

COVER SHEET

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SEC Registration Number

S	E	M	I	R	A	R	A	M	I	N	I	N	G	C	O	R	P	O	R	A	T	I	O	N

(Company's Full Name)

2	N	D	F	L	O	O	R	D	M	C	I	P	L	A	Z	A	B	U	I	L	D	I	N	G
2	2	8	1	P	A	S	O	N	G	T	A	M	O	E	X	T	E	N	S	I	O	N		
										M	A	K	A	T	I	C	I	T	Y					

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

Junalina S. Tabor

(Contact Person)

888-3000

(Company Telephone Number)

1	2
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3	1
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(Fiscal Year)

A	C	G	R
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(Form Type)

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Month Day
(Annual Meeting¹)

(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

¹ First Monday of May of each year.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT


1. Report is filed for the Year: 2012
2. Exact Name of Registrant as Specified in its Charter: **Semirara Mining Corporation**
3. 2/F DMCI Plaza, 2281 Don Chino Roces Ave., Makati City
Address of Principal Office
1231
Postal Code

4. SEC Identification Number: 91447 5. (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number: 410-000-190-324
7. (632) 888-3000/888-3055
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	11
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Actual number of Directors for the year	11
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(a) Composition of the Board

Complete the table with information on the Board of Directors:

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
David M. Consunji	NED	DMCI Holdings , Inc.	Ma. Cristina C. Gotianun	May 2001	May 2012	ASM	11.67
Isidro A. Consunji	ED	DMCI Holdings , Inc.	Ma. Cristina C. Gotianun	May 2001	May 2012	ASM	11.67
Victor A. Consunji	ED	DMCI Holdings , Inc.	Ma. Cristina C. Gotianun	May 2001	May 2012	ASM	11.67
Jorge A. Consunji	NED	DMCI Holdings , Inc.	Ma. Cristina C. Gotianun	May 2001	May 2012	ASM	11.67
Cesar A. Buenaventura	NED	DMCI Holdings , Inc.	Ma. Cristina C. Gotianun	May 2001	May 2012	ASM	11.67
Herbert M. Consunji	NED	DMCI Holdings , Inc.	Ma. Cristina C. Gotianun	May 2001	May 2012	ASM	11.67
Victor C. Macalincag	ID		Antonio C. Olizon (no relation)	May 2005	7 months as ID from May 2012	ASM	7.67
George G. San Pedro	ED	DMCI Holdings , Inc.	Isidro A. Consunji	May 2001	May 2012	ASM	11.67
Federico E. Puno	ID		Antonio C. Olizon (no relation)	May 2005	7 months as ID from May 2012	ASM	7.67
Ma. Cristina C. Gotianun	ED	DMCI Holdings , Inc.	Isidro A. Consunji	May 2006	May 2012	ASM	6.67
Ma. Edwina C.		DMCI	Isidro A.	May			

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

Laperal	NED	Holdings, Inc.	Consunji	2007	May 2012	ASM	5.67
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(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

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

The Board reviews and approves the vision and mission at least once every five years, with recent review and approval in its Board meeting on October 30, 2012.

(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:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
David M. Consunji	DMCI Holdings, Inc. SEM-Calaca Power Corp. Southwest Luzon Power Generation Corp. Semirara Cement Corp. Semirara Claystone Inc. Semirara Energy Utilities Inc.	} } } } Non-Exec. Director, Chairman } } }
Isidro A. Consunji	DMCI Holdings, Inc. SEM-Calaca Power Corp. Southwest Luzon Power Generation Corp. Semirara Claystone Inc. Semirara Energy Utilities Inc. SEM-Cal Industrial Park Developers, Inc.	Executive Director Executive Director, CEO Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
Victor A. Consunji	DMCI Holdings, Inc. SEM-Calaca Power Corp. Southwest Luzon Power Generation Corp. Semirara Claystone Inc. Semirara Energy Utilities Inc. SEM-Cal Industrial Park Developers, Inc.	Non-Executive Director Executive Director Executive Director Executive Director Executive Director Executive Director, President & CEO
Jorge A. Consunji	DMCI Holdings, Inc. SEM-Calaca Power Corp. Southwest Luzon Power Generation Corp. Semirara Claystone Inc. Semirara Energy Utilities Inc. SEM-Cal Industrial Park Developers, Inc.	} } } } Non-Executive Director } } }

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

Cesar A. Buenaventura	DMCI Holdings, Inc.	Non-Executive Director
Herbert M. Consunji	DMCI Holdings, Inc. SEM-Calaca Power Corporation Southwest Luzon Power Generation Corp. SEM-Cal Industrial Park Developers, Inc.	Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
Victor C. Macalincag	SEM-Calaca Power Corporation	Independent Director
Federico E. Puno	SEM-Calaca Power Corporation	Independent Director
Ma. Cristina C. Gotianun	DMCI Holdings, Inc. SEM-Calaca Power Corp Southwest Luzon Power Generation Corp. Semirara Claystone Inc. Semirara Energy Utilities Inc. SEM-Cal Industrial Park Developers, Inc	Non-Executive Director Executive Director Executive Director Executive Director Executive Director Non-Executive
Ma. Edwina C. Laperal	DMCI Holdings, Inc. SEM-Calaca Power Corp	Executive Director Non-Executive Director

(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.
Isidro A. Consunji	Crown Equities, Inc. Atlas Consolidated Mining and Development Corporation	Non-Executive Director Non-Executive Director
Cesar A. Buenaventura	PetroEnergy Resources Corp. iPeople Inc.	Independent Director Independent Director
Victor C. Macalincag	Crown Equities, Inc. Republic Glass Holdings, Inc., ISM Communications Corp. Atok-Big Wedge Company, Inc.	Independent Director Independent Director Independent Director Independent Director
Federico E. Puno	Republic Glass Holdings, Inc.	Independent Director

(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 ³	Description of the relationship
David M. Consunji	N/A	N/A
Isidro A. Consunji	Augusta Holdings Inc. holds 254,552 shares in the Company.	Mr. Isidro A. Consunji is the majority stockholder representing 80% of its I/O shares.
Victor A. Consunji	Guadalupe Holdings	Mr. Victor A. Consunji is the

³ As of June 20, 2013.

	Corporation holds 327,242 shares in the Company.	majority stockholder representing 99.84% of its I/O shares.
Jorge A. Consunji	Great Times Holdings Corp. holds 4,822 shares in the Company.	Mr. Jorge A. Consunji is the majority stockholder representing 100% of its I/O shares.
Herbert M. Consunji	N/A	N/A
Ma. Crisitina C. Gotianun	Berit Holdings Corporation holds 302,098 shares in the Company.	Ms. Ma. Cristina C. Gotianun is the majority stockholder representing 78.88% of its I/O shares.
Ma. Edwina C. Laperal	Firenze Holdings Inc. holds 418,398 shares in the Company.	Ms. Ma. Edwina C. Laperal is the majority stockholder representing 82% of its I/O shares.

- (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:

In 2012, each Director has held simultaneously no more than five (5) board seats in publicly-listed companies. Moreover, the Company's executive directors do not serve on more than two (2) boards of listed companies outside its parent DMCI Holdings Inc. group of companies.

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

- (c) 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 ⁴	Number of Indirect shares / Through (name of record owner) ⁵	% of Capital Stock
David M. Consunji	12	200	0.0001
Isidro A. Consunji	2,012	254,552	0.0720
Victor A. Consunji	12	327,242	0.0919
Jorge A. Consunji	12	4,822	0.0014
Herbert M. Consunji	10,010	-	0.0028
Cesar A. Buenaventura	6,010	-	0.0017
Ma. Cristina C. Gotianun	119	302,098	0.0848
Ma. Edwina C. Laperal	349	418,398	0.1175
George G. San Pedro	40,030	-	0.0112
Victor C. Macalincag	281,130	7,000	0.0809
Federico E. Puno	60,010	-	0.0168
TOTAL	399,706	1,314,312	0.4811

⁴ As of June 20, 2013.

⁵ *Ibid.*

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	David M. Consunji
CEO/President	Isidro A. Consunji

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	Oversees and leads the Board on behalf of the shareholders, protecting their rights and maximizing shareholders' returns.	Provides leadership, direction and overall management of the Company's business.
Accountabilities	Is accountable to the shareholders; Ensures that Board meetings are held in accordance with the by-laws; Presides or chairs Board meetings; Coordinates Board meetings' agenda	Is accountable to the Board; Implements the key strategies and policies; as well as annual targets and objectives set by the Board.
Deliverables	Leads the Board in establishing the vision and mission, strategic objectives, key policies as well as adequate control mechanisms and risk management systems to effectively oversee and monitor Management's performance.	i. Development and implementation of the key strategies, policies, annual targets and objectives set by the Board; ii. Development and implementation of short and long term plans, and financial management; iii. Achievement of annual budget, financial and operating performance.

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

The Company's Executive Succession Plan Policy outlines succession procedures for the CEO including the process of appointment and time frame. Succession planning also involves identifying a pool of candidates and developing a professional development program which includes mentoring, coaching, leadership seminars and management courses, among others.

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

The Company's current Board represents a mix of highlight qualified individuals of such stature and experience in finance, business, operations and relevant industry & sector.

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

Yes, two of the non-executive directors have extensive work experience in the energy sector and/or coal industry.

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

	Executive	Non-Executive	Independent Director
Role	<p>Develop and implement strategic and business plans ;</p> <p>Set the Company's values and standards, and ensure that obligations to shareholders and stakeholders are understood and met.</p> <p>Lead the day-to-day operation of the business.</p>	<p>Strategy and goal setting;</p> <p>Review and monitor Management's performance in meeting agreed goals and objectives.</p>	<p>Adopt an oversight role and act as a check and balance on the acts of the Board and Management of the Company;</p> <p>Helps in formulating strategic plans and objectives.</p>
Accountabilities	<p>Providing reasonable economic returns to shareholders and business partners;</p> <p>Sustainability and growth of the business;</p> <p>Regular and timely reporting to the Board of the Company's performance and achievement of strategic goals and objectives.</p>	<p>Promoting the interests of all shareholders, majority and minority, as a whole.</p>	<p>Promoting the interests of all shareholders, majority and minority, as a whole.</p>
Deliverables	<p><u>Enhanced shareholder value through the ff:</u></p> <p>Operational excellence;</p> <p>A governance framework with adequate and effective risk, control and governance processes and information and management systems;</p> <p>Reliability and integrity of financial and operational information and reporting;</p> <p>Compliance with laws, rules, regulations, and contracts;</p> <p>Faithful performance of fiduciary duties in the best interests of the Company as a Board Director, incl. regular attendance and participation in Board and Committee meetings.</p>	<p>Objectivity and independent mindset during Board deliberations and discussions;</p> <p>Faithful performance of Director's fiduciary duties in the best interests of the Company;</p> <p>Familiarity and understanding of the Company's business, industry and significant developments;</p> <p>Regular attendance and participation in Board and Committee meetings.</p>	<p>Objectivity and independent mindset during Board deliberations and discussions;</p> <p>Faithful performance of Director's fiduciary duties in the best interests of the Company;</p> <p>Familiarity and understanding of the Company's business, industry and significant developments;</p> <p>Regular attendance and participation in Board and Committee meetings.</p>

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

An Independent Director is defined as one with no interest or relationship with the Company that may hinder his independence from the Company or its management, or may reasonably be perceived to materially interfere in the exercise of his independent judgment in carrying out the responsibilities expected of a director. The Company's Independent Directors possess the qualifications and none of the disqualifications under existing Philippine regulatory rules and requirements for Independent Directors. They are independent of Management and major shareholders of the Company. The Company's Independent Directors are subject to SEC's prescribed term limit for Independent Directors of ten (10) years and re-election which took effect in 2012. They have been elected and re-elected as Independent Directors since May 2005. They have been elected also as such of the Company's wholly-owned subsidiary SEM-Calaca Power Corporation in February 2011 and have adhered to SEC's prescribed limit for Independent Directors to be elected as such in no more than five (5) companies in each conglomerate.

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 has adopted and adheres to SEC's prescribed limits for Independent Directors on term (tenure) and not being elected as Independent Directors in no more than five (5) companies in each conglomerate.

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

(a) Resignation/Death/Removal

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

Name	Position	Date of Cessation	Reason
	NONE		

(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	Executive Directors are appointed during the organizational meeting of the company by the members of the Board of Directors	To be eligible directors must possess all the qualifications and none of the disqualifications of directors as stated in the Company's By-laws specifically Sections 2 & 3 of Article 2; all qualifications and disqualifications under the Revised Manual of Corporate Governance. Executive Directors are chosen based on their track record and performance in the Company
(ii) Non-Executive Directors	Every March (prior to Annual Meeting on first Monday of May) of each year directors are nominated and the final list of nominees is prepared; only	To be eligible directors must possess all the qualifications and none of the disqualifications of directors as stated in the Company's

	those whose names appear in the final list shall be eligible for election at the Company's annual meeting. The final list goes through the selection process by the Nomination and Election Committee (NOMELEC)	By-laws specifically Sections 2 & 3 of Article 2; all qualifications and disqualifications under the Revised Manual of Corporate Governance
(iii) Independent Directors	<p>Every March (prior to Annual Meeting on first Monday of May) of each year independent directors (at least 2 or 20% of the board size whichever is less) are nominated and the final list of nominees is prepared; only those whose names appear in the final list shall be eligible for election at the Company's annual meeting. The final list goes through the selection process by the NOMELEC. (Section 5, Article 3 of By-laws)</p> <p>Subject to 5 day written notice to the Securities and Exchange Commission, any vacancy due to resignation, disqualification or cessation from office shall be filled by vote of at least majority of remaining directors, if still constituting a quorum upon nomination of the NOMELEC, otherwise said vacancy shall be filled by the stockholders in a regular or special meeting called for that purpose (Section 7, Article 3 By-laws)</p>	<ol style="list-style-type: none"> 1. Must possess all the qualification and none of the disqualifications of directors under Article III of Company's By-laws (By-laws incorporates provisions of SEC Memorandum Circular No. 16; Series of 2012 dated November 28, 2002; (Guidelines on the Nomination and Election of Independent Directors) and qualifications and disqualifications under the Revised Manual of Corporate Governance 2. Memorandum Circular No. 9, Series of 2011 dated December 5, 2011 (Term Limits for Independent Directors)
b. Re-appointment (Same process and criteria on selection and appointment)		
(i) Executive Directors		
(ii) Non-Executive Directors		
(iii) Independent Directors		
c. Permanent Disqualification		
(i) Executive Directors	<p>Not eligible for appointment as Executive Director upon determination by the NOMELEC</p> <p>If grounds for disqualification occur during tenure, executive director may be removed by affirmative resolution of the board (Sec. 5, Art. 4 By-laws).</p>	Grounds for disqualifications enumerated under Article 4 (e) (1) of the Company's Revised Manual on Corporate Governance

	Director concern may however voluntarily resign due to such grounds for disqualification.	
(ii) Non-Executive Directors	<p>Not eligible for nomination as director upon determination by the NOMELEC</p> <p>If grounds for disqualification occur during tenure, director may be removed by affirmative vote of the stockholders holding 2/3 of the subscribed and outstanding capital of the Company in a meeting called for the purpose. Director concern may however voluntarily resign due to such grounds for disqualification.</p>	Grounds for disqualifications enumerated under Article 4 (e) (1) of the Company's Revised Manual on Corporate Governance
(iii) Independent Directors	<p>Not eligible for nomination as director upon determination by the NOMELEC</p> <p>If grounds for disqualification occur during tenure, director may be removed by affirmative vote of the stockholders holding 2/3 of the subscribed and outstanding capital of the Company in a meeting called for the purpose. Director concern may however voluntarily resign due to such grounds for disqualification.</p>	<ol style="list-style-type: none"> 1. Based on grounds enumerated under Art. 4 (e) (1) of the Company's Revised Manual on Corporate Governance 2. Memorandum Circular No. 9, Series of 2011 dated December 5, 2011 (Term Limits for Independent Directors)
d. Temporary Disqualification		
(i) Executive Directors	As determined by affirmative resolution of the Board of Directors	Grounds for temporary disqualifications under Article 4 (e) (2) of the Company's Revised Manual on Corporate Governance
(ii) Non-Executive Directors	As determined by affirmative resolution of the Board of Directors	Grounds for temporary disqualifications under Article 4 (e) (2) of the Company's Revised Manual on Corporate Governance
(iii) Independent Directors	As determined by affirmative resolution of the Board of Directors	<ol style="list-style-type: none"> 1. Grounds for temporary disqualifications under Article 4 (e) (2) of the Company's Revised Manual on Corporate Governance

		<p>2. Article 3, Section 3 of By-laws</p> <p>3. Memorandum Circular No. 9, Series of 2011 dated December 5, 2011 (Term Limits for Independent Directors)</p>
e. Removal		
(i) Executive Directors	By affirmative resolution of the Board of Directors	With or without cause (Section 5, Article 4 of By-laws)
(ii) Non-Executive Directors	By affirmative vote of the stockholders holding 2/3 of the subscribed and outstanding capital of the Company in a meeting called for the purpose	With or without cause (Section 10, Article 2 of By-laws)
(iii) Independent Directors	Same as Non-Executive Directors	With or without cause (Section 10, Article 2 of By-laws)
f. Re-instatement		
(i) Executive Directors	Director is given 60 days to remedy or correct disqualification. Director is reinstated when shown that disqualification has been remedied.	Last paragraph of Article 4 (e) (2) of the Company's Revised Manual on Corporate Governance
(ii) Non-Executive Directors	-same as above-	-same as above-
(iii) Independent Directors	-same as above-	-same as above-
g. Suspension		
(i) Executive Directors	Written report on violations of internal policies, provisions of the Company's Corporate Governance Manual, rules and regulations of regulatory agencies shall be made by Company's Compliance Officer to the Board of Directors with	Article 4 (m) of Company's Revised Manual on Corporate Governance. Sanctions ranges from reprimand, fines disqualification as may deem appropriate upon recommendation of the

	recommendation on sanctions and penalties.	Compliance Officer subject to the approval of the Board.
(ii) Non-Executive Directors	-same as above-	-same as above-
(iii) Independent Directors	-same as above-	-same as above-

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
David M. Consunji	277,531,320
Isidro A. Consunji	276,762,750
Victor A. Consunji	277,526,920
Jorge A. Consunji	277,526,920
Cesar A. Buenaventura	277,526,920
Herbert M. Consunji	277,526,920
Ma. Cristina C. Gotianun	276,308,100
Ma. Edwina C. Laperal	261,087,695
George G. San Pedro	275,864,930
Victor C. Macalincag	277,526,920
Federico E. Puno	277,526,920

6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any.
Board orientation coverage includes knowing the Company's unique aspects such as its history, operations, product, Board policies, etc. Directors are provided with an orientation kit of compiled reading and video materials intended to serve as a useful tool and ready reference resource for the Board's work and duties during the year. They are encouraged to visit the Company's mine sites and subsidiary operating plants to gain a closer understanding of business operations and ongoing Corporate Social Responsibility (CSR) projects.
- (b) State any in-house training and external courses attended by Directors and Senior Management⁶ for the past three (3) years:
1. **Professional Directorship Program, ICD :**
March 1,8,9,18,19 2010 - Ma. Cristina C. Gotianun, Board Director
March 1,8,9,18,19 2010 – Herbert M. Consunji , Board Director
March 1,7,8,17,18 2011 - Ma. Edwina C. Laperal, Board Director
 2. **Corporate Governance Orientation Program, ICD :**
September 1, 2010 - Jorge A. Consunji, Board Director
September 1, 2011 - Denardo M. Cuayo, VP Business Development
June 7, 2012 - John Anthony T. Villanueva, Marketing Dept Head
 3. **Strategic Business and Economics Program, University of Asia and the Pacific,**
SY 2011-2012 - Junalina S. Tabor, Chief Finance Officer; Antonio R. delos Santos, Treasury Officer
 4. **Annual Economic Briefings, 2010-2012 – all Board Directors**
 5. **Private-Public Partnership Briefing, Alberto Agra, 2011 – All Board Directors**
 6. **Cross Cultural Seminar, Prof. Yih-teen Lee, 2011 – all Board Directors**
 7. **Leadership Seminar, Dr. Pablo Cardona, 2011 – all Board Directors**
 8. **Business Continuity Management System (BCMS) Implementer Course, ISACA, June 5-7, 2012 :**
Junalina S. Tabor, Chief Finance Officer; James B. Garcia, VP Procurement

⁶ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

9. *The Future of Renewable Energy in the Phils., Center for Phil. Futuristics Studies & Mgt Inc.*
May 10, 2012 – George B. Baquiran, VP Special Projects
10. *BCMS Foundation Course, Eian Management Consultancy,*
August 17, 2012 – Ma. Cristina C. Gotianun, Board Director; officers and managers
11. *BCMS Foundation Course, Eian Management Consultancy,*
October 8, 2012 – Ma. Cristina C. Gotianun, Board Director; officers and managers
13. *ISO Seminars (various), Certification International Philippines, Inc., 2010-2011 :*
Ma. Cristina C. Gotianun, Board Director, officers and managers

(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
Isidro A. Consunji	Aug 23, 2012	ERM Risk Awareness	SGV & Co.
Ma. Cristina C. Gotianun	Aug 23, 2012	ERM Risk Awareness	SGV & Co.
Ma. Cristina C. Gotianun	October 8, 2012	Business Impact Analysis for Business Continuity Management System	Eian Management Consulting
Ma. Cristina C. Gotianun	August 17, 2012	Business Continuity Management System Foundation Course	Eian Management Consulting
All Board Directors	March 2, 2012	Economic Briefing	Dr. Victor Abola
Ma. Cristina C. Gotianun	April 10, 2013	ASEAN Corporate Governance Scorecard Information Briefing	Institute of Corporate Directors

B. CODE OF BUSINESS CONDUCT & ETHICS

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	A Director must never use or attempt to use his position in the Company to obtain any improper personal benefit, incl. loans or guarantees of obligations from any person or entity, for himself, for his immediate family members. Situations which could result in conflict of interest or the appearance of a conflict of interest should be avoided whenever possible. Any Director who is aware of a transaction/ relationship that could reasonably be expected to give rise to a conflict of interest should	An Executive Officer must never use or attempt to use his position in the Company to obtain any improper personal benefit, incl. loans or guarantees of obligations from any person or entity, for himself, for his immediate family members. Situations which could result in conflict of interest or the appearance of a conflict of interest should be avoided whenever possible. Any Exec. Officer who is aware of a transaction/relationship that could reasonably be expected to give rise to a conflict of interest should	All employees must avoid any conflict between their personal interests and those of the Company. Conflicts of interest arise when an employee's objectivity in reaching or influencing decisions for the Company is, or may be, affected by factors other than the Company's best interests. No employee may, directly or indirectly, use his decision-making authority or position to obtain a personal benefit from any sale, purchase or other activity of the Company. Transactions or dealings involving the Company and a member of an employee's immediate family (e.g.,

	<p>discuss the situation promptly with the Company's Chairman or President, and Audit Committee. Directors are required to disclose to the Board (and any applicable committee) any financial interest or personal interest in any contract or transaction that is being considered by the Board for approval. The interested Director should abstain from voting on the matter and, in most cases, should leave the meeting while the remaining directors discuss and vote on such matter. The same rule shall apply for approval of contract or transaction between the Company and another corporation with interlocking directors. Disclosed conflicts of interest will be documented in the minutes of the meeting. Directors will make business opportunities related to the Company's business, available to the Company before pursuing the opportunity for the Director's own or another's account.</p>	<p>discuss the situation promptly with the Company's Chairman or President, and Audit Committee.</p>	<p>spouse, child, sibling, parent or in-law) or an individual who has a close personal relationship with such employee must be brought to the attention of the employee's superiors to determine if the transaction poses a perceived, potential or actual conflict of interest.</p>
<p>(b) Conduct of Business and Fair Dealings</p>	<p>The Company does not seek competitive advantages through illegal or unethical business practices. Each Director should endeavor to deal fairly with the Company's customers, service providers, suppliers, competitors and employees. No Director should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information,</p>	<p>The Company does not seek competitive advantages through illegal or unethical business practices. Each Executive Officer should endeavor to deal fairly with the Company's customers, service providers, suppliers, competitors and employees. No Exec. Officer should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of</p>	<p>All employees are expected to hold themselves accountable to the highest professional standards and with mutual respect. The Company does not seek competitive advantages through illegal, unethical or unfair dealing practices. Improper communications with competitors or suppliers regarding bids for contracts must be reported to the senior management, Chairman of the Board or the Audit Committee, as appropriate.</p>

	misrepresentation of material facts, or any unfair dealing practices.	material facts, or any unfair dealing practices.	
(c) Receipt of gifts from third parties	A Director and members of his immediate family may not offer, give, or receive gift(s) (whether cash, non-cash, or other) from persons or entities who deal with the Company in those cases where any such gift is being made or could reasonably appear to have been made in order to influence his actions as a Board member of the Company or where acceptance of the gift(s) could reasonably create or appear to create a conflict of interest. In certain circumstances, a Director may accept non-cash gift(s) of a nominal fair market value not exceeding P 2,000, provided that acceptance of such gift(s) is customary.	An Exec. Officer and members of his immediate family may not offer, give, or receive gift(s) (whether cash, non-cash, or other) from persons or entities who deal with the Company in those cases where any such gift is being made or could reasonably appear to have been made in order to influence his actions as an officer of the Company or where acceptance of the gift(s) could reasonably create or appear to create a conflict of interest. In certain circumstances, an Executive Officer may accept non-cash gift(s) of a nominal fair market value not exceeding P 2,000, provided that acceptance of such gift(s) is customary.	The Company's Gift and Entertainment policy and guidelines explicitly disallow employees from any interest in or benefit from any supplier that could reasonably be interpreted as inducing favoritism towards a particular supplier over others. Such guidelines enumerate conditions on the propriety of accepting a gift or invitation to meals and entertainment such as it is unsolicited, part of a business meeting or discussion, not being given to influence business judgment or action, does not violate any laws, and a promotional item or token of nominal value of not more than Two Thousand Pesos (P2,000) under the client's, supplier's or customer's relations program.
(d) Compliance with Laws & Regulations	It is the personal responsibility of each Director to adhere to the standards and restrictions imposed by laws, rules and regulations.	It is the personal responsibility of each Executive Officer to adhere to the standards and restrictions imposed by laws, rules and regulations.	Employees must comply with all relevant laws and regulations and must promptly report to management any condition that may pose a health, safety or environmental hazard.
(e) Respect for Trade Secrets/Use of Non-public Information	In carrying out the Company's business, Directors learn confidential/proprietary information about the Company, its customers, suppliers, or other third parties. Directors must maintain confidentiality of all information so entrusted to them, except when disclosure is authorized by the Audit Committee or required by laws or regulations.	In carrying out the Company's business, Exec. Officers learn confidential/proprietary information about the Company, its customers, suppliers, or other third parties. Exec. Officers must maintain confidentiality of all information so entrusted to them, except when disclosure is authorized by the Audit Committee or required by laws or	An employee must maintain the confidentiality of the Company's business information both during and after his employment with the Company. This includes, but not limited to, classified information on human resources, payroll and benefits, customer data, business strategies and plans, trade secrets and other proprietary information. Such information must be kept

		regulations.	strictly confidential and should not be discussed with any person outside of the Company.
(f) Use of Company Funds, Assets and Information	All Directors should protect the Company's assets and help ensure their efficient use. A Director must not use or seek to use the Company's time, employees, supplies, equipment, tools, buildings, or other assets except for legitimate business purposes of the Company or as part of an adopted or approved program or policy of the Company available to his position.	All Executive Officers should protect the Company's assets and help ensure their efficient use. An Executive Officer must not use or seek to use the Company's time, employees, supplies, equipment, tools, buildings or other assets except for legitimate business purposes of the Company or as part of an adopted or approved program or policy of the Company available to his position.	Any employee found to be engaging in, or attempting, theft, fraud or misuse of any property of the Company will be subject to strict disciplinary action, including dismissal when proper. An employee must maintain the confidentiality of the Company's business information both during and after his employment with the Company.
(g) Employment & Labor Laws & Policies	The Company's policy is to comply with all applicable Philippine laws, rules and regulations and to maintain the highest standards of business ethics. It is the personal responsibility of each Director to adhere to the standards and restrictions imposed by those laws, rules, and regulations.	The Company's policy is to comply with all applicable Philippine laws, rules and regulations and to maintain the highest standards of business ethics. It is the personal responsibility of each Executive Officer to adhere to the standards and restrictions imposed by those laws, rules, and regulations.	The Company's policy is to comply with all applicable Philippine laws, rules and regulations and to maintain the highest standards of business ethics.
(h) Disciplinary action	The Company will take such disciplinary or preventive action as it deems appropriate to address any existing or potential violation of this Code brought to its attention.	The Company will take such disciplinary or preventive action as it deems appropriate to address any existing or potential violation of this Code brought to its attention.	Any employee who compromises or violates the Code of Conduct may be subject to disciplinary action, up to and including termination. In all cases, the Company shall at all times observe due process and procedures in the implementation of the provisions of the Code.
(i) Whistle Blower	Any Director who becomes aware of any existing or potential violation of this Code shall promptly notify the Company's Audit Committee and/or Legal Counsel. The Company will take such disciplinary or preventive action as it deems appropriate to	Any Executive Officer who becomes aware of any existing or potential violation of this Code shall promptly notify the Company's Audit Committee and/or Legal Counsel. The Company will take such disciplinary or preventive action as it deems appropriate to	The Company encourages any employee who suspects wrongdoing at work to raise their concern. It is committed to an open working environment in which employees are able to voice their concerns. Employees can speak directly to their superior, manager, Human Resources

	address any existing or potential violation of this Code brought to its attention. The Company will not tolerate retaliation for reports of violations of this Code made in good faith.	address any existing or potential violation of this Code brought to its attention. The Company will not tolerate retaliation for reports of violations of this Code made in good faith.	Management or Legal Department. In some cases, employees may feel they want to remain anonymous; thus, employees can report confidentially through the hotline reporting mechanism. All genuine concerns raised will be investigated properly and the identity of the person raising the concern will be kept confidential. Any form of reprisal or victimization against anyone who has raised a concern in good faith will not be tolerated and will itself be treated as a serious disciplinary matter.
(j) Conflict Resolution	The Alternative Dispute Resolution (ADR) Policy adopts a four-step process for the resolution of most disputes, depending on the nature or circumstances of the dispute. This involves prevention through conflict avoidance or contract clauses; negotiation; 3rd party assistance through mediation, conciliation or expert determination; and 3 rd party decision through arbitration.	The Alternative Dispute Resolution (ADR) Policy adopts a four-step process for the resolution of most disputes, depending on the nature or circumstances of the dispute. This involves prevention through conflict avoidance or contract clauses; negotiation; 3rd party assistance through mediation, conciliation or expert determination; and 3 rd party decision through arbitration.	The Alternative Dispute Resolution (ADR) Policy adopts a four-step process for the resolution of most disputes, depending on the nature or circumstances of the dispute. This involves prevention through conflict avoidance or contract clauses; negotiation; 3rd party assistance through mediation, conciliation or expert determination; and 3 rd party decision through arbitration.

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?
Yes. The Codes of Conduct for Directors and Executive Officers and Employee Code of Conduct are also available in the Company's intranet and website.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.
The Audit Committee administers the Code of Conduct for Directors and Executive Officers, while the Human Resources Management has the primary responsibility for implementing and administering compliance to the Employee Code of Conduct. The Company shall at all times observe due process and procedures in the implementation of the provisions of the Codes. Directors, Officers and Employees are required to annually certify compliance to the Codes and submit an Annual Disclosure Statement of any financial, business or personal interests or dealings with the Company or its subsidiaries. Principal contractors and consultants are likewise expected to adhere to the provisions of the Codes in the course of performance of their services to the Company.

To monitor compliance with the Conflict of Interest policy, the Company also requires early submission by a Director, Officer and employee of a "single transaction" disclosure statement, and due before potential conflict of interest arises, of his direct or indirect financial interest in a specific contract or purchase proposed to be entered into by the Company, subsidiaries or its affiliates with or from a particular contractor or supplier. Failure to make proper disclosure as required may result in disciplinary action.

4) Related Party Transactions

(a) Policies and Procedures

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

The Company's Related Party Transaction Policy provides that related party transactions (RPT) be arms-length and at terms generally available to an unaffiliated third party under the same or similar circumstances. There must be a compelling business reason to enter into such a RPT, taking into account such factors as expertise of related party, cost efficiency, among others. The Board-approved Policy sets out the guidelines, categories and thresholds requiring review, disclosure and prior approval by the Board of Directors or Shareholders of such transactions. It also defines RPTs deemed to be pre-approved by the Board in accordance with the Company's Board-approved Table of Authorities. It provides guidelines on the identification, review and approval of RPTs. All RPTs shall be disclosed to the Audit Committee and any material RPT shall be disclosed to the Board. All RPTs are disclosed in the related Notes to Financial Statements of the Company's audited accounts and in required SEC filings.

Generally, Management promptly reports to the Board of Directors (Board) on the terms, business purpose, benefits and other details of each new, existing or proposed RPT for review and approval. The Board shall approve any RPT before its commencement. However, if the same is not identified beforehand, it must be subsequently reviewed and ratified by the Board. The Audit Committee assists the Board in its review of RPT. The Committee's quarterly and annual reviews of the financial statements include related party accounts to ensure that RPTs are fair to the Company, conducted at arms' length terms and considered such factors as materiality, commercial reasonableness of the terms and extent of conflict of interest, actual or apparent, of the related party, as defined by the policy, participating in the transaction.

Related Party Transactions	Policies and Procedures
(1) Parent Company	Subject to abovementioned Company's RPT Policy.
(2) Joint Ventures	-same-
(3) Subsidiaries	-same-
(4) Entities Under Common Control	-same-
(5) Substantial Stockholders	-same-
(6) Officers including spouse/children/siblings/parents	Subject to abovementioned Company's RPT and Conflict of Interest policies. An officer shall promptly notify the Audit Committee of any interest he or his immediate family member had, has or may have in a RPT. He shall disclose all material information concerning the RPT.
(7) Directors including spouse/children/siblings/parents	Subject to abovementioned Company's RPT and Conflict of Interest policies. A Director shall promptly notify the Audit Committee of any interest he or his immediate family member had, has or may have in a RPT. He shall disclose all material information concerning the RPT.
(8) Interlocking director relationship of Board of Directors	Subject to abovementioned Company's RPT and Conflict of Interest policies. Disclosure in required SEC filings.

(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)
David M. Consunji Isidro A. Consunji Victor A. Consunji Jorge A. Consunji Ma. Cristina C. Gotianun Ma. Edwina C. Laperal Herbert M. Consunji	Interlocking directorships, concurrent officerships, Shareholders and owners of DMCI Holdings, Inc, Dacon Corporation & group of companies.

(ii) Mechanism

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

	Directors/Officers/Significant Shareholders
Company	Regular reporting and disclosure to Audit Committee and the Board, Related Party Transaction Policy, Code of Conduct provisions on Conflict of Interest, Insider Trading Policy, Disclosure Statement, Business Interest Disclosure reporting, and regular reconciliation of related party accounts.
Group	Regular reporting and disclosure to Audit Committee and the Board, Related Party Transaction Policy, Code of Conduct provisions on Conflict of Interest, Insider Trading Policy, Disclosure Statement, Business Interest Disclosure reporting, and regular reconciliation of related party accounts.

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,⁷ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
DMCI Holdings Inc.	Parent company	Majority shareholder holding, as of June 20, 2013, 56.32% of the I/O shares of the Company.
DACON Corporation	Grandfather company	Substantial shareholder of DMCI Holdings Inc. holding, as of March 31, 2013, 45.77% of DMCI-HI's I/O shares.

(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
DMCI Holdings Inc. (DMC)	Parent company	Company's payment of Guarantee fees in consideration

⁷ Family relationship up to the fourth civil degree either by consanguinity or affinity.

		for guarantees extended by DMC to secure the Company's indebtedness to various banks and creditors per Continuing Indemnity Agreement.
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(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company: **Not Applicable**

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

6) Alternative Dispute Resolution

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

Alternative Dispute Resolution System	
Corporation & Stockholders	For the past three (3) years the Corporation has not recorded any issues that may be the subject of any alternative dispute resolution system. Disputes with stockholders must necessarily be resolved in accordance with their rights under the laws and the by-laws.
Corporation & Third Parties	The Legal Department protects the Company from unnecessary litigation to the best of its ability. It reviewed information and cases for possible use of ADR processes at the earliest stage of a conflict as possible and to find appropriate neutrals for the resolution of conflict. ADR steps involved negotiation, conciliation, arbitration and amicable settlement as appropriate. Meetings allowed affected parties to explain details, express points of view, confine issues and resolve differences in an atmosphere conducive to conciliation or negotiation. Early consultation with stakeholders helped avoid parties becoming locked into inflexible positions of conflict and prevent their developing into full-scale disputes.
Corporation & Regulatory Authorities	The Company has not adopted any alternative dispute resolution system with regulatory agencies. Essentially regulatory matters are subject to strict adherence and compliance by corporations as they are governed by laws and rules and regulations.

C. BOARD MEETINGS & ATTENDANCE

- Are Board of Directors' meetings scheduled before or at the beginning of the year?
Yes, the Corporate Secretary advises the schedule of regular Board meetings and Board Committee meetings in line with the Company's regulatory reporting dates.
- Attendance of Directors

Board	Name	Date of	No. of	No. of	%
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		Election	Meetings Held during the year	Meetings Attended	
Chairman	David M. Consunji	May7,2012	9	9	100
Member	Isidro A. Consunji	May7,2012	9	9	100
Member	Victor A. Consunji	May7,2012	9	9	100
Member	Jorge A. Consunji	May7,2012	9	9	100
Member	Cesar A. Buenaventura	May7,2012	9	9	100
Member	Herbert M. Consunji	May7,2012	9	7	78
Member	George G. San Pedro	May7,2012	9	6	67
Member	Ma. Cristina C. Gotianun	May7,2012	9	9	100
Member	Ma. Edwina C. Laperal	May7,2012	9	5	56
Independent	Victor C. Macalincag	May7,2012	9	9	100
Independent	Federico E. Puno	May7,2012	9	8	89

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

No, the Company's Revised Code of Corporate Governance does not require conducting separate meetings without the presence of any executive. However, Independent Directors as members of the Audit Committee have such private meeting sessions.

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

The minimum quorum requirement for Board decision is simple majority of the directors present at any meeting at which a quorum is present. The Company's By-Laws provided, however, that an Independent Director shall always be in attendance.

- 5) Access to Information

- (a) How many days in advance are board papers⁸ for board of directors meetings provided to the board?
Five (5) business days

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

- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

The Corporate Secretary assists the Chairman in setting the Board agenda and informs the Directors of the agenda prior to Board meetings to ensure that they have accurate information and adequate materials to enable them to arrive at informed decisions on matters requiring their approvals. The Corporate Secretary ensures that all Board procedures, rules and regulations are strictly followed by the Directors. He is responsible for the safekeeping and preservation of the integrity of the minutes of Board meetings. He keeps the Directors updated regarding statutory and regulatory changes.

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

Yes.

- (e) Committee Procedures

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

⁸ 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.

Yes

No

Committee	Details of the procedures
Executive	Not Applicable
Audit	The Audit Committee Charter provides that written agenda and relevant meeting materials shall be provided at least three (3) days before each meeting to the Committee Members to have adequate time for preparation and reading. Moreover, Committee Members have unrestricted access to all information and all employees directed to cooperate as requested by the Committee Members.
Nomination	The Nomination and Election Committee Charter provides that upon notice of each meeting of the Committee, confirming the venue, time and date and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the Committee at least seven (7) calendar days prior to the date of the meeting.
Remuneration	The Compensation and Remuneration Committee Charter provides that a written agenda shall be provided at least five (5) days before each meeting to the Committee Members. Meeting materials are provided to the Members prior such meeting date.
Others (specify)	Not applicable

6) External Advice

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

Procedures	Details
Board Committee Charters provide Committee Members may request outside counsel or the external auditor of the Company to attend a Committee meeting or to meet with any Committee Member or consultant to said Committees.	Management coordinates such meetings with external parties or their attendance in Board or Committee meetings upon request of the Directors. In some instances, a Director himself initiates such meeting or request.
Board Committee Charters authorize Committees to retain, at the Company's expense, persons having special competencies (including, without limitation, legal, accounting or other consultants and experts) to assist or advise the them in fulfilling their responsibilities.	Consultancy services are paid for by the Company.

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
Table of Authorities	Standard Sales Terms & Conditions	To update pre-approved Standard sales contract terms to current business practices.

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	Set at levels having regard to industry and market standards for similar work responsibilities and positions.	Set at levels having regard to industry and market standards for similar work responsibilities and positions.
(2) Variable remuneration	Set at levels having regard to industry and market standards for similar work responsibilities and positions.	Set at levels having regard to industry and market standards for similar work responsibilities and positions.
(3) Per diem	Director per diem is subject to shareholder's approval.	Director per diem is subject to shareholder's approval.
(4) Bonus	Determined upon achievement of performance-based metrics and subject to Board approval upon the recommendation of the Compensation and Remuneration Committee.	Determined upon achievement of performance-based metrics
(5) Stock Options and other financial instruments	Not Applicable	Not Applicable.
(6) Others (specify)	-	-

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	Director retainer & Committee meeting per diem are subj.to shareholders approval. Short-term performance-related bonus when appropriate for Directors is subj. to Board approval, aggregate amount of which shall not exceed 2% of Company's profit before tax of prior year as set by Amended By-Laws.	Director remuneration consists of an annual retainer fee, Committee meeting per diem for every Committee meeting held and short-term cash incentive as appropriate.	a. Annual retainer of P 240,000; b. Board Committee meeting per diem of P20,000 per Committee meeting; c. Corporate performance-related bonus, when appropriate and upon Board approval.

Non-Executive Directors	-same as Executive Directors-	Director remuneration consists of an annual retainer fee, Committee meeting per diem for every Committee meeting held and short-term cash incentive as appropriate.	a. Annual retainer of P 240,000; b. Board Committee meeting per diem of P20,000 per Committee meeting; c. Corporate performance-related bonus for Directors, when appropriate and upon Board approval.
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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.

Remuneration Scheme	Date of Stockholders' Approval
Director's per diem	May 4, 2009

3) Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	P 6,454,500.00	-	-
(b) Variable Remuneration	-	-	-
(c) Per diem Allowance/Committee	1,140,000.00	1,200,000A	840,000
(d) Bonuses	44,411,764.70	7,352,941.17	2,941,176.47
(e) Stock Options and/or other financial instruments	Not Applicable	Not Applicable	Not Applicable
(f) Others (Leave Credits)	1,469,095.89	-	-
Total	P 53,515,360.59	P 8,552,941.17	P 4,381,176.47

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	-	-	-
2) Credit granted	-	-	-
3) Pension Plan/s Contributions	-	-	-
(d) Pension Plans, Obligations incurred	-	-	-

(e) Life Insurance Premium	8,500.00		-
(f) Hospitalization Plan (Premium)	11,988.00		-
(g) Car Plan			-
(h) Others (Specify)			-
Total	P 20,488.00		-

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:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
	NOT	APPLICABLE		

(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:

Incentive Program	Amendments	Date of Stockholders' Approval
	NOT	APPLICABLE

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
George B. Baquiran-VP Special Projects	P27,380,185.14
Jaime B. Garcia-VP Procurement and Logistics	
Junalina S. Tabor-Chief Finance Officer	
Jose Anthony T. Villanueva-Head Marketing Department	

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
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive			Not	Applicable			
Audit	1	-	2	v	Assists the Board in fulfilling oversight of: a. financial process reporting & integrity of financial statements & disclosures; b. external audit function; c. internal audit function; d. internal control environment; e. risk management processes; and f. compliance with reporting, legal and regulatory requirements.	Pls. refer to Schedule A – Audit Committee Charter, Duties and Responsibilities, items 1-6, pp. 3-6	Pls. refer to Schedule A – Audit Committee Charter, Committee Authority, p.2
Nomination	1	-	2	v	Main function is to review, recommend and promulgate guidelines involving the nomination process and criteria for the Board of Directors as stated in the	Pls. refer to Schedule B – Nomination & Election Committee Charter, Duties, pp.1-2	Committee may obtain such outside or other independent professional advice as it considers necessary to carry out Committee duties; and Access to

					Amended By-Laws, Revised Code of Corporate Governance and pertinent SEC rules.		professional advice both inside and outside of the Company in order for it to perform its duties.
Remuneration	1	-	2	v	Assist the Board in fulfilling its responsibilities relating to compensation & remuneration plans, policies and programs of the Company's Directors, officers and key employees.	Pls. refer to Schedule C – Compensation & Remuneration Committee Charter, Duties and Responsibilities , pp. 3-5	Committee is delegated the authority to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities; Form and delegate authority to subcommittees when appropriate; and Authority to retain, at the Company's expense, and terminate persons having special competencies (incl. without limitation, legal, accounting or other consultants and experts) to assist or advise the Committee in fulfilling its responsibilities.
Others (specify)			Not	Applicable			

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings	No. of Meetings	%	Length of Service in
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			Held	Attended		the Committee
Chairman						
Member (ED)						
Member (NED)		Not	Applicable			
Member (ID)						
Member						

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Victor C. Macalincag	May 7, 2012	8	8	100	7 ½ yrs
Member (ED)	Victor A. Consunji	May 7, 2012	8	7	87.5%	7 ½ yrs
Member (NED)	-	-	-	-	-	-
Member (ID)	Federico E. Puno	May 7, 2012	8	7	87.5%	7 ½ yrs
Member	-	-	-	-	-	-

Disclose the profile or qualifications of the Audit Committee members.

The Audit Committee is chaired by an Independent Director who is a Certified Public Accountant. Its Members possess the requisite levels of financial and accounting competencies, experience and other qualification requirements set by the SEC, as well as having an adequate understanding of the Company's coal mining and energy industries. Both Independent Directors have prior extensive working experiences and held key positions in accounting, finance and treasury functions of government and government-owned & controlled corporations.

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

External Audit Oversight duties include but not limited to the ff :

- ***Assess and recommend the professional qualifications, independence, appointment, reappointment or replacement and remuneration of the external auditor to the Board.***
- ***Pre-approve all audit and non-audit work engagements, scope, fees and terms with the external auditor.***
- ***Confirm with the external auditor that audit scope has not been unreasonably restricted by Management.***
- ***Review non-audit services and taxation advice by the external auditor, if any.***
- ***At the conclusion of the annual audit, discuss with Management and the external auditor, significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls, the development, selection and disclosure of critical accounting estimates, and analyses of the effect of alternative assumptions, estimates or GAAP methods on the Company's financial statements.***
- ***Annually, discuss the overall performance and conduct of audit of the external auditor to be in accordance with Philippine Standards on Auditing, taking into account the opinions of Management and Internal Audit.***

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	Isidro A. Consunji	May 7, 2012	2	2	100	7 ½ yrs

Member (ED)	-	-	-	-	-	-
Member (NED)	-	-	-	-	-	-
Member (ID)	Victor C. Macalincag	May 7, 2012	2	2	100	7 ½ yrs
Member (ID)	Federico E. Puno	May 7, 2012	2	2	100	7 ½ yrs

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	Ma.Cristina C. Gotianun	May 7, 2012	1	1	100	7 ½ yrs
Member (ED)	-	-	-	-	-	-
Member (NED)	-	-	-	-	-	-
Member (ID)	Victor C. Macalincag	May 7, 2012	1	1	100	7 ½ yrs
Member (ID)	Federico E. Puno	May 7, 2012	1	1	100	1 ½ yrs

(e) Others (Specify)

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

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Not Applicable					
Member (ED)	Not Applicable					
Member (NED)	Not Applicable					
Member (ID)	Not Applicable					
Member	Not Applicable					

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	Not Applicable
Audit	None	Not Applicable
Nomination	None	Not Applicable
Remuneration	None	Not Applicable
Others (specify)	Not Applicable	Not Applicable

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	Not Applicable
Audit	Assisted the Board in fulfilling effective oversight of the following functions: <i>Financial reporting process and the financial statements</i>	Compliance matters such as tax rulings and updates, etc.

	<p><i>Reviewed, approved and endorsed for Board approval the quarterly unaudited and annual audited consolidated financial statements. It ensured that financial statements are in accordance with the required accounting and reporting standards. It also reviewed the adequacy of financial reporting disclosures, including significant related party transactions to provide a transparent and fair view that meet shareholder needs.</i></p> <p><u>External audit</u> <i>Discussed and approved the external audit work engagement, scope, fees and terms. It reviewed and discussed with SGV & Co. and Management significant financial reporting issues, audit observations, adjusting entries and overall quality of the financial reporting process as well as regulatory updates in financial and tax reporting. It recommended to the Board the reappointment of SGV & Co. as external auditor in 2013.</i></p> <p><u>Internal audit</u> <i>Reviewed and approved Internal Audit's annual plan based on a risk-based approach and ensured Management provided adequate resources to support the function and maintain its independence. It met in executive sessions with the Internal Audit Manager to review and discuss Internal Audit's assurance and advisory work including its organization structure.</i></p> <p><u>Internal control</u> <i>Reviewed and discussed audit findings, internal control and compliance issues with Management, SGV & Co., Internal Audit and Compliance Committee, and ensured Management responded appropriately for the continuous improvement of controls and risk management processes.</i></p> <p><u>Risk management</u> <i>Discussed with Management the results of risk reviews and identified</i></p>	
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	<p><i>key risks to the Company's mission and strategic objectives, ensuring that the Company's Enterprisewide Risk Management framework is adequately supported by management information systems, risk mitigation measures, monitoring and reporting. It monitored through the Internal Audit the effectiveness of risk management action plans undertaken by Management to address and manage such risks.</i></p> <p><u>Compliance with regulatory and legal requirements</u> <i>Reviewed and discussed with the Compliance Committee significant updates and actions on SEC, PSE, legal, tax, claims, litigations, environmental, safety and other regulatory matters.</i></p> <p><u>Related Party Transactions Oversight</u> <i>Quarterly review of the financial statements included related party accounts to ensure that RPTs are fair to the Company, conducted at arms' length terms and considered such factors as materiality, commercial reasonableness of the terms and extent of conflict of interest, actual or apparent, of the related party, as defined by the policy, participating in the transaction. In 2012, the Committee considered that these RPTs are ordinary and normal in the course of the Company's business and did not include financial assistance or loans to affiliates or related entities which are not wholly-owned subsidiaries.</i></p> <p><u>Good Governance</u> <i>Supported the Company's governance framework through continual review and support of good governance policies and best practices; Endorsed to Management and the Board the Hotline reporting mechanism as a reporting tool for raising governance related issues; Amended its Committee Charter to include explicit provisions on training and education of</i></p>	
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	<p>Committee members, review or issuance of critical compliance certifications, among others, and to align with SEC's Audit Committee performance assessment guidelines for publicly-listed companies.</p> <p><u>Committee Performance Assessment</u></p> <p>Conducted, and reported to SEC, the results of its own self-assessment and rating of its performance which indicated an overall compliance level in consonance with abovementioned SEC guidelines on effectiveness of Audit Committee performance.</p>	
Nomination	Reviewed the qualifications of Board nominees for directorship ensuring they meet the requisite qualifications and endorsed the final list of nominees for election.	None.
Remuneration	It discussed Director and Executive compensation levels, benefits and performance reward system, including those of the CEO and COO based on the results of the Board's evaluation of their performance.	None.
Others (specify)	Not Applicable	Not Applicable

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
Executive	Not Applicable	Not Applicable
Audit	ASEAN Corporate Governance Scorecard	Continuous improvement of good governance framework.
Nomination	ASEAN Corporate Governance Scorecard	Continuous improvement of good governance framework.
Remuneration	ASEAN Corporate Governance Scorecard	Continuous improvement of good governance framework.
Others (specify)	Not Applicable	Not Applicable

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;
The Company's overall risk management philosophy is maximizing strategic and business opportunities and minimizing adverse outcomes, thereby optimizing shareholder value and ensuring sustainable growth through effective balancing of risks and rewards.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and

commenting on the adequacy thereof;

The Board Directors and its Audit Committee have reviewed the risk management system and determined that the Company's risk management framework is adequately supported by management information systems, risk mitigation measures, monitoring and the reporting of risks that guide the Company in informed decision making, planning and management of such risks.

(c) Period covered by the review;
2012

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

The Board's Audit Committee discusses with Management the results of annual risk reviews identifying key risks significant to the Company's mission and strategic objectives. It monitors through the Internal Audit the effectiveness of risk mitigation controls and action taken by Management to address and manage such risks. The Board's criteria in assessing effectiveness of ERM framework: 1) regular risk reviews to identify and assess significant current and emerging risks (and opportunities) as to likelihood and their impact to the strategic goals & objectives, 2) appropriate and prudent risk management systems to manage such risks, 3) risk response activities and processes are monitored regularly, and 4) regular assurance reporting to the Board, Audit Committee and senior management that risks are indeed effectively managed within approved risk appetite.

(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:

Risk Exposure	Risk Management Policy	Objective
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<p>1. Operations risks – refer to coal quality and consistency, supply chain disruption, natural calamities (e.g. earthquake, tsunami), environment (typhoon, storm surge, flooding, landslide), slope stability, loss of core personnel;</p>	<p>1. Coal quality determination in-situ and before shipment to ensure it meets customer specifications.</p> <p>2. Parts provided by local distributor of major mining equipment through parts consignment agreement and maintenance of spare inventory of parts with long order lead time;</p> <p>3. Continuous OJT and cadetship program for fresh graduates for manpower pooling;</p> <p>4. Adherence to mine safety standards for open pit mining i.e. slope gradient and sub-surface and surface dewatering system;</p> <p>5. Implementation of Business Continuity Management System.</p> <p>6. Risk cover treatment for risks relating to the Company's mining equipment and fixed assets also involves risk transfer through Industrial All-Risk, Floater, Fire, Marine Hull and Aircraft Hull insurance covers.</p>	<p>To produce and deliver on time quality coal that meets customers' specifications;</p> <p>To eliminate or reduce to the lowest level any risk that may result in fatality, personal injury, illness, property or environment damage and ensure safety, health and welfare of employees, workers and stakeholders;</p> <p>To ensure early business recovery and continuity of critical services in the event of a disruption, with focus toward building organizational resilience.</p>
<p>2. Market risks – refer to subsidiary and/or customer dependence, pricing, competition and macroeconomic shift on demand;</p>	<p>It is the Company's policy to offer higher coal quality, better prices or larger guaranteed supply volumes. It is the Company's policy to set minimum contracted volume for customers with long term supply contracts for each given period (within the contract duration) and repricing on a monthly basis to optimize price movement and profit margin. Risk mitigation measures involve improvement of the coal quality and market diversity.</p> <ul style="list-style-type: none"> • To have diverse customers in different sectors such as Power, Cement, Industrial users. • To implement different pricing schemes i.e. long-term contracts indexed to NEWC and spot contracts based on market price • To ensure that the landed 	<p>To minimize price volatility, mitigate any negative impact from price changes, allow flexibility in selling to target customers while protecting target margin or maximum profits.</p>

	<p>price of Semirara coal is at least 5% lower than the landed price of imported</p> <ul style="list-style-type: none"> • To make the price of Semirara coal for export competitive in the international market 	
3. Investment risks – refer to capital allocation, equity investment and guarantees in subsidiaries;	<p>Guarantees on debt of project companies is to the extent of the Company's equity share in the project;</p> <p>Debt as source of funds for investment should not exceed threshold of 2:1 D/E ratio at consolidated level while maintaining a current ratio level of greater than 1:1.</p> <p>To manage financial risks from investment or project financing activities in subsidiaries :</p> <ol style="list-style-type: none"> Interest Rate risk management policy to manage interest cost or changes in market interest rates is using a mix of fixed and variable rate debts, and maintaining a balance of Peso-denominated and US Dollar-denominated debts; Liquidity risk management policy is to maintain a level of cash sufficient to fund the Company's monthly cash requirements at least for the next four to six months; Foreign currency risk management policy is to match receipts and payments in the same currency. 	<p>To enable efficient use, allocation and management of capital and resources within the Company;</p> <p>To maintain a balance between continuity of funding and flexibility through the use of bank financing or availing of credit lines; and</p> <p>To realize the Company's capital management strategy of maintaining a strong credit rating and health capital ratios in order to support its business including expansion and investment strategies, and ultimately maximize shareholder value.</p>
4. Reputation and compliance risks – refer to environment, workplace health & safety, regulatory compliance, community relations, loss of confidence or reputational damage, contractual obligations, among others.	<p>Compliance to regulatory requirements;</p> <p>Conformance to an Integrated Management System - Quality, Safety, Health, Environment; and</p> <p>Investor Relations Policy of open and regular communication and disclosures to stakeholders through the Company's investor relations program.</p>	<p>To protect and enhance shareholder value;</p> <p>To ensure sustainability through partnership with key stakeholders.</p>

(b) Group

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

Risk Exposure	Risk Management Policy	Objective
<p>1. Operations risks – refer to coal quality and consistency, generation asset performance, power operation efficiency, supply chain disruption, business disruption due to natural calamities (e.g. earthquake, tsunami), environment (typhoon, storm surge, flooding, landslide) or environmental/deliberate/accidental threats, slope stability, loss of core personnel;</p>	<p>1. Coal quality determination in-situ and before shipment to ensure it meets customer specifications.</p> <p>2. Parts provided by local distributor of major mining equipment through parts consignment agreement and maintenance of spare inventory of parts with long order lead time;</p> <p>3. Continuous OJT and cadetship program for fresh graduates for manpower pooling;</p> <p>4. Adherence to mine safety standards for open pit mining i.e. slope gradient and sub-surface and surface dewatering system;</p> <p>5. Maintain redundancies for the power plant.</p> <p>6. Risk cover treatment for risks relating to the Company's mining equipment and fixed assets also involves risk transfer through Industrial All-Risk, Floater, Fire, Marine Hull and Aircraft Hull insurance covers, while covers for power subsidiary company include Industrial All-Risk and Fire.</p>	<p>To produce and deliver on time quality coal that meets customers' specifications;</p> <p>To eliminate or reduce to the lowest level any risk that may result in fatality, personal injury, illness, property or environment damage and ensure safety, health and welfare of employees, workers and stakeholders;</p> <p>To ensure early business recovery and continuity of critical services in the event of a disruption, with focus towards building organizational resilience.</p>
<p>2. Investment risks – refer to capital allocation, equity investment and guarantees in subsidiaries, project risks;</p>	<p>Guarantees on debt of project companies is limited only to extent of the Company's equity share in the project;</p> <p>Debt as source of funds for investment should not exceed threshold of 2:1 D/E ratio at consolidated level while maintaining a current ratio level of greater than 1:1.</p> <p>To manage financial risks from investment or project financing activities in subsidiaries :</p> <p>a. Interest Rate risk management policy to manage interest cost or changes in market interest rates is using a mix of fixed and variable rate debts, and maintaining a balance of Peso-denominated and US Dollar-denominated debts;</p>	<p>To enable efficient use, allocation and management of capital and resources within the Group;</p> <p>To maintain a balance between continuity of funding and flexibility through the use of bank financing or availing of credit lines; and</p> <p>To realize the Group's capital management strategy of maintaining a strong credit rating and health capital ratios in order to support its business including expansion and investment strategies, and ultimately maximize shareholder value.</p>

	<p>b. Liquidity risk management policy is to maintain a level of cash sufficient to fund the Group's monthly cash requirements at least for the next four to six months;</p> <p>c. Foreign currency risk management policy is to match receipts and payments in the same currency.</p>	
<p>3.Reputation and compliance risks – refer to environment, workplace health & safety, regulatory compliance, community relations, loss of confidence or reputational damage, contractual obligations, among others.</p>	<p>Compliance to regulatory requirements;</p> <p>Conformance to an Integrated Management System - Quality, Safety, Health, Environment; and</p> <p>Investor Relations Policy of open and regular communication and disclosures to stakeholders through the Group's investor relations program.</p>	<p>To protect and enhance shareholder value;</p> <p>To ensure sustainability through partnership with key stakeholders.</p>
<p>4.Market risks – refer to subsidiary and/or customer dependence, pricing, govt regulated power rates, energy trading competition and macroeconomic shift on demand;</p>	<p>The Group's market risk management policy is to offer higher product or service quality, better prices or larger guaranteed supply volumes. It is the Group's policy to set minimum contracted volume for customers with long term supply contracts for each given period (within the contract duration) and repricing on a monthly basis to optimize price movement and profit margin.</p> <p>Risk mitigation measures involve improvement of the coal quality and market diversity.</p> <ul style="list-style-type: none"> • To have diverse customers in different sectors such as Power, Cement, Industrial users; • To implement different pricing schemes i.e. long-term contracts indexed to NEWC and spot contracts based on market price; • To ensure that the landed price of Semirara coal is at least 5% lower than the landed price of imported; • To make the price of Semirara coal for export competitive in the international market; 	<p>To minimize price volatility, mitigate any negative impact resulting from price changes, allow flexibility in selling to target customers while protecting target margin or maximum profits.</p>

	<ul style="list-style-type: none"> • To ensure at least 85% of the power generated is contracted and low level of cost of generation per kwhr to remain competitive with other power generators. • To allocate excess power volume to spot sales rationalized by better or favorable market price. 	
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(c) Minority Shareholders

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

Risk to Minority Shareholders
Risk of Insider Expropriation

3. Control System Set Up

a. Company

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
<p>Operations risks – refer to coal quality and consistency, supply chain disruption, natural calamities (e.g. earthquake, tsunami), environment (typhoon, storm surge, flooding, landslide), slope stability, loss of core personnel;</p>	<p>The risk assessment process requires quantifying and qualifying risks and how these are to be managed and controlled/treated. It involves the positive and negative consequences (impact) and the likelihood of occurrence (probability) using an Impact and Likelihood Matrix. Decisions are made in the context of the risk tolerance level determined by the Company.</p> <p>Risk owners periodically monitor risk portfolios and performance measures. This enables early detection of potential risk issues that may result to material operational loss, and are elevated to Senior Management and to the Audit Committee, as appropriate.</p>	<p>The Company ensures that operational procedures manuals are updated. Updated manuals serve as guide towards consistency of implementation within the Company, but allow flexibility for growth.</p> <p>Further, the continuity of operations is critical to provide stakeholders the necessary confidence that projected business targets and income projections can be managed. The Company is establishing its Business Continuity Plan to provide a standardized approach in handling crisis or emergencies, as well as support in managing Operation Risks.</p> <p><u>Integrated Management System</u> To manage the key risk areas for coal mining and mining-related activities, the Company has adopted the quality systems and principles of the International Organization for Standardization (ISO) since 2008. The Integrated Management System of its coal mining operations and support activities conforms to the Standards on ISO 9001:2008 Quality Management System (QMS), ISO 14001:2004 Environmental Management System and</p>

		<p>OHSAS 18001:2007 Occupational Health and Safety Management System. These management systems in place include the process for monitoring of operational performance and proper handling of issues for resolution for continuous improvement as well as policies to guide operations in the areas of health and safety, environment and community relations.</p> <p><u>Emergency Preparedness and Response Program</u></p> <p>The Company has identified potential accidents and emergency situations and established appropriate preparedness and response procedures, including preventive actions and where appropriate, how to mitigate the environmental impacts and/or risk that may be associated with unplanned events, accidents and emergency situations. Building evacuation, fire and earthquake drills are conducted at least annually and evaluated by the designated government agency to test the effectiveness of these exercises. Emergency preparedness and response procedures are tested periodically to ensure full understanding and observance of all employees and regularly reviewed for improvement.</p> <p><u>Business Continuity Management System</u></p> <p>In 2012, the Company started development of its Business Continuity Management System (BCMS) in accordance with ISO 22301:2012 Societal Security – BCMS – Requirements. It is establishing a holistic framework to ensure early business recovery and continuity of critical services in the event of a disruption, whether anticipated or unplanned, that might be, or could lead to a business loss, emergency or crisis. Its crisis management and business continuity processes are focused toward building organizational resilience with the capability for an effective response to safeguard the interests of the various stakeholders. Business impact assessment workshops and training</p>
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		<p>activities have been conducted for supervisory and management levels throughout the organization.</p> <p><u>Information Technology Risk Management</u></p> <p>The Company established its Information Technology (IT) Disaster Recovery Plan (DRP) to ensure early restoration of critical IT and communication services and systems with the most up-to-date data available for the Company's business continuity. The DRP includes detailed back-up and recovery procedures, responsibilities of a Disaster Recovery Team and emergency procurement, among others. The Company maintains two (2) back-up servers which are already available at the designated Disaster Recovery "Cold Site". The Company annually conducts a "mock" disaster recovery exercise to test the DRP and IT vulnerabilities, if any.</p>
Market Risks	Same as above	<p>The Company ensures that its customers' needs and requirements are properly obtained and documented in the sales contracts. Proper planning and communication with operations enable the company to meet customer requirements and maintain customer satisfaction.</p> <p>The Company has established procedures (e.g., regular coordination meetings, close monitoring of market data, such as coal prices and freight) to ensure the quality, consistency, reliability and competitiveness of our coal supply to customers.</p> <p>Where appropriate, market risk management reports are reported by the risk owners to senior management for review and timely action, if necessary.</p>
Reputation and Compliance Risks	Same as above	<p>The Company, through its quality policy, commits to produce globally competitive coal that exceeds customers' expectations and stakeholders' confidence.</p> <p>Concerned risk owners have established service standards based on the valid expectations of relevant customers, both internal and external. The company</p>

	<p><u>Environment</u> The Company's Environmental Unit (EU) regularly assesses its environmental programs for effectiveness and improvement. Air and water quality, noise level and hazardous-regulated materials are regularly tested, measured and</p>	<p>has identified critical quality standards that form part of the Key Results Areas (KRAs) of its employees. These standards are periodically monitored and observed to achieve continuous improvement and prevent events which may lead to reputational damage. This includes KRAs to ensure compliance to applicable legal and other requirements to which the company subscribes.</p> <p>Where appropriate, concerned risk owners elevate to senior management service quality reports for review and for proper and timely action, if necessary.</p> <p><u>Compliance</u> Compliance to legal and regulatory requirements is a prime consideration in ensuring soundness of operations. The Company has established procedures for monitoring compliance to legal and other requirements. The Compliance Officer is appointed by the Board and designated to ensure adherence to corporate governance principles and best practices, as well as compliance to the Company's Revised Code of Corporate Governance.</p> <p>The Compliance Committee shares in the responsibility of assurance reporting on regulatory requirements. The Committee is headed by the Compliance Officer and has three (3) other Members who are executive officers tasked with ensuring compliance covering SEC, PSE, legal, accounting and reporting standards, environmental, health and safety matters that are aligned to their functional scope of work responsibilities. The Compliance Committee regularly reports to the Audit Committee for continuous monitoring and updates of legal, regulatory developments and compliance matters, thus assuring the Board of their effective management and strategic sustainability.</p> <p><u>Environment, Health and Safety</u> The Company's integrated Environment, Health and Safety (EHS) management system is built on a framework of continuous improvement of applied environmental and social responsibility performance standards. This includes a</p>
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	<p>monitored against standards and baseline data. Regular and surveillance audits are conducted by internal auditors, external parties and local regulators to assess the Company's continuing compliance with corporate policies, government regulations, industry guidelines and internationally recognized standards.</p>	<p>Hazard Identification and Risk Assessment process to ensure that environmental aspects associated with the Company's coal mining activity, products and services are identified, their impact to the environment, safety and health hazards evaluated for significance and necessary control measures implemented.</p> <p>The Company integrates value chain processes that minimize pollution and damage to the environment. Standard operating procedures include close monitoring of spontaneous combustion activity of coal stockpiles by continuous and thorough compaction, and inspection of stockpiles every start and middle of the operation shift. Air pollution control measures include road watering by six water trucks during dry season and hauling operation, setting truck speed limits, installation of pollution control facilities on the power plant smoke stack, use of dust-treat coagulants during product transfers and preventive maintenance program of mobile and airconditioning equipment. Waste water from the Company's Coal Washing Plant operations is channeled to settling ponds before recycling for plant watering use or to a constructed dike area for containment. The Company also established procedures in handling and containment of industrial materials and wastes, including clean-up and restoration where needed. It implemented a progressive rehabilitation program of the old Unong mine and a section of the current Panian mine. Employees are mandated to comply with the Company's EHS objectives and policies such as the conservation and promotion of the local biodiversity, ecological solid waste management that promotes proper garbage segregation and reduced consumption of electricity, water and paper, among others.</p> <p><u>Safety</u></p> <p>The Company adopts the Australian standards and best practices in open-pit coal mining operation with safe production as its most important objective. Its workplace safety objective is to eliminate or reduce to the lowest</p>
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		<p>level any risk that may result in fatality, personal injury, illness, property or environment damage. Safety risks are addressed with focus on prevention and zero tolerance for fatality.</p> <p>Safety procedures are strictly enforced, including measures on slope stability and rebuilding, installation of dewatering pumps to control water intrusion or seepage, a crack monitoring team to continuously monitor ground displacements. Road and safety driving rules are strictly observed by equipment operators to ensure non-vehicular collision due to poor visibility from dust, a common risk to coal mining activity. All mobile equipment and vehicles are required to maintain safe driving distance of at least thirty (30) meters uphill and downhill, and to turn all headlights on at all times during the day. Reinforced education and training of workers and equipment operators for the proper use, repairs and maintenance of mining equipment have reduced accidents and injury events in the workplace. Job hazards, work instructions and guidelines are established and communicated to the workforce to ensure that such are carried out under controlled condition. Sufficient training and information are undertaken to promote a safety culture and safety behavior expected from everyone. The Company's suppliers and contractors working on the Company's premises as well as customers and other visitors are required to comply with the Company's health and safety procedures.</p> <p><u>Good Governance Program</u></p> <p>The Group adopts a corporate governance framework with good governance program and policies aimed to foster a culture of compliance, and promote higher standards of performance, transparency and accountability within the organization & subsidiaries, and to enhance shareholder value.</p>
Investment risks – refer to capital allocation,	Same as above As part of liquidity risk management, the Company continuously assesses	Cash flow reports and forecasts relative to project funding activities are reviewed weekly to promptly address liquidity concerns.

equity investment and guarantees in subsidiaries;	conditions in the financial markets for opportunities to pursue fund raising activities.	
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b. Group

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Operations Risks	<p>The risk assessment process requires quantifying and qualifying risks and how these are to be managed and controlled/treated. This process involves the positive and negative consequences (impact) and the likelihood of occurrence (probability) using an Impact and Likelihood Matrix. Decisions are made in the context of the risk tolerance level determined by the company.</p> <p>Risk owners periodically monitor risk portfolios and performance measures. This enables early detection of potential risk issues that may result to material operational loss. These are elevated to Senior Management and to the Audit Committee, as appropriate.</p>	<p>The Group ensures that operational procedures manuals are updated. Updated manuals serve as guide towards consistency of implementation within the company, but allow flexibility for growth.</p> <p>Further, the continuity of operations is critical to provide stakeholders the necessary confidence that projected business targets and income projections can be managed. The Group is establishing its Business Continuity Plan starting first with the parent (Semirara Mining Corporation) to provide a standardized approach in handling crisis or emergencies, as well as support in managing Operational Risk.</p> <p>The Group also has a Quality Management System in place which includes the process for monitoring of operational performance and proper handling of issues for resolution for continuous improvement as well as policies to guide operations in the areas of health and safety, environment and community relations.</p> <p><u>Information Technology Risk Management</u></p> <p>The Company established its Information Technology (IT) Disaster Recovery Plan (DRP) to ensure early restoration of critical IT and communication services and systems with the most up-to-date data available for the Company's business continuity. The DRP includes detailed</p>

		<p>back-up and recovery procedures, responsibilities of a Disaster Recovery Team and emergency procurement, among others. The Company maintains two (2) back-up servers which are already available at the designated Disaster Recovery "Cold Site". The Company annually conducts a "mock" disaster recovery exercise to test the DRP and IT vulnerabilities, if any.</p>
Market Risks	Same as above	<p>The Group ensures that its customers' needs and requirements are properly obtained and documented in the sales contracts. Proper planning and communication with operations enable the company to meet customer requirements and maintain customer satisfaction.</p> <p>The Group has established procedures to ensure the quality, consistency, reliability and competitiveness of our coal and power supply to customers.</p> <p>Where appropriate, market risk management reports are reported by the risk owners to senior management for review and timely action, if necessary.</p>
Reputation and Compliance Risks	Same as above	<p>The Group has committed to exceed customers' expectations and stakeholders' confidence.</p> <p>Concerned risk owners have established service standards based on the valid expectations of relevant customers, both internal and external. The company has identified critical quality standards that form part of the Key Results Areas (KRAs) of its employees. These standards are periodically monitored and observed to achieve continuous improvement and prevent events which may lead to reputational damage. This includes KRAs to ensure compliance to applicable legal and other requirements to which the group subscribes.</p> <p>Where appropriate, concerned risk owners elevate to senior management service quality reports for review and for proper and timely</p>

		<p>action, if necessary.</p> <p>Compliance to legal and regulatory requirements is a prime consideration in ensuring soundness of operations. The Group has established procedures for monitoring compliance to legal and other requirements.</p> <p><u>Good Governance Program</u></p> <p>The Group adopts a corporate governance framework with good governance program and policies aimed to foster a culture of compliance, and promote higher standards of performance, transparency and accountability within the organization & subsidiaries, and to enhance shareholder value.</p>
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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
Audit Committee	Oversight of risk management that risk management practices are aligned with strategic business objectives, policies are followed, limits are respected and controls are established through regular assurance reporting by Management to the Audit Committee and the full Board of topmost significant risks and important changes in the Company's risk profile.	<p>Reviews adequacy and effectiveness of the Company's risk management policies and activities on risk identification, assessment, mitigation, control systems, reporting and monitoring, including Management's approach to the management of risks on economic dependency, operating risks of each mine, insurance adequacy and business continuity planning;</p> <p>Oversees Management's activities in managing credit, market, liquidity, foreign exchange, interest, operational, legal and other strategic risks of the Company; and</p> <p>Promotes risk awareness in the organization.</p>
Internal Audit Department	Independent assurance review and regular reporting of the Company's risk management,	The Internal Audit's role in ERM includes evaluation, monitoring and reporting the

	control and governance processes	effectiveness of risk management processes. The Internal Audit Plan and prioritization of audit engagements are developed using a risk-based methodology with focus on critical and high-priority risks and exposures having significant impact to the Company's strategic objectives.
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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;
Internal control system refers to the framework under which internal controls are developed and implemented along with policies and procedures, to manage, reduce and control a particular risk or business activity, or combination of such risks or activities, to which the Company is exposed.
- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;
The Board of Directors through its Audit Committee oversees the internal control environment including the reviews on adequacy and effectiveness of controls, systems and procedures by the Internal Audit and External Audit functions both of which report directly and regularly to the Audit Committee and the Board. Based on such reviews, discussions and attestation by the Internal Audit, the Board concludes that a sound internal audit, control and compliance system is in place and working effectively.
- (c) Period covered by the review;
2012.
- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and
Regular reviews of internal controls during the year are conducted by the Internal Audit using a risk-based process audit approach. In assessing the effectiveness of the internal control system, the Board considers internal controls designed to provide reasonable assurance for the achievement of the Company's objectives, the effectiveness and efficiency of its operations, the reliability of its financial reporting and faithful compliance with applicable laws, regulations, relations and internal rules.
- (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	Name of Chief Internal Auditor/Auditing	Reporting process
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		Internal Audit Function	Firm	
Evaluates and provides reasonable assurance that risk management, control, and governance processes / systems are functioning as intended and will enable achievement of the organization's objectives and goals.	Semirara Mining Corporation's risk management, control and governance processes	In-house	Karmine Andrea B. San Juan	Quarterly reporting to the Audit Committee and the Board of Directors.

- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Yes.

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

The Internal Audit functionally reports directly to the Audit Committee and has unrestricted access to the Audit Committee. The Board-approved Internal Audit Charter authorizes internal auditors to have full and reasonable access to all documents, records, assets, properties, plants, information systems, computers, personnel, etc.

- (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
Emelyn B. Javilinar	Personal

- (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	The 2012 Audit Plan has been completed as of first quarter of 2013.
Issues⁹	Findings and appropriate Management response or action are continuously monitored by Internal Audit. Unresolved and pervasive issues, if any, are highlighted and reported to the Audit Committee.
Findings¹⁰	Findings and appropriate Management response or action are continuously monitored by Internal

⁹ "Issues" are compliance matters that arise from adopting different interpretations.

¹⁰ "Findings" are those with concrete basis under the company's policies and rules.

	Audit. Unresolved and recurring findings, if any, are highlighted and reported to the Audit Committee.
Examination Trends	Reviews, based on the audit plan, are improved from year-to-year to produce more value-adding findings and recommendations. For 2013, we adopted a risk-based approach focusing on the risk management, control and governance processes of the company, rather than a risk-based functional unit approach.

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Policies & Procedures	Implementation
Internal Audit Procedures include, but are not limited to, the following: (a) Audit Strategic Planning (b) Audit Engagement Planning (c) Execution of the Audit (d) Reporting of Results (e) Monitoring of Agreed Action Plans	Done
Feedback from audit client is obtained through formal survey upon completion of an individual engagement to assess audit activity effectiveness in meeting the needs of its audit client and opportunities for improvement.	Done after completion of each audit engagement.

(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
Independence of the Internal Audit (IA) is achieved through the organizational status of the IA Department and adherence by internal auditors to IIA’s Code of Ethics. IA directly & functionally reports to the Audit Committee	The Company maintains a policy of open & constant communication and disclosure of its activities, subject to insider information guidelines. Equal access of company information are made	The Company maintains a policy of open & constant communication and disclosure of its activities, subject to insider information guidelines. The Company’s financial risk management policy	The Company maintains a policy of open and constant communication and disclosure of its activities, subject to insider information guidelines. Association with rating agencies is not encouraged or any

<p>on the planning, execution and results of IA activities. The Company's Insider Trading policy imposes observance of blackout trading periods as set by the policy.</p>	<p>available to financial/stock analyst and limited only to facts and valid information under a formal Q & A set-up.</p>	<p>is to deal with prime or rated investment banks which offer quality service at the highest yield benchmarked against rates set by BSP. Moreover, the Company's Codes of Conduct promote honest and fair dealings over negotiations with stakeholders.</p>	<p>grant of favour that may influence objectivity.</p>
<p>The Audit Committee's oversight duties of the internal audit function include its required approval of services to be rendered by Internal Audit and subsequent review thereof.</p>	<p>The Company respects valuation analysis of its stock by financial analysts or institutional fund managers. It does not counter any grossly overstated/understated assumptions made resulting to unfair ratings.</p>	<p>The Company respects valuation analysis of its stock by financial analysts or institutional fund managers. It does not counter any grossly overstated/understated assumptions made resulting to unfair ratings.</p>	
<p>Oversight of external audit by the Audit Committee incl. its review of the performance and independence of the external auditor, and pre-approval of non-audit engagement, scope, fees & terms with the external auditor.</p>	<p>The Company's Gift and Entertainment policy and guidelines explicitly disallow employees from any interest in or benefit from any supplier that could reasonably be interpreted as inducing favoritism towards a particular supplier over others. Such guidelines enumerate conditions on the propriety of accepting a gift or invitation to meals and entertainment such as it is unsolicited, part of a business meeting or discussion, not being given to influence business judgment or action, does not violate any laws, and a promotional item or token of nominal value of not more than Two Thousand Pesos (P2,000) under the client's, supplier's or customer's relations program.</p>	<p>Gifts & entertainment are subject to the guidelines of the Company's policy.</p>	<p>Gifts & entertainment are subject to the guidelines of the Company's policy.</p>

(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 Chairman of the Board, the CEO and the Compliance Officer attest to the Company's full compliance with SEC's Code of Corporate Governance. All Directors, officers and employees have been properly advised of their respective duties as prescribed by the Code and that internal mechanisms are in place to ensure such compliance.

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	The Company's policy is to supply its customers with quality coal that meets their stringent specification. Client feedback mechanism is implemented to measure client perception in meeting customer requirements and complaints, if any, are resolved through corrective action and after-sales settlement guidelines.	The Company measures the characteristics of coal to ensure that customer requirements are determined and understood with notification to the customer of significant changes, if any, communicated in a timely manner before effecting any change. Tests are conducted and results recorded to evidence conformity with the requirements. Coal shall not be loaded and shipped until all the tests are conducted and all results passed the customer's specification. The Company's customers are required to comply with the Company's health and safety procedures while at the Company's premises. The Marketing Department conducts Customer satisfaction surveys twice a year to affirm or enhance customer satisfaction through continual improvement of processes.
Supplier/contractor selection practice	The Company's quality policy for procurement activities ensure competitive sourcing and pricing of highest quality of goods and services to support the Company's objectives.	Activities include procedures on accreditation, evaluation of new suppliers and re-evaluation of performance of accredited suppliers of critical materials every twelve months to ensure consistent quality of purchased products and services. Suppliers are selected and evaluated based on their track record, price, payment terms and performance on criteria such as product quality, response to problems and delivery. Canvassing procedures ensure competitive pricing, favorable terms and value-added

		services without compromising quality.
Environmentally friendly value-chain	<p>The Company integrates value chain processes that minimize pollution and damage to the environment. Its integrated Environment, Health and Safety (EHS) management system is built on a framework of continuous improvement of applied environmental and social responsibility performance standards.</p>	<p>The Company's EHS system includes a Hazard Identification and Risk Assessment process to ensure that environmental aspects associated with the Company's coal mining activity, products and services are identified, their impact to the environment, safety and health hazards evaluated for significance and necessary control measures implemented.</p> <p>Standard operating procedures include close monitoring of spontaneous combustion activity of coal stockpiles by continuous and thorough compaction, and inspection of stockpiles every start and middle of the operation shift. Air pollution control measures include road watering by six water trucks during dry season and hauling operation, setting truck speed limits, installation of pollution control facilities on the power plant smoke stack, use of dust-treat coagulants during product transfers and preventive maintenance program of mobile and airconditioning equipment. Waste water from the Company's Coal Washing Plant operations is channeled to settling ponds before recycling for plant watering use or to a constructed dike area for containment. The Company also established procedures in handling and containment of industrial materials and wastes, including clean-up and restoration where needed. Employees are mandated to comply with the Company's EHS objectives and policies such as the conservation and promotion of the local biodiversity, ecological solid waste management that promotes proper garbage segregation and reduced consumption of electricity, water and paper, among others.</p>

<p>Community interaction</p>	<p>The Company’s policy is to work in partnership with its host communities to improve the sustainability of both the community and the environment while promoting local economic empowerment with judicious use of natural resources. Its comprehensive Corporate Social Responsibility (CSR) program encompasses Five Es – Electrification, Education, Employment and Livelihood, Economic Empowerment and Environmental Protection.</p>	<p>The Company’s close partnerships with local government units and key sectors involve community-based emergency preparedness initiatives such as disaster and risk reduction management workshops and drills.</p>
<p>Anti-corruption programmes and procedures?</p>	<p>The Company’s Codes of Conduct clearly set expectations of all Directors, Officers and Employees to conduct business with the highest ethical standards and in accordance with all applicable laws, rules and regulations. They are expected to adhere to the principles and core values of integrity, honesty, fair dealings and excellence, among others. The Codes explicitly provide guidelines for all, including immediate family members within a degree of affinity or consanguinity, on anti-corrupt practices involving conflict of interest, business gifts and entertainment, among others. The Gift and Entertainment policy and guidelines explicitly disallow employees from any interest in or benefit from any supplier that could reasonably be interpreted as inducing favoritism towards a particular supplier over others. The Fraud and Ethics Response Policy affirms the Company’s opposition to fraud and reinforces the Company’s approach by setting out the procedures and ways in which employees or other stakeholders can voice their concerns or complaints about suspected fraud or corruption.</p>	<p>a. To monitor compliance with the Conflict of Interest policy, the Company requires early submission by a Director, Officer and employee of a “single transaction” disclosure statement, and due before potential conflict of interest arises, of his direct or indirect financial interest in a specific contract or purchase proposed to be entered into by the Company, subsidiaries or its affiliates with or from a particular contractor or supplier. Failure to make proper disclosure as required may result in disciplinary action.</p> <p>b. In general, employees may accept a gift or an invitation to meals from clients or suppliers subject to certain conditions and a nominal value threshold of Two Thousand Pesos (P 2,000). If the gift is more than this amount, and meets all the conditions prescribed, the employee should accept it with gratitude on behalf of the Company and formally turn it over as Company’s property to the VP – Administration for proper disposition.</p> <p>c. The Fraud & Ethics Response Policy outlines how the Company will deal with such complaints and determine its course of action depending on their nature.</p> <p>D. The Hotline reporting system includes the use of a Hotline reporting Form to guide the Reporter in providing adequate information and basis to enable the Company to effectively</p>

		investigate, evaluate and resolve the reported matter.
Safeguarding creditors' rights	It is the Company's policy to support strategic partnerships with suppliers, creditors and other business partners with honoring commitments to agreements and timely payments of contracted obligations. Moreover, the Code of Conduct promotes fair dealings with creditors and business partners including observance of confidentiality of proprietary non-public information such as contract terms or bids, that might either be harmful to its suppliers, creditors and business partners or of use to their business competitors.	Activities are geared towards support of the Company's capital management strategy to ensure the Company maintains a strong credit rating and healthy capital ratios to support its business, maximize shareholder value and safeguard creditors' rights. The Company's quality management system establishes procedures for timely processing of disbursements, regular updates of the Company's operating and financial performance, conducting Minesite visits for financial institutions, among others.

- 2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?
Yes.
- 3) Performance-enhancing mechanisms for employee participation.

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

The Company's integrated Environment, Health and Safety (EHS) management system policy supports a framework of continuous improvement of applied environmental and social responsibility performance standards. The Company's workplace safety policy objective is to eliminate or reduce to the lowest level any risk that may result in fatality, personal injury, illness, property or environment damage. Employees are mandated to comply with the Company's EHS objectives and policies such as the conservation and promotion of the local biodiversity, ecological solid waste management that promotes proper garbage segregation and reduced consumption of electricity, water and paper, among others.

Employee well-being is promoted through the Company's health care program covering annual physical examination, physical fitness and sports activities to encourage and maintain a proactive healthy lifestyle, recreational activities to foster camaraderie and team building, and spiritual activities to foster one's personal values, among others. The Company provides free primary medical services to Mine Site employees and workers, their dependents and local residents at the Company's own level-one hospital at Semirara Island. The hospital has at least four (4) medical doctors on call at any day, two (2) dentists, one (1) medical technologist, one (1) x-ray technician, five (5) nurses, a midwife, nurse aides and caregivers. The hospital's new pharmacy offers more reliable supply and discounted cost of medicines.

In 2012, the Company achieved 100% accomplishment of its targets for Mine Site and Corporate Office employees' annual medical and dental check-ups including laboratory work.

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

MINE SITE 2012 SAFETY DATA	
No. of Non-Lost time Accidents, Non-Fatal	53
No. of Lost time Accidents, Non-Fatal	1
No. of Lost time Accidents, Fatal	1
Lost Work Days	

	6,001
Total Manhours Worked	5,387,940
Lost Time Injury Rate or Frequency Rate	0.37
Severity Rate	1,113.78

	Mine Site	Corporate Office	Total
No. of Safety & Health Committee Personnel	60	13	73
Total Employee Workforce	2,125	33	2,158

List of Benefits to Full-time Employees		
Govt Mandated Benefits	Additional Company Benefits	CBA
SSS Contribution	Life and Accident Insurance	In-House Health Care (R&F)
Pag – Ibig (HDMF) Contribution	Health Insurance	1 sack milled rice every 2 mos. (R&F)
Phil Health Contribution	Sick Leave Credits after first year of employment - 15 days after one year	Service Award (R&F)
13 th Month Pay	Vacation Leave Credits after first year of employment - 15 days per year	Bereavement Financial assistance
Maternity Leave - 60 up to 78 days	Free primary medical services to Mine Site workers & their dependents	Emergency leave - 4 days/year
Paternity Leave - 7 days		Medicine Allowance upon anniversary (R&F, Special Skills)
Retirement Benefit (RA 7641)		Relocation allowance (upon retirement)

- (c) State the company's training and development programmes for its employees. Show the data.
The Company's employee development program includes trainings, seminars and workshops such as skills upgrade, leadership, short management courses, ISO quality management principles, EHS, risk awareness, among others.

Workforce Category	2012 Employee Workforce	2012 No. of Training Hours	Training Hours per Category %	Ave. Training Hrs/Category
Executives	10	191	4%	19
Managers	32	527	11%	16
Supervisors	136	919	19%	7
Rank & File	1,980	3,222	66%	2
Total	2,158	4,858	100%	2

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

The Company's compensation reward policy sets remuneration at levels having regard to industry and market standards for similar work responsibilities and positions and gives performance-based cash incentives, with appropriate financial performance of the Company, to affirm or encourage performers. Its

competency-based performance management system evaluates employee performance using a Balanced Scorecard that considers technical and behavioral competencies as well as employee support or compliance to the Company's Code of Conduct, good governance program and Environmental, Health and Safety (EHS) policies.

- 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.

For issues raised by employees or other stakeholders, the action taken by the Company will depend on the nature of the concern. The matters raised may be investigated internally or be referred to law enforcement officers. Where the loss is substantial, legal advice should be obtained without delay. Legal advice should also be obtained about prospects for recovering losses, where the perpetrator refuses repayment. Subject to legal constraints, the person who reported the alleged fraud or corruption will receive information about the outcome of any investigation and that the matter has been properly addressed. Reporting of any concern or complaint raised is treated with due care and confidentiality. The Company expressly prohibits retaliation, intimidation, harassment or adverse employment consequences against a person who raises a concern or complaint. It shall investigate and address promptly any concern of reprisal and harassment brought to its attention.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
DMCI Holdings, Inc.	200,647,533	56.32%	1. Dacon Corporation holds 1,215,393,901 shares or 45.77% 2. PCD Nominee Corp. (F) holds 470,393,118 shares or 17.71% 3. PCD Nominee Corporation (NF) holds 438,962,858 shares or 16.53%
PCD Nominee Corp. (Filipino)	49,015,501	13.76%	N/A
Dacon Corporation	43,608,509	12.24%	Inglebrook Holdings, Inc. holds 2,51,010 shares or 12.38%
PCD Nominee Corp. (Foreign)	42,086,529	11.81%	Hongkong and Shanghai Banking Corp. Ltd holds 29,750,664 shares or 8.35%

Name of Senior Management	Number of Direct shares ¹¹	Number of Indirect shares / Through (name of record owner) ¹²	% of Capital Stock
David M. Consunji	12	200	0.00
Isidro A. Consunji	2,012	254,552	0.07

¹¹ As of June 20, 2013.

¹² *Ibid.*

Cesar A. Buenaventura	6,010	-	0.00
Victor A. Consunji	12	327,242	0.09
Jorge A. Consuni	12	4,822	0.00
Herbert M. Consunji	10,010	-	0.00
Victor C. Macalincag	281,130	7,000	0.08
George G. San Pedro	40,030	-	0.01
Federico E. Puno	60,010	-	0.02
Ma. Cristina C. Gotianun	119	302,098	0.08
Ma. Edwina C. Laperal	349	418,398	0.12
Jaime B. Garcia	48,036	-	0.01
Denardo M. Cuayo	1,500	-	0.00
TOTAL	449,242	1,314,312	0.50

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	Yes
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	No, Remuneration is disclosed as part of a group total in compliance with SEC reporting format.

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

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
SGV & Co.	P 4.0 M, incl. Subsidiary's audit fee of P 1.9 M	nil

4) Medium of Communication

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

a) Email

b) Internet/Website

c) Written correspondence

5) Date of release of audited financial report:

March 12, 2013

6) Company Website

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

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

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

7) **Disclosure of RPT**

Related Party Transactions are disclosed in detail in Note 17 of the Company's 2012 Audited Financial Statements (Schedule E).

RPT	Relationship	Nature	Value
Refer to Note 17 AFS.			

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 Board-approved Policy sets out the guidelines, categories and thresholds requiring review, disclosure and prior approval by the Board of Directors or Shareholders of such transactions. It also defines RPTs deemed to be pre-approved by the Board in accordance with the Company's Board-approved Table of Authorities. It provides guidelines on the identification, review and approval of RPTs. It is the Company's policy that RPTs are arms-length and at terms generally available to an unaffiliated third party under the same or similar circumstances. There must be a compelling business reason to enter into such a RPT, taking into account such factors as expertise of related party, cost efficiency, among others. All RPTs shall be disclosed to the Audit Committee and any material RPT shall be disclosed to the Board. The Audit Committee assists the Board in its review of RPTs. The Audit Committee's quarterly review of the financial statements includes related party accounts to ensure that RPTs are fair to the Company, conducted at arms' length terms and considered such factors as materiality, commercial reasonableness of the terms and extent of conflict of interest, actual or apparent, of the related party, as defined by the policy, participating in the transaction.

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 Issued & Outstanding Capital Stock
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Votation
Description	Show of hands at the Board level; by poll voting at the 2013 ASM

(c) Stockholders' Rights

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

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
Right to Notice of Meeting	As listed company notice to stockholders are sent at least 15 trading days prior to the scheduled stockholder's meeting
Right to Vote in person or proxy	Adopts guidelines on voting in person or proxy under SRC Rule 20
Appraisal Right	N/A
Under certain conditions the Right to Petition the SEC to call for a stockholders' meeting	N/A
Right to participate in decisions concerning fundamental corporate changes such as amendments to the Company's constitution, authorization of additional shares and transfer or sale of all or substantially all of the Company's assets, sale of a business unit or subsidiary that accounts for a majority portion of the Company's assets	N/A
Right to inspect corporate books and records	N/A
Right to information	N/A
Right to dividends	N/A

Dividends

Declaration Date	Record Date	Payment Date
April 30, 2013	May 17, 2013	May 29, 2013

(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
Notice of Annual or Special Meeting are promptly disclosed to the Philippine Stock Exchange and immediately posted in the Company's website. This will allow the stockholders to be notified ahead of the actual mailing of Definitive Information Statement (including notice). Included in the documents sent out to stockholder is a sample copy of the proxy which stockholders may use in order for them to participate thru proxy, if they so wish. Note these documents that are sent out are likewise posted and disclosed at the Exchange.	There is no strict procedure adopted by the Company regarding matter in which communications from stockholder are sent. Any communications properly addressed will reach the addressee. Proposal or concerns of stockholders when appropriate will be taken up by the Company's Board.
Corporation has put a website with contact details for shareholders' concerns.	Communications with shareholders may be done by phone and thru email to investor_relations@semiraraminingmkti.net .
During stockholders meeting, stockholders after the agenda item of Management Report, stockholders are given an opportunity to raise questions, clarification and other matters of concerns.	Communication is made verbally but if the stockholders wishes may later be put down in writing.

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 promotes a culture of transparency with protection and equal respect of shareholder/investor rights embodied in its Revised Code of Corporate Governance. It follows the rules under the Corporation Code whereby shareholders can vote on the items presented for their approval at stockholders' meetings. Shareholder rights include their participation in decisions concerning fundamental corporate changes such as amendments to the Company's constitution, authorization of additional shares and transfer or sale of all or substantially all of the Company's assets, sale of a business unit or subsidiary that accounts for a majority portion of the Company's assets.

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?
No. At least 15 business days prior to the meeting proper in accordance with SRC.
 - a. Date of sending out notices: **April 11, 2013**
 - b. Date of the Annual/Special Stockholders' Meeting: **May 6, 2013**
4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.
No questions or clarifications were made by stockholders during said meeting.
5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Approval of Previous Minutes of Stockholders Meeting	277,527,320 or 77.70%	none	none
Approval of Management Report	260,058,765 or 72.998%	none	589,760
Ratification of Acts of Officers & Board of Directors in 2011	277,527,320 or 77.70%	none	none
Appointment of External Auditor	277,527,320 or 77.70%	none	none

1. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:
The results of votes on the approved items were taken during the recent AGM for all resolutions were disclosed immediately and simultaneously to SEC and PSE on May 6, 2013. The same was posted in the Company's website on same date.

(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
None	Not Applicable

(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	David M. Consunji, Isidro A. Consunji, Victor A. Consunji, Cesar A. Buenaventura, Jorge A. Consunji, Ma. Cristina C. Gotianun, Ma. Edwina C. Laperal, Herbert M. Consunji, Victor C. Macalincag, Federico E. Puno, John R. Sadullo, Jaime B. Garcia, Junalina S. Tabor, George B. Baquiran	May 6 2013	Poll balloting	.01039%	81.08 %	81.08%
Special	N/A					

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

(ii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any

divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes one vote for one share

(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	Company adopts SRC Rule 20 (b).
Notary	Proxy need not be notarized except when in the form of a Corporate Secretary Certificate for corporate stockholders.
Submission of Proxy	Submitted not later than 10 days from date of meeting.
Several Proxies	Company adopts SRC Rule 20 (11) (b).
Validity of Proxy	Only for meeting at hand except when provided in a statement in the proxy but not more than 5 years from the date of the proxy.
Proxies executed abroad	Must be duly authenticated by the Philippine Embassy or Consular Office.
Invalidated Proxy	Non recognition of votes, stockholder is informed of such fact.
Validation of Proxy	Performed by a committee of inspectors appointed by the Board of Directors.
Violation of Proxy	Results to invalidation of votes.

(h) Sending of Notices

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

Policies	Procedure
Sent at least 15 trading days prior to date of meeting together with SEC Form 20-IS, Audited Financial Statement and Mini-Annual Report	By registered mail

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	659 as of Record Date.
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	Actual distribution is made by PDTC
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	April 11, 2013
State whether CD format or hard copies were distributed	All copies sent are printed copies

If yes, indicate whether requesting stockholders were provided hard copies	Not Applicable
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(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.	No, the same is not required.
The amount payable for final dividends.	No, dividends were declared only after the Notices were sent
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 Company promotes a culture of transparency with protection and equal respect of shareholder/investor rights embodied in its Revised Code of Corporate Governance. As such, Minority rights as embodied in the Corporation Code allows them to the right to cumulate their votes for election of directors and the right to nominate directors, among others.

Policies	Implementation
See above policy.	

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

Yes.

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.

The Legal Department, through proper disclosure of material information as defined under Rules of Disclosure of the Philippine Stock Exchange, is tasked to communicate said material information in the form of a disclosure statements posted at the Exchange. The content of the disclosures are based on resolutions already approved by the Board of Directors during their meetings. The CEO reviews and approves major company announcements.

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

	Details
(1) Objectives	To provide knowledge, understanding & transparency of the Company's business, operating and financial condition to the investing public.
(2) Principles	To sustain investor confidence, the Company maintains a policy of open and constant communication and disclosure of its activities, subject to insider information guidelines.
(3) Modes of Communications	One-on-one meetings, conference calls, emails, disclosures to PSE/SEC, company website
(4) Investors Relations Officer	Sharade E. Padilla Tel. +632 8883644 Fax +632 8883553 Email : investor_relations@semiraraminingmkti.net

- 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 is essentially an operating company, not a holding company, with its primary purpose to engage in mining of coal and other minerals. While its secondary purpose per its Articles of Incorporation is to acquire and take over all or any part the business, goodwill, property and others, it has not however sought to do so. The Board has established decision authority policies on limits, levels of authorization and nature of transactions, of which the latter include investment and divestment activities, among others. Furthermore, shareholder rights include their participation in decisions concerning fundamental corporate changes such as transfer or sale of all or substantially all of the Company's assets, sale of a business unit or subsidiary that accounts for a majority portion of the Company's assets, among others.

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

Not Applicable.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Semirara Mining Corporation CSR :

Initiative	Beneficiary
EMPLOYMENT and LIVELIHOOD	
Employ local residents.	2,760 Caluya-based employees who earned a total of PhP867.6 million (minesite payroll) in 2012
Commercial center with 60 stalls for fish, meat, vegetables and dry goods.	49 of the stalls are occupied rent-free, providing extra livelihood to workers' dependents
Support fishing associations	Semirara Fishing Association (SEMFA) in 2012 was operating five (5) boats and ComRel four (4) boats, catching 120 metric tons of fish for local consumption

Initiative	Beneficiary
Support local farming: Demo farms	Four (4) indigent families planted summer and main crops in four (4) hectares of land in Bagong Barrio, Barangay Semirara that yielded a total of 377.37 cavans of rice and earned for the farmers Php162,954.87 in 2012.
Address food security: SAKA SAKA aims to create and/or intensify community economic and agricultural activities on the island Project to continue in 2013.	About 80 pioneer settlers of Bgy. Semirara joined forces with the key sectors on the island: LGU Caluya, barangays Semirara & Alegria, the Semirara cooperatives (SEMCO & IWMPC) and the company, now registered with the Securities and Exchange Commission as SAKA SAKA Pioneers Livelihood Association. Trial runs failed to bring the project profit but actual operations proved that cooperation among the island's primary organizations is possible and can contribute to address livelihood and food security concerns.
EDUCATION & SKILLS TRAINING	
School buildings and facilities, 2012	Semirara Elementary School received confirmation that it will receive a ten-classroom building for use starting in SY 2013. Construction of Villaresis Day Care Center in Bgy. Semirara is completed. DWSSII: Started extending two-level brick building to build two (2) classrooms and two (2) laboratories in time for SY2013-2014. STCI received a 1,440 sq. m. building to house STCI's electrical and automotive workshops, gymnasium, dining area and locker rooms.
School buildings and facilities, 2012	Semirara Elementary School received confirmation that it will receive a ten-classroom building for use starting in SY 2013; Construction of Villaresis Day Care Center in Bgy. Semirara is completed; DWSSII: Started extending two-level brick building to build two (2) classrooms and two (2) laboratories in time for SY2013-2014; STCI received a 1,440 sq. m. building to house STCI's electrical and automotive workshops, gymnasium, dining area and locker rooms .
Develop technical skills for manpower requirements and improvement marketable skills of local youth through Semirara Training Center, Inc. (STCI)	Since its establishment until end-December 2012, STCI has had 940 enrollees, of which, 697 have graduated. Of the graduates, 460 or 67% have found employment in the company.
"Maligayang Semirara" to promote community- and self-sustainability among residents through arts, music and sports	Company workers, residents and neighbors benefit from the Maligayang Semirara as the program presents options for better work-life balance, and to the children as creative and physical outlet for their youthful energy, an avenue to discover and develop skills.

Initiative	Beneficiary
ENVIRONMENTAL PROTECTION	
Tabunan Marine Hatchery and Laboratory	<p>From the giant clams that came from UP-Bolinao, the hatchery and laboratory has produced and reseeded a total of 2,360 <i>T. gigas</i> in the Tabunan reefs.</p> <p>The population of the <i>T. gigas</i> and local species of the giant clam stands at 59,830 at end-2012.</p> <p>The abalone population at same period is at 209,195. The abalone project, once local/ sustainable source of food is established, will be developed as a community livelihood project.</p>
Inland reforestation and mangroves development	<p>The reforestation team has planted, from 2000 to 2012, a total of 1.2 million trees on the island, more than the targeted one million. Mangroves development has also progressed, for the same period, to 172.71 hectares.</p> <p>Progressive rehabilitation at the Panian Mine accomplished planting of 238,964 trees, supported by two (2) nurseries at site.</p>
Joint campaign with the Municipality of Caluya and the Council of Barangay Semirara for ecological solid waste management called "I Love Semirara Times Three."	<p>Semirara Mining Corporation also purposely convened people at the company housing facilities, managing to reach 323 occupants, to solicit support for the barangay-wide initiative.</p> <p>The campaign inspired the participation of schools and individuals. Students of DWSSII and Semirara National High School campaigned in the DMCI Village, company housing, barangay poblacion and other public venues. The campaign led to record collection rates of biodegradable materials in the last three (3) months of 2012. Household-level garbage segregation improved so much that organic fertilizer production at the company's composting facility rose from 68,150 kilograms in 2011 to 109,710 kilograms in 2012.</p>
Unong rehabilitation	<p>Planting and maintenance of high-value trees and ornamental plants continue around the lake. The three (3) -kilometer road around the lake is maintained. The company plans to develop the area as a place for recreation for island residents.</p>
ECONOMIC EMPOWERMENT	

Initiative	Beneficiary
<p>Maximizing resources, new use for mine waste: Pottery and construction materials</p>	<p>The budding new industry in Semirara island provides employment to locals. As the viability of commercial production is being established, the bricks of Semirara Island, produced from clay that used to be considered waste in Panian, are now being enjoyed by local residents. Eight (8) indigent families of Sitio Villaresis of Barangay Semirara, where families affected by mine and support facilities were relocated, were chosen to receive construction materials for permanent houses in late 2012 through the project called Sangbahayan.</p> <p>The Company also donated a total of 200,000 pieces of its European-standard bricks to the community of Ilin Island in San Jose, Mindoro Occidental to build the Santisima Trinidad Chapel and a formation house for the Mary Mother of the Poor Foundation.</p> <p>An abandoned school structure in Ilin, although it was not part of the construction program, received total rework to become an office of Ilin Elementary School. A small pier was constructed to allow safe docking of boats and barges during high tide. The roads around the construction areas were graveled.</p>
ELECTRIFICATION	
<p>Island power service</p> <p>A new 15MW coal-fired power plant that will utilize the modern Circulating Fluidized Bed (CFB) technology, a “clean-coal” technology, which will significantly reduce sulfur and nitrous oxides and particulate emissions compared to traditional power plants to augment growing power requirements.</p>	<p>Each employee’s household continues to get free power allocation of 300 kwh per month while excess usage is paid through salary deduction. The island residents also enjoy PhP200 free electric utility, a benefit the local government of Barangay Semirara has been providing for five years now.</p> <p>Power costs a consumer on the island only PhP5.10/kWh. Semirara Mining Corporation, however, spends about PhP7.00 to generate 1kW of electricity from the coal-fired power plant and about PhP11.00 from the diesel generators, and getting paid only PhP2.50/kWh by ANTECO for supplying.</p>
<p>Solar-powered water pumps and streetlights</p>	<p>The Company donated solar-powered streetlights to Barangay Sabang of Caluya, Barangay Sibato of Sibato Island, and Barangays Bonbon, Sibay, Bacong, Dionela and Harigue of Sibay Island. A total of 988 units were installed in 2012.</p> <p>It also provided solar-powered water pumps to Barangays Bacong, Dionela, Harigue and Sibato in nearby islands of Caluya to improve supply and distribution of water to the communities.</p>
HEALTH and MEDICAL SERVICES	

Initiative	Beneficiary
Employee and community health	Free primary medical services to company workers, their dependents and local residents. 100% accomplishment of targets for employees' annual medical and dental check-ups including laboratory work inand for the physical and dental examinations of students and teachers of DWSSII for school year 2012-2013. 14,594 consultations by employees, dependents and local residents with the hospital doctors were accommodated in 2012. Physical and pre-employment examinations for non-employees totaled 1,947.
Medical, surgical and ophthalmological missions	About 600 community members were examined by more than 20 volunteer doctors supporting the Mary Mother of the Poor Foundation and more than 100 people showed up for cataract and eye examinations. Of these, 82 cases of hernia, cyst, cataract and cleft lip needed surgical procedures at the hospital. 47 pairs of glasses were also distributed for free.
Medical and health facilities	The surgery, delivery, emergency and recovery rooms of the level-1 hospital were refurbished and the laboratory, clinics and halls repainted. Its surgical bed and lights, anesthesia machine, hospital beds and an additional dental chair were also repaired.
Pharmacy and medical supplies	United Laboratories (Unilab), Inc. and Semirara Mining Corporation launched "Company Cares" and the new Semirara Pharmacy at the hospital. Through the partnership, supply of medicines becomes more reliable and are made more affordable with five to 20% discount on Unilab products and up to 64% discount on Unilab-manufactured generic medicines for cash purchases.
EMERGENCY PREPAREDNESS	
Raising community awareness and training	Semirara Mining Corporation co-organized with the Office of the Municipal Mayor of Caluya a four (4)-day training on community-based disaster risk reduction management and planning workshop for barangay and <i>purok</i> leaders of the three barangays of Semirara Island. On 15-18 May 2012, the Philippine National Red Cross - Antique Chapter worked with about 80 people, giving lectures on the Disaster and Risk Reduction and Management Act or Republic Act 10121, Climate Change and Mitigation, and Hazards, Vulnerability and Capacity Assessment. Workshops on community organizing and evacuation management, along with First Aid demonstrations and fire and earthquake drills with the participants were conducted.

Sem-Calaca Power Corporation (Subsidiary) CSR :

Initiative	Beneficiary
Education and Skills Training	Scholarships Engineering: eight (8) Excellent Performer: seven (7) Trade Course: 52
	Teacher Training involving 42 elementary schools in Balayan and Calaca Basic computer operations: 149 teachers
	Technical skills training 155 trainees from Calaca and Balayan. Of this number, 89 were employed by the company.
Infrastructure support	School facilities Construction of additional classrooms for various schools in the municipality of Calaca and to build a chapel for Barangay Baclaran. The Subsidiary donated computers, furnitures and fixtures and other amenities to various schools, chapels and organizations in Calaca and Balayan.
	Construction of Church of Baclaran at Barangay Baclaran.
	Restoration of St. Raphael Archangel Parish Church, also known as the Calaca Parish Church, which was built in the 1800's according to the National Commission for Culture and the Arts.
Health	Ten (10) medical missions and two (2) free clinics were conducted, serving a total of 2,757 in 2012. The medical missions provided medical, dental and optical check-ups and optical wear for free.
Environmental Protection	Cawong and Dacanlao communities benefitted from river clean-ups and tree-planting with students in 2012.
	Nursery by end-2012 has approximately 2,000 fruit-bearing tree seedlings and 4,000 forest tree seedlings.
	The Subsidiary supported a tree planting initiative of the Iglesia Ni Cristo in the area in 2012 by donating approximately 2,000 seedlings. It also provided 200 seedlings of mahogany and narra to the Sangguniang Kabataan Federation of Balayan.

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	Annual self-assessment by the Board Directors using a formal questionnaire is administered and compiled by the Good Governance Officer who subsequently advises results thereof to the Board highlighting the Board's strengths and those areas requiring Board attention for appropriate action.	Assessment areas cover Board responsibilities, structure, meetings, processes, and management support.
Board Committees	<p>Audit Committee - Annual self-assessment of its own performance using a formal questionnaire with defined quantitative rating and corresponding qualitative description for such rating. Eff. 2012, results of the Audit Committee's self-assessment and rating of its performance are reported to SEC.</p> <p>Board Committee performance self-assessment by respective Committee Members using a formal questionnaire is administered and compiled by the Good Governance Officer. Results are discussed in Committee meetings highlighting those areas for appropriate action.</p>	<p>Audit Committee - The Company adopts SEC's guidelines on effectiveness of Audit Committee performance as its appraisal criteria which cover (i) committee structure & organization,(ii) oversight on financial reporting and disclosures,(iii) oversight on risk management & internal controls, (iv) oversight on management & internal audit, and (v) oversight on external audit.</p> <p>Areas to assess effectiveness of the Compensation and Remuneration Committee, and Nomination and Election Committee include performance of oversight duties and responsibilities as per SEC Revised Code of Corporate Governance and respective Board-approved Committee Charters, as well as committee structure, meetings, resources, training and Charter evaluation.</p>
Individual Directors	Individual peer director evaluation using a formal questionnaire is administered and compiled in confidentiality by the Good Governance Officer. Individual results are advised in private to each Director regarding his individual performance.	Assessment areas cover leadership, interpersonal skills, strategic thinking and participation in Board meetings and Committee assignments.
CEO/President	The Board annually conducts appraisal of the CEO's and	Key result areas consist of Board-approved financial

	COO's performance. The Good Governance Officer administers the performance evaluation process, tabulates the rating results and summarizes evaluation comments. Evaluation results are submitted to and/or discussed with the CEO, COO, Nomination & Election Committee and Compensation & Remuneration Committee for proper disposition or action.	performance metrics relating to the Company's business and operating objectives, and non-financial metrics covering strategic objectives, governance, internal processes, business development and corporate social responsibility.
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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
Director's absence in more than 50% of all regular and special Board meetings within the year, unless due to illness, death	Grounds for disqualification in succeeding election
Non-disclosure of, or unresolved, material or continuing material conflict of interest	Officer & employee - Reprimand &/or suspension of employee Director – Reprimand & grounds for disqualification for board disposition
Trading during block-off periods	Officer & employee - Reprimand &/or suspension; penalty for damages or fines Director – Reprimand; penalty for damages or fines

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 Makati on _____, 2013.

SIGNATURES


 DAVID M. CONSUNJI
 (Signature over Printed Name)
 Chairman of the Board


 ISIDRO A. CONSUNJI
 (Signature over Printed Name)
 Chief Executive Officer


 VICTOR C. MACALINCAG
 (Signature over Printed Name)
 Independent Director

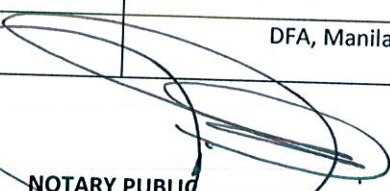

 FEDERICO E. PUNO
 (Signature over Printed Name)
 Independent Director


 MA. CRISTINA C. GOTIANUN
 (Signature over Printed Name)
 Compliance Officer

SUBSCRIBED AND SWORN to before me this _____ day of JUN 27 2013 20____, affiant(s) exhibiting to me their Philippine Passports, as follows:

NAME/NO.	DATE OF ISSUE	PLACE OF ISSUE
David M. Consunji/Passport No. EB0531746	July 7, 2010	DFA, Manila
Isidro A. Consunji/Passport No. EB2033364	March 11, 2011	DFA, Manila
Victor C. Macalincag/Passport No. EB4635867	February 5, 2012	DFA, Manila
Federico E. Puno/Passport No. EB2078357	March 10, 2011	DFA, Manila
Ma. Cristina C. Gotianun/Passport No. XX3803011	May 27, 2009	DFA, Manila




 NOTARY PUBLIC
MARIO B. ESPIRITU, JR.
 Commission No. M-196
 Notary Public for City of Makati
 Until December 31, 2013
 4th Floor MMP Bldg.
 2283 Perpetua Plano Ext. Makati City
 R No. 309498 01-02-13 Truce Martires City
 IBP No. 908558 01-02-13 Cavite Chapter
 Roll No. 39509

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 Series of 2013.



SEMIRARA MINING CORPORATION

Audit Committee Charter

(As amended by the Audit Committee on July 10, 2012 and approved by the Board of Directors on August 8, 2012)

The Board of Directors of **Semirara Mining Corporation** has established an Audit Committee to assist the Board in fulfilling its oversight of the following :

- (1) internal control environment,
- (2) financial process reporting and integrity of the financial statements including disclosures,
- (3) external audit function,
- (4) internal audit function,
- (5) risk management, and
- (6) the Company's compliance with reporting, legal and regulatory requirements.

Limitation of Audit Committee's Role

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. The financial statements are the responsibilities of Management. The Committee is not providing any expert or professional assurances as to the Company's financial statements.

Membership

The Audit Committee shall consist of a minimum of three (3) members, a majority of whom are Independent Directors of the Board.

The Committee and the Committee Chairperson shall be appointed by the Board upon the recommendation of the Nomination and Election Committee (NOMELEC). Each Committee Member shall have an adequate understanding of finance, accounting or related financial management practices. Each Member shall have knowledge, understanding and appreciation of the Company's business and industry in which it operates, as well as related industries and those of its subsidiaries. Each Member shall be diligent in disclosing relationships

significant to the Company and related companies/parties or himself that might potentially compromise his independence in his oversight duties.

The Chairperson of the Committee must be an Independent Director. It is appropriate that he has expertise or experience on accounting or related financial management, and sufficiently knowledgeable about financial reporting and auditing requirements.

The Committee Member's term shall be for one year. Committee Members may be replaced at any time by a majority of the Board in office.

All Committee Members must be Directors of the Board. A Member's cessation as a Board Director means his automatic termination as a Committee Member.

Committee Members shall be entitled to committee membership per diems or fees.

Committee Authority

The Board has granted the Committee the authority herein provided, as well as the authority to investigate any activity of the Company.

The Committee shall be, granted unrestricted access to all information and all employees have been, and shall be, directed to cooperate as requested by the Committee Members.

The Committee has the authority to retain, at the Company's expense, persons having special competencies (including, without limitation, legal, accounting or other consultants and experts) to assist or advise the Committee in fulfilling its responsibilities.

The Committee may form and delegate authority to subcommittees when appropriate.

Committee Meetings

The Committee shall meet at least once every quarter in a calendar year. Additional meetings may be held as determined by the Committee.

It is the responsibility of the Chairperson to schedule all meetings of the Committee. A written agenda and relevant meeting materials shall be provided at least three (3) days before each meeting to the Committee Members and any other person/s invited by the Committee as necessary, to have adequate time for preparation and reading.

A majority of the Committee Members shall constitute a quorum, and the act of a majority of those present at any Committee meeting at which there is a quorum shall be the act of the Committee.

A resolution in writing signed or approved by letter, or facsimile by a majority of Committee Members shall be as effective for all purposes as a resolution passed at a meeting of the Committee duly convened, held and constituted.

The Committee shall meet with Management, internal auditors and the external auditor in separate executive sessions at least once a year.

The Committee may request any officer or employee, outside counsel or the external auditor of the Company to attend a Committee meeting or to meet with any Committee Member or consultant to the Committee.

The Company's Corporate Secretary or any other person nominated by the Committee shall be the Secretary of the Committee in its meetings.

The Committee shall provide copies of the minutes of each meeting to the Board as soon as practical after each Committee meeting.

Duties and Responsibilities

The Committee's duties and responsibilities shall be as follows:

1. Internal Control Oversight

- 1.1 Discuss with Management, internal auditors and external auditor the adequacy and effectiveness of accounting and financial reporting controls, information technology systems and data security, and any appropriate Management action adopted in light of material control deficiencies and identified or reported material errors and fraud.
- 1.2 Recommend and direct Management to develop and/or to formalize all policies and procedures to promote a transparent financial management system and integrity of internal control activities.
- 1.3 Set a framework for fraud prevention and detection, including the establishment of procedures or mechanism for processing complaints regarding accounting, internal controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable or unethical practices.

2. Financial Reporting Process and Disclosure Oversight

- 2.1 Consider the adequacy of resources devoted to the accounting function (including training and succession planning) to ensure that reporting is in accordance with the required accounting practices and methodologies and compliant with Philippine financial reporting standards and regulations.
- 2.2 Review and discuss key issues and appropriateness of accounting policies and principles inherent in preparing the financial statements, including impact of new accounting standards and interpretations.
- 2.3 Consider the adequacy of financial reporting disclosures to ensure a “transparent, balance and fair” view that meet Shareholder needs.
- 2.4 Consider the adequacy of any Management representations made in support of the financial statements and in particular accounting for unusual or complex transactions.
- 2.5 Consider and advise on the propriety of related party transactions and review the necessary appropriate disclosures required by accounting and reporting standards.
- 2.6 Discuss and review with Management the Company’s quarterly interim reports and annual financial statements as to completeness, clarity, consistency and accuracy of disclosures of material information and subsequent events prior to their presentation to the Board and the filing of such financial statements to SEC and other regulatory agencies.
- 2.7 Discuss with Management, and external auditors when applicable, any correspondence between the Company and regulators regarding the Company’s financial statement filings and disclosures.
- 2.8 Review and approve Management’s representation letter before submission to external auditors.
- 2.9 Communicate with legal counsel litigation, claims, contingencies or other significant legal issues that impact financial statements.

3. Internal Audit Oversight

- 3.1 Establish the Internal Audit Charter.

- 3.2 Review the qualifications, appointment, performance and/or replacement of the Chief Audit Executive (or equivalent position).
- 3.3 Review annually the Internal Audit Charter, internal audit plan and adequacy of resources. Recommend changes in the planned scope of the internal audit function.
- 3.4 Discuss and review the internal auditors' evaluation of internal controls, and monitor Management's responses to audit findings and recommendations.
- 3.5 Review the performance and independence of the internal audit function to be in conformance to International Standards for the Professional Practice of Internal Auditing during the year and report the Committee's conclusions to the Board.

4. External Audit Oversight

- 4.1 Assess and recommend the professional qualifications, independence, appointment, reappointment or replacement and remuneration of the external auditor to the Board.
- 4.2 Pre-approve all audit and non-audit work engagements, scope, fees and terms with the external auditor.
- 4.3 Confirm with the external auditor that audit scope has not been unreasonably restricted by Management.
- 4.4 Review non-audit services and taxation advice by the external auditor.
- 4.5 At the conclusion of the annual audit, discuss with Management and the external auditor, significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls, the development, selection and disclosure of critical accounting estimates, and analyses of the effect of alternative assumptions, estimates or GAAP methods on the Company's financial statements.
- 4.6 Annually, discuss the overall performance and conduct of audit of the external auditor to be in accordance with Philippine Standards on Auditing, taking into account the opinions of Management and internal auditors.

- 4.7 Review external audit findings in respect of any significant deficiencies or weaknesses in controls and ensure that Management responds appropriately with timely corrective action, including audit adjusting entries noted or proposed but passed as immaterial or otherwise.
- 4.8 Resolve disagreement, if any, between Management and the external auditor.

5. Risk Management Oversight

- 5.1 Review and assess the sufficiency and effectiveness of the Company's risk management policies and activities on risk identification, assessment, mitigation, control systems, reporting and monitoring, including Management's approach to the management of risks on economic dependency, operating risks of each mine, insurance adequacy and business continuity planning.
- 5.2 Oversee Management's activities in managing credit, market, liquidity, foreign exchange, interest, operational, legal and other strategic risks of the Company.
- 5.3 Promote risk awareness in the organization.

6. Compliance and Governance Oversight

- 6.1 Discuss with the Board the Company's compliance with important and applicable laws, regulations, standards, best practices guidelines and established standards of corporate conduct.
- 6.2 Consider the Company's tax planning and compliance processes in its taxation obligations.
- 6.3 Initiate and supervise special investigations or seek external legal advice as required.
- 6.4 Review legal and compliance developments, including results of inquiries and communication received from government or regulatory agencies.
- 6.5 Support the Company's good governance framework through endorsement of best practices and review of Code of Conduct for Management.

Committee Training and Education

The training needs for each Audit Committee Member will vary, depending on an individual's area of expertise and knowledge. Audit Committee Members shall be given the opportunity to attend technical and professional courses, seminars and conferences to keep abreast of updates on corporate governance, changes in the regulatory environment, accounting, business, economics, specialized areas such as derivatives, and other relevant areas that will enhance their contribution to the Audit Committee. Costs of courses and seminars attended by Committee Members are borne by the Company.

Moreover, the Company's Board and Director development program includes orientation, peer Director performance evaluation and scheduled visits to the Company's Mine Sites for Directors to gain a closer understanding of the Company's business and operations.

Committee Succession Planning

The Board's Nomination and Election Committee undertakes the responsibility for succession planning for the Board to ensure that positions are filled not just in terms of board membership, but also committee membership, board and committee chairs and senior executive officer positions. It has the primary responsibility for identifying suitable candidates for these positions and ensuring that positions are filled and necessary qualifications addressed.

Committee Reporting

The Committee Chairperson shall report matters requiring the Board's proper disposition and attention regularly. The Committee shall prepare an annual report to the Board and shareholders for its performance of oversight duties during the year, describing the Committee's composition, responsibilities and how they were discharged, and any other regulatory information, including approval of non-audit services.

The Committee shall also review or issue any other reports and certifications on critical compliance issues such as those relating to Committee responsibilities.

Committee Review

The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

The Committee shall annually conduct a self-assessment of its own performance using a formal questionnaire with defined quantitative rating and corresponding qualitative description for such rating. It shall also seek to obtain feedback from Management, internal auditor, general counsel and/or external auditor regarding its performance and/or possible ways for improvement thereof.



SEMIRARA MINING CORPORATION

NOMINATION & ELECTION COMMITTEE CHARTER

(As amended and approved by the Board of Directors on May 14, 2013)

1. CONSTITUTION

A formal process of reviewing the balance and effectiveness of the Board, identifying the skills needed and those individuals who might best be seen to be doing so in a fair and thorough manner is increasingly required as an appropriate mechanism in ensuring that the Board remains effective and focused.

2. MEMBERSHIP

2.1. The Nomination & Election Committee (“Committee”) shall consist of at least three (3) directors appointed by the Board of Directors of Semirara Mining Corporation (the “Corporation”), one of whom shall be an independent director and majority of whom shall be non-executive directors.

2.2. The Committee Member’s term shall be for one year. Committee Members may be replaced at any time by a majority of the Board.

2.3. All Committee Members must be Directors of the Board. A Member’s cessation as a Board Director means his automatic termination as a Committee Member.

2.4. Committee Members shall be entitled to committee membership per diem or fees.

2.5. The Chairman of the Committee shall be appointed by the members of the Committee.

3. DUTIES

3.1. The Committee shall:

3.1.1. Promulgate guidelines to govern the conduct of nomination of independent directors, new executive and non-executive directors, other positions requiring appointment of the Board.

- 3.1.2. Make recommendations to the Board on the appointment of new executive and non-executive directors, including making recommendations to the composition of the Board generally and the balance between executive and non-executive directors appointed to the Board.
 - 3.1.3. Regularly review the Board's structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary.
 - 3.1.4. Be responsible for identifying, evaluating qualifications and accepting nominations of candidates for election as Board members and to fill Board vacancies as and when they arise, as well as considering issues of potential conflicts of interest for such candidates.
 - 3.1.5. Make an annual report to the Board on succession planning which should include policies and principles for Chairman and Chief Executive Officer (CEO) selection and succession in the event of an emergency or retirement. The entire Board will work with the Committee to evaluate and nominate potential successors to the Chairman and CEO.
 - 3.1.6. Review periodically with the Chairman and CEO the succession plans relating to positions held by elected senior management officers.
 - 3.1.7. Develop and implement an annual or periodic evaluation process of the Board's effectiveness and performance (including that of individual Board members).
 - 3.1.8. Oversee succession planning for the Board to ensure that positions are filled and necessary qualifications addressed not just in terms of Board membership, but also committee membership, Board and committee chairmanship.
- 3.2. The Committee will have due regard to the principles of governance and code of best practice.
 - 3.3. The Committee will liaise with the Board in relation to the preparation of the Committee's report to shareholders as required.

4. MEETINGS

- 4.1. Meetings of the Committee will be held as the Committee deems to be appropriate; however, the Committee should meet at least twice a year. Meetings should be organized so that attendance is maximized. A meeting may be called,

at any other time, by the Chairman of the Committee or any member of the Committee when necessary.

- 4.2. The notice of each meeting of the Committee, confirming the venue, time and date and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the Committee at least seven (7) calendar days prior to the date of the meeting.
- 4.3. The quorum for decisions of the Committee shall be any two (2) members present and voting on the matter for decision.
- 4.4. The Chairman (or in his absence, an alternative member) of the Committee shall attend the Annual General Meeting and be prepared to answer questions concerning the appointment of executive and non-executive directors and maintain contact as required with the Corporation's principal shareholders about the appointment of executive and non-executive directors in the same way as for other matters.

5. PROCEEDINGS

- 5.1. Unless varied by these terms indicated herein, meetings and proceedings of the Committee will be governed by the Corporation's Articles of Incorporation regulating the meetings and proceedings of directors.
- 5.2. Minutes of the meetings shall be taken by the Committee Secretary. Minutes of all meetings shall be circulated to all the members of the Committee, and may also, if the Chairman of the Committee so decide be circulated to other members of the Board. Any director may, provided that there is no conflict of interest and with the agreement of the Chairman, obtain copies of the Committee's minutes.

6. GENERAL

- 6.1. The Committee in carrying out its tasks hereunder may obtain such outside or other independent professional advice as it considers necessary to carry out its duties.
- 6.2. The Board will ensure that the Committee will have access to professional advice both inside and outside of the Corporation in order for it to perform its duties.
- 6.3. The Committee shall review the Charter at least on an annual basis and recommend any proposed changes to the Board for approval.
- 6.4. The Committee shall conduct an annual performance review.



SEMIRARA MINING CORPORATION

Compensation and Remuneration Committee Charter

*(As amended by the Compensation and Remuneration Committee on Sept 8, 2011
and approved by the Board of Directors on Nov 9, 2011)*

The Board of Directors of **Semirara Mining Corporation** has established a Compensation and Remuneration Committee to assist the Board in fulfilling its responsibilities relating to compensation and remuneration plans, policies and programs of the Company's Directors, officers and key employees.

The Committee shall ensure compliance with the applicable executive compensation reporting requirements of the Securities and Exchange Commission and regulatory bodies.

Membership

The Compensation and Remuneration Committee shall consist of a minimum of three (3) Members, one of whom should be an independent Director. Majority of the Committee Members shall be Non-Executive Directors.

The Committee Members and Chairperson shall be appointed by the Board upon the recommendation of the Nomination and Election Committee.

The Committee Member's term shall be for one year. Committee Members may be replaced at any time by a majority of the Board in office.

All Committee Members must be Directors of the Board. A Member's cessation as a Board Director means his automatic termination as a Committee Member.

Committee Members shall be entitled to committee membership per diems

Committee Authority

The Committee is delegated the authority to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

The Committee may form and delegate authority to subcommittees when appropriate.

The Committee has the authority to retain, at the Company's expense, and terminate persons having special competencies (including, without limitation, legal, accounting or other consultants and experts) to assist or advise the Committee in fulfilling its responsibilities.

Committee Meetings

The Committee shall meet at least once a year. Any Committee Member may call additional Committee meetings when necessary or appropriate.

A written agenda shall be provided at least five (5) days before each meeting to the Committee Members and any other person/s invited by the Committee.

A majority of the Committee Members shall constitute a quorum, and the act of a majority of those present at any Committee meeting at which there is a quorum shall be the act of the Committee.

A resolution in writing signed or approved by letter, or facsimile by a majority of Committee Members shall be as effective for all purposes as a resolution passed at a meeting of the Committee duly convened, held and constituted.

The Committee may request any Company officer or employee, or any other individual to attend a Committee meeting or to meet with any Committee Member or consultant to the Committee as considered appropriate. The Committee may meet with outside counsel or professional advisers without Management being present.

The Company's Corporate Secretary or any other person nominated by the Committee shall be the Secretary of the Committee in its meetings.

The Committee shall provide copies of the minutes of each meeting to the Chairman and Vice Chairman of the Board.

Minutes, agenda and supporting papers will be made available to any Director upon request to the Committee Chairperson, providing no conflict of interest exists.

The Committee Chairperson shall report to the Board, following each meeting, the Committee's recommendations on matters set out in this Charter.

Duties and Responsibilities

The Committee's duties and responsibilities shall be as follows:

1. Executive Remuneration

- 1.1 Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages and terms of employment of the Company's Chief Executive Officer (CEO), Chief Operating Officer (COO), executive Directors, officers and key employees who are receiving compensation from the Company;
- 1.2 Provide oversight over remuneration of executive Directors, officers and key employees, ensuring that compensation is consistent with the Company's culture, strategy and control environment;
- 1.3 Review and recommend the amount of remuneration, which shall be in a sufficient level to attract and retain officers who are needed to run the Company successfully. The compensation level of senior management officers may include (a) the annual base salary level, (b) the annual incentive opportunity level, (c) the long-term incentive opportunity level, (d) employment agreements, severance arrangements, and change in control agreements/provisions, in each case as, when and if appropriate, and (e) any special or supplemental benefits;
- 1.4 Review periodically the Company's overall management evaluation and compensation policies, including, those applicable to the executive officers, to ensure that management is rewarded appropriately for their contributions to the Company's growth and profitability and that such compensation policies are aligned with the Company's objectives and Shareholder interests;
- 1.5 Review, and make recommendations as necessary to the Board on the Company's compensation and other benefit plans, including incentive compensation, share option plan, retirement and severance arrangements for executive Directors, officers and key employees.

2. Director Remuneration

- 2.1 Review and recommend to the Board a framework of remuneration and benefits for the Directors;

- 2.2 Where necessary, recommend that the Board seek an increase in the amount of remuneration for Directors subject to Shareholder approval requirement. The level of Director remuneration is to be set so as to attract the best candidates for the Board while maintaining a level commensurate with Boards of similar size and type.

3. CEO and COO Evaluation

- 3.1 Review and approve goals and objectives relevant to the compensation of the CEO and COO, including criteria on performance of the business, accomplishment of long-term strategic objectives, the handling of extraordinary events and development of management. The criteria should ensure that the CEO's and COO's interests are aligned with the long-term interests of the Shareholders;
- 3.2 Conduct annual reviews of the CEO's and COO's performance in light of the abovementioned goals and objectives, and report the results thereof to the Board;
- 3.3 Recommend to the Board the compensation levels of the CEO and COO (including each of the individual elements thereof) based on the abovementioned evaluation.

4. Disclosure

- 4.1 Develop and implement a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming Company officers and Directors, which among others, compels all officers and Directors to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired;
- 4.2 Provide in the Company's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year. It shall ensure that the Corporation's annual report, information and proxy statements shall include a clear, concise and understandable disclosure of all plan and non-plan compensation awarded to, earned by, paid to, or estimated to be paid to, directly or indirectly, to all individuals serving as the Chief Executive Officer (CEO) or acting in a similar capacity during the last completed fiscal year, regardless of the compensation level and the Corporation's four (4) most highly compensated executive officers other than the CEO who were serving as executive officers at the end of the last complete year.

5. Compliance

- 5.1 Review the existing Human Resources Development or Personnel Handbook of the Company, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts; in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.

Committee Review

The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

The Committee shall annually conduct a self-assessment and review its own performance.