, best practices, experience and research work <p><i>Source: RM Policy</i></p>
AboitizPower Management Committee	Monitor and Review	<ol style="list-style-type: none"> 1. Composed of the Chief Executive Officer, Chief Financial Officer, Chief Risk and Management Officer, Chief Human Resources Officer, Chief Legal Officer, and all functional Team Leaders. 2. Meet, discuss and adopt policies for the organization to implement strategies of the

		Company.
Corporate Service Management Committee	Monitor, Review and Evaluate	The AEV Corporate Services Management Committee is a sub-committee of the AEV Management Committee that evaluates and proposes key groupwide initiatives and policies in support of strategic directions. Recommendations from the committee are presented to the AEV Management Committee or Group Management Committee for approval prior to implementation. The Chairman is the AEV Chief Operating Officer, and the members are the Chief Corporate Services Officer, Chief Legal Officer, Chief Compliance Officer, Chief Technology Officer, Chief Risk Officer, the Company's SVP – Government Relations, the Company's FVP – Government Relations, the Company's FVP – Digital Management, the Company's VP – Reputation Management, the Company's VP – Strategy, and the Chief Of Staff. It is also a committee that keeps all members updated with ongoing team initiatives to leverage on capabilities and promote teamwork across all the different teams at Corporate Services.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

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

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

The system of internal controls refers to policies and procedures designed by management to (1) manage and mitigate known risks; (2) protect its assets from loss or fraud; (3) ensure reliability and integrity of financial information; (4) ensure compliance to laws, statutory and regulatory requirements; (5) promote efficient and effective operations; and (6) accomplish the company's goals and objectives.

Internal control is a management process for keeping an entity on course in achieving its organizational objectives. A management control system, including comprehensive internal controls, provides reasonable assurance that the company's business goals and/or objectives are being met.

(b) Is there a statement in the Annual Report or in other reports of the company that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

Yes. The Board Audit Committee Report to the Board of the Directors in the Annual Report (including SEC Form 20-IS) contains an assessment of the state of the Company's internal controls. Further, the overall assessment of the statement of the effectiveness of the system of internal controls of the company is also presented and discussed during the first Board Audit Committee meeting for the year.

(c) Period covered by the review;

The review is done annually.

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

The state of internal controls is done at least annually. The company conducts an annual self-assessment on the performance of the Board Audit Committee aligned with SEC Memo Circular No. 4, series of 2012 which covers the criteria for assessing the effectiveness of the internal control system.

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

Not applicable.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/ Auditing Firm	Reporting process
<p>Ensure that effective and appropriate organizational and procedural controls are in place.</p>	<p>Audit Universe: AboitizPower Group of Companies</p> <ul style="list-style-type: none"> Scope of work encompasses evaluating and improving the adequacy and effectiveness of the Company's risk management, control and governance processes <p>NOTE: Detailed Scope, Roles and Responsibilities are included in the (1) Internal Audit Charter; (2) Board Audit Committee Charter; (3) Manual on Corporate Governance. All of which have been disclosed to the SEC.</p>	<p>Generally In-house.</p> <p>Outsourcing/Co-sourcing is done from time to time for engagements that may be highly technical in nature or may be too manual (eg. Fixed Asset Count).</p>	<p>Maria Lourdes Y. Tanate – AboitizPower Group Internal Audit Head</p>	<p>Functionally reports to the Board Audit Committee and Administratively reports to the President & CEO</p> <ul style="list-style-type: none"> Financial performance and all Audit report highlights are presented to the Audit Committee at least 4 times a year. <p>General Flow of Audit Reporting</p> <p>Exit Conference with the Business Units auditees up to Manager level</p> <p>Detailed report presented to different levels of management of the BU</p> <p>Executive Summary presented to the C-suite level executives</p> <p>Audit Report to the Board</p>

(b) Appointment/Removal of Internal Auditor

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. This is covered in the Company’s Manual on Corporate Governance as well as the Board Audit Committee Charter. The independent auditors of the Company reports directly to the Audit Committee and the Committee has the ultimate authority and responsibility to select, evaluate and, where appropriate, re-appoint or replace the independent auditors. The Committee is likewise tasked to review the appointment and performance of the Internal Auditor, who shall functionally report directly to the Committee.

(c) Reporting Relationship with the Audit Committee

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

The Head of the Group Internal Audit (GIA) functionally reports to the Board Audit Committee and administratively to the President and CEO. GIA has full, free and unrestricted access to all operating and financial company records, information, systems and applications, physical properties, activities and personnel relevant to the company and subject under review. (Source: Internal Audit Charter)

(d) Resignation, Re-assignment and Reasons

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

Name of Audit Staff	Reason
<i>Carl Camaga</i>	<u>New Hire</u>
<i>Christian Catahan</i>	<u>New Hire</u>
<i>Jonah Maria Dacara</i>	<u>New Hire</u>
<i>Charmaine Concepcion</i>	<u>Resign</u>

(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	On-track based on committed timelines.
Issues⁶	All audit issues are monitored in the ISSUES MONITORING REPORT (IMR). The IMR contains the details action plans per business unit and the corresponding timeline for each issue. This is being monitored and reported regularly to the Board Audit Committee.
Findings⁷	The IMR also contains the detailed findings of all audit examinations done by the GIA as well as the highlights of the results of the resident audit teams.
Examination Trends	Operations or Process-based Reviews, Compliance Reviews, Financial reviews. <ol style="list-style-type: none">1. Recurring issues are noted as it impacts on the audit score given the auditee.2. Starting 2013, all audit scores are to be incorporated in the business unit’s Key Results Areas (KRA) for closer monitoring.

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

⁷ “Findings” are those with concrete basis under the company’s policies and rules.

	<p>This would likewise impact on their BUs performance assessment for the year.</p> <p>The above monitoring activities are done on a regular basis.</p>
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The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- (a) Preparation of an audit plan inclusive of a timeline and milestones;
- (b) Conduct of examination based on the plan;
- (c) Evaluation of the progress in the implementation of the plan;
- (d) Documentation of issues and findings as a result of the examination;
- (e) Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;
- (f) Conduct of the foregoing procedures on a regular basis.

(f) Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
Operating Policies & Procedures of Business Units	<p>Business Units have their respective operating policies and procedures. The updating of which is done regularly—some <u>as a result of audit findings</u>. The updating of policies and procedures is an action item that gets included in the Issues Monitoring Report (IMR) mentioned above with the corresponding timeline commitment by the BU.</p> <p>Examples of ongoing corporate initiatives to ensure that processes are properly documented includes compliance to world-class standards such as:</p> <ol style="list-style-type: none"> 1. Quality Management System (QMS (ISO9001:2008) 2. Information Security Management System (ISMS) – ISO 27001 3. Occupational Health and Safety Assessment Series (OHSAS ISO 18001) 4. Environmental Management Systems (EMS ISO 14001) 5. HACCP and HALAL Certification for the Food Group

(g) Mechanism and Safeguards

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<p>INTERNAL AUDITORS:</p> <ol style="list-style-type: none"> 1. Group Internal Audit (GIA) functionally reports to the Board Audit Committee and administratively to the President & CEO of the 	<p>Information provided by Investor Relations is limited to information already publicly available. At no point is insider information given.</p>	<p>Information provided is limited to information already publicly available. At no point is insider information given.</p>	<p>Information provided is limited to information already publicly available. At no point is insider</p>

<p>Company</p> <p><i>(Source: Board Audit Committee Charter 13. C Internal Control & Audit)</i></p> <p>The GIA head has an oversight role over the IA head of the AP Generation and AP Distribution Resident Internal Audit Teams. Both functionally report to their respective BU Management Audit Steering Committee but overall AP group-wide audits are presented to the AP Board Audit Committee.</p> <p>2. GIA and the Resident Internal Audit Teams are recommendatory bodies. They have no direct operational responsibility of authority over any of the activities audited. GIA and the Resident IA teams will not implement internal controls, develop procedures and install systems, prepare records or engage in any other activity normally reviewed by the team, as this may impair its objectivity and judgment. The GIA Head annually confirms to the Board the organizational independence of the internal audit activity. <i>(Source: Internal Audit Charter. Independence & Objectivity)</i></p>	<p>All transactions are made on an arms-length basis and regular reports regarding the results of Investor Relations' interaction with outside parties are provided to the Management and the Board.</p> <p>Quarterly briefings are conducted on a regular basis and all analysts are invited to attend without any exclusivity.</p>	<p>All transactions are made on an arms-length basis and regular reports regarding the results of interaction with outside parties are provided to the Management and the Board.</p>	<p>information given.</p> <p>All transactions are made on an arms-length basis and regular reports regarding the results of interaction with outside parties are provided to the Management and the Board.</p>
<p>EXTERNAL AUDITORS:</p> <p>1. The Board appoints, determine the compensation of, and review the scope of work, fees and performance of, including re-appointment and resignation, of the independent auditors of the Company.</p> <p>2. Ensure that the independent auditors shall not at the same time provide the services of an internal auditor to the same client. The Committee shall ensure that other non-audit work shall not be in conflict with the functions of the independent auditor</p>			

(Source: Board Audit Committee Charter, 13, B. Independent External Auditors)			
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(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The Certification on the Company's compliance with its Manual on Corporate Governance is attested to by the Corporate Secretary and the CEO of the Company.

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	Pursuant to the Company's Occupational Health and Safety Policy, all business and corporate service units of the Company are required to comply with all legislative occupational health and safety requirements.	All business and corporate service units of the Company are mandated to comply with all legislative occupational health and safety requirements as they relate to the planning, operation and maintenance of facilities and equipment usage, for the health and welfare of all Company stakeholders, including the customers.
Supplier/contractor selection practice	The Company adopted the Quality Management System (QMS) which defines and interacts with all activities of the organization, beginning with the identification of customer requirements and ending with their satisfaction, at every transaction interface, which include the methods for supplier/ contractor selection.	The Company follows a procedure of bidding or request for proposals from prospective suppliers/ contractors. Suppliers are selected based on price and/or skill and experience. A supplier evaluation form is also accomplished after each completed project which likewise form as basis for future engagements of a particular supplier.
Environmentally friendly value-chain	The Company is committed to strike a balance between economic growth, social development and environmental stewardship in the conduct of its business. The Company implements programs that promote environmental preservation as well as social and economic development in the communities where its businesses operate.	Management provides and maintains a healthy and safe work environment in accordance with industry standards and in compliance with legislative requirements. All Team Members are equally responsible for maintaining healthy and safe workplaces that minimize the probability for accidents or hazardous incidents.
Community interaction	The Company's broader obligations to society and the community are	<u>The Aboitiz Group inaugurated the Aboitiz Cleanergy Park last</u>

addressed by the Company's continued compliance with its Manual, with all relevant laws and regulations, and the principles of sustainable development practices by the Company and our BUs. The Company is committed to strike a balance between economic growth and social development and environmental stewardship, in the conduct of its business.

April 23, 2016, in Davao City. The Park is a partnership between the Aboitiz Group through Davao Light and Aboitiz Foundation and its stakeholders in Mindanao that include the Davao City local government, Barangay Council of Matina Aplaya, DENR-Biodiversity Management Bureau, the academe and research communities. It is an 8-hectare outdoor biodiversity park with a diverse ecosystem, giving the public the opportunity to explore a different learning experience on environmental conservation and protection. It is a nesting sanctuary for the critically endangered Hawksbill turtle or pawikan with close to 2,000 hatchlings released to the sea by December 2015. The entire Park itself is home to 66 species making it an important marine life sanctuary in Mindanao. A nursery and botanical garden has been set up to propagate 29 native tree species. The Park is host to the automated weather station (AWS) of WeatherPhilippines Foundation (WeatherPhilippines or WPF) as part of its contribution to beefing up the disaster preparedness of Davao City.

The Aboitiz Group is working together with donors in the private sector, to support the Philippine Government in its efforts to reduce weather-related disaster risks in the country through Weather Philippines Foundation. The Aboitiz Group co-founded WeatherPhilippines to operate a premiere weather forecasting system across the country with the installation of automated weather stations (AWS) across the country. As of November 2016, WeatherPhilippines has already deployed 780 AWS across the country with the help of its 578 sponsors and partners. WeatherPhilippines provides

		<p><u>accurate and reliable weather forecasts throughout the whole country. WeatherPhilippines is contributing to the UN Sustainable Development Goal Number 13, which aims to strengthen the resilience and adaptive capacity of people to natural disasters. Through Its three-prolonged strategy of technology, engagement, and partnership, WeatherPhilippines creates a BetterWorld where local government units and the public are capable of effective climate change-related planning and management.</u></p>
<p>Anti-corruption programmes and procedures</p>	<p>As a publicly-listed company, the Company is subject to numerous stringent laws and regulations. All Company employees are made aware of their responsibility to know and understand the laws applicable to their respective job responsibilities and are directed to comply with both the letter and the spirit of these laws.</p> <p><u>The Company’s Code of Ethics and Business Conduct provides:</u></p> <p><u>“ Gifts and Entertainment</u> <u>Gifts and entertainment may create an inappropriate expectation or feeling of obligation. You and members of your family are discouraged from accepting gifts or special favors (other than an occasional non-cash gift of nominal value) from any person or organization with which the Company has a current or potential business relationship. Furthermore, business gifts to, and entertainment of, customers, suppliers and business partners in connection with business discussions or the development of business relationships are only appropriate if they are in the ordinary course of business and their value is modest. Care must be exercised when giving gifts or extending hospitality to avoid being perceived as trying to influence a decision or outcome.</u> <u>Bribery and Corruption</u></p>	<p>One such policy is the non-acceptance of gifts from persons who have a beneficial relationship with the Company, as embodied in the Company’s Code of Ethics. The Company makes it a point that employees know that gifts and special favors may create an inappropriate expectation or feeling of obligation.</p> <p><u>The Board Secretariat and the Human Resource Department conduct a cascade of the Code of Ethics and Business Conduct to all employees across the AboitizPower Group.</u></p>

	<p><u>The Group conducts its business in an ethical manner at all times and in compliance with applicable laws and regulations, including laws on bribery and corruption of jurisdictions where it conducts its businesses.</u></p> <p><u>As an officer, employee or agent acting on behalf of the Company or any of its group companies, you are expected to act professionally, fairly and with integrity in all of your business dealings and shall endeavor to ensure compliance with this Code in order to counter bribery and corruption.</u></p>	
Safeguarding creditors' rights	In dealings with its customers, suppliers and business partners, the Company abides by the Fair Dealing Policy found in its Code.	Every employee, officer and director therefore always prioritizes the best interests of the Company's clients and endeavors to deal fairly with suppliers, competitors, the public and one another. No one should take unfair advantage of anyone through manipulation, abuse of privileged information, misrepresentation of facts or any other unfair dealing practice.

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

The Company through its foundation, Aboitiz Foundation, Inc. (AFI), undertakes a committed Corporate Social Responsibility program. The Annual Report of AFI is published and also circulated to the Company's shareholders. Linkage to AFI Annual Report is also available in the Company's website.

Moreover, the Company publishes a separate Sustainability Report which shows its initiatives in the protection of the environment guided by its triple bottom line approach of People, Planet, and Profit. For its 2016 Sustainability Report, the Company has already adopted the Global Reporting Initiative (GRI) G4 reporting framework, which will allow it to focus reporting on what is critical and material to its business and stakeholders.

(3) Performance-enhancing mechanisms for employee participation.

A. What are the company's policy for its employees' safety, health, and welfare?

The Company has a Corporate Policy on Occupational Health and Safety, which mandates Management to eliminate any potential hazards or work situations that may result to property loss or damage, accidents or personnel illness and injury. It is the policy of the Company to protect both people and property.

1. Each team member is required to observe the following health and sanitation rules to protect and safeguard his own health and those of his fellow team members.
 - a) Proper health rules should be observed with respect to use of handkerchiefs and, washing hands, etc.
 - b) The comfort and sanitary facilities should be used properly and maintained clean and in good order at all times.

- c) All refuse and rubbish should be placed or thrown into the appropriate containers.
- d) A presentable and neat appearance of the office premises should be kept at all times.
- e) When a team member has reason to believe that he has a contagious disease, he should notify his Team Leader. The team member should be made to stay away from the office or Company premises to prevent the spread of the disease to other team members until he has been given clearance by the Company Doctor that the danger from such condition has passed. In this case, the rules on leaves shall apply.
- f) All team members are required to undergo an annual physical & dental check-up by the Company Doctor and dentist, respectively. Human Resources shall coordinate with Team Leaders in preparing a schedule of team members visit to the Doctor/Dentist for this annual check-up.

In case of fire or robbery in the premises of the Company, the first officer or employee who detects or notices it should immediately sound the fire alarm or report the robbery.

Depending on the circumstances, he should attempt to put-out the fire or take action to prevent loss or destruction of company property or funds. When a fire alarm is raised or a robbery is detected, employees should maintain presence of mind and should avoid creating panic among themselves and the public within the premises of the Company to minimize further aggravation of the situation.

2. The Company has protocols in place to support sustainability commitments. The Company publishes a separate Sustainability Report which shows its initiatives in the protection of the environment through the five pillars of Rejuvenate Nature, Re-use/Recycle, Reduce, Renewable Energy, and Recharge Communities.

B. Show data relating to health, safety and welfare of its employees.

The programs and strategic initiatives of the Human Resources (HR) Department are covered within the categories of Body and Physical Wellness programs (e.g. Compensation and Benefits Information, Health Talks, Aerobics/ Zumba Fitness, Biggest Loser Competition, Fitness Clubs and Safety and Protection Programs); Belongingness (Coffee with the President, Company Events, Quality Focus, Refer an A-Person, Creating the Future Organization, Birthday Announcements, Employee’s Recognition, Team Celebrations, Good Health Bonus, Annual Merit Increase and Promotions); Soul and Spirit , Sense of Purpose (CSR Activities); and Learning and Growth (Universal Training Programs and other work-related trainings, E-learning, Educational Leave and Assistance, Financial Wellness, Computer Loan and U-21).

The Corporate HR’s mission is to “To Attract, Retain and Optimize our A-people and constantly adding value to our businesses”. This mission aims to expand the Company’s reach to identify talent, to continue to develop the Aboitiz Talent Management Program (ATMP), to strengthen traditional programs targeted at the “Body and Mind” and to expand retention programs to include more “Heart and “Spirit”.

The Company is committed to the value proposition of the 4Ps: People, Planet, Profit, and Passion.

Moreover, the Company funds the team’s annual medical check-up. The Company maintains a self-insured medical plan for employees and an HMO plan for employee dependents at a reasonable level that is equal or above its peers in the market. More importantly, through its health benefits and initiatives, the Company encourages employees to maintain their good health and well-being. In 2016, 255 employees in the Company availed of their medical benefits and 75% received the Good Health Bonus, which is a reward for keeping oneself healthy.

Below are examples of the health, safety, and welfare practices of the Company’s Business Units which reflect the Aboitiz Group’s policies:

1. **AboitizPower participated in the Metro wide Earthquake Drill last June 22, 2016. The Company also conducted a yearly Earthquake and Fire Drill in Cebu and Manila Offices. The Company organized a West Valley Fault Earthquake Preparedness training last November 24, 2016 to all employees who are based in Taguig City.**

2. About a thousand team members from the different Power BUs participated in the Safety Olympics held in Baguio and Davao, highlighting the importance of workplace safety while simultaneously drawing camaraderie among Hedcor, SN Aboitiz Power, Therma Mobile, Therma South, Therma Marine, and Davao Light.
3. AboitizPower strongly believes that accident prevention and efficient production go hand-in-hand, always adhering to practices and safety standards that ensure safe and healthy working conditions for all team members. "This event is the avenue where our team members show their dedication to safety. Also, this fosters work-life balance, camaraderie, strong employee relationships, and safety awareness.
4. To focus on safety as well as efficiency, the management of Cotabato Light and Power Co. invests heavily on extensive training in proper clothing, tools, and work procedures to enhance the reliability and safety of business operations. One such training on safety conducted for the company's linemen was held last February 9 to March 6, where six Cotabato Light linemen were sent to Davao Light's Technical Training Center in Maa, Davao City. Cotabato Light's labor and management representatives also attended a two-day seminar on major labor management topics facilitated by the National Conciliation and Mediation Board-Regional Branch 12 (NCMB-RB12) last April 15 and 16.
5. AboitizPower Business Units, initiated the second run of the Safety, Health, Environment and Quality (SHEQ) Forum to strengthen the building blocks of the company's formidable edifice of world-class practices. Since the creation of SHEQ, the Power Group has already set up the Steering Committee and implemented the 1AP governance documents that set the requirements on SHEQ management and performance across Business Units. These include: performance reporting through the SHEQ dashboard, incident reporting, road transport safety management system, stop work authority, power plant entry rules, behavior based safety, modular inspection checklist, guidelines on hazardous waste classification and labeling, and guidelines on solid waste management.

C. State the company's training and development programmes for its employees. Show the data.

Corporate HR has a universal training program (UTP) for all employees, including the Principles of Quality Living, Seven Habits, Creating the Future Organization, Basic Quality Awareness, Working Program, to name just a few technical in-house training skills. The Company adheres to a merit-based performance incentive pay compensation package that includes some form of employee stock ownership plans, merit increase schemes and bonus schemes for performance and incentives to employees. The Company offers not only statutory benefits but also additional internal benefit programs to enhance the quality of life of our employees.

D. State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

The Aboitiz employee benefit package aims to foster a culture that recognizes, rewards and celebrates the Aboitiz values and culture across the group. The Company's HR Department recently launched an Inspired by Passion campaign to provide an organized and purposive framework for all HR Initiatives and promote a thematic communication plan coming from the HR pillars of Attraction, Retention and Optimization. The Company is committed in addressing its employees' four basic needs in the organizations.

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.

Below is the Company's policy in the enforcement and administration of its Code of Ethics and Business Conduct:

a. Reporting Violations

"You are the Company's first line of defense against unethical business practices and violations of the law. If you observe or become aware of any conduct that you believe is unethical or unlawful—whether by another employee, a consultant, supplier, client, or other third party—you must communicate that information to your direct supervisor or, if appropriate or necessary, senior management. They will notify and consult with Law, Compliance, or Corporate Security, and take appropriate steps to stop the misconduct and prevent its recurrence. If appropriate or necessary, you may also raise your concerns directly with Law, Compliance or Corporate Security.

If you are a supervisor, you have an additional responsibility to take appropriate steps to stop any

misconduct that you are aware of, and to prevent its recurrence. Supervisors that do not take appropriate action may be held responsible for failure to supervise properly.

If you prefer to report an allegation anonymously, you must provide enough information about the incident or situation to allow the Company to investigate properly.

AboitizPower will not tolerate any kind of retaliation for reports or complaints regarding the misconduct of others that were made in good faith. Open communication of issues and concerns by all employees without fear of retribution or retaliation is vital to the continued success of the Company. Unless appropriate Company management learns of a problem, the Company cannot deal with it. Concealing improper conduct often compounds the problem and may delay or hamper responses that could prevent or mitigate actual damage.”

- b. The Company has a program of “Talk to EIA” or talk to the CEO through e-mail on any matter. This is an additional confidential venue for any whistle-blowing. In early 2014, this program was formally adopted as the avenue for the Company’s Whistleblowing Policy. A “Talk to the Chairman” avenue will likewise be implemented by the Company as an added venue to encourage whistleblowing within the Company.

All Team Members and Team Leaders may at any time report to the Compliance Officer for any violations.

I. DISCLOSURE AND TRANSPARENCY

i. Ownership Structure

Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
<u>Aboitiz Equity Ventures, Inc.</u>	<u>5,657,530,774</u>	<u>76.88%</u>	<u>Aboitiz Equity Ventures, Inc.</u>
<u>PCD Nominee Corp. (Filipino)</u>	<u>863,021,952</u>	<u>11.73%</u>	<u>PCD participants acting for themselves or for their customers.</u>
<u>PCD Nominee Corp. (Foreign)</u>	<u>583,531,578</u>	<u>1.93%</u>	<u>PCD participants acting for themselves or for their customers.</u>

(For the period as of December 31, 2016)

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
No member of senior management is a significant shareholder of the Company	NA	NA	NA

ii. Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	Yes
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes

Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

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

The foregoing information are all disclosed in the Annual Corporate Governance Report appended to the Annual Report and published on the Company website at www.aboitzpower.com. **The full report of the Annual Corporate Governance Report is** circulated in digital format and published on the Company's website.

iii. External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
SGV & Co.	<u>₱403,000.00</u>	-

(Updated as of December 31, 2016)

Source: 2016 Definitive Information Statement (SEC 20-IS)

iv. Medium of Communication

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

The Company uses the following modes of communication for disseminating information:

1. Newspaper publications
2. Company Website
3. Personal notices
4. Disclosures and corporate reports to regulatory agencies
5. Regular meetings, briefings to analysts and institutional shareholders, and media briefings

v. Date of release of audited financial report:

The Company's 2016 Audited Financial Statement was filed with the Bureau of Internal Revenue on April 10, 2017 and filed with the Securities and Exchange Commission (SEC) on April 11, 2017. The same was also submitted as an attachment to (a) the Company's Annual Report (SEC Form 17-A) to the Philippine Stock Exchange on April 12, 2017; and (b) the Company's Definitive Information Statement (Form 20-IS) to SEC on April 19, 2017.

vi. 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

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

The foregoing information are all disclosed in the Annual Corporate Governance Report appended to the Annual Report and published on the Company website at www.aboitzpower.com. The full report of the Annual Corporate Governance Report is circulated in digital format and published on the Company's website.

vii. Disclosure of RPT

RPT	Relationship	Nature	Value
Standby letters of credit	CEDC, LHC, SNAP A, SNAP M, STEAG and TPI (Subsidiaries)	Surety	P10.72 Billion
Rent	AEV, CPDC (Parent and Subsidiary)	Rental Fees	P 25 million
<u>Management agreements and service contracts at fees based on agreed rates</u>	<u>Various AboitzPower subsidiaries</u>	<u>Technical, Management and other service fees</u>	<u>P 1.287 billion</u>
<u>Cash deposits and money market placements</u>	<u>UnionBank of the Philippines (Subsidiary of Parent)</u>	<u>Interest income on deposits and money market placements</u>	<u>P 1.27 million</u>

Source: Note 17 of 2016 Audited Financial Statement appended to the Annual Report (SEC Form 17A) 2016 Definitive Information Statement (SEC Form 20-IS)

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?

The nature and extent of transactions with affiliated and related parties are disclosed annually to shareholders through the Company's Information Statement, Annual Report and Audited Financial Statements. The Company and its subsidiaries enter into related party transactions consisting of payment of shareholder advances, professional fees and rental fees. These are made on an arm's length basis and at current market prices at the time of the transactions. Service and management contracts are also entered into with subsidiaries and affiliates for corporate center services, such as human resources support services, internal audit services, legal and corporate compliance services, treasury and corporate finance services, technology infrastructure services. These services are obtained from the Company to enable the Aboitz group of companies to realize cost synergies. The Company maintains a pool of highly qualified professionals with in-depth business expertise specific to the businesses of the Aboitz organization. Transactions are priced on a cost recovery basis. In addition, transaction costs are always benchmarked to third party rates to ensure competitive pricing. Service Level Commitments and Agreements are executed to ensure quality and timeliness of services.

The Company strictly follows the Philippine Corporation Code and SEC rules on voting for specific corporate acts where levels of approvals for specific types of related party transactions in the Board and in shareholders' meetings levels may be required. The Company's Independent Directors and the Board Audit Committee play an important role in reviewing significant related party transactions as it does in the regular course of its work. The Company's related party transactions are typically agreements entered

into in the ordinary course of business to maximize efficiencies and realize cost synergies. These are reported to the Board as they are entered into.

J. RIGHTS OF STOCKHOLDERS

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

(a) Quorum

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

Quorum Required	majority of the outstanding capital stock of the Company, in accordance with the Corporation Code of the Philippines
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Voting by poll recorded electronically
Description	Shareholders cast their vote on any resolution through the use of ballots.

(c) Stockholders' Rights

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

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
<p>The Company's shareholders have the following rights in accordance with the Corporation Code:</p> <ol style="list-style-type: none"> 1. Voting right (one share-one vote) 2. Pre-emptive right 3. Power to inspect corporate books 4. Right to information 5. Right to dividends 6. Appraisal right 7. Cumulative voting right 	<p>All rights granted by the Corporation Code are likewise granted to the Company's shareholders.</p>

Dividends

Declaration Date	Record Date	Payment Date
March 1, 2012 (regular)	March 16, 2012	April 3, 2012
November 28, 2012 (special)	December 13, 2012	January 11, 2012
March 5, 2013 (regular)	March 19, 2013	April 15, 2013
March 11, 2014 (regular)	March 25, 2014	April 22, 2014
March 11, 2014 (special)	March 25, 2014	April 22, 2014
March 10, 2015 (regular)	March 24, 2015	April 20, 2015
March 8, 2016 (regular)	March 22, 2016	April 19, 2016
March 8, 2016 (special)	March 22, 2016	April 19, 2016
<u>March 7, 2017 (regular)</u>	<u>March 21, 2017</u>	<u>April 10, 2017</u>

(d) Stockholders' Participation

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

Measures Adopted	Communication Procedure
<p>The Company ensures the presence of important resource persons during Annual Stockholders Meeting (ASM), such as the directors, management and the external auditor, to ensure that shareholder queries are adequately answered.</p>	<p>Notice and agenda items are disseminated to stockholders via publication at newspapers of general circulation, posting at the Company's website, and via courier to stockholders at their address on record with the Company. Media briefings are likewise conducted by the Chief Executive Officer and Chief Financial Officer after the ASM.</p> <p><u>For the year 2016, since the Company held its ASM at Makati City, in a venue that was accessible to the stockholders, the Company no longer conducted a separate stockholder's briefing.</u></p>
<p>Shareholders who cannot attend the ASM may vote in absentia through proxies</p>	<p>Proxies are sent out by the Company together with the Notice to the ASM. Proxies are likewise made available or downloadable at the company website.</p>
<p><u>The Board Corporate Governance Committee conducts a post-ASM assessment where the directors review the feedback from the stockholders based on the comments made during the ASM itself, or in the assessment forms circulated to the stockholders and other attendees to the ASM.</u></p>	<p><u>The stockholders usually ask questions during the ASM itself or after the ASM, either to the Company's officers, directors, or to the ASM staff. The stockholders and other attendees are also asked to fill up the assessment forms distributed after the ASM, and the results of the assessment forms are discussed by the Board Corporate Governance Committee and taken up by the Board of Directors whenever necessary.</u></p>

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

- a. Amendments to the company's constitution
- b. Authorization of additional shares
- c. Transfer of all or substantially all assets, which in effect results in the sale of the company

The Company, through notices, newspaper publications, and postings in the company website, analysts briefings, media briefings, shareholders' briefings, and disclosures to the PSE and SEC, as the case may be, ensures the right of shareholders to participate in decisions concerning fundamental corporate changes in compliance with the Corporation Code, such as amendments of the Company's Articles of Incorporation and By-Laws, issuance of new shares of stock, and sale of all or substantially all corporate properties.

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?

a. Date of sending out notices:

The notice to the Company's ASM last May 16, 2016 was published on April 11, 2016 in newspapers of general circulation, namely the Philippine Daily Inquirer, Philippine Star and Business Mirror. Notices were also sent out on April 21, 2016 via courier to stockholders based on their address on record with the Company.

b. Date of the Annual/Special Stockholders' Meeting:

May 16, 2016

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

During Annual Stockholders' Meeting on May 16, 2016, the following matters were raised:

- a. Mr. Roy Eduardo Lucero, a stockholder, commended the Company's succession planning, management of its businesses, and commitment to the environment. He expressed his hopes for the Company to continue planting more trees as part of its corporate social responsibility initiatives. Mr. Lucero also asked if the profiles and qualifications of the nominated board of directors were disclosed in its reports. Mr. Enrique M. Aboitiz, the Company's Chairman of the Board, thanked Mr. Lucero for his comments and replied that the profiles and qualifications of the nominated board of directors were included in the Company's Definitive Information Statement (SEC Form 20-IS). Copies of the report were also distributed to the shareholders at the reception area, and the same was uploaded in the Company's website.

5. Results of the 2016 Annual/Special Stockholders' Meeting's Resolutions

<u>Resolution</u>	<u>Approving</u>	<u>Dissenting</u>	<u>Abstaining</u>
<u>Resolution No. 2016-1</u> <u>"RESOLVED, that the stockholders of Aboitiz Power Corporation (the "Company") approve, as it hereby approves the Annual Report and Audited Financial Statements of the Company as of December 31, 2015."</u>	<u>6,389,060,351</u>	<u>0</u>	<u>1,140,300</u>
<u>Resolution No. 2016-2</u> <u>"RESOLVED, that the stockholders of Aboitiz Power Corporation (the "Company") upon the recommendation of the Board Audit Committee approve, as it hereby approves the appointment of SyCip Gorres Velayo & Co. as the Company's external auditor for the year 2016.</u>	<u>6,387,979,951</u>	<u>2,214,600</u>	<u>0</u>
<u>Resolution No. 2016-3</u> <u>"RESOLVED, that the stockholders of Aboitiz Power Corporation (the "Company") approve, ratify and confirm as it hereby approves, ratifies and confirms all contracts, investments and resolutions issued and all other acts and proceedings of the Board of Directors, Corporate Officers and Management of the Company for the past year 2015 and including all acts up to May 16, 2016."</u>	<u>6,388,073,651</u>	<u>2,127,000</u>	<u>0</u>

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

The results of the votes taken during the May 16, 2016 Annual Stockholders Meeting were posted in the Company's website on May 17, 2016.

(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
<u>For 2016 ASM, the Company appointed an independent party, Luis Canete & Co., as the Company's Independent Board of Election Inspectors/Scrutineers to validate the registration process and the results of the voting during the ASM.</u>	<u>To adopt best corporate governance practices.</u>

(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 Shareholders' Meeting	<ol style="list-style-type: none"> 1. <u>Enrique M. Aboitiz</u> - <u>Chairman, Board of Directors</u> - <u>Chairman, Board Risk and Reputation Management Committee</u> 2. <u>Jon Ramon Aboitiz</u> - <u>Vice Chairman, Board of Directors</u> - <u>Chairman, Board Corporate Governance Committee</u> 3. <u>Erramon I. Aboitiz</u> - <u>Chief Executive Officer</u> - <u>Member, Board of Directors</u> - <u>Member, Board Corporate Governance Committee</u> 4. <u>Antonio R. Moraza</u> - <u>Member, Board of Directors</u> - <u>President & Chief Operating Officer</u> - <u>Member, Board Risk and Reputation Management</u> 	<u>May 16, 2016</u>	<u>Proxy and by poll.</u>	<u>0.09%</u>	<u>86.75 %</u>	<u>86.84%</u>

	<p><u>Committee/</u> - <u>Member, Board Audit Committee</u></p> <p>5. <u>Jaime Jose Y. Aboitiz</u> - <u>Member, Board of Directors</u> - <u>Executive Vice President & Chief Operating Officer – Power Distribution Group</u></p> <p>6. <u>Romeo L. Bernardo</u> - <u>Independent Director</u> - <u>Member, Board Corporate Governance Committee</u> - <u>Member, Board Audit Committee and Board Risk and Reputation Management Committee</u></p> <p>7. <u>Alfonso A. Uy</u> - <u>Independent Director</u> - <u>Member, Board Corporate Governance Committee</u> - <u>Member, Board Audit Committee</u> - <u>Member, Board Risk and Reputation Management Committee</u></p> <p>8. <u>Carlos C. Ejercito</u> - <u>Independent Director</u> - <u>Chairman, Board Audit Committee</u> - <u>Member, Board Corporate Governance Committee</u> - <u>Member, Board Risk and Reputation Management Committee</u></p>					
Officers present during the 2016 Annual Stockholders' Meeting	1. <u>Juan Antonio E. Bernad</u> 2. <u>Luis Miguel O. Aboitiz</u> 3. <u>Emmanuel V. Rubio</u> 4. <u>Susan V. Valdez</u> 5. <u>Liza Luv T.Montelibano</u> 6. <u>Ma. Chona Y. Tiu</u> 7. <u>Beverly B. Tolentino</u> 8. <u>Robert McGregor</u> 9. <u>Thomas J. Sliman, Jr.</u>					

	<u>10. Ana Liza M. Aleta</u> <u>11. Cristina B. Beloria</u> <u>12. Katrina Michaela D. Calleja</u> <u>13. Timothy J. Abay</u> <u>14. John Anthony Crane</u> <u>15. James Timko II</u> <u>16. Kenton Heuertz</u> <u>17. M. Jasmine S. Oporto</u> <u>18. Joseph Trillana T. Gonzales</u>					
Special Shareholders Meeting	<u>No Special Stockholders' Meeting was held during the year 2016.</u>					

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

The Company has appointed an independent party, Luis Canete & Co., as the Company's Independent Board of Election Inspectors to validate the registration process and to count the votes for the May 16, 2016 Annual Stockholders' Meeting.

(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.

The share capital of the Company consists of one class of listed common shares and a class of non-listed preferred shares. All common shares are voting following the rule of One share - One vote. The preferred shares are non-voting, non-participating, non-convertible, cumulative, re-issuable shares and may be issued from time to time by the Board in one or more series. These preferred shares which are issued to financial institutions or financial market intermediaries are treated as debt instruments by the Company in its books in conformity with the Philippine Accounting Standards (which adopt the International Financial Reporting Standards).

(g) Proxy Voting Policies

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

	Company's Policies
Execution and acceptance of proxies	The Office of the Corporate Secretary accepts and validates the proxies.
Notary	Proxy is not required to be notarized.
Submission of Proxy	A deadline is set by the Corporate Secretary in the submission of proxies which is seven (7) days prior to the opening of the meeting, in accordance with the Company's By-laws.
Several Proxies	There is no occasion to require several proxies since all items requiring the vote of a particular stockholder are already set out in the proxy. Several proxies received from the same stockholder pertaining to the same shares shall be subject to validation by the Office of the Corporate Secretary.
Validity of Proxy	A proxy shall be valid only when received by the Corporate Secretary on or before the deadline, at least seven (7) days before the ASM.
Proxies executed abroad	Proxies executed locally or abroad have the same effect.

Invalidated Proxy	Invalidated proxies do not carry any force or effect.
Validation of Proxy	The validation of proxies is done by the Office of the Corporate Secretary and the Proxy Validation Committee.
Violation of Proxy	Votes through proxies are tabulated to ensure that the votes therein are followed.

(h) Sending of Notices

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

Policies	Procedure
The Company gives the shareholders sufficient time to go over information in the Notice to the ASM and to contact their proxies for appropriate instructions.	<p>The Company consistently provides all shareholders with the notice and agenda of the annual general meeting at least thirty (30) days before a regular meeting and twenty (20) days before a special meeting.</p> <p>The Company also publishes Notices of Shareholders' Meetings in national newspapers of general circulation.</p> <p>Under the Company's By-Laws, shareholders may call a special shareholders' meeting, submit a proposal for consideration at the annual general membership or the special meeting.</p>

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	Total - 619 PCD Nominees were given copies through PDTC for distribution to the shareholders.
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	April 21, 2016
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	April 21, 2016
State whether CD format or hard copies were distributed	Both digital format and printed copies were distributed. Copies of the Definitive Information Statement and Annual Report are also available at the Company's website.
If yes, indicate whether requesting stockholders were provided hard copies	Digital copies: 544 Printed copies: 29 E-mail: 71

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

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

The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	Yes

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

2) Treatment of Minority Stockholders

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

The By-laws and Amended Manual on Corporate Governance of the Company provide for the policies below:

Policies	Implementation
A director shall not be removed without cause if it will deny minority shareholders representation in the Board.	The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.
The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.	The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.
The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of shareholders' meeting, being within the definition of "legitimate purposes".	Upon request made to the Investor Relations Officer and/or to the Office of the Corporate Secretary, a minority shareholder may request those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of shareholders' meeting, being within the definition of "legitimate purposes". The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.
Although all shareholders should be treated equally or without discrimination, the Board should give minority shareholders, in accordance with the By-laws, the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of AP.	The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.

Source: Amended Manual on Corporate Governance

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

The Company’s Guidelines for the Nomination and Election of Independent Directors approved in 2007 allows minority shareholders to nominate candidates for the board of directors within the period provided under the By-laws and the guidelines promulgated by the Board Corporate Governance Committee. This policy is reiterated to stockholders every Annual Stockholders Meeting.

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company’s external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

Pursuant to the corporate governance principle of disclosure and transparency, information on the Company is made readily available. The Company provides shareholders with periodic reports that include information about the Board of Directors and key officers, including relevant professional information on the Directors and Officers, their shareholdings and dealings with the Company and their aggregate compensation.

The Investor Relations Officer and the Office of the Corporate Secretary have an established communications strategy and protocols to promote effective communication and liaison with shareholders.

Annual reports and financial statements of the Company may be secured without cost or restrictions and these are also available at the Company’s website.

1. Investor Relations Officer communicates with institutional investors through the Company’s webpage, e-mail, and conference calls. In addition, the Investor Relations Officer communicates with investors through comprehensive reports on its operations, particularly the Company’s Report to Stockholders in the Annual Report and through its investors’ briefings, investor conferences, non-deal road shows and one-on-one meetings.
2. Chief Reputation Officer approves corporate announcement after consensus with the Chief Executive Officer and Chief Financial Officer.
3. Chief Compliance Officer approves all disclosures.
4. The Board of Directors have oversight on matters which are disclosed.

In the case of internal communication, the Company has adopted, through its Reputation Management Department, an Internal Communication Flow Policy to ensure relevant and crucial information is shared across the Aboitiz Group and provided to key stockholders in a timely and orderly manner.

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	The Investor Relations Office assures shareholders and investors of an easy and direct access to officially designated spokespersons for clarifying information and issues as well as dealing with investor concerns.
(2) Principles	The Company believes in the value of its shareholders and ensures that its shareholders and investors receive timely, relevant, balanced, high-quality and understandable information about the Company.
(3) Modes of Communications	The Company believes in the value of its shareholders and ensures that its shareholders and investors receive timely, relevant, balanced, high-quality and understandable information about the Company. The Investor Relations Office assures shareholders and investors of an easy and direct access to

	<p>officially designated spokespersons for clarifying information and issues as well as dealing with investor concerns. AboitizPower's commitment to its shareholders is reiterated annually through its comprehensive reports on its operations, particularly the Company's Report to Stockholders in the Annual Report and through its investors' briefings, investor conferences, non-deal road shows and one-on-one meetings. The Company continually plans website content management initiatives to regularly keep its shareholders updated with the latest Company developments.</p> <p><u>Schedule of 2016 Analysts' Briefings:</u></p> <p><u>March 9, 2016 - Analysts' Briefing for FY 2015 results</u> <u>May 6, 2016 - Analysts' Briefing for 1Q 2016 results</u> <u>July 28, 2016 - Analysts' Briefing for 2Q/1H 2016 results</u> <u>October 26, 2016 – Analysts' Briefing for 3Q/9M 2016 results</u></p>
(4) Investors Relations Officer	<p>Investor Relations</p> <p>Mr. Judd Salas Aboitiz Power Corporation Tel (632) 886 -2702 Email: ap_investor@aboitiz.com www.aboitizpower.com</p>

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

The Company ensures the right of shareholders to participate in decisions concerning fundamental corporate changes in compliance with the provisions of the Corporation Code, such as amendments of the Company's Articles of Incorporation and By-Laws, issuance of new shares of stock, and sale of all or substantially all corporate properties. Moreover, in the event of mergers/acquisitions or takeovers, stockholders have the right to approve or reject the same in accordance with the requirements of the Corporation Code.

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

The Company engages, when necessary, the services of an independent consultant or financial advisor who are experts in their fields.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Aboitiz Foundation, Inc., the foundation through which the Aboitiz Group undertakes their Corporate Social Responsibility initiatives, has contributed in social development projects in the year 2016, including the following:

Initiative	Beneficiary
<p>Priority programs in infrastructure building, scholarship programs and asset donations.</p>	<p><u>The Foundation continuously build and donate regular classrooms to our host communities to address the issue of overcrowding and lack of classrooms in public schools nationwide. The Foundation also donate “Silid Pangarap” classrooms in partnership with the AGAPP Foundation.</u></p> <p><u>The Foundation grant scholarships and financial assistance to students from all levels who excel in academics but are financially unable to finish their studies. College scholars are encouraged to take courses that give them better chances in landing a job at the Aboitiz Group after graduation. These courses include Accountancy, Management, Psychology, and Engineering.</u></p> <p><u>The Foundation support scholars in pre-school, elementary, high school, and college levels.</u></p> <p><u>The Brigada Eskwela is one of the projects where team members can volunteer as part of our BetterWorld focus area on Team Member Engagement and Development under People.</u></p> <p><u>Through its commitment to give back to the community, the Foundation through the Company’s employees and the employees of other Business Units continued with other projects such as Christmas Outreach and the Brigada Eskwela. The Brigada Eskwela is an annual program to refurbish public schools’ infrastructure for incoming students.</u></p> <p><u>The Aboitiz Group is working together with donors in the private sector, to support the Philippine Government in its efforts to reduce weather-related disaster risks in the country through Weather Philippines Foundation. The Aboitiz Group co-founded WeatherPhilippines to operate a premiere weather forecasting system across the country with the installation of automated weather stations (AWS) across the country. WeatherPhilippines secured its accreditation from the Philippine Council for NGO and from the Bureau of Internal Revenue as a one institution in 2014.</u></p> <p><u>AEV and AboitizPower team members participated in these CSR efforts.</u></p>
<p>Focus on education, enterprise development, and environment.</p>	<p><u>Through its commitment to give back to the community, the Foundation through the Company’s employees and the employees of other Business Units continued with other projects such as Christmas Outreach and the Brigada Eskwela. The Brigada Eskwela is an annual program to refurbish public schools’ infrastructure for incoming students.</u></p>

	<p><u>The Aboitiz Group is working together with donors in the private sector, to support the Philippine Government in its efforts to reduce weather-related disaster risks in the country through Weather Philippines Foundation. The Aboitiz Group co-founded WeatherPhilippines to operate a premiere weather forecasting system across the country with the installation of automated weather stations (AWS) across the country. WeatherPhilippines secured its accreditation from the Philippine Council for NGO and from the Bureau of Internal Revenue as a one institution in 2014.</u></p> <p>Last July 16, 2016, a total of 2,649 team members across the country joined the annual group-wide simultaneous tree planting in 21 different planting sites. Everyone’s effort contributed to the achievement of the Company’s goal of planting 9 million trees by 2020.</p>
Cleanergy Park	<p><u>The Aboitiz Group has created an eight-hectare outdoor biodiversity area to help save endangered pawikan (hawksbill) turtles and preserve the coastal forest and marine life in the area.</u></p> <p><u>The property, which is managed by AboitizPower subsidiary Davao Light, has long been a breeding ground for the critically endangered and elusive Pawikan turtles, as well as approximately 66 species of trees, birds, and fish.</u></p> <p><u>It is surrounded by a 37-hectare Marine Protected Area and provides a unique and experiential learning platform through its facilities: the turtle sanctuary viewdeck, a botanical garden, a mangrove boardwalk, and a weather station.</u></p>
Sustainability Practices	<p><u>The Aboitiz Group is committed to the environment by creating a sustainability mindset across the Group. The Group doubled its target of planting trees to six million trees by 2020, as it surpassed its three million trees target one year ahead of schedule in 2014, and firmed up its commitment to build a BetterWorld through sustainable environmental practices. In the same year, the Aboitiz Group obtained Global Reporting Initiative (GRI)- Checked Level B Certification for its 2013 Sustainability Report covering 52 performance indicators. For its 2015 Sustainability Report, the Company has adopted the GRI G4 reporting framework, which will allow it to focus reporting on what is critical and material to its business and stakeholders.</u></p>

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	<p>Annually distributed to the Board to determine the Board's strengths and weaknesses.</p> <p>The performance appraisal on the individual director, the CEO/President, or the Board, as the case may be, is collated by Board Secretariat. The results of the appraisal are then discussed by the Board Corporate Governance Committee. Any issues arising from the discussion of the Committee is submitted to the members of the Board of Directors which shall address the issues.</p>	<p>Rating is conducted on the following areas:</p> <ol style="list-style-type: none"> I. Functions of the Board II. The Board and the Company Senior Management III. Board Meetings and Facilities IV. Board Composition V. Board Committees
Board Committees	<p>Performance appraisal for the Board Committees is conducted annually.</p> <p>The performance appraisal on the individual director, the CEO/President, or the Board, as the case may be, is collated by Board Secretariat. The results of the appraisal are then discussed by the Board Corporate Governance Committee. Any issues arising from the discussion of the Committee is submitted to the members of the Board of Directors which shall address the issues.</p>	<p>Rating is conducted on the following areas:</p> <ol style="list-style-type: none"> I. Setting of Committee Structure and Operation II. Oversight on Financial Reporting and Disclosures III. Oversight on Risk Management and Internal Controls IV. Oversight on Management and Internal Audit V. Oversight on External Audit
Individual Directors	<p>Annual appraisal form given to each member of the Board to determine the each member's strengths and weaknesses.</p> <p>The performance appraisal on the individual director, the CEO/President, or the Board, as the case may be, is collated by Board Secretariat. The results of the appraisal are then discussed by the Board Corporate Governance Committee. Any issues arising from the discussion of the Committee is submitted to the members of the Board of Directors which shall address the issues.</p>	<p>Rating is conducted on the following areas:</p> <ol style="list-style-type: none"> I. Company Policies II. Attendance and Participation III. Performance <p>The assessment form likewise contains specific questions for executive directors, independent directors and Chairmen of Board Committees.</p>
CEO/President	<p>Annual appraisal form given to each member of the Board to determine</p>	<p>Rating is conducted on the following areas:</p>

	<p>the CEO's strengths and weaknesses.</p> <p>The performance appraisal on the individual director, the CEO/ President, or the Board, as the case may be, is collated by Board Secretariat. The results of the appraisal are then discussed by the Board Corporate Governance Committee. Any issues arising from the discussion of the Committee is submitted to the members of the Board of Directors which shall address the issues.</p>	<ol style="list-style-type: none"> I. Personal Qualities II. Leadership Skills III. Managerial Skills: Building IV. Commitment V. Managerial Skills: Ensuring VI. Execution VII. Board Relations VIII. Financial Management IX. Overall Performance <p>The assessment form likewise inquiries about the CEO's major accomplishments and developmental needs.</p>
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N. INTERNAL BREACHES AND SANCTIONS

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

Violations	Sanctions
<p>Violation of any provision of the Company's Manual on Corporate Governance</p>	<p>In the case of a first violation, the subject person shall be reprimanded.</p> <p>Suspension from office shall be imposed in the case of a second violation. The duration of the suspension shall depend on the gravity of the violation.</p> <p>For a third violation, the maximum penalty of removal from office shall be imposed.</p>
<p>Violation of the Company's Code of Ethics and Business Conduct</p>	<p>The Code forms part of the terms and conditions of employment at the Company. Employees, officers and directors are expected to cooperate in internal investigations of allegations of violations of the Code, and actual violations may subject to concerned employee to the full range of disciplinary action by the Company. The Company may also report certain activities to its regulators, which could give rise to regulatory or criminal investigations. The penalties for regulatory and criminal violations may include significant fines, permanent bar from employment in the securities industry and, for criminal violations, imprisonment.</p>

Source: Amended Manual on Corporate Governance
Code of Ethics and Business Conduct

Sources:

- 2016 Annual Report (SEC Form 17-A)
- 2016 Definitive Information Statement (SEC Form 20-IS)
- 2016 Director Nomination Form
- 2015 Sustainability Report
- 2015 Aboitiz Foundation Annual Report
- Latest Articles of Incorporation and By-Laws

Revised Manual on Corporate Governance
Code of Ethics and Business Conduct
Board Protocols
Guidelines for the Nomination of Independent Directors
Board Audit Committee Charter
Board Corporate Governance Committee Charter
Whistle Blowing Policy
2015 Corporate Governance Report

The above corporate reports and company policies are accessible from Corporate Governance portion of the Company's website at www.aboitzpower.com.

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _____ on _____, 2017.

SIGNATURES


JON RAMON ABOITIZ
Vice Chairman of the Board


ERRAMONI I. ABOITIZ
Chief Executive Officer


CARLOS C. EJERCITO
Independent Director


ROMEO L. BERNARDO
Independent Director

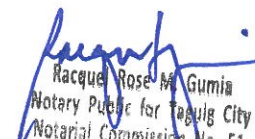

M. JASMINE S. OPORTO
Compliance Officer

SUBSCRIBED AND SWORN to before me this 23 MAY 2017 day of _____, 2017, affiant(s) exhibiting to me their _____, as follows:

NOTARY PUBLIC

Doc No. 1
Page No. 2
Book No. 11
Series of 2017




Racquel Rose M. Gumia
Notary Public for Taguig City
Notarial Commission No. 51
Until December 31, 2018
NAC Tower, 32nd Street, Bonifacio Global City, Taguig City
PTR No. A-3162202; Taguig City; January 04, 2017
IOP No. 010832; Davao City; March 19, 2012
Roll No. 60028
MCLE No. V-0011250

NAME	COMPETENT IDENTIFICATION	DATE/PLACE ISSUED
Jon Ramon Aboitiz	CTC No. 26525303	01.24.2017 Cebu City
	Passport No. EB9718353	11.29.2013 Cebu City
Carlos C. Ejercito	Passport No. EC3444962	08.02.2014 Manila City
M. Jasmine S. Oporto	CTC No. 15142988	02.24.2017 Taguig City
	Passport No. EB7264010	02.01.2013 Manila City
Erramon I. Aboitiz	CTC No. 26533114	01.24.2017 Cebu City
	Passport No. EB7151577	01.14.2013 Cebu City
Romeo L. Bernardo	Passport No. EC5403253	09.20.2015 DFA Manila