

PSE Disclosure Form ACGR-1 - Annual Corporate Governance Report
Reference: Revised Code of Corporate Governance of the
Securities and Exchange Commission

Description of the Disclosure

We are submitting attached Consolidated Annual Corporate Governance Report of Megawide Construction Corporation for year 2013.

Filed on behalf by:

Name	Joyce Briones
Designation	Corporate Information Officer

SECURITIES AND EXCHANGE COMMISSION

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	7
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Actual number of Directors for the year	7
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(a) Composition of the Board

Complete the table with information on the Board of Directors:

Directors' Name	Type
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(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors

Directors who directly and indirectly own shares in the company (as of December 31, 2013):⁵

Name of Director	Number of Direct shares	Number of indirect
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Audit and Risk Management Committee approved that its Charter should include a succession plan, 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 Board is still formulating a policy on the matter.

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

The Board is still formulating a policy on the matter.

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

	Executive	Non-Executive	Independent Director
Role	<ul style="list-style-type: none"> • Conduct fair business transactions with the company and ensure that personal interest does not conflict with the interests of the corporation; • Devote time and attention necessary to properly and effectively perform his duties and responsibilities; • Act judiciously; • Exercise independent judgment; • Have a working knowledge of the statutory and regulatory requirements that affect the company, including its Articles of Incorporation and By-Laws, the rules and regulations of the SEC and, where applicable, the requirements of relevant regulatory agencies; • Keep abreast with industry developments and business trends in order to promote the corporation's competitiveness; and • Observe confidentiality. 		<ul style="list-style-type: none"> • Always attend Board meetings; • Conduct fair business transactions with the company and ensure that personal interest does not conflict with the interests of the corporation; • Devote time and attention necessary to properly and effectively perform his duties and responsibilities; • Act judiciously; • Exercise independent judgment; • Have a working knowledge of the statutory and regulatory requirements that affect the company, including its Articles of Incorporation and By-Laws, the rules and regulations of
Accountabilities			
Deliverables			

		<p>the SEC and, where applicable, the requirements of relevant regulatory agencies;</p> <ul style="list-style-type: none"> • Keep abreast with industry developments and business trends in order to promote the corporation's competitiveness; and • Observe confidentiality.
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Provide the company's definition of "independence" and describe the company's compliance to the definition.

The company adheres to the definition of "independent director" provided under Section 38 of the Securities Regulation Code, namely:

"xxx 'independent director' shall mean a person other than an officer or employee of the corporation, its parent or subsidiaries, or any other individual having a relationship with the corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director."

It also complies with the definition of the term provided under Part I item c of the Code of Corporate Governance:

"c. *Independent Director* - refers to a person other than an officer or employee of the corporation, its parent or subsidiaries, or any other individual having any relationship with the corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. This means that apart from the directors' fees and shareholdings, he should be independent of management and free from any business or other relationship which could materially interfere with the exercise of his independent judgment."

Does the company have a term limit of five consecutive years for independent directors?

Yes. The company shall comply with SEC Memorandum Circular No. 9 on Term Limits of 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.

Pursuant to the SEC Memorandum, an independent director who had served for five years can be re-elected after a 2-year cooling-off period and can serve for another five years provided that the independent director has not engaged in any activity that under existing rules disqualifies a person from being elected as independent director.

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: **There were no changes in the composition of the Board of Directors.**

Name	Position	Date of Cessation	Reason
N/A	N/A	N/A	N/A

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

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Please 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	Stockholders may submit the names of nominees to the Corporate Secretary. The Nomination Committee then reviews and evaluates the nominations and gives the list of nominees to the Corporate Secretary. The stockholders will then elect the directors from the list of nominees during the regular stockholders' meeting.	Directors must possess the following qualifications and none of the following disqualifications: Qualifications: <ul style="list-style-type: none"> • college education or equivalent academic degree; • practical understanding of the business of the corporation; • membership in good standing in relevant industry, business or professional organizations; • previous business experience Permanent
(ii) Non-Executive Directors		

disqualification:

Any person
convicted by final
judgment or order
by a competent
judicial or
administrative body
of any crime that:

		<p>officer of a bank, quasibank, trust company, investment house, or investment company;</p> <p>(c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Securities and Exchange Commission (SEC) or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or</p>
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judgment or order
of a foreign court
or equivalent
financial regulatory
authority of acts,
violations or

		<p>disqualification shall be in effect as long as the refusal persists.</p> <ul style="list-style-type: none"> • Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election. • Dismissal or termination for cause as director of any corporation covered by the Revised Code of Corporate Governance. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination. • If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with. • If any of the judgments or orders cited in the grounds for
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		<p>permanent disqualification has not yet become final.</p> <p>A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>
(iii) Independent Directors		<p>Please refer to item (a) (i) and (ii) under "Criteria."</p> <p>Pursuant to Section 38 of the Securities Regulation Code and the SEC Code of Corporate Governance, an "independent director" shall mean a person other than an officer or employee of the corporation, its parent or subsidiaries, or any other individual having a relationship with the corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Under the SEC Code of Corporate Governance, this means that apart from the directors' fees and shareholdings, he should be independent of management and free from any business or other relationship which could materially interfere with the exercise of his independent judgment.</p>

		For independent directors, please refer also to item (a) (iii) under "Criteria."
c. Permanent Disqualification		
(i) Executive Directors	The Nomination Committee pre-screens and evaluates the qualifications and disqualifications of nominees.	Please refer to item (a) (i) and (ii) under "Criteria." For independent directors, please refer also to item (a) (iii) under "Criteria." Under SEC Memorandum Circular 9, s. 2011, after serving as independent director for 10 years, an independent director is perpetually barred from being elected as such in the same company, without prejudice to being elected as independent director in other companies outside of the business conglomerate.
(ii) Non-Executive Directors		
(iii) Independent Directors		
d. Temporary Disqualification		
(i) Executive Directors	The Nomination Committee pre-screens and evaluates the qualifications and disqualifications of nominees. The Compliance Officer will determine the violation through notice and hearing and recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.	Please refer to item (a) (i) and (ii) under "Criteria." For independent directors, please refer also to item (a) (iii) above. Under SEC Memorandum Circular 9 s. 2011, an independent director is ineligible for election as r .12 TDt34r0C 0.

		Governance.
f. Reinstatement		
(i) Executive Directors	Please refer to item (a) under "Process Adopted."	Please refer to item (a) (i) and (ii) under "Criteria." For independent directors, please refer also to item (a) (iii) under "Criteria."
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	The Compliance Officer will determine the violation through notice and hearing and recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board.	Suspension from office shall be imposed in case of second violation of the Manual on Corporate Governance. The duration of the suspension shall depend on the gravity of the violation.
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual General Meeting⁶

Name of Director	Votes Received
Michael C. Cosiquien	942,048,545
Edgar B. Saavedra	942,048,545
Yerik C. Cosiquien	942,048,545
Elizabeth Anne C. Uychaco	942,048,545
Florentino A. Tuason, Jr.	942,048,545
Leonor M. Briones	942,048,545
Leonilo G. Coronel	942,048,545

6) Orientation and Education Program

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

The company gives a brief presentation on the company structure and business operations after el

Director/Officer			Institution
Florentino A. Tuason, Jr.	December 2012	Mandatory Continuing Legal Education	Integrated Bar of the Philippines - Makati

		company.
(e) Respect for Trade Secrets/use of Non-public information		All employees shall maintain and safeguard the confidentiality of information relating to the company.
(f) Use of Company Funds, Assets and Information		All employees shall use company property and resources efficiently, responsibly, and only for legitimate business purposes only. They should safeguard company assets from loss, damage, misuse or theft.
(g) Employment & Labor Laws & Policies		The company has a manual which provides for employee rights, obligations and policies on employee-related matters, which are consistent with and in accordance with relevant provisions of the Labor Code.
(h) Disciplinary action		Employees who commit a violation of the Code of Conduct shall be subject to disciplinary action (including termination) without prejudice to any civil or criminal proceedings that the company may file for violation of existing law.
(i) Whistle Blower		It is the responsibility of all employees to comply with and report violations or suspected violations of the Code. No employee who, in good faith, reports a violation of the Code shall suffer harassment, retaliation or adverse

		employment consequence.
(j) Conflict Resolution		The principle of due process shall be observed in the handling of all cases.

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

In its October 1, 2012 meeting, the Audit and Risk Management Committee approved that the company should adopt a Code of Conduct for Management. Formulation of a Code of Conduct for Directors and Management is on-going.

A copy of the Employee Code of Conduct/Discipline has been distributed to all employees of the company.

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

In its October 1, 2012 meeting, the Audit and Risk Management Committee approved that the company should adopt a Code of Conduct for Management. Formulation of a Code of Conduct for Directors and Management is on-going.

A copy of the Employee Code of Conduct/Discipline was distributed to all employees for strict compliance. It is the responsibility of each employee to report legitimate concerns so that problems can be properly resolved and corrective measures can be implemented.

(1) Parent Company	The company complies with the requirements of Corporation Code, Securities Regulation Code, SEC rules and regulations, and other relevant rules and regulations.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of interest

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

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

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	
Elizabeth Anne C. Uychaco	Ms. Uychaco is the nominee of the company's principal stockholder, Sybase. Sybase is under the SM Group. One of the companies under the SM Group is SM Development Corporation (SMDC), which is also a major customer of the company.
Name of Officer/s	
Name of Significant Shareholders	
Citicore	Citicore is the controlling stockholder of the company. Forty percent (40%) and 44.69% of the issued and outstanding capital stock of Citicore are owned by Michael Cosiquien and Edgar Saavedra, respectively.

(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	The Board discusses and resolves issues on major transactions of the company. This ensures that independent views from all directors are obtained. The company complies with the requirements of Section 32 of the Corporation Code on "Dealings of directors, trustees or officers

- (a) Indicate, if applicable, any relation of a family,⁸ 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: **None**

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship

- (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
Citicore	consortium partner	The company formed a joint venture company with Citicore in connection with Public-Private Partnership for School Infrastructure Project (PSIP) of the Department of Education.
Sybase	affiliated with the company's major customer, SMDC	Sybase is with the SM Group. One of the company's major customers, SMDC, is also affiliated with the SM Group.

- (c) Indicate any shareholder agreements that may impact on the control, ~~EMDC~~ and strategic direction of the company: **ontro)-55282**

	instances of conflicts or differences, the corporation consults and obtains advice from the regulatory authorities concerned.
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C.

Board papers are provided to members of the Board of Directors between 2-5 days before the date of the Board meeting.

- (b) Do board members have independent access to Management and the Corporate Secretary? **Yes.**
- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

Article IV, Section 5 of the company's By-Laws provides that the Corporate Secretary shall have the following specific powers and duties:

- **To record the minutes and transactions of all meetings of the directors and the stockholders and to maintain minute books of such meetings in the form and manner required by law;**
- **To keep record books showing the details required by law with respect to the stock certificates of the corporation, including ledgers and transfer books showing all shares of the corporation subscribed, issued and transferred;**
- **To keep the corporate seal and affix it to all papers and documents requiring a seal, and to attest by his signature all corporate documents requiring the same;**
- **To attend to the giving and serving of all notices of the corporation required by law or these by-laws to be given;**
- **To certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of him by law or by government rules and regulations.**
-

Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the corporation.

Be loyal to the mission, vision and objectives of the corporation.

Work fairly and objectively with the Board, Management and stockholders.

Have appropriate administrative and interpersonal skills.

If he is not at the same time the corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities.

Have a working knowledge of the operations of the corporation.

Inform the members of the Board, in accordance with the By-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.

Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so.

Ensure that all Board procedures, rules and regulations are strictly followed by the members.

If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Code.

Yes, the Corporate Secretary's role includes assisting the Chairman in preparing the board agenda, and other board papers.

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

Yes, he is trained in legal practice.

- (e) Committee Procedures

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

Yes

No

Committee

Details of the procedures

Compensation

meeting.

Committee members may directly inquire with Management, the Corporate Secretary or

	Packages
Executive Directors	Php20,000 director's per diem per Board meeting for each regular director
Non-Executive Directors	<p>Php25,000 director's per diem per Board meeting for each independent director</p> <p>Php30,000 monthly allowance in the form of reimburseable expenses for each regular director and independent director</p> <p>Reimburseable expenses cover receipts for food, beverage, gasoline and travel expenses.</p>

b) Credit granted	
c) Pension Plan/s Contributions	
d) Pension Plans/Obligations incurred	
e) Life Insurance Premium	
f)	

Name of Officer/Position	Total Remuneration
Louie Ferrer / VP for Marketing	Php 8,338,325.88
Oliver Y. Tan / Chief Financial Officer, Chief Investment and Strategy Officer / Corporate Information Officer	
Ronald Paulo/ VP Operations	
Engr. Masashi Watanabe / Assistant Vice President for Precast	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities¹¹

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	2	1	0	The Executive Committee does not have a Charter.			

				procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the company's culture, strategy and the business environment in which it operates.			
Others (specify)	N/A	N/A	N/A	N/A	N/A	N/A	N/A

2) Committee Members¹²

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
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Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Leonilo G. Coronel	July 19, 2010	The Compensation Committee met on August 4 and September 8, 2011.		Nil	2 years
Member (ED)	Edgar B. Saavedra	March 16, 2011			Nil	1 year
Member (NED)	Florentino A. Tuason, Jr.	April 8, 2011			Nil	2 years

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors: **N/A**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	N/A	N/A	N/A	N/A	N/A	N/A
Member (ED)						
Member (NED)						
Member (ID)						
Member						

3) Changes in Committee Members¹³

Indicate any changes in committee membership that occurred during the year and the reason for the changes: **N/A**

Name of Committee	Name	Reason
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Executive	Discussed and approved issuance of corporate notes	Approved the issuance of a notes facility and issuance of up to an aggregate of Php4 Billion fixed-rate corporate notes to primary institutional lenders
	Discussed and approved a placing and subscription transaction	Agreed that Megawide be authorized to assist Citicore with its plan to sell its Megawide shares to strategic investors and use the proceeds of the sale to subscribe to new Megawide shares
Audit and Risk Management	Discussed and recommended the Audited Financial Statements for year ended 2012 for Board approval	Agreed that change orders will not be recognized unless it is signed by the owner/client
	Discussed and approved the Interim Financial Statements as of March 31, 2013	None
	Discussed and approved the Interim Financial Statements as of June 30, 2013	None
	Discussed and approved the Interim Financial Statements as of September 30, 2013	None
Nomination	Reviewed the nominations and gave the list of nominees to the Corporate Secretary	None
Compensation	None	None
Others (Specify)	N/A	N/A

5) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Review the organization and management information system of the company	None
Audit and Risk Management	Review its duties and responsibilities in the next committee meeting	None
Nomination	Review the nominations and gave the list of nominees to the Corporate Secretary	None
Compensation	None	None

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

On October 1, 2012, the Audit and Risk Management Committee agreed to adopt an Enterprise Risk Management (ERM) Policy Statement wherein the company shall: (i) establish a culture of disclosing, evaluating and managing risks, from the Board of Directors and throughout the organization towards achieving its goals and objectives; (ii) protect and preserve its employees' and clients' safety and welfare, the value and condition of its properties and assets and its local and global reputation; and (iii) align its risk appetite with its long-term strategic objectives.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The directors have reviewed the effectiveness of the company's risk management system.

The measures currently in place have proven to be effective and adequate. However, the company, together with the Enterprise Risk Management Committee, plans to institutionalize and formalize the risk management system.

(c) Period covered by the review;

N/A. Please see explanation in item (b) above.

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

N/A. Please see explanation in item (b) above.

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

N/A. Please see explanation in item (b) above.

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
Failure to meet project deadlines	Review operational process and possible causes of delay	To fulfill the company's commitments and maintain

		harmonious relationships with clients
Poor cash flow management	Review causes of weak control points; Improve collection and monitor payments	Better cash flow management

(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: **N/A**

Risk Exposure	Risk Management Policy	Objective
N/A	N/A	N/A

(c) Minority Shareholders

Risk Exposure

**Risk Assessment
(Monitoring and
Measurement Process)**

**Risk Management and
Control (Structures,**

2) Internal Audit

(a) Role, Scope and Internal Audit Function

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

Role	Scope	Indicate whether in-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Evaluating the reliability and integrity of significant information	All financial and operating information	In-house	Athena Ava Alsol	As needed
Evaluating the systems established to ensure compliance	Compliance with policies, plans, procedures which could have a significant impact on the organization	In-house	Athena Ava Alsol	As needed

(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 auditor directly reports to the Audit and Risk Management Committee.

(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.
N/A

Name of Audit Staff	Reason
N/A	N/A

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	
Issues ¹⁵ Findings	No critical issues noted

2. Approve
accounting
transactions;

External Auditors
may not provide the
following services to

evaluated every June and December.

- 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.

The company's Code of Ethics and Business Conduct and other relevant rules and regulations shall serve as a guide in determining the penalties and sanctions to be imposed by the Human Resources Department where violations are proven and validated.

Before enforcing any disciplinary sanction, due process shall be observed in the handling of all cases.

Upon complainant's request, the company shall use its best efforts to protect the identity of the complainant for any report made in good faith.

Reports of violations or suspected violations shall be kept confidential,

	indicators are financial.
Dividend policy	Yes
Details of whistle-blowing policy	No. The company will still have to adopt a whistle-blowing policy as stated in its SEC Form 17-C filed on October 5, 2012.

Biographical details (at least age, qualifications, date of first appointment, relevant

Group corporate structure	A General Information Sheet is filed with the SEC annually and is accessible via SEC i-view and is part of the corporate disclosures filed with the PSE.
Downloadable annual report	Yes
Notice of AGM and/or EGM	The Notice is filed together with the Definitive Information Statement which is part of the corporate disclosures filed with the PSE.
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 RPT¹⁹**

RPT	Relationship	Nature	Value
Advances to officers and employees	Officers and employees	Advances to officers and employees represent unsecured, noninterest bearing cash advances for business-related expenditures that are liquidated 60 days from the date the cash advances were received. Advances are only given to few and selected employees that are highly reliable and do not have negative record in the Human Resources Department.	Php8,195,642
Rendering of services to SMDC and Ground 18 Realty Corporation of the Bench Group	Related stockholders to	The company provides construction services to SMDC and Ground 18 Realty Corporation of the Bench Group, who are both stockholders of the	

		<p>Contracts with these companies are based on an arms-length transaction and prevailing market price in construction industry. There is no ongoing contractual arrangement between parties as result of the relationship between owners.</p>	
<p>Rental of land and building</p>	<p>Megapolitan Realty and Development Corporation (Megapolitan) and Philwide Construction and Development Corporation (Philwide) are owned by the family of Michael Cosiquien.</p> <p>SMDC is one of the company's major customers. It is also related to Sybase of the SM Group.</p> <p>Altria is a subsidiary of the company.</p>	<p>The lot where the company's corporate office was constructed is leased from Megapolitan.</p> <p>In addition to the foregoing office spaces, the company also leases properties needed for its operations such as the lease agreement with SMDC, Megapolitan, Philwide and Altria.</p> <p>Rental rates are b03 Tc w Tđ</p>	

finance lease	and BDO Leasing & Finance Corporation are related parties of SMDC, a major customer of the company.	of loans from BDO Unibank Inc. and entered into leaseback agreement with BDO Leasing & Finance Corporation. Interest rates provided by BDO Unibank, Inc. and BDO Leasing & Finance Corporation are based on prevailing rates in the market.	bank loan with BDO Unibank is Php1,112,500,000 and outstanding lease liability with BDO Leasing is Php247,724,631 as of December 31, 2013.
Transactions with Stockholders	Citicore is a majority stockholder of the company	In May 21, 2013, Citicore sold 118,729,800 shares to other investors pursuant to a Placing Agreement with the company, CLSA Limited and Metro Investments Corporation. On May 24, 2013, Citicore subscribed to 118,729,800 shares from Megawide.	Php2,374,596

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? **Please see above discussion.**

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	A majority of the outstanding capital stock
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- (b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Viva voce and/or by ballot.
Description	The presiding officer of the stockholders' meeting presents the proposal to approve the corporate act to the stockholders. A stockholder moves for the approval of the corporate act. The presiding officer asks the stockholders for objections. If no objection is raised, the corporate act is

	approved.
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(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 receive Notice of Regular meeting at least two (2) weeks prior to the meeting	Right to receive Notice of Special Meeting at least two (2) weeks prior to the meeting

Right of appraisal in certain instances where he has dissented and voted against a corporate action, including:

- a) An amendment of the articles of incorporation which has the effect of adversely affecting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class or of extending or

entertain questions and encourage discussions with the stockholders.	
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8. 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

During the stockholders' meeting, the presiding officer opens the floor for other matters. These matters are addressed by the relevant officers of the company. If any of the above corporate acts will be discussed in a stockholders' meeting, they will be included in the Information Statement which is distributed to the stockholders 15 business days before the AGM.

9. 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. It gives out notices at least 15 business days before the date of the AGM.
 - a. Date of sending out notices: **June 4, 2013²⁰**
 - b. Date of the Annual/Special Stockholders' Meeting: **June 26, 2013²¹**
10. State, if any, questions and answers during the Annual/Special Stockholders' Meeting²²

The questions and answers raised during the June 26, 2013 Annual Stockholders' Meeting were as follows:

- a. **Q: What type of water is being used in mixing cement? A type of water will make the concrete stronger.**
A: The company uses the water provided by the customer. Management is amenable to a further discussion on this matter.
- b. **Q: What are the construction trends and will the "up" trend in the industry continue for a long time?**
A: According to banks and financial institutions, the property industry will remain robust. The government is trying to roll out more Public-Private Partnership (PPP) projects. Thus, Management expects the construction industry to be strong within the next years.
- c. **Q: What are the risks that Management is anticipating?**

²⁰ Updated as of 2013

²¹ Updated as of 2013

²² Updated as of 2013

A: The risks include external factors such as rolling out of construction projects, political risks, change in administration and operational risks such as hiring of skilled workers. Training is conducted to improve the skills of the workers.

11. Result of Annual/Special Stockholders' Meeting's Resolutions²³

12. Resolution	13. Approving	14. Dissenting	15. Abstaining
16.Approval of the Audited Financial Statements for the Year Ended December 31, 2012	17. 942,048,545	18. 0	19. 0
20.Appointment of External Auditor	21. 942,048,545	22. 0	23. 0
Approval of stock dividend declaration equivalent to 30% of the total issued and outstanding shares of stock	942,048,545	0	0

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

The results of the votes are reflected in the Minutes of the

Annual	14	June 26, 2013	By poll	0.02%	74.23 %	74.25%
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(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMS?

Yes, representatives of the external auditor, Punongbayan & Araullo were present to count and/or validate the votes.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares. **Yes.**

(h) 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	Must be in writing, signed by the stockholders and submitted 10 working days prior to validation. There is a presumption of regularity in the execution of proxy.
Notary	Not required
Submission of Proxy	Must be submitted to the Corporate Secretary 10 working days prior to validation.
Several Proxies	If given to two persons, either or both may exercise the power given. If three or more are named, majority of those who attend exercise the power given.
Validity of Proxy	Pursuant to the Corporation Code, it can be specific for said meeting or valid for 5 years.
Proxies executed abroad	No company policy
Invalidated Proxy	If the stockholder appears at the meeting, the proxy becomes invalid.
Validation of Proxy	At least 5 working days before any meeting
Violation of Proxy	Proxy will not be accepted.

(i)

May be sent by personal delivery or

	the Notice of Annual Stockholders' Meeting.
The amount payable for final dividends.	No. This is included in the Information Statement which is sent together with the Notice of Annual Stockholders' Meeting and PSE/SEC disclosures.
Documents required for proxy vote.	Yes.

Should any of the foregoing information be not disclosed, please indicate the reason thereto. **Please see above explanation.**

2) Treatment of Minority Stockholders

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

The Board of Directors has adopted the corporate governance policy stated in the Revised Code of Corporate Governance. In particular, the Board has adopted the following policies to protect the rights of minority stakeholders:

Policies	Implementation
A director shall not be removed without cause if it will deny minority shareholders representation in the Board.	These policies are being implemented by the company.

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

K. INVESTORS RELATIONS PROGRAMS

- 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.

Aside from regular reporting and disclosures to various regulating agencies such as the SEC and PSE, the company actively maintains a website that provides timely information updates on its governance and financial performance.

The company has also designated officers to handle queries and requests from investors and shareholders.

- 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 build understanding and relationship of trust with financial media, analysts, investing community and shareholders
(2) Principles	Provide essential, correct, and up-to-date information to analysts, the investing community and shareholders
(3) Modes of Communications	PSE website, company website, meetings, email, telephone calls
(4) Investors Relations Officer	Oliver Y. Tan – Chief Finance Officer Contact number: 655-1111 loc. 803 Email address: oliver@megawide.com.ph

- 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 does not have a separate rule or procedure governing the acquisition of corporate control in the capital markets and extraordinary transactions such as mergers, and sale of substantial portions of corporate assets other than the relevant provisions in the Corporation Code of the Philippines.

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

N/A. The company does not have any transaction of this nature.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES²⁶

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

Initiative	Beneficiary
Renovation of the Philippine Children's Medical Center (PCMC)	Patients of PCMC (infants of 18 years of age, high risk pregnant mothers)
Engineering Scholarship Program	Engineering students within Metro Manila (for now)
Quarterly medical missions	Urban and rural poor communities within and outside Metro Manila
Estero clean up	Brgy. San Juan, Taytay, Rizal
Regular tree planting activities	Forest areas in NCR, Regions III and IV
Training Center in Taytay, Rizal	Unemployed community members of Taytay, Rizal
Proposed donation of clinic facility in Yolanda affected area and/or rural community	Rural community in Yolanda affected areas
Logistical support during typhoons or emergencies	Private/public organizations operating within Metro Manila or Region IV
Relief Operations during typhoons or emergencies	Communities affected by disasters, focusing on Metro Manila area

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	The performance of the Board is reviewed.	By-laws, Manual on Corporate Governance
Board Committees	Self-assessment	The performance of the Audit and Risk Management Committee is reviewed based on the standard provided in the Manual on Corporate Governance.

	on the gravity of the violation.
Third	Removal from office or directorship

SECRETARY'S CERTIFICATE

Address at 2/F Spring Building, Arnaiz Ave., cor. P. Burgos St., Pasay City,
Metro Manila, certify that:

[The body of the document is almost entirely obscured by heavy black redaction bars.]

REPUBLIC OF THE PHILIPPINES

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S. NUTILLA

KATRINA MITCHELL



SERIES OF 2014



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IBP No. 946580/01-03-14/RSM