



March 30, 2015

PHILIPPINE STOCK EXCHANGE, INC.

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

ATTENTION : **MS. JANET ENCARNACION**
Head, Disclosure Department

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:

We submit for your files the PSE Corporate Governance Guidelines for Listed Companies of Aboitiz Power Corporation.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION

By

A handwritten signature in black ink, appearing to read 'M. Jasmine S. Oporto', written in a cursive style.

M. JASMINE S. OPORTO

Corporate Secretary



**THE PHILIPPINE STOCK
EXCHANGE, INC.**

**Corporate Governance Guidelines
for
Listed Companies
Disclosure Template**

	COMPLY	EXPLAIN	REMARKS
Guideline No. 1: DEVELOPS AND EXECUTES A SOUND BUSINESS STRATEGY			
1.1 Have a clearly defined vision, mission and core values.	✓		Page 1 of 2013 Annual Report (Introduction); Page 6 of Manual of Corporate Governance; Pages 8-9 of 2013 Full Corporate Governance Report <i>(Note: All documents/ reports mentioned herein are available at AboitizPower's dedicated Corporate Governance webpage at www.aboitizpower.com)</i>
1.2 Have a well-developed business strategy.	✓		Pages 12-18 of 2013 Colored Annual Report
1.3 Have a strategy execution process that facilitates effective performance management, and is attuned to the company's business environment, management style and culture.	✓		Pages 12-18 of 2013 Colored Annual Report
1.4 Have its board continually engaged in discussions of strategic business issues.	✓		Page 24 of 2013 Full Corporate Governance Report (re Board Meetings and Attendance); Pages 30-31 (Orientation and Education Program) and 46-47 (Board Meetings and Attendance) of 2014 SEC Annual Corporate Governance Report
Guideline No. 2: ESTABLISHES A WELL-STRUCTURED AND FUNCTIONING BOARD			
2.1. Have a board composed of directors of proven competence and integrity.	✓		Pages 11-13 of 2013 Information Statement (Item 5 Directors and Executive Officers)
2.2. Be lead by a chairman who shall ensure that the board functions in an	✓		Page 24 of 2013 Full Corporate

CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: ABOITIZ POWER CORPORATION (AP)

Date: March 25, 2015

	effective and collegial manner.			Governance Report (Board Composition); Page 11 of 2013 Information Statement (Item 5 Directors and Executive Officers)
2.3	Have at least three (3) or thirty percent (30%), whichever is higher, of its directors as independent directors.	✓		Page 13 of 2013 Information Statement (Item 5 Directors and Executive Officers)
2.4	Have in place written manuals, guidelines and issuances that outline procedures and processes.	✓		Board Protocol
2.5	Have Audit, Risk, Governance and Nomination & Election Committees of the board.	✓		Pages 27-39 of 2013 Full Corporate Governance Report (Board Committees)
2.6	Have its Chairman and CEO positions held separately by individuals who are not related to each other.		✓	Mr. Enrique M. Aboitiz, Jr., the Company's Chairman of the Board and Mr. Erramon I. Aboitiz, the Company's President & CEO, are brothers. However, despite their relationship, their respective roles are clearly delineated in the Company's By-Laws, Board Protocol and Manual of Corporate Governance, among others, to avoid overlapping of roles and ensure checks and balances. The Chairman is a non-executive Chairman in accordance with the Company's By-laws.
2.7	Have a director nomination and election process that ensures that all shareholders are given the opportunity to nominate and elect directors individually based on the number of shares voted.	✓		Guidelines for the Constitution of the Nomination Committee and the Election of Independent Directors
2.8	Have in place a formal board and director development program.	✓		Pages 20-24 of 2013 Full Corporate Governance Report (Board Selection and Composition); Pages 29-30 (Orientation and Education Program)

		<p>and 45-46 (Board Meetings and Attendance) of 2014 SEC Annual Corporate Governance Report</p> <p>In addition to regular board and committee meetings, Board members are given formal and informal updates through regular legal bulletins or advice on economic and industry-specific developments, as well as a discussion of governance and regulatory issues during board meetings, annual strategic planning and management conferences. Board assessment for each board member, the board as a whole and the President & CEO are also conducted on an annual basis. The Board of Directors of the Company are likewise required to attend or participate in corporate governance seminars to further enhance their knowledge and capabilities, even before the same was mandated by the Securities and Exchange Commission in its Memorandum Circular No. 20-2013.</p> <p>In 2014, the Board CG Committee approved the issuance to new incoming directors of an Onboarding Kit which provides new directors an overview of the Company and their roles and responsibilities to effective members of the Board.</p>
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2.9	Have a corporate secretary.	✓	Page 27 of 2013 Full Corporate Governance Report (Corporate Secretary); Page 46-47 of 2014 SEC Annual Corporate Governance Report
2.10	Have no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently.	✓	In accordance with Page 8 of the Manual of Corporate Governance (Duties and Responsibilities of a Director), the Company encourages independent thinking and discretion of all members of the Board, especially independent directors.
Guideline No. 3: MAINTAINS A ROBUST INTERNAL AUDIT AND CONTROL SYSTEM			
3.1	Establish the internal audit function as a separate unit in the company which would be overseen at the Board level.	✓	Pages 35-39 (Board Audit Committee) and 53-54 (Transparency of Audit Process) of 2013 Full Corporate Governance Report; Pages 82-87 of 2014 SEC Annual Corporate Governance Report (Internal Audit and Controls)
3.2	Have a comprehensive enterprise-wide compliance program that is annually reviewed.	✓	Pages 35-39 (Board Audit Committee) and 53-54 (Transparency of Audit Process) of 2013 Full Corporate Governance Report; Pages 38-39 (Compliance with Code of Ethics) and 82-87 (Internal Audit and Controls) of 2014 SEC Annual Corporate Governance Report
3.3	Institutionalize quality service programs for the internal audit function.	✓	Pages 35-39 (Board Audit Committee) and 53-54 (Transparency of Audit Process) of 2013 Full Corporate Governance Report
3.4	Have in place a mechanism that allows employees, suppliers and other stakeholders to raise valid issues.	✓	Pages 35-39 (Board Audit Committee) and 53-54 (Transparency of

			Audit Process) of 2013 Full Corporate Governance Report; Pages 38-39 (Compliance with Code of Ethics) and 82-87 (Internal Audit and Controls) of 2014 SEC Annual Corporate Governance Report
3.5	Have the Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	✓	Pages 35-39 (Board Audit Committee) and 53-54 (Transparency of Audit Process) of 2013 Full Corporate Governance Report
Guideline No. 4: RECOGNIZES AND MANAGES ITS ENTERPRISE RISKS			
4.1	Have its board oversee the company's risk management function.	✓	Pages 66-67 of 2013 Colored Annual Report; Page 27 of 2013 Full Corporate Governance Report (Board Committees)
4.2	Have a formal risk management policy that guides the company's risk management and compliance processes and procedures.	✓	Pages 66-67 of 2013 Colored Annual Report; Pages 32-35 of 2013 Full Corporate Governance Report (Board Risk and Reputation Management Committee)
4.3	Design and undertake its Enterprise Risk Management (ERM) activities on the basis of, or in accordance with, internationally recognized frameworks such as but not limited to, COSO, (The Committee of Sponsoring Organizations of the Treadway Commission) I and II.	✓	Pages 66-67 of 2013 Colored Annual Report; Pages 32-35 of 2013 Full Corporate Governance Report (Board Risk and Reputation Management Committee)
4.4	Have a unit at the management level, headed by a Risk Management Officer (RMO).	✓	Pages 66-67 of 2013 Colored Annual Report; Pages 32-35 of 2013 Full Corporate Governance Report (Board Risk and Reputation Management Committee)
4.5	Disclose sufficient information about its risk management procedures and processes as well as the key risks the company is currently facing including how these are being managed.	✓	Pages 66-67 of 2013 Colored Annual Report; Pages 32-35 of 2013 Full Corporate Governance Report (Board

			Risk and Reputation Management Committee)
4.6	Seek external technical support in risk management when such competence is not available internally.	✓	Pages 66-67 of 2013 Colored Annual Report; Pages 32-35 of 2013 Full Corporate Governance Report (Board Risk and Reputation Management Committee)
Guideline No. 5: ENSURES THE INTEGRITY OF FINANCIAL REPORTS AS WELL AS ITS EXTERNAL AUDITING FUNCTION			
5.1	Have the board Audit Committee approve all non-audit services conducted by the external auditor. The Committee should ensure that the non-audit fees do not outweigh the fees earned from the external audit.	✓	Pages 53-54 of 2013 Full Corporate Governance Report (Transparency of Audit Process); Page 126 of 2013 Information Statement (Item 8)
5.2	Ensure that the external auditor is credible, competent, and should have the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	✓	Page 30 of 2013 Information Statement (Item 7); Pages 53-54 of 2013 Full Corporate Governance Report (Transparency of Audit Process)
5.3	Ensure that the external auditor has adequate quality control procedures.	✓	Page 30 of 2013 Information Statement (Item 7); Pages 53-54 of 2013 Full Corporate Governance Report (Transparency of Audit Process)
5.4	Disclose relevant information on the external auditors.	✓	Page 30 of 2013 Information Statement (Item 7); Pages 53-54 of 2013 Full Corporate Governance Report (Transparency of Audit Process)
5.5	Ensures that the external audit firm is selected on the basis of a fair and transparent tender process.	✓	Page 30 of 2013 Information Statement (Item 7); Pages 53-54 of 2013 Full Corporate Governance Report (Transparency of Audit Process)
5.6	Have its Audit Committee conduct regular meetings and dialogues with the external audit team without anyone from management present.	✓	Pages 35-39 of 2013 Full Corporate Governance Report (Board Audit Committee)

5.7	Have the financial reports attested to by the Chief Executive Officer and Chief Financial Officer.	✓	Page 137 of 2013 Information Statement (Statement of Management Responsibility)
5.8	Have a policy of rotating the lead audit partner every five years.	✓	Page 30 of 2013 Information Statement (Item 7)
Guideline No. 6: RESPECTS AND PROTECTS THE RIGHTS OF ITS SHAREHOLDERS, PARTICULARLY THOSE THAT BELONG TO THE MINORITY OR NON-CONTROLLING GROUP			
6.1	Adopt the principle of “one share, one vote.”	✓	Page 42-43 of 2013 Full Corporate Governance Report (One-Share, One-Vote)
6.2	Ensure that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	✓	Pages 42-49 of 2013 Full Corporate Governance Report (Stockholders’ Rights)
6.3	Have an effective, secure and efficient voting system.	✓	Pages 95-107 of 2014 SEC Annual Corporate Governance Report (Rights of Stockholders)
6.4	Have effective shareholder voting mechanisms such as supermajority or “majority of minority” requirements to protect minority shareholders against actions of controlling shareholders.	✓	Pages 95-107 of 2014 SEC Annual Corporate Governance Report (Rights of Stockholders) The Company adopts the policy of statutory shareholder voter protection requirements of the Corporation Code and rules of the Philippine Stock Exchange which require either supermajority vote or majority of minority vote on certain transactions. All minority equity shareholders of the Company are entitled to the same

			voting rights as the other shareholders.
6.5	Provide all shareholders with the notice and agenda of the annual general meeting (AGM) at least thirty (30) days before a regular meeting and twenty (20) days before a special meeting.	✓	Pages 95-107 of 2014 SEC Annual Corporate Governance Report (Rights of Stockholders)
6.6	Allow shareholders to call a special shareholders meeting, submit a proposal for consideration at the AGM or the special meeting, and ensure the attendance of the external auditor and other relevant individuals to answer shareholder questions in such meetings.	✓	Pages 95-107 of 2014 SEC Annual Corporate Governance Report (Rights of Stockholders)
6.7	Ensure that all relevant questions during the AGM are answered.	✓	Pages 95-107 of 2014 SEC Annual Corporate Governance Report (Rights of Stockholders)
6.8	Have clearly articulated and enforceable policies with respect to treatment of minority shareholders.	✓	Pages 95-107 of 2014 SEC Annual Corporate Governance Report (Rights of Stockholders)
6.9	Avoid anti-takeover measures or similar devices that may entrench management or the existing controlling shareholder group.	✓	Pages 95-107 of 2014 SEC Annual Corporate Governance Report (Rights of Stockholders)
6.10	Provide all shareholders with accurate and timely information regarding the number of shares of all classes held by controlling shareholders and their affiliates.	✓	Pages 95-107 of 2014 SEC Annual Corporate Governance Report (Rights of Stockholders)
6.11	Have a communications strategy to promote effective communication with shareholders.	✓	Pages 95-107 of 2014 SEC Annual Corporate Governance Report (Rights of Stockholders)
6.12	Have at least thirty percent (30%) public float to increase liquidity in the market.		<p>Public Ownership Report dated December 31, 2014.</p> <p>The Company's public float of 19.68% as of December 31, 2014, however, is compliant with the PSE's minimum public ownership requirement of 10% of a listed company's issued and outstanding shares, exclusive of</p>

			treasury shares.
6.13	Have a transparent dividend policy.	✓	Page 98 of 2013 Information Statement (Dividends)
Guideline No. 7: ADOPTS AND IMPLEMENTS AN INTERNATIONALLY-ACCEPTED DISCLOSURE AND TRANSPARENCY REGIME			
7.1	Have written policies and procedures designed to ensure compliance with the PSE and SEC disclosure rules, as well as other disclosure requirements under existing laws and regulations.	✓	Pages 4-11 of 2014 SEC Annual Corporate Governance Report (Disclosure Rules)
7.2	Disclose the existence, justification, and details on shareholders agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	✓	Pages 95-107 of 2014 SEC Annual Corporate Governance Report (Rights of Stockholders)
7.3	Disclose its director and executive compensation policy.	✓	Pages 49-54 of 2013 Annual Corporate Governance Report (Remuneration Process)
7.4	Disclose names of groups or individuals who hold 5% or more ownership interest in the company, significant cross-shareholding relationship and cross guarantees, as well as the nature of the company's other companies if it belongs to a corporate group.	✓	Pages 43, 44 and 92 of the 2014 SEC Annual Corporate Governance Report (Ownership Structure)
7.5	Disclose annual and quarterly consolidated reports, cash flow statements and special audit revisions. Consolidated financial statements shall be published within 90 days from the end of the financial year, while interim reports shall be published within 45 days from the end of the reporting period.	✓	Disclosures webpage at the Company website at www.aboitizpower.com
7.6	Disclose to shareholders and the Exchange any changes to its corporate governance manual and practices, and the extent to which such practices conform to the SEC and PSE CG Guidelines.	✓	Disclosures and Corporate Governance webpages at the Company website accessible at www.aboitizpower.com
7.7	Publish and/or deliver to its shareholders in a timely fashion all information	✓	Page 93 of 2014 SEC Annual Corporate

	and materials relevant to corporate actions that require shareholder approval.			Governance Report
7.8	Disclose the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This shall also include the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	✓		Disclosures webpage at the Company website accessible at www.aboitizpower.com
7.9	Disclose in its annual report the principal risks to minority shareholders associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	✓		Pages 43, 44, and 92 (Ownership Structure) and 95-107 (Stockholders' Rights) of the 2014 SEC Annual Corporate Governance Report
Guideline No. 8: RESPECTS AND PROTECTS THE RIGHTS AND INTERESTS OF EMPLOYEES, COMMUNITY, ENVIRONMENT, AND OTHER STAKEHOLDERS				
8.1	Establish and disclose a clear policy statement that articulates the company's recognition and protection of the rights and interests of key stakeholders specifically its employees, suppliers & customers, creditors, as well the community, environment and other key stakeholder groups.	✓		Page 56-66 of the 2013 Full Corporate Governance Report (Role of Stakeholders); Pages 87-92 of 2014 SEC Annual Corporate Governance Report; 2013 Sustainability Report
8.2	Have in place a workplace development program.	✓		Pages 58-60 of the 2013 Full Corporate Governance Report (Employee as Stakeholder); Pages 87-92 of 2014 SEC Annual Corporate Governance Report; 2013 Sustainability Report
8.3	Have in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentives employees, at the same time aligns their interests with those of the shareholders.	✓		Pages 58-60 of the 2013 Full Corporate Governance Report (Employee as Stakeholder); Pages 87-92 of 2014 SEC Annual Corporate Governance Report; 2013 Sustainability Report
8.4	Have in place a community involvement program.	✓		Pages 62-66 of the 2013 Full Corporate Governance Report (Employee as Stakeholder); Pages 87-92 of 2014 SEC Annual Corporate Governance Report;

			2013 Sustainability Report
8.5	Have in place an environment-related program.	✓	Pages 62-66 of the 2013 Full Corporate Governance Report (Employee as Stakeholder); Pages 87-92 of 2014 SEC Annual Corporate Governance Report; 2013 Sustainability Report
8.6	Have clear policies that guide the company in its dealing with its suppliers, customers, creditors, analysts, market intermediaries and other market participants.	✓	Page 56-66 of the 2013 Full Corporate Governance Report (Role of Stakeholders); Pages 87-92 of 2014 SEC Annual Corporate Governance Report; 2013 Sustainability Report
Guideline No. 9: DOES NOT ENGAGE IN ABUSIVE RELATED-PARTY TRANSACTIONS AND INSIDER TRADING			
9.1	Develop and disclose a policy governing the company's transactions with related parties.	✓	Pages 230-233 of the 2013 Information Statement (Related Party Disclosures); Page 94 of 2014 SEC Annual Corporate Governance Report (Disclosure of RPTs)
9.2	Clearly define the thresholds for disclosure and approval for RPTs and categorize such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPT within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	✓	Pages 230-233 of the 2013 Information Statement (Related Party Disclosures); Page 94 of 2014 SEC Annual Corporate Governance Report (Disclosure of RPTs) Related party transactions of the Company typically involve transactions with its parent company and subsidiaries and affiliates, and are entered into to maximize efficiencies and realize cost synergies. The Company's related party transactions include: (a) service agreement with its parent company,

			<p>Aboitiz Equity Ventures, Inc. (AEV), for the provision by AEV of certain services such as human resources, internal audit, legal, treasury and corporate finance, among others, to the Company and its subsidiaries and affiliates; (b) service/technical agreements for the provision of services to certain subsidiaries and affiliates; (c) guarantee of credit accommodations of subsidiaries and affiliates; (d) intercompany advances for working capital requirements of subsidiaries and affiliates.</p> <p>The Company does not set thresholds for disclosure of related party transactions since it discloses all related party transactions regardless of amounts in compliance with existing accounting standards.</p> <p>The details of these related party transactions are disclosed in the Company's information statement, annual report as well as in its audited financial statements.</p>
<p>9.3 Establish a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions in shareholders meetings.</p>		<p>✓</p>	<p>Pages 230-233 of the 2013 Information Statement (Related Party Disclosures); Page 94 of 2014 SEC Annual Corporate Governance Report (Disclosure of RPTs)</p> <p>The Company's related party</p>

			<p>transactions are typically agreements entered into in the ordinary course of business to maximize efficiencies and realize cost synergies. The details of these related party transactions are disclosed in the information statement, annual report and audited financial statements furnished to the shareholders.</p> <p>Please see item 9.2 above for additional details</p>
9.4	Have its independent directors or audit committee play an important role in reviewing significant RPTs.	✓	Page 126 of the 2013 Information Statement (Role of the Audit Committee)
9.5	Be transparent and consistent in reporting its RPTs. A summary of such transactions shall be published in the company's annual report.	✓	Pages 230-233 of the 2013 Information Statement (Related Party Disclosures); Page 94 of 2014 SEC Annual Corporate Governance Report (Disclosure of RPTs)
9.6	Have a clear policy in dealing with material non-public information by company insiders.	✓	Code of Ethics and Business Conduct; Trading Policy
9.7	Have a clear policy and practice of full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management.	✓	Code of Ethics and Business Conduct; Trading Policy
Guideline No. 10: DEVELOPS AND NURTURES A CULTURE OF ETHICS, COMPLIANCE, & ENFORCEMENT			
10.1	Formally adopt a code of ethics and proper conduct that guides individual behavior and decision making, clarify responsibilities, and inform other stakeholders on the conduct expected from company personnel.	✓	Code of Ethics and Business Conduct
10.2	Have a formal comprehensive compliance program covering compliance with laws and relevant regulations. The program should include appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	✓	Code of Ethics and Business Conduct; Pages 4-11 (Disclosure Rules), 30-31 (Orientation and Education Program),

			and 46-47 (Board Meetings and Attendance) of 2014 SEC Annual Corporate Governance Report
10.3	Not seek exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. Should it do so, it has to disclose the reason for such action as well present the specific steps being taken to finally comply with the applicable law, rule or regulation.	✓	Code of Ethics and Business Conduct No Director, officer or employee of the Company has applied for exemption from the application of any law, rule or regulation.
10.4	Have clear and stringent policies and procedures on curbing and penalizing company or employee involvement in offering, paying and receiving bribes.	✓	Code of Ethics and Business Conduct; Whistleblowing Policy
10.5	Have a designated officer responsible for ensuring compliance with all relevant laws, rules, and regulation, as well as all regulatory requirements.	✓	Code of Ethics and Business Conduct
10.6	Respect intellectual property rights.	✓	Code of Ethics and Business Conduct
10.7	Establish and commit itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner.	✓	Code of Ethics and Business Conduct

This is to certify that the undersigned reviewed the contents of this document and to the best of my knowledge and belief, the information contained set forth in this document is true, complete and correct.

Done this 25th day of March 2015 in Taguig City.



CARLOS C. EJERCITO

Independent Director
Chairman, Board Audit Committee



ANTONIO R. MORAZA

President & Chief Operating Officer