

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

(A) Use of Form ACGR

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

(B) Preparation of Report

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

(C) Signature and Filing of the Report

- A. Three (3) complete sets of the report shall be filed with the Main Office of the Commission.
- B. At least one complete copy of the report filed with the Commission shall be **manually** signed.
- C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.
- D. This report is required to be filed annually together with the company's annual report.

(D) Filing an Amendment

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT



- | | |
|---|---|
| 1. Report is Filed for the Year | 2016 |
| 2. Exact Name of Registrant as specified in its Charter | NICKEL ASIA CORPORATION |
| 3. Address of Principal Office | NAC Tower, 32 nd Street Bonifacio Global City, Taguig City |
| 4. Postal Code | 1634 |
| 5. SEC Identification Number | CS200811530 |
| 6. Industry Classification Code | <input type="checkbox"/> (SEC Use Only) |
| 7. BIR Tax Identification Number | 007-085-191 |
| 8. Issuer's Telephone number, including area code | +632 8926669 / +632 7987622 |
| 9. Former name or former address, if changed from the last report | N/A |

TABLE OF CONTENTS

A. BOARD MATTERS	5
1) BOARD OF DIRECTORS	5
(a) Composition of the Board	5
(b) Corporate Governance Policy/ies	6
(c) Review and Approval of Vision and Vision	9
(d) Directorship in Other Companies	9
(e) Shareholding in the Company	11
2) CHAIRMAN AND CEO	12
3) PLAN FOR SUCCESSION OF CEO/MANAGING DIRECTOR/PRESIDENT AND TOP KEY POSITIONS	14
4) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS	14
5) CHANGES IN THE BOARD OF DIRECTORS	15
6) ORIENTATION AND EDUCATION PROGRAM	18
B. CODE OF BUSINESS CONDUCT & ETHICS	19
1) POLICIES	19
2) DISSEMINATION OF CODE	22
3) COMPLIANCE WITH CODE	22
4) RELATED PARTY TRANSACTIONS	22
(a) Policies and Procedures	22
(b) Conflict of Interest	22
5) FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS	26
6) ALTERNATIVE DISPUTE RESOLUTION	27
C. BOARD MEETINGS & ATTENDANCE	28
1) SCHEDULE OF MEETINGS	28
2) DETAILS OF ATTENDANCE OF DIRECTORS	28
3) SEPARATE MEETING OF NON-EXECUTIVE DIRECTORS	28
4) QUORUM REQUIREMENT	28
5) ACCESS TO INFORMATION	28
6) EXTERNAL ADVICE	30
7) CHANGES IN EXISTING POLICIES	30
D. REMUNERATION MATTERS	31
1) REMUNERATION PROCESS	31
2) REMUNERATION POLICY AND STRUCTURE FOR DIRECTORS	31
3) AGGREGATE REMUNERATION	32
4) STOCK RIGHTS, OPTIONS AND WARRANTS	32
5) REMUNERATION OF MANAGEMENT	33
E. BOARD COMMITTEES	33
1) NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES	33
2) COMMITTEE MEMBERS	35
3) CHANGES IN COMMITTEE MEMBERS	36
4) WORK DONE AND ISSUES ADDRESSED	36
5) COMMITTEE PROGRAM	36
F. RISK MANAGEMENT SYSTEM	37
1) STATEMENT ON EFFECTIVENESS OF RISK MANAGEMENT SYSTEM	37
2) RISK POLICY	38
3) CONTROL SYSTEM	39

G. INTERNAL AUDIT AND CONTROL	41
1) STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM	42
2) INTERNAL AUDIT	42
(a) Role, Scope and Internal Audit Function	42
(b) Appointment/Removal of Internal Auditor	43
(c) Reporting Relationship with the Audit Committee	43
(d) Resignation, Re-assignment and Reasons	43
(e) Progress against Plans, Issues, Findings and Examination Trends	43
(f) Audit Control Policies and Procedures	44
(g) Mechanisms and Safeguards	46
H. ROLE OF STAKEHOLDERS	47
I. DISCLOSURE AND TRANSPARENCY	54
J. RIGHTS OF STOCKHOLDERS	57
1) RIGHT TO PARTICIPATE EFFECTIVELY IN STOCKHOLDERS' MEETINGS	57
2) TREATMENT OF MINORITY STOCKHOLDERS	62
K. INVESTORS RELATIONS PROGRAM	62
L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES	64
M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL	64
N. INTERNAL BREACHES AND SANCTIONS	65

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	Five (5)
---	----------

Actual number of Directors for the year	Nine (9)
---	----------

(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
Manuel B. Zamora, Jr.	ED	N/A	N/A	11 July 2008	06 June 2016	Annual	8 years and 6 months
Philip T. Ang	ED	N/A	N/A	11 July 2008	06 June 2016	Annual	8 years and 6 months
Luis J. Virata	NED	N/A	N/A	11 July 2008	06 June 2016	Annual	8 years and 6 months
Gerard H. Brimo	ED	N/A	N/A	01 August 2009	06 June 2016	Annual	7 years and 5 months
Martin Antonio G. Zamora	ED	N/A	N/A	30 July 2013	06 June 2016	Annual	3 years and 5 months
Takanori Fujimura	NED	Sumitomo Metal Mining Philippine Holdings, Inc.	N/A	20 September 2010	06 June 2016	Annual	6 years and 3 months
Takeshi Kubota	NED	Sumitomo Metal Mining Philippine Holdings, Inc.	N/A	20 September 2010	06 June 2016	Annual	6 years and 3 months
Fulgencio S. Factoran, Jr.	ID	N/A	Philip T. Ang	20 September 2010	06 June 2016 (Served as ID for 5 years)	Annual	6 years and 3 months
Frederick Y. Dy	ID	N/A	Manuel B. Zamora, Jr.	24 September 2010	06 June 2016 (Served as ID for 5 years)	Annual	6 years and 3 months

¹ Reckoned from 2012 pursuant to SEC Memorandum Circular No. 9, series of 2011.

- (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.

The Company adopted its Manual on Corporate Governance (the "Manual") on June 16, 2010 and the amendments thereto on March 25, 2011, so as to incorporate certain mandatory provisions of the Revised Code of Corporate Governance. The Amended Manual was submitted to the SEC on March 31, 2011. On July 30, 2014, the Company further amended its Manual to incorporate the provisions mandated under SEC Memorandum Circular No. 9, series of 2014 (based on Form 17-C filed on July 30, 2014).

The Company is committed to the principles of sound corporate governance and believes that it is a necessary component of what constitutes sound strategic business investment. The Manual has institutionalized the principles of good corporate governance within the Company and embodies the framework of rules, systems and processes that governs the performance by the Board of Directors (Board) and of Management of their respective duties and responsibilities to the shareholders.

The Company is taking further steps to enhance adherence to principles and practices of good governance including the designation of a Chief Risk Officer ("CRO") who is the champion of enterprise risk management at the Company and oversees the entire risk management function. The risk management policy has been approved and risk officers at each operating company have also been designated.

The Company's Manual on Corporate Governance provides for qualifications of Directors, which allows shareholders to freely choose/nominate Directors coming from diverse professional backgrounds. Every shareholder, regardless of number of stocks held, has the right to nominate candidates for election to the Board of Directors.

All Directors of the Company are required to have a practical understanding of the business of the Company as provided in the Company's Manual on Corporate Governance. The members of the Board are elected during the Annual Stockholders' Meeting based on the list of nominees prepared by the Nominations Committee and sent to the shareholders through the notice of meeting. A majority vote of the shareholders is required for the election of a Director.

The Company's Board is comprised of nine (9) Directors, with two (2) being Independent Directors, namely Atty. Fulgencio S. Factoran, Jr. and Mr. Frederick Y. Dy.

The Company espouses the definition of independence pursuant to the Securities Regulation Code. The Company thus considers as an independent Director one who, except for his director's fees and shareholdings, is independent of management and free from any business or other relationship which, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a Director. The term of the Company's Independent Directors is the same as that of the other Directors of the Company, which is one (1) year as provided in the Company's Articles of Incorporation.

The Board is primarily responsible for the governance of the Company and shall provide the policies for the accomplishment of the corporate objectives, including the means by which to effectively monitor Management's performance. It is the Board's responsibility to foster the long-term success of the Company and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interest of its stockholders and other stakeholders.

As provided in Section 6 of the Manual on Corporate Governance, the Board shall respect the rights of the stockholders and protect the minority stockholders' interest. The following rights of the stockholders as provided in the Corporation Code, are:

- (1) Right to vote on all matters that require their consent or approval;
- (2) Pre-emptive right to all stock issuances of the corporation;

- (3) Right to inspect corporate books and records;
- (4) Right to information;
- (5) Right to dividends; and
- (6) Appraisal right.

The Company sends timely notice of meetings to shareholders. Notice stating the date, time and place of the annual meeting are announced at least thirty (30) days prior to the scheduled annual meeting. Materials for the meeting, including the agenda, the rationale and explanation for each of the items on the agenda, the Information Statement, profiles of candidates seeking election to the Board and proxy forms and documents required to enable a shareholder to appoint a proxy to vote on his behalf shall be disseminated to all shareholders within the periods prescribed by the SEC.

The Board shall be transparent and fair in the conduct of the annual and special stockholders' meetings. Stockholders shall be encouraged to personally attend. They shall be apprised in a timely manner of the right to appoint a proxy if they cannot attend. Subject to the requirements of the Company's By-laws, the exercise of the right to appoint a proxy shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the stockholder's favor.

The Board shall promote the rights of the stockholders, remove impediments to the exercise of those rights, and provide adequate venue for stockholders to seek timely redress for breach of their rights.

The Board shall take appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information shall be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

The disclosure duties of the Board are contained in Section 8 of the Manual on Corporate Governance and are as follows:

The Board commits to cause the timely disclosure of material information and/or transactions that could potentially affect the market price of the Company's shares or the interest of its stockholders and other stakeholders and such other information which are required to be disclosed pursuant to the Securities Regulation Code and its Implementing Rules and Regulations including, without limitation, earnings results, acquisition or disposal of significant assets, off-balance sheet transactions, related party transactions, Board membership changes, shareholding of Directors and Officers and any changes thereto, and remuneration of Directors and Officers.

The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.

BOARD COMMITTEES

The Board has constituted the following Committees and appointed the named Officers to effectively manage the operations of the Company:

AUDIT COMMITTEE

Aside from overseeing the internal and external auditors of the Company, the Audit Committee is responsible for assisting the Board in its fiduciary responsibilities by providing an independent and objective assurance to the Management and shareholders of the continuous improvement of the risk management systems, business operations, and the proper safeguarding and use of Company resources and assets. The Audit Committee provides a general evaluation and assistance in the overall improvement of the risk management, control and governance processes.

The Audit Committee is comprised of:

- Frederick Y. Dy, - Chairman
- Gerard H. Brimo – Member
- Takanori Fujimura - Member

The Audit Committee reports to the Board and is required to meet at least once every three months.

The Board, upon the recommendation of the Audit Committee, appointed Ma. Angela G. Villamor, as the Company's Internal Auditor, who assumed office last April 1, 2011. The Internal Auditor reports directly to the Audit Committee and shall be primarily tasked with monitoring the adequacy and effectiveness of the Company's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness of operations, the safeguarding of assets, and compliance with laws, rules, regulations, and contracts.

RISK COMMITTEE

The Risk Committee assists the Board in its oversight responsibility for the Company's Enterprise Risk Management, and shall review the effectiveness of the risk management system and commenting on its adequacy.

The Risk Committee is comprised of:

- Frederick Y. Dy, - Chairman
- Gerard H. Brimo – Member
- Takanori Fujimura - Member

The Risk Committee reports to the Board and is required to meet at least once every three months.

NOMINATION COMMITTEE

The Nomination Committee is responsible for providing shareholders with an independent and objective evaluation of and assurance that the members of the Board are competent and will foster the Company's long-term success and secure its competitiveness.

The Nomination Committee is comprised of:

- Manuel B. Zamora, Jr. - Chairman
- Takeshi Kubota – Member
- Fulgencio S. Factoran, Jr. - Member

The Nomination Committee reports directly to the Board and is required to meet at least once a year.

The Nominations Committee held their meeting once in 2014 wherein all of them were present.

REMUNERATION (COMPENSATION) Committee

The Remuneration (Compensation) Committee is responsible for the establishment of a formal and transparent procedure for developing 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.

The Remuneration (Compensation) Committee is comprised of:

- Manuel B. Zamora, Jr. - Chairman
- Gerard H. Brimo – Member
- Frederick Y. Dy – Member

The Remuneration (Compensation) Committee reports directly to the Board and is required to meet at least twice a year.

All of the members of the Remuneration (Compensation) Committee met twice in 2014.

CORPORATE SECRETARY

Atty. Barbara Anne C. Migallos is the incumbent and duly qualified Corporate Secretary of the Company. She is currently fulfilling the duties and responsibilities of her office, ensuring that all Board procedures, rules and regulations are strictly followed. The Corporate Secretary is a lawyer with years of experience in corporate law practice, including corporate secretarial work. She is also a professorial lecturer in advanced securities regulation.

COMPLIANCE OFFICER

Atty. Jose Roderick F. Fernando, aside from being designated as the Assistant Corporate Secretary of the Company, has likewise been appointed by the Board as the Compliance Officer, to monitor compliance by the Company with the Manual and the rules and regulations of regulatory agencies. He ensures the Company's strict adherence to all laws, regulations, guidelines and specifications relevant to the business.

CORPORATE GOVERNANCE OFFICER

On May 6, 2014, the Board approved the appointment of Emmanuel L. Samson as the Company's Corporate Governance Officer to assess and monitor the governance framework and ensure compliance with policies, laws and regulations related to governance. He is tasked with ensuring that corporate governance policies are disseminated, adopted throughout the organization and become an integral part of the Company's culture. In addition, he also ensures that the necessary systems are in place to monitor compliance.

On May 28, 2014, the Board established a Code of Business Conduct and Ethics ("Code"). The Code is adopted for the guidance of Directors, Officers and Employees of Nickel Asia Corporation and its subsidiaries who are all expected to maintain high ethical standards of conduct and to comply fully with applicable laws and governmental regulations. The Code is designed to ensure consistency in how Directors, Officers and Employees conduct themselves within the Company, and in their dealings outside of the Company with respect to matters dealing with the Company. The Code is guided by the Company's core values and the following standards of business conduct and ethics – integrity; compliance with laws, regulations and standards; safety; proper communication: disclosure; confidentiality of certain information; conflict of interest and related party transactions; insider trading; competition and fair dealing; procurement governance; gifts, hospitality and sponsored travel; environmental policy; and risk management. The Code also provides guides on employee disclosures and complaints, as well as a periodic acknowledgment of compliance with the Code (Form 17-C filed on May 6, 2014).

On March 27, 2015, in line with the thrust of continuous improvement, the Board of Directors approved the following corporate governance policies and charters:

1. Policy on period for payment of dividends
2. Policy in furtherance of effective participation of shareholders at shareholders' meetings and the exercise of the right to vote. This formalizes into a policy practices for stockholders' meeting that are already done by the Company.
3. Policy on Related Party Transactions that follows definitions under Philippine Accounting Standards, which the Company already complies with, definition of material RPT, and review of material RPT by independent directors, for endorsement to BOD.
4. Policy requiring appointment of independent 3rd party to evaluate fairness of transaction price where Company is offeree in a merger or acquisition transaction requiring shareholders' approval that will result in a takeover or change of control of the Company.
5. Charter of the Compensation (Remuneration) Committee
6. Charter of the Nominations Committee

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

Nickel Asia's Mission, Vision and Core Values are formulated by the Board of Directors in line with the Board's responsibility to set the Company's direction and to provide strategic leadership, policies and

guidelines to foster the long-term success of the corporation for the best interests of its shareholders. The Company's Mission, Vision and Core Values are reviewed by the Board annually.

In 2016, the Board reviewed and affirmed the appropriateness of the Mission and Vision of the Company.

(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.
Manuel B. Zamora, Jr.	<ul style="list-style-type: none"> • Cordillera Exploration Company, Inc. • Taganito Mining Corporation • Rio Tuba Nickel Mining Corporation • Cagdianao Mining Corporation • Hinatuan Mining Corporation • La Costa Shipping and Lighterage Corporation • Samar Nickel Mining Resources Corporation 	<ul style="list-style-type: none"> • Chairman • Chairman • Chairman • Non-executive • Non-executive • Non-executive • Non-executive
Philip T. Ang	<ul style="list-style-type: none"> • Cordillera Exploration Company, Inc. • Taganito Mining Corporation • Cagdianao Mining Corporation • Hinatuan Mining Corporation • La Costa Shipping and Lighterage Corporation • Samar Nickel Mining Resources Corporation • Geogen Corporation 	<ul style="list-style-type: none"> • Non-executive • Executive • Non-executive • Chairman • Executive • Non-executive • Non-executive
Gerard H. Brimo	<ul style="list-style-type: none"> • Taganito Mining Corporation • Cordillera Exploration Company, Inc. • Rio Tuba Nickel Mining Corporation • Cagdianao Mining Corporation • Hinatuan Mining Corporation • La Costa Shipping and Lighterage Corporation • Samar Nickel Mining Resources Corporation • Geogen Corporation 	<ul style="list-style-type: none"> • Executive • Executive • Executive • Executive • Executive • Executive • Chairman • Chairman
Martin Antonio G. Zamora	<ul style="list-style-type: none"> • Taganito Mining Corporation • Cordillera Exploration Company, Inc. • Rio Tuba Nickel Mining 	<ul style="list-style-type: none"> • Non-executive • Non-executive • Executive

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

	<ul style="list-style-type: none"> Corporation • Cagdianao Mining Corporation • Hinatuan Mining Corporation • La Costa Shipping and Lighterage Corporation • Samar Nickel Mining Resources Corporation • Geogen Corporation 	<ul style="list-style-type: none"> • Non-executive • Non-executive • Non-executive • Executive • President
Fulgencio S. Factoran, Jr.	<ul style="list-style-type: none"> • Cordillera Exploration Company, Inc. 	<ul style="list-style-type: none"> • Non-executive
Takanori Fujimura	<ul style="list-style-type: none"> • Cordillera Exploration Company, Inc. 	<ul style="list-style-type: none"> • Non-executive
Luis J. Virata	<ul style="list-style-type: none"> • Rio Tuba Nickel Mining Corporation 	<ul style="list-style-type: none"> • Non-executive

(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.
Luis J. Virata	<ul style="list-style-type: none"> • Benguet Mining Corporation 	Non-executive
Fulgencio S. Factoran, Jr.	<ul style="list-style-type: none"> • Atlas Consolidated Mining & Development Corporation • BDO Leasing & Finance 	Independent
Frederick Y. Dy	<ul style="list-style-type: none"> • Security Bank Corporation 	Non-executive
Philip T. Ang	<ul style="list-style-type: none"> • Security Bank Corporation 	Non-executive

(iii) Relationship within the Company and its Group

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
Martin Antonio G. Zamora	Manuel B. Zamora, Jr.	Son

(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:

The Company has not set any limit on the number of board seats in other companies that its director may hold. The Board shall adopt guidelines on the number of directorships that its members can hold in other corporations or entities. The optimum number shall take into consideration the capacity of a Director to diligently and efficiently perform his duties and responsibilities as a Director of the Company. The CEO and other executive directors may be covered by a lower indicative limit. Independent or non-executive Directors who at the same time serve as full-time executives in other corporations may be subject to a similar limit. In every case, the capacity to diligently and efficiently perform duties and responsibilities as Directors of the Company shall not be compromised (see Sections 3.2.1 and 3.2.2 of the Manual on Corporate Governance).

(e) Shareholding in the Company³

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Manuel B. Zamora, Jr.	5,982,236	932,128 - through PCD Nominee Corporation 1,953,479,738 - through Mantra Resources Corporation	25.78%
Gerard H. Brimo	15,728,247	698,425/through PCD Nominee Corp.	00.22%
Philip T. Ang	1,616,724	147,036/through PCD Nominee Corp. 1,016,831,382/through Ni Capital Corporation	13.40%
Luis J. Virata	400	720,000,000/through Nonillion Holding Corp. 250,838,016/through PCD Nominee Corp.	12.77%
Martin Antonio G. Zamora	300	8,706/through PCD Nominee Corp.	00.00%
Fulgencio S. Factoran Jr.	842	0	00.00%
Frederick Y. Dy	842	0	00.00%
Takanori Fujimura	1,124	0	00.00%
Takeshi Kubota	1,124	0	00.00%
TOTAL	23,331,839	3,942,935,431	52.17%

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	Manuel B. Zamora, Jr.
CEO/President	Gerard H. Brimo

The Company's Chairman and Chief Executive Officer ("CEO") are held separately by unrelated individuals.

(b) Roles, Accountabilities and Deliverables

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

The following are the duties and responsibilities of the Chairman and the CEO as provided in the Company's Manual on Corporate Governance:

	Chairman	Chief Executive Officer

³ As of December 31, 2016.

<p>Role</p>	<p>The Chairman is responsible for leadership of the Board. He ensures effective operation of the Board and its committees in conformity with the highest standards of corporate governance. He sets the style and tone of Board discussions to promote constructive debate and effective decision making.</p> <p>Maintaining qualitative and timely lines of communication and information between the Board and Management. (see Section 3.3.3 of the Revised Manual on Corporate Governance).</p>	<p>The President and CEO provide the leadership for Management to develop and implement sound business strategies, plans, budgets and a system of internal controls. Ensures that the overall business and affairs of the Company are managed in a sound and prudent manner and that business risks are identified and properly addressed. As such, he is considered the Chief Risk Officer of the Company.</p> <p>Ensures that operational, financial and internal controls are adequate and effective in order to generate sound and reliable financial and operational information, to maximize the effectiveness and efficiency of operations, to safeguard Company assets and resources, and to comply with all laws, rules, regulations and contracts.</p> <p>Provide general management and administration of the business of the Company.</p>
<p>Accountabilities</p>	<p>He is accountable to the Board and acts as direct liaison between the Board and Management of the Company, through the CEO. He ensures that the Board works effectively and sets an agenda which is focused on strategy, performance and accountability, while taking into consideration recommendations of the Directors, CEO and Management. Together with the other board members, is primarily responsible in fostering the long-term success of the Company, sustaining its competitiveness and profitability, formulating the vision, mission, strategic objectives, policies and procedures to effectively monitor Management's performance (see Section 3.6.1 of the Revised Manual on Corporate Governance).</p>	<p>The President and CEO, with the assistance of the rest of the Company's Management, also has the responsibility to provide the Board with a balanced, understandable and accurate account of the Company's performance, financial condition, results of operations, and prospects, on a regular basis.</p> <p>Maintenance of adequate internal controls and management systems to ensure that material factors are made available to Management and the Board for making informed judgment, effective risk management process ; and maintenance of the highest standards of corporate and social responsibility wherever the Company does business and with all its stakeholders.</p>
<p>Deliverables</p>		<p>Developing and implementing high-level strategies;</p>

		<p>Making major corporate decisions;</p> <p>Managing the overall operations and resources of the company; and</p> <p>Acting as the main point of communication between the board of directors and the corporate operations.</p> <p>Submit to the Board as soon as possible after each quarter end and to the shareholders at year end the results of operations and financial condition of the Company;</p> <p>Report matters which would require Board attention; and</p> <p>Other responsibilities that the Board may impose.</p>
--	--	---

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

The Nomination Committee of the Board prepares the succession plan for the CEO and top key management positions which require appointment by the Board. The plan includes assignment of responsibilities to all parties involved in the process, identifying triggers for the succession plan to commence, development of selection criteria for internal and external candidates, assessment methods for the candidates, defining the roles, duties and responsibilities of the position under consideration, deciding how visible to make the process, and inclusion of an emergency succession plan. In developing the selection criteria, the Committee shall consider the following factors:

- a) Level of knowledge of the Company's business;
- b) Alignment of the candidate's experience with the long-term strategic goals and the potential of it enhancing the economic value of the Company;
- c) Potential to assume greater responsibility in the organization;
- d) Ability, integrity and expertise; and
- e) Ability to bring fresh perspective to the Company.

The Board approves the succession plans for the CEO/President and the top key management positions based on the recommendations of the Nomination Committee and other factors that the Board may deem proper and relevant.

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 Manual on Corporate Governance provides for qualifications of directors, which are the following:

- a) College education or equivalent academic degree;
- b) Practical understanding of the business of the Company;
- c) Membership in good standing in relevant industry, business or professional organizations;
- d) Previous business experience.

The abovementioned qualifications give room for the shareholders to freely choose/nominate directors coming from diverse professional backgrounds.

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. All directors of the Company are required to have a “practical understanding of the business of the Company” as provided in the Company’s Manual on Corporate Governance.

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

As provided under Section 3.6.3 of the Company’s Manual on Corporate Governance, all directors shall act in the best interest of the Company characterized by transparency, accountability and fairness, and shall exercise leadership, prudence and integrity in directing the Company towards sustained progress.

Directors shall observe the following norms of conduct:

- a) Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the Company.
- b) Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.
- c) Act judiciously.
- d) Exercise independent judgment.
- e) Have a working knowledge of the statutory and regulatory requirements that affect the company.
- f) Observe confidentiality.

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

The Company adopts the definition of “independence” under the Securities Regulations Code.

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 term of the Company’s independent directors is the same as that of the other directors of the Company which is one (1) year as provided in the Company’s Articles of Incorporation.

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:

No change in the composition of the Board of Directors happened in the year 2016.

(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	Please see explanation below	Please see explanation below
(ii) Non-Executive Directors		
(iii) Independent Directors		
b. Re-appointment		
(i) Executive Directors	Please see explanation below	Please see explanation below
(ii) Non-Executive Directors		
(iii) Independent Directors		
c. Permanent Disqualification		
(i) Executive Directors	Please see explanation below	Please see explanation below
(ii) Non-Executive Directors		
(iii) Independent Directors		
d. Temporary Disqualification		
(i) Executive Directors	Please see explanation below	Please see explanation below
(ii) Non-Executive Directors		
(iii) Independent Directors		
e. Removal		
(i) Executive Directors	Please see explanation below	Please see explanation below
(ii) Non-Executive Directors		
(iii) Independent Directors		
f. Re-instatement		
(i) Executive Directors	Please see explanation below	Please see explanation below
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	Please see explanation below	Please see explanation below
(ii) Non-Executive Directors		
(iii) Independent Directors		

The members of the Board of Directors are elected during the Annual Stockholders' Meeting based on the list of nominees prepared by the Nomination Committee and send to the shareholders through the notice of meeting. A majority vote of the stockholders is required for the election of a director. In addition to the qualification for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, the Board shall provide for additional qualifications that include, among others, the following:

- a) College education or equivalent academic degree;
- b) Practical understanding of the business of the Company;
- c) Membership in good standing in relevant industry, business or professional organizations;
- d) Previous business experience. (Section 3.4 of the Manual on Corporate Governance)

Any member of the Board of Directors may be removed from office on grounds of disqualification as provided in the Manual on Corporate Governance. The procedure in the Corporation Code is followed by

the Company for this purpose. Directors may be removed through a regular or special meeting called for such purpose notices of which are duly given to the shareholders. The removal shall be approved by a vote of the shareholders representing 2/3 of the outstanding capital stock. The vacancy in the Board resulting to such removal may be filled in during the same meeting requiring the same amount of votes without need for further notice.

Any vacancy occurring in the Board other than by removal by the stockholders as abovementioned or by expiration of term may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, the vacancy must be filled by the stockholders at a regular or at any special meeting of stockholders called for that purpose. The directors elected to fill the vacancy shall serve only the unexpired term of his predecessor.

Disqualification of Directors is provided under 3.5 of the Manual on Corporate Governance.

The following shall be permanently disqualified to be a Director of the Company:

- a) A person convicted by final judgment or order by a competent judicial or administrative body of any crime that: (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- b) A person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or a court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in (a) and (b) above or willfully violating the laws that govern securities and banking activities.
- c) The disqualification shall also apply if such person is currently the subject of an order of the Commission 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 the Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained to engage in any activity involving securities and banking, or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;
- d) A person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- e) A person who has been adjudged by final judgment or order of the SEC, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced, or procured the violation of any provision of the Corporation Code, Securities Regulation Code, or any other law administered by the SEC or BSP, or any of its rules, regulations or orders;
- f) A person earlier elected as independent director who becomes an officer, employee or consultant of the Company;
- g) A person judicially declared as insolvent;

- h) A person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above;
- i) A person convicted by final judgment of an offence punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.
- j) The Board shall provide for the temporary disqualification of a director for any of the following reasons:
 - k) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.
 - l) Absence in more than fifty percent (50%) 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.
 - m) Dismissal or termination for cause as director of any corporation covered by the Governance Code. 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.
 - n) If the beneficial equity ownership of an Independent Director in the Company 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.
 - o) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

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.

In the case of the independent directors, the Nomination Committee shall further review their business relationships and activities to ensure that they have all the qualifications and none of the disqualifications for independent directors as set forth in the Company's Manual of Corporate Governance, the Securities Regulation Code, and the SRC Implementing Rules and Regulations.

Voting Result of the last Annual General Meeting (based on Form 17-C dated June 6, 2016)

Name of Director	Votes Received
Manuel B. Zamora, Jr.	7,015,967,290 (83.19%)
Philip T. Ang	6,870,871,408 (81.32%)
Gerard H. Brimo	7,049,527,976 (83.63%)
Luis L. J. Virata	6,843,220,230 (80.96%)
Martin Antonio G. Zamora	6,870,871,408 (81.32%)
Takanori Fujimura	6,840,799,022 (80.93%)
Takeshi Kubota	6,840,799,022 (80.93%)
Fulgencio S. Factoran, Jr. (Independent)	7,051,748,576 (83.66%)
Frederick Y. Dy (Independent)	7,050,835,576 (83.64%)

6) Orientation and Education Program

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

Prior to assuming office, all new Directors and Officers shall undergo orientation program on the Company’s business and corporate structure, its vision, mission and corporate strategy, the By-laws and Manual of Corporate Governance, and other relevant matters essential for the effective performance of their duties and responsibilities.

The Corporate Secretary briefs each new director of the By-laws and Revised Manual of Corporate Governance, the schedule of regular meetings of the Board and Board committees, their rights, including access to information and advice, and the procedure and processes for the provision of information to them.

The Chief Executive Officer and the Chief Finance Officer give each new director a briefing of existing and planned investments, current strategic directions, budgets and internal controls and processes.

Prior to assuming office, each director is required to attend a seminar on corporate governance conducted by a duly recognized private or government institution.

- (b) State any in-house training and external courses attended by Directors and Senior Management⁴ for the past three (3) years:

The Company has organized a corporate governance session in 2016 and has invited experts to share their insights and interact with the Company’s Board and senior management.

Attendees	Program	Date	Training Provider
Board members and Officers	Corporate governance and Fraud Awareness	25 July 2016	SGV, Leo Matignas
Board members and Officers	Updates on Corporate Governance and Enterprise Risk Management	7 August 2015	SGV, Leo Matignas
Board members, Officers, middle management	Corporate governance	23 May 2014	SGV, Leo Matignas

- (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
Martin Antonio G. Zamora	2014-2016	Executive Master in Consulting and Coaching for Change	INSEAD

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 &	Directors	Senior Management	Employees
--------------------	-----------	-------------------	-----------

⁴ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

Ethics			
(a) Conflict of Interest	<p>The Company's Conflict of Interest Policy is included in its Code of Business Conduct and Ethics (Code) approved by the Board of Directors on May 28, 2014. The Policy on Conflict of Interest ensures that all Directors, Officers and Employees are charged with the duty of loyalty to the corporate interest. Their personal interests should not prevail against the interests of the Company. It is recognized that it is not only conflict of interest but also the appearance of conflict of interest that must be avoided. This means that any activity that may compromise or seem to compromise the integrity of the Company or of any Director, Officer or Employee must be avoided.</p> <p>Directors shall disclose any potential conflict of interest to the Chairman who, in consultation with the Chief Executive Officer (CEO), the Compliance Officer (CO) and as appropriate with legal counsel, shall determine whether there is indeed conflict of interest, in which case there shall be disclosure to the Board and the approval requirements under the Code shall be complied with. Full disclosure of the interest of the Director must be made to the shareholders prior to the meeting, in accordance with applicable rules of the SEC and the Exchange; provided that the contract is fair and reasonable under the circumstances.</p>	<p>An Officer shall disclose a potential conflict of interest to the Board of Directors. Prior authority of the Board must be obtained before an Officer may enter into a contract or transaction involving conflict of interest as defined herein.</p>	<p>Employees who are not Directors or Officers shall disclose any potential conflict of interest to their immediate superior, who shall have the responsibility of consulting the CO and, as appropriate, the CEO regarding the matter. If the finding is that there is conflict of interest, the Employee shall refrain from pursuing the transaction or activity.</p>
(b) Conduct of Business and Fair Dealings	<p>The Company's policies on business and fair dealings are included in the Code and in the supplemental policies to the Code relating to Procurement Governance: Suppliers and Purchasing, and Insider Trading. Under the policies, the Company shall maintain standards of transparency, probity, ethics and integrity; shall maximize value for money and ensure quality goods and services; shall ensure accountability, consistency and alignment in procurement practices across its various entities and business units; shall commit to fair and effective competition, innovation and continuous improvement; identify sustainable and socially responsible procurement solutions; and provide efficient processes, flexibility and support to the organization and its suppliers.</p> <p>The Policy on Insider Trading provides the general guidelines and disclosure requirements on dealings of corporate insiders in shares of stocks. This policy requires all those considered as corporate insiders to report their dealings in company shares within the prescribed reporting period from the date of transaction. Corporate insiders when in possession of material non-public information with respect to the Company or its securities, shall not trade in, or buy and/or sell, shares of stock and other securities of the Company.</p>		
(c) Receipt of gifts from third parties	<p>The Company's policy on gifts, hospitality and sponsored travel is included in its Code. As a general rule, Directors, Officers or Employees, as well as Consultants shall not accept, directly or indirectly, gifts, hospitality or sponsored travel from suppliers and</p>		

	<p>other parties with whom the Company has business dealings, except if the value of such gifts or hospitality is a token amount, as periodically determined by Management from time to time, or such sponsored travel is of a technical or business nature. Likewise, Directors, Officers or Employees, as well as Consultants shall not provide, directly or indirectly, gifts, hospitality or sponsored travel to any person in order to improperly influence or induce such person to give its business or benefits to the Company, its Directors, Officers, Employees and Consultants.</p>
(d) Compliance with Laws & Regulations	<p>Under the Code, all directors, officers and employees are expected to:</p> <ol style="list-style-type: none"> a) Comply with all laws, regulations and standards applicable to the Company's business activities in all communities where it operates. b) Be aware of, and comply with, international accepted standards that are applicable to any or all aspects of the Company's business, such as financial reporting standards, environment, health, safety and technical standards relevant to the Company's operations, and disclosure and transparency. c) Avoid any unlawful act including inducing or using third parties to circumvent laws, rules, and regulations. d) Avoid any conduct that may create the impression of unlawful or unethical conduct. Whenever there is any doubt on the legality of a matter, consult with the Company's Legal or Compliance Officer.
(e) Respect for Trade Secrets/Use of Non-public Information	<p>Under the Code, Directors, Officers and Employees are required to maintain the confidentiality of information entrusted to them by the Company, its subsidiaries, affiliates, customers, business partners, stakeholders and persons or entities with whom the Company has business dealings, except when disclosure is mandated under relevant statutory and regulatory requirements. Confidential information includes non-public information that if improperly disclosed may cause harm to the Company, its subsidiaries and affiliates, customers, business partners and stakeholders.</p>
(f) Use of Company Funds, Assets and Information	<p>Also under the Code, all Directors, Officers, and Employees are to ensure the accuracy and completeness of business records. Business records include not only financial accounts but also production data and reports, ore resource and reserves data, operational reports, reports to regulatory agencies, expense and reimbursements reports, time records, and other such reports.</p> <p>In addition, the Directors, Officers and Employees are required to protect Company assets, and use those assets as intended and not for personal benefit or the benefit of anyone other than the Company. They are also required to safeguard the Company's non-public information including contracts, marketing plans, employee information and others.</p>
(g) Employment & Labor Laws & Policies	<p>Directors, Officers and Employees must comply with employment and labor laws and policies in all their dealings with Officers and Employees of the Company.</p>
(h) Disciplinary action	<p>Disciplinary action on erring Directors is based on the Corporation Code, including disqualification. The Company's revised Manual on Corporate Governance include provisions for disqualification of Directors. The operating companies in the Group have a Code of Discipline that is being referred in determining the required disciplinary action of an erring employee.</p>
(i) Whistle Blower	<p>The Whistle Blowing Policy is included in the Code and provides a system intended to assist those who believe they have discovered impropriety or fraud or offenses covered by the existing Code or other corporate governance rules of the Company. In those instances, the Employee should impose upon himself the duty to disclose such matters to his immediate superior. When the immediate superior does not act, or</p>

	may himself be involved, the employee may avail of this Policy and the protection it affords.
(j) Conflict Resolution	The Board and Management must work towards a fair and amicable resolution of all disputes.

Consultants retained by the Company shall be informed of, and shall be required to commit to compliance with the Code.

The Code pertaining to Insider Trading contains provisions that apply to relatives, defined as the spouse, children, and other relatives within the second degree of consanguinity or affinity ("Relative") of a Director, Officer, Employee or Consultant. They shall ensure and be responsible for compliance by their Relatives with the provisions of this Code.

All new employees must sign an acknowledgement form confirming that they have read the Code and agree to abide by its provisions. All Officers and Employees will be required to make similar acknowledgements on a periodic basis.

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

The Company adopted the Code of Business Conduct and Ethics on May 28, 2014 upon approval of the Code by the Board of Directors, followed by the CEO message on the official roll-out of the Code to all Directors, Officers, and employees of the Company and its subsidiaries. A series of roll-out sessions were conducted by the Corporate Governance Officer and the Internal Auditor to all employees of the Company and to the managers and supervisors of the subsidiaries. The cascading of the Code to the rank and file employees of the subsidiaries was handled by the Human Resource team of the subsidiary. An electronic copy of the Code is maintained in the intranet of the Company for easy access by all employees. An orientation on the Code is given to new hires as part of their onboarding seminar.

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

All new employees must sign an acknowledgement form confirming that they have read the Code and agree to abide by its provisions. All Officers and Employees are required to make similar acknowledgements on a periodic basis. The responsibility for administering the Code rests with the Corporate Governance Officer, with oversight by the Audit and Risk Committee of the Board of Directors. The whistle blowing policy provides guidance on reporting potential violation of the Code, investigation, and protection against retaliation.

- 4) Related Party Transactions

- (a) Policies and Procedures

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

Related Party Transactions	Policies and Procedures
(1) Parent Company	The policy on related party transactions ensures that material transactions between the Company or any of its subsidiaries and a Related Party shall be subject to review and approval by the Board to assure that they are at arms-length, the terms and conditions are fair and will redound to the best interest of the Company, its subsidiaries and
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including	

spouse/children/siblings/parents	shareholders. Related party transactions shall be disclosed in the Company's financial reports and its annual report to shareholders. Immediate disclosure under the rules of the Securities and Exchange Commission and the Philippine Stock Exchange shall be subject to materiality and significance of the transaction.
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

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

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

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

All transactions with related parties are transacted at prevailing market prices.

Nickel Ore Sale Agreements with PAMCO

CMC and TMC supply saprolite ore to PAMCO. PAMCO is a stockholder of the Parent Company and TMC. All sales made to PAMCO are transacted at prevailing market prices. Under the terms of the agreement, the base price of the ore products for a specific shipment shall be based on LME. Effective April 2014, ore sales to PAMCO are benchmarked to China prices on the basis of a negotiated price per WMT of ore. PAMCO shall pay the Group 80% to 90% of the provisional invoice amount upon receipt of the required documents and pay the final payment of each shipment after the final dry weight and applicable assay have been determined.

Nickel Ore Sale Agreement with PAMCO and Sojitz Corporation (Sojitz)

RTN supplies saprolite ore to PAMCO under a sale agreement, which shall continue to be valid and in effect until December 2020, wherein PAMCO appointed Sojitz as agent. PAMCO owns 36% and Sojitz owns 4% of the outstanding shares in the capital stock of RTN.

Nickel Ore Sale Agreement with Mitsubishi Corporation RTM International PTE. LTD. (Mitsubishi)

RTN and TMC supplies mid-grade saprolite ore to Mitsubishi under a sales agreement that is valid until December 31, 2016. Ore sales to Mitsubishi are benchmarked to China prices on the basis of a negotiated price per WMT of ore. Mitsubishi shall pay the Group 85% of the provisional invoice amount upon receipt of the required documents and pay the final payment of each shipment after the final dry weight and applicable assay have been determined. Under the contract, the end user of the material is PAMCO.

Nickel Ore Sale Agreement with SMM

On April 1, 2011, RTN and SMM entered into an agreement to supply nickel ore to the latter. The agreement shall be valid from April 2011 and shall continue to be valid and in effect until December 2015. The Nickel Ore Sale Agreement with SMM was not renewed in 2016.

Nickel Ore Supply Agreement with CBNC

RTN entered into an agreement with CBNC to supply all of the limonite ore requirements for the Coral Bay Hydro Metallurgical Processing Plant (HPP) facility until the earlier of the cessation of operations at the Coral Bay HPP facility and exhaustion of the limonite ore reserves at the Rio Tuba mine. RTN has also entered into an agreement with CBNC to supply limestone and provide ancillary services to the Coral Bay HPAL facility. CBNC is the owner of the Coral Bay HPP facility.

Nickel Ore Supply Agreement with THNC

TMC entered into an agreement with THNC covering the sale of its ore products. Under the terms of the agreement, the base price of the ore products for a specific shipment shall be based on LME.

Service Agreements with CBNC

RTN entered into various service agreements with CBNC pertaining to materials handling and others.

Materials Handling Agreement with THNC

On October 7, 2013, TMC and THNC executed an agreement wherein TMC will render services related to the handling, hauling and transport of cargo for THNC. THNC shall compensate TMC based on the prices stipulated in the agreement which are agreed annually and determined on the basis of the weight of the cargo. Payment is collected within fifteen (15) days from receipt of TMC's billing.

Funding Commitment with SMM

RTN's long-term debt was incurred to complete infrastructure projects to support the development of the Coral Bay HPAL facility. These projects included the causeway, trestles and dolphins in the Rio Tuba foreshore and offshore areas.

Funding Commitment with THNC

TMC as owner/developer of Taganito Special Economic Zone (TSEZ) incurred a long-term debt to finance the construction of the pier facilities that will be utilized to support the operations of the Taganito HPAL facility. These projects included the jetty, dolphins, rubber fender, jettybollard and other pier facilities in the Taganito foreshore and offshore areas.

THNC Stockholder's Agreement

On September 15, 2010, NAC, SMM and Mitsui executed a Stockholders Agreement, pursuant to which the parties formed a joint venture company, THNC, to build and operate a plant in Barangay Taganito, Claver, Surigao del Norte for the purpose of producing and selling nickel-cobalt mixed sulfide to be used in the production of electrolytic nickel and electrolytic cobalt.

Pursuant to the Stockholders Agreement, SMM granted THNC a non-exclusive license of technology owned by SMM to produce the products and has undertaken to provide technical assistance to THNC. The Parent Company has undertaken to cause TMC to supply THNC with nickel ore and limestone and to further cause TMC to make available to THNC the use of the land and infrastructure necessary for the production of the products while Mitsui shall assist THNC in procuring materials and equipment necessary for the mine's operations. The Stockholders Agreement shall terminate upon the dissolution of THNC.

The Parent Company, along with the other stockholders of THNC, also agreed to make loans to THNC or guarantee the repayment of THNC's loan obligations in accordance with the financial requirements of THNC, in proportion to their shareholding ratio in THNC.

In a separate agreement dated December 9, 2011, SMM agreed to assume Parent Company's obligation to make loans to, or guarantee the repayment of THNC's loan obligations. The Parent Company, in consideration for this agreement, pays SMM an annual guarantee fee of 1% of THNC's outstanding loan obligations.

CBNC Stockholder Agreement

On July 1, 2002, RTN, along with the other stockholders of CBNC, agreed to make loans to CBNC or guarantee the repayment of CBNC's loan obligations in accordance with the financial requirements of CBNC, in proportion to their shareholding ratio in CBNC.

In a separate agreement dated October 22, 2002, SMM, which owns 54% of CBNC, agreed to assume RTN's obligation to make loans to, or guarantee the repayment of CBNC's loan

obligations. RTN, in consideration for this agreement, pays SMM an annual guarantee fee of 1% of CBNC's outstanding loan obligations until August 2015.

Throughput Agreements

THNC

On October 4, 2010, TMC and THNC executed a Throughput Agreement wherein TMC will construct the pier facilities within the TSEZ pursuant to its role as Developer. The TSEZ is located within the Surigao Mineral Reservation, an area declared for mineral development pursuant to Proclamation 391, under the supervision of the DENR that issued an "Order to Use Offshore Area" dated September 20, 2010 to TMC for the use of

such portion of the Surigao Mineral Reservation for the construction of the pier facilities. In relation to this, THNC entered into a Registration Agreement with the PEZA to construct and operate a mineral processing plant within the TSEZ as an Ecozone Export Enterprise.

Under the agreement, TMC will make available the pier facilities and provide certain services to THNC in consideration for usage fees and service fees to be paid by the latter starting April 2011 until 2031, unless terminated earlier. The usage fee amounted to \$1.4 million for each semi-annual period to be paid on or before October 10 and April 10.

THNC also agrees to pay service fee that will be agreed upon by both parties which shall be billed on a monthly basis.

Prior to the commencement date, THNC may also request TMC to use any part of the constructed Pier Facilities, which is ready for use, upon payment of reasonable compensation which shall be mutually agreed by TMC and THNC.

CBNC

Under the agreement, CBNC shall pay RTN the price which consists of all its direct costs for the pier facilities which includes but not limited to, financial costs, maintenance costs and tax as well as indirect costs directly used for the pier facilities and the services as agreed by the parties. CBNC shall pay to RTN in US\$, as a part of such financial costs, the amounts to be paid by RTN to SMM such as interests and loan repayments pursuant to the Omnibus Agreement made and entered into by and between RTN and SMM. The agreement shall continue for twenty-five (25) years after November 25, 2002 unless terminated earlier.

Memorandum of Understanding (MOU)

On September 14, 2009, the Parent Company and TMC entered into a MOU with SMM. Pursuant to the terms thereof, the Parent Company and SMM will move ahead on a joint venture basis to build a nickel-cobalt processing plant (the Project) using the HPAL technology to be located within the TMC's mine in Surigao del Norte, while TMC will supply low-grade nickel ore to the plant over the life of the Project. The estimated cost of the Project is US\$1,420.0 million, which further increased to US\$1,590.0 million, over a three-year construction period, which started in the last quarter of 2010. The plant will have an annual capacity of 51,000 dry metric tons of mixed nickel - cobalt sulfide over an estimated thirty (30)-year project life. The MOU provides that the equity share of the Parent Company and SMM shall be 20%-25% and 75%-80%, respectively.

Following the MOU is the Taganito HPAL Stockholders Agreement (the Agreement) entered into by the Parent Company, SMM and Mitsui, on September 15, 2010 stating that the Project will be undertaken by THNC, a company that will be jointly owned by the Parent Company, SMM and Mitsui with equity interest of 22.5%, 62.5% and 15.0%, respectively. Pursuant to the Agreement, SMM granted THNC a non-exclusive license of technology owned by SMM to produce the products and has undertaken to provide technical assistance to THNC. The Parent Company has undertaken to cause TMC to supply THNC with nickel ore and limestone and to further cause TMC to make available to THNC the use of the land and infrastructure necessary for the production of the products while Mitsui shall assist THNC in procuring materials and equipment necessary for the plant's operations.

Pursuant to the sale of 12.5% equity interest of the Parent Company to SMM in October 2016, the shareholding ratio of the Parent Company and SMM is 10% and 75%, respectively, as at December 31, 2016 and 22.5% and 62.5%, respectively as at December 31, 2015.

The agreement also sets forth the respective rights and obligations of the Parent Company, SMM and Mitsui, including their responsibilities in respect of financing the US\$1,420.0 million, which further increased to US\$1,590.0 million, project investment that will be undertaken by THNC.

Also, under the Agreement, the Parent Company, SMM and Mitsui agreed to make loans to THNC or guarantee the repayment of THNC's obligations in accordance with the financial requirements of THNC and in proportion to their shareholding ratio in THNC.

The Agreement shall terminate upon the dissolution of THNC.

On November 20, 2012, the Parent Company, SMM and Mitsui made additional investment of US\$287.2 million in the form of loans to THNC. SMM had agreed to substitute for the Parent Company to make these loans for which the Parent Company pays guarantee service fee.

On August 4, 2014 and October 4, 2013, the Parent Company, SMM and Mitsui agreed to extend another loans to THNC amounting to US\$117.7 million to cover the latter's working capital requirement and US\$90.0 million for the construction of the tailings dam, respectively.

On February 15, 2016 and November 9, 2015, another loan in the amount of US\$65.0 million and US\$120.0 million, respectively, was extended by the stockholders to THNC to cover for the latter's working capital requirements.

On September 15, 2016 and August 16, 2016, the stockholders of THNC extended another US\$25.0 million and US\$124.0 million, respectively, to cover the latter's loan repayments, capital investments and working capital requirements.

Loan Guarantee/Substitution Agreement

RTN

Under a loan guarantee service agreement dated October 22, 2002 between RTN and SMM, the latter agreed to satisfy RTN's CBNC loan obligations in consideration of the payment by RTN to SMM of an annual fee equal to 1% of the relevant outstanding amount.

The fee is payable every February 21 and August 20 of each year. In case of default, such loan guarantee service agreement will be terminated and RTN shall provide loans to CBNC or guarantee the repayment of CBNC's loans payable. Failure to provide such loans or guarantee shall be considered a default under the CBNC Stockholder Agreement. The loan guarantee service agreement has ended last August 20, 2015 due to full payment of the related loan obligation.

NAC

Under a loan guarantee/substitution agreement dated December 9, 2011 between the Parent Company and SMM, the latter agreed to substitute for the Parent Company to make loans or guarantee the repayment of THNC pursuant to the Stockholders Agreement dated September 15, 2010.

In consideration of the loans and guarantee made by SMM, the Parent Company shall pay to SMM an annual fee equal to 1% of the relevant outstanding amount, which is payable every February 21 and August 21 of each year.

On January 26, 2015, December 18 and December 3, 2013, the Parent Company and SMM entered into another loan guarantee/substitution agreement with respect to the new loan agreement made and entered by THNC and SMM on August 4, 2014, December 3 and January 31, 2013, respectively. The annual fee is also equal to 1% of the relevant outstanding amount, which

is payable every March 21 and September 21 of each year.

In case of default, such loan guarantee/substitution agreements will be terminated and the Parent Company shall provide loans to THNC or guarantee the repayment of THNC's loans payable. Failure to provide such loans or guarantee shall be considered a default under the Stockholders' Agreement.

Lease Agreement with THNC

On October 31, 2013, TMC and THNC executed a lease agreement wherein TMC will lease the land within the TSEZ to the lessee. The TSEZ leased area of approximately 675 hectares is located at Barangays Taganito and Hayanggabon, Claver, Surigao del Norte. The duration of the lease agreement shall be for a period of twenty (20) years starting January 1, 2013, however, rental rate shall be annually agreed by both parties.

Loan Agreements with EPI

- a. On August 22, 2014, the Parent Company and EPI executed a loan agreement amounting to ₱551.0 million which was drawn in two (2) tranches. The first and second tranche of the loans amounted to ₱105.0 million and ₱446.0 million, respectively.

The proceeds of the first tranche loan was used by EPI to fund the activities preparatory to drilling and for the drilling of the initial two (2) wells under the Montelago Geothermal Project, while the second tranche loan was used to fund the drilling costs and related activities (to include slim or other test holes) on the said initial two (2) wells.

At the option of the Parent Company, the entire second tranche loan, and not any smaller portion thereof, may be converted into shares of stock of EPI constituting fifty 55% of its total issued and outstanding shares, at any time before the lapse of three hundred sixty five (365) days after drawdown of the entire second tranche loan.

The loan is subject to 2% interest per annum. The first tranche of the loan is payable one year after the first drawdown on the first tranche loan or upon sale of EPI's entire shareholdings in Occidental Mindoro Consolidated Power Corporation (OMCP), whichever is earlier. The second tranche loan is payable one year after the first drawdown on the second tranche loan unless the conversion right is exercised.

For and to secure the loan and the notes covering the same, EPI executed and delivered a Pledge Agreement covering its shares of stock in OMCP consisting of 100% of OMCP's issued and outstanding shares.

In 2014, the first tranche loan amounting to P105.0 million and 40% of the second tranche loan amounting to ₱178.4 million were already released to EPI. The remaining 60% of the second tranche loan amounting to ₱267.6 million were released to EPI in the first quarter of 2015.

On April 15, 2015, the Parent Company expressed its intention to exercise its conversion right on the entire second tranche loan of ₱446.0 million to 55% equity interest in EPI, which is equivalent to 312,888,889 common shares, subject to the SEC's approval of the increase in authorized capital stock of EPI.

On July 16, 2015, the Parent Company subscribed to an additional 11% equity interest in EPI, which is equivalent to 184,052,288 common shares, for a total consideration of ₱474.0 million, subject also to the approval of EPI's increase in authorized capital stock.

The increase in EPI's authorized capital stock was approved by the SEC on July 28, 2015 and the corresponding shares were subsequently issued to the Parent Company.

The first tranche loan, including interest, was paid by EPI in August 2015.

- b. In July 2016, the Parent Company agreed to provide a loan facility to EPI amounting to ₦1,500.0 million for EPI's overhead costs and development of its solar project. The loan bears an interest of 5% p.a. which is payable semi-annually following the date of the corresponding drawdown. The loan principal is payable within three (3) years after drawdown.

As at December 31, 2016, a total of ₦1,150.0 million was released to EPI.

Loan with Manta

On June 8, 2015, EPI entered into a one year loan agreement with Manta amounting to ₦180.0 million to finance the development expenses of EPI's geothermal power project. The loan bears an annual interest of 5%. The principal and interest is payable at the end of the loan agreement. On June 6, 2016, EPI and Manta extended the loan for another year or up to June 7, 2017 under the same terms of the original loan.

Loan with THNC

On October 4, 2010, TMC entered into an Omnibus Agreement with THNC, wherein the latter granted the former a total loan facility amounting to US\$35.0 million at a prevailing one hundred eighty (180)-day British Banker Association London Inter-Bank Offered Rate (LIBOR) plus 2% spread, to exclusively finance the construction of the pier facilities within the TSEZ. The loan shall be drawn down in one or multiple times by July 31, 2011.

The interest on the loan is payable semi-annually, on October 10 and April 10. The total principal is payable in semi-annual installments of US\$0.9 million starting on October 10, 2011 up to April 10, 2031.

Loan with SMM

On November 25, 2002, RTN entered into an Omnibus Agreement with SMM, wherein the latter granted the former a loan facility amounting to US\$1.8 million at a prevailing one hundred eighty (180)-day LIBOR plus 2% spread, for the construction of the pier facilities.

In July 2003, an additional loan amounting to US\$0.2 million was granted by SMM. Starting 2003, the interest on the original and additional loans is payable semi-annually, on February 28 and August 31. The total principal is payable in twenty (20) equal semi-annual installments starting on February 28, 2004 up to August 31, 2013. In February 2007, RTN and SMM agreed to an additional loan facility amounting to US\$9.0 million. Of the total loan facility, the remaining US\$0.5 million was drawn in February and March 2008. The additional loan facility is payable in semi-annual installments starting on August 31, 2008 up to February 28, 2018.

In consideration, and to ensure payment of these loans, RTN assigned, transferred, and set over to SMM, absolutely and unconditionally, all of RTN's rights, title, and interest over its future receivable from CBNC under the Throughput Agreements. RTN also constituted a first ranking mortgage on the pier facilities.

Lease Agreement with Manta

On March 18, 2013, the Group entered into a lease agreement with Manta for its office and parking space. The lease agreement is effective for a period of five (5) years starting May 15, 2013 and is renewable subject to negotiation of the terms and conditions and mutual agreement of both parties.

- c. 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	Please see explanation below
Group	

Under the Company’s Code of Business Conduct and Ethics, Directors, Officers and Employees are charged with the duty of loyalty to the corporate interest. Their personal interests should never prevail against the interests of the Company. It is not only conflict of interest but also the appearance of conflict of interest that must be avoided. Any activity that may compromise or seem to compromise the integrity of the Company or of any Director, Officer or Employee must be avoided.

A. Disclosure

Conflict of interest situations and circumstances should be promptly and fully disclosed and discussed as provided in this Code. Directors and Officers are enjoined to abstain from participating in any action, transaction, discussion, evaluation, or decision involving such conflict of interest.

2. Directors

Directors shall disclose any potential conflict of interest to the Chairman who, in consultation with the CEO, the Compliance Officer (CO) and as appropriate with legal counsel, shall determine whether there is indeed conflict of interest, in which case there shall be disclosure to the Board and the approval requirements under the Code shall be complied with. In the event the Chairman after due consultation finds that there is no conflict, the matter shall nevertheless be disclosed to the Board.

Directors shall abstain from participating in the discussions of the Board regarding matters in which they are in a conflict of interest situation and shall not vote thereon, in accordance with the Policy.

3. Officers

Officers shall disclose any potential conflict of interest to the CEO who, in consultation with the Chairman, the CO and as appropriate with legal counsel shall determine whether there is indeed a conflict of interest. In the event after due consultation the CEO finds that there is indeed a conflict of interest, the Officer shall refrain from pursuing the transaction or activity; provided that if such is deemed beneficial to the interests of the Company, the transaction may be pursued subject to full disclosure to and approval by the Board of Directors. In such situation, the CEO and the CO shall ensure that the interests of the Company and its subsidiaries are duly protected.

4. Employees who are not Directors or Officers

Employees who are not Directors or Officers shall disclose any potential conflict of interest to their immediate superior, who shall have the responsibility of consulting the CO and, as appropriate, the CEO regarding the matter. If the finding is that there is conflict of interest, the Employee shall refrain from pursuing the transaction or activity.

B. Approval

1. Directors

- a) Any potential conflict of interest involving a Director shall be disclosed to the Board and shall require Board approval.
- b) When the matter is submitted to the Board for approval, the presence of the Director concerned must not be necessary to constitute a quorum and the Director's vote must not be necessary to obtain Board approval.
- c) Where these conditions are not met, a contract or transaction where a Director has an interest may be ratified by shareholders representing at least 2/3 of the outstanding capital stock at a meeting of stockholders duly called. Full disclosure of the interest of the Director must be made to the shareholders prior to the meeting, in accordance with applicable rules of the SEC and the Exchange; provided that the contract is fair and reasonable under the circumstances.

2. Officers

Approval of an act or transaction involving conflict of interest of an officer shall be in accordance with the Code. An Officer shall disclose a potential conflict of interest to the Board of Directors. Prior authority of the Board must be obtained before an Officer may enter into a contract or transaction involving conflict of interest as defined herein.

C. Recording

The Compliance Officer shall be informed of all reported instances of potential conflict of interest and shall keep a record thereof, without prejudice to the keeping of records and monitoring by the appropriate or responsible Officers or departments, including but not limited to Finance and Internal Audit.

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,⁵ 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
Manuel B. Zamora Jr.	Family	Father of director Martin Antonio G. Zamora
Martin Antonio G. Zamora	Family	Son of director Manuel B. Zamora, Jr.

- (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
None.		

⁵ Family relationship up to the fourth civil degree either by consanguinity or affinity.

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
Sumitomo Metal Mining Co. Ltd.		See description below

THNC Stockholder's Agreement

On September 15, 2010, NAC, SMM and Mitsui executed a Stockholders Agreement, pursuant to which the parties formed a joint venture company, THNC, to build and operate a plant in Barangay Taganito, Claver, Surigao del Norte for the purpose of producing and selling nickel-cobalt mixed sulfide to be used in the production of electrolytic nickel and electrolytic cobalt.

Pursuant to the Stockholders Agreement, SMM granted THNC a non-exclusive license of technology owned by SMM to produce the products and has undertaken to provide technical assistance to THNC. The Parent Company has undertaken to cause TMC to supply THNC with nickel ore and limestone and to further cause TMC to make available to THNC the use of the land and infrastructure necessary for the production of the products while Mitsui shall assist THNC in procuring materials and equipment necessary for the mine's operations. The Stockholders Agreement shall terminate upon the dissolution of THNC.

The Parent Company, along with the other stockholders of THNC, also agreed to make loans to THNC or guarantee the repayment of THNC's loan obligations in accordance with the financial requirements of THNC, in proportion to their shareholding ratio in THNC.

In a separate agreement dated December 9, 2011, SMM agreed to assume Parent Company's obligation to make loans to, or guarantee the repayment of THNC's loan obligations. The Parent Company, in consideration for this agreement, pays SMM an annual guarantee fee of 1% of THNC's outstanding loan obligations.

CBNC Stockholder Agreement

On July 1, 2002, RTN, along with the other stockholders of CBNC, agreed to make loans to CBNC or guarantee the repayment of CBNC's loan obligations in accordance with the financial requirements of CBNC, in proportion to their shareholding ratio in CBNC.

In a separate agreement dated October 22, 2002, SMM, which owns 54% of CBNC, agreed to assume RTN's obligation to make loans to, or guarantee the repayment of CBNC's loan obligations. RTN, in consideration for this agreement, pays SMM an annual guarantee fee of 1% of CBNC's outstanding loan obligations until August 2015.

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	Stockholder concerns are coursed through the Investor Relations Officer who is tasked to implement investor relations programs that reach out to all stockholders.
Corporation & Third Parties	Through the Company's Purchasing and Marketing groups, the Community Relations Officers of each operating

	mine.
Corporation & Regulatory Authorities	In accordance with the resolution mechanism of the regulatory agency. In 2016, the DENR mandated a comprehensive review of all operating mines. On February 13, 2017, Hinatuan Mining Corporation (HMC), a wholly-owned subsidiary received a letter from the DENR stating that the Mineral Production Sharing Agreement (MPSA) in Taganaan Island, Surigao is being cancelled due to alleged violations of Republic Act No. 7942 of the Philippine Mining Act as a result of the audit conducted by the DENR. On February 17, 2017, HMC filed a Notice of Appeal with the Office of the President. It is the Company's position that there are no legal and technical grounds to support the cancellation of HMC's MPSA and the Company will pursue all legal remedies to overturn the said order.

C. BOARD MEETINGS & ATTENDANCE

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

The Company's Board has a pre-determined schedule of meetings at the beginning of each calendar year. As necessary, attendance at the Board meetings may be through electronic medium or telecommunications.

- 2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Manuel B. Zamora, Jr.	06 June 2016	7	7	100%
Member	Philip T. Ang	06 June 2016	7	5	71%
Member	Luis L.J. Virata	06 June 2016	7	5	71%
Member	Gerard H. Brimo	06 June 2016	7	7	100%
Member	Martin Antonio G. Zamora	06 June 2016	7	6	86%
Member	Takanori Fujimura	06 June 2016	7	7	100%
Member	Takeshji Kubota	06 June 2016	7	6	86%
Independent	Frederick Y. Dy	06 June 2016	7	5	71%
Independent	Fulgencio S. Factoran, Jr.	06 June 2016	7	7	100%

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

During the Board meetings, executive directors, particularly the CEO, was requested to step out for the non-executive directors to discuss some matters without the presence of any executive.

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

A majority of the Board of Directors may decide as provided in the corporation's By-laws.

5) Access to Information

(a) How many days in advance are board papers⁶ for board of directors meetings provided to the board?

At least a week prior to the meeting but the directors may request for a copy anytime.

(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.?

⁶ 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.

As provided in the Company's By-laws, the Secretary shall have the following powers and duties:

- (1) 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;
- (2) 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's subscribed, issued and transferred;
- (3) Keep the corporate seal and affix it to all papers and documents requiring a sea, and to attest by his signature all corporate documents requiring the same;
- (4) Attend to the giving and serving of all notices of the corporation required by law or the company's by-laws;
- (5) Certify to such corporate acts, countersign corporate documents or certificates, and make reports of statements as may be required of him by law or by government rules and regulations;
- (6) Act as the inspector at the election of directors and, as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies and to receive votes, ballots or consents, hear and determine questions in connection with the right to vote, count and tabulate all votes, determine the result, and do such acts as are proper to conduct the election or vote;
- (7) Perform such other duties as are incident to his/her office or as may be assigned to him/her by the Board of Directors or the President.

(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:

Yes

No

Committee	Details of the procedures
Audit	Copy of the meeting materials are provided to the committee members few days before the meeting. Directors have full access to Management and the Corporate Secretary should they require other information or request for a separate discussion prior to the committee meetings.
Risk	Copy of the meeting materials are provided to the committee members few days before the meeting. Directors have full access to Management and the Corporate Secretary should they require other information or request for a separate discussion prior to the committee meetings.
Nomination	Copy of the meeting materials are provided to the committee members few days before the meeting. Directors have full access to Management and the Corporate Secretary should they require other information or request for a separate discussion prior to the committee meetings.
Remuneration (Compensation)	Copy of the meeting materials are provided to the committee members few days before the meeting. Directors have full access to Management and the Corporate Secretary should they require other information or request for a separate discussion prior to the committee meetings.

6) External Advice

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

Procedures	Details
Directors, either individually or as a Board, and in furtherance of their duties and responsibilities, shall have access to independent professional advice at the Corporation's expense (Section 4.4 of the Manual on Corporate Governance).	The Corporate Secretary attends to the Directors' concerns. Where necessary, the Corporate Secretary may recommend to the Board to seek external professional advice.

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
None.	-	-

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	The remuneration of the CEO and top 4 highest paid management officers are approved by the Board upon recommendation of the Remuneration Committee.	
(2) Variable remuneration		
(3) Per diem allowance		
(4) Bonus		
(5) Stock Options and other financial instruments	The Stock Option Plan is used as guide in selecting the grantees, the offer price and the discount. The grant is approved by the Board upon recommendation of the Remuneration Committee.	
(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	Executive Directors are given salaries by the Company as its employees while the Non-executive Directors are given per diems based on their attendance of the meetings.		
Non-Executive Directors			

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.

No.

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			
(b) Variable Remuneration			
(c) Per diem Allowance	303,465	232,353	1,523,529
(d) Bonuses			
(e) Stock Options and/or other financial instruments	9,653,011	1,818,339	3,636,678
(f) Others (Specify)			
Total	9,956,476	2,050,692	5,160,207

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			
(f) Hospitalization Plan			
(g) Car Plan			
(h) Others (Specify)			
Total	-	-	-

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
Manuel B. Zamora, Jr.	Please see explanation in Item 3 above			
Philip T. Ang				
Gerard H. Brimo				
Luis J. Virata				

Frederick Y. Dy	
Fulgencio S. Factoran, Jr.	
Martin Antonio G. Zamora	

(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:

None.

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
Emmanuel L. Samson/CFO/SVP for Finance	Php29,364,341
Jose B. Anievas/COO/SVP for Operations	
Jose Bayani D. Baylon/VP for Corporate Communications	
Rolando R. Cruz/Vice President for Operations	
Augusto C. Villaluna/Vice President for Operations	

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)				
Audit	1	1	1	Please see Annex A	Please see explanation below		
Risk	1	1	1	Please see Annex B	Please see explanation below		
Nomination	1	1	1	As provided in the CG Manual	Please see explanation below		
Compensation	2		1	As provided in the CG Manual	Please see explanation below		

As provided in the Company's Manual on Corporate Governance, the following are the duties and functions of:

Audit Committee

- a) Assist the Board in the performance of its oversight responsibility or the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
- b) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
- c) Perform oversight functions over the Company's internal and external auditors. It shall ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- d) Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it;
- e) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- f) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- g) Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;
- h) Review the reports submitted by the internal and external auditors;
- i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following:
 - Any changes in accounting policies and practices
 - Major judgmental areas
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements.
- j) Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with the duties of the external auditor or may pose threat to independence. The non-audit work, if allowed, shall be disclosed in the Company's annual report;
- l) Establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit and Risk Committee, which shall ensure that, in the performance of his work, the internal auditor shall be free from interference by outside parties.

Risk Committee

The Risk Committee assists the Board in its oversight responsibility in relation to risk governance. The assistance includes ensuring that there is a sound risk management framework (an Enterprise Risk Management patterned after COSO framework), a sound and effective internal control system, which will enable the identification, assessment and management of material exposures.

Nomination Committee

- (a) Review and evaluate the qualifications of all persons nominated to be a director of the Company and of all nominees to other positions in the Company requirement appointment by the Board.

- (b) Assess the effectiveness of the Board's process and procedures in the election or replacement of directors.

Remuneration (Compensation) Committee

The duty of the Remuneration (Compensation Committee) is to establish a formal and transparent procedure for developing 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.

2) Committee Members

(a) Audit

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Frederick Dy	06 June 2016	4	3	75%	6
Member (ED)	Gerard H. Brimo	06 June 2016	4	4	100%	6
Member (NED)	Takanori Fujimura	06 June 2016	4	4	100%	6

Disclose the profile or qualifications of the Audit Committee members.

The following are the members of the Audit and Risk Committee:

Frederick Y. Dy (61 years old, Filipino) is an Independent Director of the Company, Chairman of the Audit and Risk Committees and a member of the Remuneration (Compensation) Committee of the Board. Mr. Dy is also the Chairman-Emeritus of Security Bank Corporation, the Chairman of City Industrial Corp., the Vice Chairman of St. Luke's Medical Center, a Trustee of St. Luke's College of Medicine, a Trustee of JD Foundation, Inc. and a Director of Ponderosa Leather Goods Company, Inc. He received his Bachelor of Science degree in Industrial Engineering from Cornell University, USA.

Gerard H. Brimo (65 years old, Filipino) is the President and Chief Executive Officer of the Company and a member of the Audit, Risk and Remuneration (Compensation) Committees of the Board. He is the President of RTN, TMC, CMC, HMC, CEXCI, Newminco Nickel Mining Corp. and Newminco Pacific Mining Corp. Prior to his career in mining, he worked for Citibank for a period of eight years, resigning as Vice President in the bank's Capital Markets Group in Hong Kong prior to joining Philex Mining Corporation as Vice President-Finance. Mr. Brimo served as Chairman and Chief Executive Officer of Philex Mining Corporation from 1994 until his retirement in December 2003. He served as President of the Chamber of Mines of the Philippines from 1993 to 1995, as Chairman from 1995 to 2003, and is currently a Director. He received his Bachelor of Science degree in Business Administration from Manhattan College, USA and his Master of Business Management degree from the Asian Institute of Management.

Takanori Fujimura (72 years old, Japanese) Mr. Fujimura is also a Director of the following subsidiaries of SMM: SMM Philippines, THPAL, and CBNC. Prior to joining SMM in 2002, Mr. Fujimura was the Director and General Manager of the Overseas Business Department of Pacific Metals Co., Ltd. (PAMCO). He began his professional career in PAMCO in 1970, and was once assigned as the General Manager of PAMCO's New Caledonia and Manila offices. As PAMCO's representative in the Philippines, he was seconded as Vice President of RTN and TMC. He received his Bachelor of Science degree in Mining Engineering from Waseda University, Japan.

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

The Audit Committee performs oversight functions over the Company's external auditors which includes the responsibility for recommendation on the appointment, re-appointment and removal of the external auditor. It shall ensure that the internal and external auditors act independently from

each other, and that the external auditors are given unrestricted access to all records, properties and personnel to enable them to perform their audit functions. Prior to the commencement of audit work, the Committee discusses with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts. The Committee reviews the reports submitted by the external auditors and evaluates and determines the non-audit work, if any, and reviews periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with the duties of the external auditor or may pose threat to independence. The non-audit work, if allowed, shall be disclosed in the Company's annual report.

(b) Risk Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Frederick Dy	06 June 2016	1	1	100%	1 yr and 1 month
Member (ED)	Gerard H. Brimo	06 June 2016	1	1	100%	1 yr and 1 month
Member (NED)	Takanori Fujimura	06 June 2016	1	1	100%	1 yr and 1 month

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	Manuel B. Zamora, Jr.	06 June 2016	1	1	100%	6
Member (NED)	Takeshi Kubota	06 June 2016	1	1	100%	6
Member (ID)	Fulgencio S. Factoran, Jr.	06 June 2016	1	1	100%	6

(d) Remuneration (Compensation) Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	Manuel B. Zamora, Jr.	06 June 2016	2	2	100%	6
Member (ED)	Gerard H. Brimo	06 June 2016	2	2	100%	6
Member (ID)	Frederick Dy	06 June 2016	2	2	100%	6

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
Audit	No changes in the membership of the Committees during the year.	
Risk	No changes in the membership of the Committees during the year.	
Nomination	No changes in the membership of the Committees during the year.	
Remuneration (Compensation)	No changes in the membership of the Committees during the year.	

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
Audit	Recommendation for Board approval	No significant issues.

	<p>of the Quarterly and Annual financial statements.</p> <p>Discussion with and approval of the audit plan scope, expenses and timing of the external auditor, including the non-audit work and confirmation that the non-audit work did not conflict with the duties of the external auditor nor pose threat to their independence.</p> <p>Discussion with and approval of the internal auditor plan and ensuring that the internal auditor is free and independent from interference by outside parties.</p> <p>Discussion with both the external and internal auditors of their assessment of the adequacy of internal controls, including controls over financial reporting.</p> <p>Discussion with the external auditors of matters that have to be communicated with the Audit Committee required by the Auditing Standards.</p> <p>Recommendation to the Board of the inclusion of the Company's consolidated financial statements as of 31 December 2016 in the Company's Annual Report and the Company's SEC Form 17-A Report.</p> <p>Evaluation of the performance of the external auditors and recommendation to the Board of the reappointment of SGV & Co. as external auditor of the Company.</p>	
Risk	<p>Ensuring the maintenance of a sound risk management system by management.</p> <p>Discussion with the Chief Risk Officer of the material risks, the strategies how to address those risks, and the evaluation of the effectiveness of the risk management strategies.</p>	No significant issues.
Nomination	Screening of nominees for directorship	No significant issues.
Remuneration (Compensation)	Approval of the compensation packages of Directors and Officers.	No significant issues.

5) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
Audit	Oversight review of financial reporting process, risk management, compliance, internal control system, internal and external auditors	None
Risk	Improvements in the risk management system across the organization.	None.
Nomination	Review and evaluate the qualifications of all persons nominated to be a director of the Company and of all nominations to positions in the Company requiring appointment by the Board	None
Remuneration (Compensation)	Review the compensation program for the directors and officers to ensure their alignment with the Company's strategy, culture and with the business environment	None

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company:

The Company has adopted a risk philosophy aimed at enhancing shareholder value by adequately managing risks in a cost effective manner, thereby enabling the Company to sustain its competitive advantage and to pursue strategic growth opportunities with greater speed, skills and confidence. To put the philosophy into action, the Board of Directors, through its Risk Committee, implemented an Enterprise Risk Management (ERM) that shall ensure that all business risks are identified, measured and managed effectively and continuously within a structured and proactive framework. The Company's ERM is based on the Committee of Sponsoring Organizations of the Treadway Commission-ERM framework. Values and standards of business conduct and ethics are important elements of the internal environment for risk management.

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

The Board of Directors, through its Risk Committee, assesses the effectiveness of the Company's ERM, including that of the operating subsidiaries. The Risk Committee has assessed the ERM of the Company and its operating subsidiaries to be effective in managing risks faced by the Group.

(c) Period covered by the review;

The Risk Committee has assessed the effectiveness of the ERM for the year 2016.

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

The Risk Committee, through the Internal Auditor, assesses the effectiveness of the ERM at least

annually. Criteria used include mainly the extent of board level participation and appreciation of the system, the leadership of risk focal person (CRO or equivalent) driving the system, degree of communication of risks within the organization, the degree of risk culture and accountability, the reliability of information for the identification, management and monitoring of risks.

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

A review was conducted during 2016.

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:

The Company and Group Enterprise Risk Management:



In line with the overall Enterprise Risk Management policy of the Group, the Company is committed to manage its risks by adopting an approach where risk identification, assessment, control and monitoring are integrated in the annual plans and budgeting process. All department and section heads of the company are actively involved in the setting of objectives and the identification of related risks that could prevent the Company from achieving its objectives. Employees are informed of the identified risks and are enjoined to make it their business to actively participate in implementing measures that will mitigate the risks.

The table below shows the focus of the Company's Risk Management Policy. The different risk exposures may overlap depending on the risk that is identified and assessed.

Risk Exposure	Risk Management Policy	Objective
Changes in regulations	Work with the Chamber of Mines and relevant government agencies towards better understanding of the impact of the new regulations on existing practices and procedures.	Full compliance with regulatory requirements.
Increased resource nationalism calling for the amendments of the Mining Act and greater government share	Work with lawmakers, relevant government agencies, and the Chamber of Mines for open discussion of a fair and equitable sharing that will ensure the industry remains competitive with other global players. Demonstrate transparency of payments of government share	Dissemination of accurate industry information and statistics and thus manage negative perceptions about the industry.

	through participation in the Philippine EITI.	
Volatility of LME price	Review of mining plan and cost drivers.	Cushion the impact of volatile LME price.
Shortage of skilled manpower	Pay for skills and value to the company.	No interruption in operations arising from lack of manpower.

(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
Please see discussion under 2(a) above.	Please see discussion under 2(a) above.	Please see discussion under 2(a) above.

(c) Minority Shareholders

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

Risk to Minority Shareholders
All Related party transactions are done on an arms-length basis, thereby protecting all stakeholders, including the minority shareholders. Related party transactions are reviewed and approved by the Board and are appropriately disclosed.

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 Management Oversight Structure



The Board of Directors has the responsibility for overseeing risk management within the Company and its operating subsidiaries. Assisting the Board is the Chief Risk Officer (CRO) of the Company, who reports to the Audit and Risk Committee the significant risks and related risk strategies, and the status of the risk management initiatives on a regular basis. The Company CRO is in turn supported by the Finance Officers of each operating subsidiary, who acts as CROs for their respective companies. In this connection, a cross-functional group of personnel with technical, financial, and legal expertise was formed to review compliance with all mining laws and regulations. The Internal Auditor reports to the Audit and Risk Committee the results of the review of the effectiveness of the risk management initiatives adopted by management.

Below are examples of the Company's Risk Assessment, Management Control:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Changes in regulations	Monitoring developments in regulatory and political landscapes.	Designate senior personnel to track developments in regulatory, political and external environment. Sharing of information within the organization.
Increased resource nationalism calling for the amendments of the Mining Act and greater government share	High risk (in terms of significance and likelihood)	Active discussion with government teams on what constitutes a fair and equitable sharing arrangement. Actively support the Chamber of Mines programs in formulating and disseminating significant industry positions. Active involvement in Ph-EITI initiatives.
Volatility of LME price	High risk (in terms of significance and likelihood)	Review business plan if this continue to be appropriate with the prevailing prices. Review costs drivers. Review blending plan for optimum product mix.
Shortage of skilled manpower	Moderate risk (moderate significance, high likelihood)	Incorporate skills training in SDMP programs of communities to ensure availability of skills.

(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)
Please see discussion below	Please see discussion below	Please see discussion below

The Group adopts the same Risk Management policy and framework, and thus, have the same system for the assessment, management and control of main issues faced by the group. The Group's main business activity is the exploration, development and utilization of mineral resources.

(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
Risk Committee	Risk governance	Ensuring the maintenance of a sound risk management system by management. Discussion with the Chief Risk Officer of the material risks, the strategies how to address those risks, and the evaluation of the effectiveness of the risk management strategies.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

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

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

The Group defines internal control system as a process, effected by its BOD, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

1. Effectiveness and efficiency of operations.
2. Reliability of financial reporting.
3. Compliance with applicable laws and regulations.

In ensuring effectiveness and efficiency of operations, the Group focuses on the basic business objectives, performance and profitability goals and safeguarding of resources. Reliability of financial reporting ensures that there are adequate controls in the preparation of published financial statements, including the quarterly financial statements and selected financial data derived from such statements, e.g. earnings releases. Compliance controls ensures that the Group comply with those laws and regulation to which it is subject. In designing the internal control system, the Group recognizes that these three distinct but overlapping categories address different needs and allow a directed focus to meet the different needs.

The internal control system has the following components that are integrated, have synergy and linkage among these components, forming an integrated system that reacts dynamically to changing conditions. The internal control system is intertwined with the entity's operating activities and exists for fundamental business reasons to ensure an effective and efficient internal control system.

- a) Control environment which sets the tone of the Group and is the foundation for all other components of internal control, providing discipline and structure.
- b) Risk assessment which is integrated and exists at all levels in the organization.
- c) Control activities consisting of policies and procedures that help ensure management directives are carried out and that necessary actions are taken to address risks to achievement of the Group's objectives. Similar to risk assessment, control activities occur throughout the Group, at all levels and in all functions.

- d) Information and communication to ensure that pertinent information are identified, captured and communicated that enables people to carry out their responsibilities and to run and control the business. Information includes external events, activities and conditions necessary to informed business decision making and external reporting, Communication includes external activities e.g. investors, public and regulators.
- e) Monitoring the process to assess the quality of the internal control system over time. This is accomplished through ongoing monitoring activities and separate evaluations or a combination of both. Internal control deficiencies are reported upstream, with serious matters reported to top management and the board.
- (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, assesses the effectiveness of the Company's internal control system, including that of the operating subsidiaries. The Audit and Risk Committee has assessed the internal control system of the Company and its operating subsidiaries to be effective and adequate.

- (c) Period covered by the review;

The Audit Committee, through the Internal Auditor, has assessed the internal control system for the year 2016.

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

The Audit Committee charter mandates that the Committee performs regular oversight review of the internal control system, including financial reporting control and information technology security. Among the criteria use for the assessment are the level and root causes of deficiencies noted by the auditors, the way management address these matters, and the involvement and focus of personnel involved in these matters, among others. Review of the effectiveness of the internal control system, is done annually, focusing on those processes

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

Review was conducted during 2016.

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
Please see explanation below	Please see explanation below	In-house	Maria Angela Villamor	Please see explanation below

The role of the Internal Auditor is to provide independent and objective assurance and consulting activity designed to add value and improve the operations of the Company and its subsidiaries.

The scope of work of Internal Audit is to determine whether the Company and its subsidiaries' network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are properly identified and managed;
- Interaction with the various governance groups occur as needed;
- Significant financial, managerial and operating information is accurate, reliable and timely;
- Employees actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently and adequately protected;
- Programs, plans and objectives are achieved;
- Quality and continuous improvement are fostered in NAC's control processes; and
- Significant legislative and regulatory issues impacting NAC are recognized and addressed properly.

The Internal Auditor reports administratively to the CEO and functionally to the Audit Committee. Internal Auditor has free and unrestricted access to the Chairman of the Board, and the Audit Committee.

- (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. As provided in Section 3.10 of the Manual on Corporate Governance, the Audit Committee approves the appointment of an independent internal auditor and the terms and conditions of its engagement and removal.

- (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 reports administratively to the Chief Executive Officer and functionally to the Audit Committee of the Board of Directors. The Internal Auditor is granted full, free and unrestricted access to any and all of the Group's records, physical properties, and personnel relevant to any function under review. All employees are requested to assist the Internal Auditor in fulfilling his staff function. Internal Auditor has free and unrestricted access to the Chairman of the Board of Directors, and the Audit 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.

Name of Audit Staff	Reason
None.	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	Internal audit work is on schedule and aligned to plan approved by the Audit Committee.
Issues⁷	No significant issues.

⁷ "Issues" are compliance matters that arise from adopting different interpretations.

Findings⁸	No significant findings noted.
Examination Trends	Audit is risk-based. Risks are prioritized in terms of significance and likelihood. Risk assessment is an ongoing activity.

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

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

Policies & Procedures	Implementation
Code of Business Conduct and Ethics	
Policy on Conflict of Interest	Implemented
Policy on Insider Trading	Implemented
Policy on Procurement Governance: Suppliers and Purchasing	Implemented
Policy on Gifts, Hospitality and Sponsored Travel	Implemented
Whistle-blowing Policy	Implemented
Environment Policy	Implemented
Administrative Policies	
Policy on Group Outing	Implemented
Policy on the Wearing of Uniform	Implemented
Policy on Drug-Free Workplace	Implemented
Policy on Child-Labor Free Workplace	Implemented
No Smoking Policy	Implemented
Policy on the Use of Sea craft	Implemented
Policy on Use of Company Accommodation	Implemented
Policy on Punctuality	Implemented
Policy on Early Quitting from Work	Implemented
Policy on Incentive Leave	Implemented
Policy on the Wearing of Company ID	Implemented
Policy on the Wearing of Personal Protective Equipment (PPEs)	Implemented
Policy on the Use of Company Vehicles and Cell Phones	Implemented
Policy on the Use of Bundy Clock	Implemented
Policy on Off-Limits to Non-Occupants of Guesthouse, Senior and Junior Staff houses	Implemented
Policy on Adjustment of Grievance	Implemented
Policy on Suspension of Work Due to Typhoon	Implemented
Policy on No-Strike, No Lock-Out and Work Stoppage During the Duration of the CBA	Implemented

⁸ “Findings” are those with concrete basis under the company’s policies and rules.

Policy on Use and Maintenance of Heavy Equipment Simulator	Implemented
Policy on Storage and Disposal of Used Canvas Sheet	Implemented
Human Resources and Benefits Administration Policies	
Policy on Employment, Hiring and Personnel Movement	Implemented
Policy on Training and Development	Implemented
Policy on Performance Appraisal, Promotion, Job Classification	Implemented
Policy on Loyalty/Service Award	Implemented
Policy on Severance, Retirement and Death Benefits	Implemented
Policy on Hours of Work, Overtime Pay, Holiday Pay, Night Shift Differential and Premium Pay	Implemented
Policy on vacation leave, sick leave, emergency/special, maternity/paternity leave and filings	Implemented
Policy on medical, group personal accident insurance, supplemental subsidy and other benefits	Implemented
Policy on Maintenance of Personnel Records	Implemented
Policy on Fly-In, Fly-Out and Travel Policy	Implemented
Travel Policy	Implemented
Safety Policies	
Policy on Idle Equipment Left Unattended on Haulage Roads	Implemented
Guidelines on Ambulance Use	Implemented
Policy on Housekeeping Audit	Implemented
Policy on Incident Reporting	Implemented
Policy on Orientation of New Employees and Reorientation of Regular Employees	Implemented
Security Policies	
Access Procedure in Campsite and Minesite Area	Implemented
Procedure on Vehicle Entry at TMC Mine Site	Implemented
Procedure on Entry and Exit of Vessel Crew	Implemented
Procedure on the use of ATM Machine	Implemented
Procedure on Document Security	Implemented
Procedure on Deliveries and Receiving of Parcel/Packages	Implemented
Procedure on Use/Issuance of Trip Tickets	Implemented
Evacuation plan	Implemented
Procedure on KEY Control and Issuance	Implemented
Procedure on Inspection of Perimeter Fence	Implemented
Procedure in Intelligence Gathering and Dissemination	Implemented
Procedure on Visitors without Appointment	Implemented
Procedure on Bags Inspection on All Persons using the Pedestrian Gate	Implemented
Operating Procedures and Policies	
Equipment Rental Monitoring	Implemented
COMREL Safety Procedure when Conducting Fieldwork	Implemented
Geology SOP	Implemented
Technical Services Operations Manual	Implemented
Barge/Ship loading Policies	
Stockpile Retrieval	Implemented
Operation Stoppage Due to Rain	Implemented
Policy on LCT Refueling and Re-watering	Implemented
Cargo rejection by the vessel's captain based on can test situational flowchart	Implemented

Insufficient equipment for barge loading due to excess empty LCTs at the beaching area situational flowchart	Implemented
Limonite mining: Insufficient material delivery of direct ore due to inaccessible mining are situational flowchart	Implemented
Limonite mining: Insufficient material delivery of direct ore due to quality problems situational flowchart	Implemented
Mining and Mine Engineering Policies	
Policy on Grade Control	Implemented
Policy on Volume Surveys	Implemented
Policy on Contract Mining	Implemented
Policy on Mine/Stockpile to Barge Truck Sampling	Implemented
Policy on MMD Sizer Material Flow and Beneficiation	Implemented
Policy on Shipment Vessel Nomination and Acceptance	Implemented
Survey Policy	Implemented
Exploration/development/production drilling/sampling Policy	Implemented
Assay Policies	
Policy on Equipment Calibration	Implemented
Policy on Determination of Nickel by EDTA Titration	Implemented
Policy on PAMCO Shipment Sampling, Sample Preparation and Moisture Determination	Implemented
Policy on Sample Preparation and Moisture Analysis of Run-of-Mine Ore Production Samples	Implemented
Warehouse Policies	
Policy on Consignment Billing Liquidation and Purchase Order Generation	Implemented
SOP on Purchase Requisition (Order as Required, Emergency on Credit, Stock Replenishment)	Implemented
SOP on Receiving/Shipping of Stock Items	Implemented
SOP on Issuance/Storage of Stock Item	Implemented
SOP on Declaration and Disposal of Scrap	Implemented
SOP on Diesel Receiving, Issuances and Transfer	Implemented
Technical Services Policies	
Policy on Equipment Parts Evaluation/Inspection	Implemented
Policy on Corrective and Preventive Maintenance Work Scheduling	Implemented
Policy on Equipment Rehab Program and Evaluation	Implemented
Policy on Phasing out of Units	Implemented
Treasury Policy	Implemented
General Ledger and Financial Reporting Policies	
Financial Consolidation Policy	Implemented
Cash Receipts Policy	Implemented
Cash and Check Disbursements Policy	Implemented
Fixed Assets Policy	Implemented
Inventory Costing and Management	Implemented
Revenue Policy	Implemented
Bank Reconciliation	Implemented
Accruals and Reversals	Implemented
Foreign currency Translations	Implemented
Policy on Intercompany Reconciliation	Implemented
Period-end Closing	Implemented
Policy on Petty Cash	Implemented
Liquidation, Reimbursements, and Cash Advances Policy	Implemented

(g) Mechanisms and Safeguards

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<p>Internal auditor is considered a corporate insider subject to the policy on insider trading. Internal auditor reports functionally to the Audit and Risk Committee and administratively to the Chief Executive Officer. All internal audit activities shall remain free of influence by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective mental attitude necessary in rendering reports.</p> <p>The five (5) rotation of partner-in-charge of the external audit is observed.</p> <p>Audit and Risk Committee approval of non-audit services by the external auditor.</p>	<p>The Company does not retain financial analysts.</p>	<p>Under the insider trading policy of the Company, consultants and advisors providing financial, tax and legal advisory are considered corporate insiders and are subject to the rules on insider trading.</p>	<p>The Company does not engage rating agencies.</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.

- a) Chairman of the Board – Manuel B. Zamora, Jr.
- b) CEO – Gerard H. Brimo
- c) Independent Directors – Frederick Y. Dy and Fulgencio S. Factoran, Jr.

All management members have submitted to the CEO their certificate of compliance covering the year 2016.

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	Please see explanation below	Please see explanation below
Supplier/contractor selection practice	Please see explanation below	Please see explanation below
Environmentally friendly value-chain	Please see explanation below	Please see explanation below
Community interaction	Please see explanation below	Please see explanation below
Anti-corruption programmes and procedures?	Please see explanation below	Please see explanation below
Safeguarding creditors' rights	Please see explanation below	Please see explanation below

Customers' Safety and Welfare

Our Group continually strives to satisfy our customers' expectations and concerns by giving utmost attention to their safety and welfare which we address as follow:

- Ores are loaded onto the customers' vessels when weather and sea conditions are favorable and with close coordination with the vessel captain.
- Ore size and specifications are strictly complied which are necessary for the safe and efficient operation of the customer processing facilities.
- Ore moisture is strictly monitored to comply with the customer and international maritime standards of up to 35% moisture content.
- The company-owned LCTs and barges have been issued with certificates of sea worthiness by the Marina and are being subjected to regular preventive maintenance and dry docking.
- Customer's representatives in mine site are provided with required personal protective equipment.

Supplier/Contractor Selection Practice

We promote fair dealings with our suppliers, creditors and other business partners. We honor our commitments to agreements and timely payments of contracted obligations. We explicitly disallows employees from any interest in or benefit from any supplier that could reasonably be interpreted as inducing favoritism towards a particular supplier over others.

We also require our suppliers to undergo an accreditation process before they engage in business with the Group. Among the criteria for accreditation are:

- Business longevity/legitimacy
 - The supplier/contractor should already be an established, reputable company and already existing for a number of years in the field of supply and rendering services.
- Financial Stability
 - a) The supplier/contractor should be able to extend reasonable credit terms once the volume of purchases reach a significant value.
 - b) The supplier/contractor must comply with some documentation requirements to ensure legitimacy, legality and financial stability of their company.
- Product/Service Exclusivity (Dealership)
 - a) The supplier/contractor should be equipped with sufficient number of manpower and required mobile equipment to sustain logistic services in terms of efficiency in the delivery of their products.
 - b) The supplier/contractor should have a very strong and established program to cater for the warranty of their products and after sales support.

- Product/Service Quality
 - a) The supplier/contractor should be equipped with adequate technical competence to support all queries of their clients when the need arises.
 - b) The supplier/contractor should be able to maintain the quality of their services during the pre-accreditation period for a specific duration for them to be qualified for the final accreditation stage.
- Registered ISO member
 - Advantage but not necessarily a pre-requisite

The Group's purchases, as a general rule, are made on the basis of competitive bidding of accredited and qualified suppliers, in accordance with the aforementioned policy.

Environmentally-Friendly Value Chain (Fuel, oil and lubricants/Plastic/Rubber/Steel/Hazardous Products)

Our business looks beyond lowest price and bottom line, and instead buys the best, safest and most suitable products in accordance with our policy. We seek assurances that our suppliers are also firms with an ethically sound CSR policy by ensuring that they have:

- Government-approved Environment Compliant Certificate
 - a) DENR
 - b) ECC
 - c) Local/Municipal Permits
- Accredited Treater/Transporter
 - a) Are technically-knowledgeable on Environmental Safety/Disposal Procedures
 - b) Complete line of machines/instruments/tools for material handling

Community Interactions

Sustainability Program

We adhere to the principles and practices of sustainable development. We are also committed to complying and following environmental regulations by implementing best practices in managing environmental impacts of our operations. Mining is a temporary land use and once mining operations in our sites have ended, we plan to restore these properties to at least as close as possible to their pre-mining condition or to develop alternative productive land uses for the benefit of the surrounding communities.

To manage environmental impacts, the Company's subsidiaries have an Environmental Protection and Enhancement Program (EPEP). This refers to the comprehensive and strategic environmental management plan for the life of mining projects to achieve the environmental management objectives, criteria and commitments including protection and rehabilitation of the affected environment.

It is the operational link between the environmental protection and enhancement commitments under CDAO 2010-21, consolidated implementing rules and regulations of RA No. 7942, as well as those stipulated in the Environmental Compliance Certificate (ECC) under P.D. 1586 and the Contractor's plan of mining operation.

Activities undertaken through our Annual Environmental Protection and Enhancement Program (AEPEP) include, among others:

- Rehabilitation of mine disturbed areas
- Reforestation
- Construction and/or maintenance of environmental facilities
- Solid waste management
- Hazardous waste management
- Air quality monitoring and water quality monitoring
- Preservation of downstream water quality

The Group also complies with the Environmental Compliance Certificate (ECC) conditions and the performance of commitments through our Annual Environmental Protection and Enhancement Program (AEPEP). This program is monitored and evaluated by the Multipartite Monitoring Team (MMT)- a multi-sector group headed by a representative from the Regional Mines and Geosciences Bureau (MGB) and representatives of local government units (LGUs), other government agencies, non-government organizations, people's organizations, the church sector and the Company.

Rehabilitation

In line with our commitment to maintain a sustainable environment in our areas of operation and abide by the Philippine Mining Act of 1995, NAC regularly conducts onsite environmental assessment to ensure that all its subsidiaries are strictly implementing progressive rehabilitation within standard set by regulatory agencies.

The process begins with re-contouring, backfilling and leveling the land. After this, the area is covered with top soil and other soil amelioration strategies to provide fertile ground for planting. We follow the "Sequential Planting Method", wherein we first plant fast growing species, then they are provided with a vegetative cover within twelve (12) to eighteen (18) months to enable planting of other species. Another successful method used is by utilizing large planting materials which resulted to more than 90% survival and

high growth rate.

Creating a biodiversity area with varied species of vegetation including native fruit bearing trees will eventually be a source of food for a variety of wildlife species that will aid in rehabilitating mine affected areas by way of succession and regeneration. The rehabilitation effort is managed by our expert foresters with the help from indigenous peoples from the locality, and we have demonstrated that a totally mined out area can be significantly re-vegetated in just twelve (12) to eighteen (18) months.

The end result is a sustainably managed forest far better than the stunted vegetation before, because of the mineralized nature of the soil.

As a means of restoring the disturbed areas from mining operations, NAC requires each mine site to create a decommissioning/ closure plan. The closure plan includes the process in which mined-out areas will be rehabilitated and monitored, until the rehabilitation criteria set by MGB are successfully satisfied. The program for final rehabilitation and decommissioning includes social package which include livelihood components for the host communities and the affected employees of our companies. The four operating subsidiaries have already developed their respective plans for review and approval of the MGB.

Mine Rehabilitation is contained in the Philippine Mining Act of 1995. It's part of a Sustainable Development. It's part of our best practice at our subsidiary, RTN. Following the "Sequential Planting Method", we first plant fast growing species called Pioneer Species such as Batino, Acacia mangium, Acacia auriculiformis and others – all grown and nurtured in our nursery. These species provide vegetative cover within three (3) years to enable the planting of "Climax Species" like Apitong, Ipil, Narra, Almaciga, Agoho, Kamagong and others which we need tree shade to grow. They form the core of the new forest stands. Native fruit-bearing trees are also planted to provide a source of food for wild animals that will eventually populate the forest. To ensure the survival of all these trees we have a forestry team. Composed mostly of indigenous people from the surrounding areas, the team conducts a maintenance program like watering during summer, ringweeding cultivation around seedlings, application of compost and other related activities. The work of the team has achieved a survival rate of 80%-90% for the trees.

As of December 31, 2016, the Group recognized a provision for mine rehabilitation and decommissioning of ₱442.5 million. Funds for mine rehabilitation and other environmental guarantee funds are established and deposited in trust funds, as required by the Philippine Mining Act. We have ₱302.9 million maintained in such funds as of December 31, 2016. This amount complies with the minimum requirement under the law.

In 2016 and 2015, the Group has rehabilitated and reforested a total of 210.17 hectares and 250.70 hectares, respectively, with corresponding number of trees planted of about 452,412 and 644,907, respectively.

Anti-corruption programmes and procedures

The Company's Code of Business Conduct and Ethics contain explicit provisions prohibiting any Officer, Director or employee from conducting any unlawful act including inducing or using third parties to circumvent laws, rules and regulations; and avoiding any conduct that may create the impression of unlawful or unethical conduct. The Code also provides guidelines and assistance in case of doubt as to the legality of any act. Violations to the Code are dealt with in accordingly.

Safeguarding Creditors' Rights

Creditor's rights are defined in the purchase order or contract especially by payment, warranty, penalty and others. We protect the rights of our creditors by publicly disclosing all material information, such as earnings results and risk exposures relating to loan covenants. Our disclosure controls and procedures also include periodic reports to our creditors such as our latest certified Financial Statements, among others.

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

Yes. Our Sustainability Report, that we issue annually together with our Annual Report, features in detail the Company's commitment to sustainable development as operationalized by its subsidiaries. See Annex C for the copy of our Sustainability Report for 2016.

Corporate Social Responsibility Initiatives

Social development programs are created and implemented in all the mines. The focus areas of these programs are designed to address needs of communities around the mine sites. These programs are carried out through the Social Development Management Plans (SDMPs) and Corporate Social Responsibility (CSR) activities of the company. The main difference between the two programs is that the SDMP is required by the government, while CSR is voluntary on the part of the Company.

Each of our operating mines manages their social expenditures through its respective SDMPs. These are five-year programs that contain a list of priority projects identified and approved for implementation, in consultation with the host communities. Each mine site has a community relations team that is in charge of identifying and implementing SDMPs, and maintaining strong relationships with communities. Annually, NAC sets aside a budget for SDMP projects that focus on health, education, livelihood, public utilities and socio-cultural preservation. The implementation of the programs are monitored, audited and evaluated by the Mines and Geosciences Bureau (MGB).

Our communities and employees are integral parts of our Company. We ensure the protection of their welfare and the improvement of the quality of their lives through our social responsibility programs.

We spent ₱157.43 million for SDMP in 2016.

The Company's CSR Program is anchored on 2 central elements:

1. Community Partnership and Relationship Building
 - a. Establishing and maintaining positive relationships with communities by having them as partners for community development and nation building
 - b. Partnership building with communities (both social and environmental) – community as essential partners and not as mere beneficiaries
 - c. Community serving as the primary protector of the company through strong partnership and relationship
2. Leadership
 - a. Top management strongly supports the company's CSR initiatives
 - b. Social Investment –going beyond compliance and considering CSR not as an additional cost but as an investment.
- 3) Performance-enhancing mechanisms for employee participation.

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

Employee Health, Safety and Welfare

Health and safety are integral parts of our personnel policies. Our comprehensive safety program is designed to minimize risks to health arising out of work activities and to assure compliance with occupational health and safety standards and rules and regulations that apply to our operations.

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

- a) We strictly require the utilization of protective equipment and safety devices.
- b) First aid and emergency equipment are installed strategically in our work areas.
- c) Safety in-house inspections are regularly conducted to identify hazards and unsafe conditions or practices.
- d) Managers and supervisors regularly conduct safety briefings and meetings.
- e) Safety orientation training is also conducted for new employees and emergency preparedness training and drills are conducted periodically.
- f) We have a rigorous system of investigating accidents and near-misses to understand causes and implement corrective measures.

- g) We record and monitor lost time injuries, medically treated injuries, minor injuries and non-injury incidents which include near-miss incidents, and property damage and their frequency rates.
- h) We provide healthcare benefit to our employees and their dependents. Every year employees are given medical and healthcare orientation and a booklet through our health maintenance service provider. Our employees have their medical and physical examination every year. Aside from that, they are given flu vaccination once a year. In these ways, we make them aware of their health and medical condition.

Key safety statistics during 2016 follow:

Number of man-hours worked	21,907,447
Lost-time accidents	1
Frequency rate	0.05

We provide the following health benefits to all our 1,687 regular employees.

Health Insurance (via HMO provider)
Group Life & Personal Accident Insurance
Dental services
Medicine Allowance
Health & wellness programs
<i>Other Benefits</i>
Free hospitalization at RTNFI Hospital
100% Hospitalization subsidy

We utilize the internet social media to publicize our activities, programs and projects in relation to the health and welfare of the employees, their dependents including the nearby communities of our mine sites.

(c) State the company’s training and development programmes for its employees. Show the data.

Training and Development Programs

We have developed a training and development program for the employees based on the training needs analysis conducted. Every year, we provide training and development opportunities for all employees to enhance their knowledge, skills and competencies towards the achievement of their individual performance targets, as well as their career goals. The trainings cover a variety of aspects aimed at further enriching their technical competency, as well as their intangible or “soft skills” that would help them to do their role more effectively. All training activities are documented and included in the official newsletter/ magazine of the operating companies. Aside from this, an internal report is prepared and submitted by Human Resources after each training activity of the concerned departments.

During 2016, the Company conducted the following training and development programs for its officers and employees:

Training Course	Provider	Date	Attendees		
			Officers	Managers	Supervisors & RnF
Coaching Change: Transformative Change	UA&P	March 8-10, 2016	13	14	1
Habits of Effective People	In-house	November 28, 2016	2	4	41
HR & Talent Analytics	IFPM Philippines	July 30, 2016	-	1	7
Corporate Governance	SGV	July 25, 2016	42	6	-
Contractualization Seminar	Atty. Josephus B. Jimenez	July 5, 2016	6	10	7
Certificate Course in Learning Design & Evaluation	Ateneo CORD	August 10-17, 2016	-	-	1
Problem Solving & Decision Making	In-house	Multiple Runs	2	47	82
Team Leadership	In-house	Multiple Runs	-	-	107
Competency Mapping Workshop	In-house	November 3, 2016	-	2	15
Training & Development Needs Workshop	In-house	November 4, 2016	-	2	18
SHIMADZU AA-7000 Equipment Training	Shimadzu	April 3-9, 2016	-	-	7
HR Congress	Ariva	August 17-18, 2016	-	2	7
NIDEC Training	NIDEC	October 6-7, 2016	-	2	2
EMS Training	TUV	January 7-10, 2016	-	4	8
MMT strategic planning & seminar workshop	DENR	January 27-29, 2016	-	2	1
Crude Slice operationalization	In-house	March 3-6, 2016	-	-	4
Project Design and Development for managing heads	Outsourced	August 11-12, 2016	-	1	-
Marine Envi Protection	Outsourced	September 15, 2016	-	-	1
Advance PCO Training	Outsourced	October 6-7, 2016	-	-	1
BOSH Training	SGS Consulting	Multiple Runs	-	46	203
Laboratory QC and QA Charting	Outsourced	November 26, 2016	-	1	5
Metrology Seminar (2 days Balance Calibration Workshop)	PICHE	December 7-10, 2016	-	-	1
Internal Audit Training	NevilleClarke	December 4-7, 2016	-	7	17
Train The Trainers Course	Outsourced	January 13, 2016	-	-	2
Water Search & Rescue Training	Outsourced	January 25-30-16	-	-	11
Basic Training Course for Pollution Control Officers	Outsourced	March 30-31-16	-	1	1
Certified Security Professional	Outsourced	March 28-31-16	-	2	-
5th National MMT Convention	DENR	April 12-13-16	-	1	-
Convergence of Programs and Social Protection	Outsourced	April 21-16	-	-	1
Radiation Safety Officer	Outsourced	April 27-29-2016	-	-	3
Mining Engineer's Convention	PSEM	June 8-10-2016	-	7	13
Sharpening HR/OD Competencies	Outsourced	June 27-16, 2016	-	2	1
Designing The Pay Structure	Outsourced	July 21-16, 2016	-	-	1
QA/QC In Analytical Laboratory Seminar	Outsourced	June 30-July 1, 2016	-	1	2
Organic Farming Seminar	Outsourced	August 24-25, 2016	-	-	5
Soil Amelioration Seminar	Outsourced	September 26-18, 2016	-	2	5
Material Characterization Techniques	Outsourced	September 30, 2016	-	1	-
Person-at-Risk Protection Course	Outsourced	October 6-8, 2016	-	1	-
HIRAC	NevilleClarke	Multiple Runs	-	41	66
Laboratory Quality Assurance/Quality Control Training Course	SGS Consulting	November 26, 2016	-	-	2
Sample Collection & Sample Preparation Training Course	Outsourced	November 24, 2016	-	-	3
Root Cause Analysis & Corrective/Preventive Action Course	Outsourced	Multiple Runs	1	17	33

Agroforestry & Mine Rehab Planning Workshop	Outsourced	Multiple Runs	-	-	4
Sustainable Agriculture & Agritecture	Outsourced	December 15-16, 2016	-	1	7
Balanced Scorecard Workshop	In-house	Multiple Runs	2	15	105
Solid Waste Management Seminar	DENR-EMB	March 17-18, 2016	-	1	-
COOP Dev.: Training of Trainers	PPC	April 4-7, 2017	-	1	2
Drug Assessment Team Training	DOLE OSH Center	April 7-8, 2016	-	4	3
Oil Spill Response Training	ATC	April 15-17, 2016	-	12	18
Poultry & Swine Raising	Agrivet	April 26, 2016	-	-	28
IEC Workshop	Gabby Pamintuan	May 4, 2016	-	30	7
PSME Convention 2016	PSME	May 4-6, 2016	-	9	19
Company Fire Brigade Training Course	BFP	May 4-7, 2016	-	-	41
National Convention of Geodetic Engineers	GEP	May 19-21, 2016	-	-	1
Standard First Aid CPR/AED Training	Red Cross	May 23-27, 2016	-	-	24
PSEM Conference	PSEM	June 8-10, 2016	-	7	15
Chemical Use Training & Understanding the Safety data Sheet	In-house	June 17-18, 2016	-	3	29
Environmental Laws Seminar	GAIA South	July 15, 2016	-	4	27
Loss Control Management	Safety House, Inc.	August 1-5, 2016	-	21	37
Certified Human Resources Practitioner	IFPM Philippines	August 3, 2016	-	-	1
Municipality Disaster Risk Reduction & Management	PNP MPD	August 17-19, 2016	-	-	2
Professional Rescuer Refresher	Red Cross	August 19, 2016	-	-	24
Understanding, Documentation & Implementing Occupational Health & Safety Management System	NevilleClarke	August 22-23, 2016	-	7	23
Petron Oil Analysis	Petron	August 24, 2016	-	-	25
Safety Management System Internal Audit Training	NevilleClarke	Multiple Runs	2	41	67
Safety Laws Seminar	NevilleClarke	August 27, 2016	-	5	20
Certification on Human Resource Program	IFPM Philippines	September 3, 2016	-	-	1
Communication Assertiveness	Guthrie-Jensen	September 6-8, 2016	-	-	1
Purina Livelihood Seminar	Purina	September 7-8, 2016	-	-	35
Certification on Human Resource Program	IFPM Philippines	September 10, 2016	-	-	1
Marina Convention	Marina	September 14-17, 2016	-	1	-
Construction Occupational Safety & Health	Safety House, Inc.	Multiple Runs	-	11	42
Safety Management on Hazardous Materials	Safety House, Inc.	October 8, 2016	-	9	51
PICE NatCon	PICE	November 17-20, 2016	-	-	5
Refrigeration & Air Conditioning Training	TESDA & DENR EMB	November 15-19, 2016	-	-	19
IIEE NatCon	IIEE	November 22-26, 2016	-	-	1
Job Evaluation	Ronie Turla	November 25-26, 2016	-	26	-
Document Information Documents & Records Control	NevilleClarke	Multiple Runs	-	17	32
DOLE Congress	DOLE	Nov. 29-Dec. 1, 2016	-	1	2
GEOCON	GSP	December 12-16, 2016	-	1	-
HR CompenBen Training	Business Maker Academy	December 13-15, 2016	-	-	2
GeoViaTraining	Dassault Systems	December 14-16, 2016	-	1	1

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

The Company has an Employee Stock Option Plan to reward Officers and Directors and to link the former's interest to the Company and the stockholders. Employees are given benefits under the collective bargaining agreements which are way and above the standards provided by the Labor code, as amended, and other allied laws.

- 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 Business Conduct and Ethics contains explicit provisions and guidelines for every officer and employee when faced with issues on legality of an act and behavior. Our whistle-blowing policy includes detailed procedures related to raising complaints on possible violations of the Code, investigations, protection against retaliations, monitoring and recording of complaints.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corp (Filipino)	4,582,147,264	60.27%	Public
Mantra Resources Corporation	1,953,479,738 (indirect through PCD Nominee Corp.)	25.60%	Manuel B. Zamora, Jr.
Sumitomo Metal Mining Philippine Holdings Corp.	1,444,657,926 550,932,800 (indirect through PCD Nominee Corp.)	26.25%	None
Ni Capital Corporation	1,016,831,382 (indirect through PCD Nominee Corp.)	13.37%	Philip T. Ang
Nonillion Holding Corporation	720,000,000 250,838,016 (indirect through PCD Nominee Corp.)	12.77%	Luis J. Virata
PCD Nominee Corp. (Foreign)	803,300,166	10.57%	Public

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Manuel B. Zamora, Jr.	5,982,236	932,128 - through PCD Nominee Corporation 1,953,479,738 - through Mantra Resources Corporation	25.78%
Philip T. Ang	1,616,724	147,036/through PCD Nominee Corp. 1,016,831,382/through Ni Capital Corporation	13.40%
Luis J. Virata	400	720,000,000/through Nonillion Holding Corp. 250,838,016/through PCD Nominee Corp.	12.77%
TOTAL	7,599,360	3,942,228,300	51.95%

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	Yes

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.	Php13,457,117	Php1,574,115

4) Medium of Communication

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

The Company uses written communication in disseminating information to its shareholders. It also discloses certain matters for the benefit of the shareholders through the Philippine Stock Exchange website.

5) Date of release of audited financial report: March 15, 2017

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 (In Thousands)

RPT	Relationship	Nature	2016	2015
Pacific Metals Co., Ltd.	Stockholder	Sale of ore	Php2,333,894	Php2,853,830
		Draft survey fee	483	359
		Despatch income	1,309	7,228
		Other service fee	-	224
Sumitomo Metal Mining Co., Ltd./Sumitomo Metal Mining Philippine Holdings Corporation	Stockholder	Sale of ore	-	438,851
		Guarantee service fee	100,009	124,194
		Short-term advances	1,250	1,250
		Interest expense on long-term debt	2,383	2,861
Nickel Asia Holdings Inc.	Stockholder	Short-term advances	-	14
Manta Equities Inc.	With Common Stockholders	Rentals, dues and utilities	27,657	26,687
		Rental deposits	10,184	10,163
		Short-term advances	-	3
		Loan facility	-	180,000
		Interest expense on short-term debt	4,234	5,066
Taganito HPAL Nickel Corporation	Associate	Sale of ore	915,150	1,114,844
		Rendering of service	133,241	129,202
		Materials handling	225,298	270,185
		Rental income	6,703	6,703
		Rental deposit payable	3,352	3,352
		Rendering of other service	863	2,208
		Short-term advances	19,945	21,484
		Interest expense on long-term debt	36,474	31,118
Coral Bay Nickel Corporation	Associate	Sale of ore and services	1,204,738	1,543,469
		Infralease and throughput	52,092	50,640
		Other income	95,637	49,402
		Short-term advances	-	544

Refer to Note 34 of the 2016 Notes to Consolidated Financial Statements.

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 reviews significant related party transactions to determine whether they are in the best interests of the Company and the terms and conditions are fair and reasonable.

J. RIGHTS OF STOCKHOLDERS

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

(a) Quorum

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

Quorum Required	Majority of the Outstanding Capital Stock
------------------------	---

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Please see explanation below
Description	

Corporate acts that require the approval of stockholders are brought before them during the stockholders meeting and are put to vote according to the provisions of the Corporation Code. The resolutions which need approval are indicated in the notice sent to the stockholders prior to the meeting.

(c) Stockholders' Rights

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

The Stockholders have not been given any rights different from those provided under the Corporation Code.

Dividends

Type of Dividend	Declaration Date	Record Date	Payment Date
Cash	March 15, 2017	March 29, 2017	April 11, 2017
Cash	March 15, 2016	March 31, 2016	April 12, 2016
Stock	June 05, 2015	July 16, 2015	August 11, 2015
Cash	March 27, 2015	April 15, 2015	April 27, 2015
Stock	December 18, 2014	January 12, 2015	January 28, 2015
Cash	November 10, 2014	November 24, 2014	December 10, 2014
Cash	March 24, 2014	April 10, 2014	May 8, 2014

(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
Please see explanation below	

All shareholders were notified of the date and venue of the meeting and were given materials as to the resolutions to be passed and other items in the agenda prior to the meeting. Everyone was encouraged to ask questions before the Board during the meeting.

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 follows the provisions of the Corporation code in the voting requirement for the approval by the shareholders of the abovementioned corporate acts.

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?

Yes, the Company sends timely notice of meetings to shareholders.

- a. Date of sending out notices: 10 May 2016
- b. Date of the Annual 06 June 2016

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

No significant questions were asked by the shareholders during the meeting.

5. Result of Annual Stockholders' Meeting's Resolutions

The Company's 2016 Annual Stockholders' Meeting was held on 06 June 2014 with the following results:

Resolution	Approving	Dissenting	Abstaining
Approval of Minutes of 05 June 2015 Annual Stockholders' Meeting	7,056,508,576	0	0
Approval of Annual Report and Audited Financial Statements for the Year Ended 31 December 2015	6,972,466,758	0	0
Ratification of acts of the Board of Directors and Executive Officers	6,972,706,758	0	84,041,818
Appointment of External Auditor (Sycip Gorres Velayo & Co.)	6,967,706,758	0	80,502,218

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

10 June 2015

(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.	

(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	1. Manuel B. Zamora, Jr. - Chairman 2. Philip T. Ang – Vice Chairman 3. Luis L. J. Virata – Director 4. Gerard H. Brimo – Director, President and CEO 5. Martin Antonio G. Zamora – Director, SVP – Marketing and Strategic Planning 6. Takanori Fujimura – Director 7. Takeshi Kubota – Director 8. Fulgencio S. Factoran, Jr. – Independent Director 9. Frederick Y. Dy – Independent Director 10. Barbara Anne C. Migallos – Corporate Secretary 11. Emmanuel L. Samson – SVP-Finance, CFO 12. Raymundo B. Ferrer – SVP – Security and Administration 13. Jose B. Anievas – SVP-Operations, COO 14. Rolando R. Cruz – VP Operations 15. Jose Roderick F. Fernando – VP Legal and Special Projects 16. Jose Bayani D. Baylon – VP Corporate Communications	06 June 2016	(Explain voting procedure in detail)	0.22%	84.63%	84.85%

	17. Koichi Ishihara – VP Marketing and Purchasing 18. Ma. Angela G. Villamor – VP Internal Audit 19. Gerardo Ignacio B. Ongkingco – VP Human Resources 20. Augusto C. Villaluna – VP Operations					
--	--	--	--	--	--	--

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

Yes. The Company retains the services of Stock Transfer Service, Inc. for this purpose.

(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, the Company’s common shares carry one vote per share. The Company’s preferred shares have the same voting rights as those of the common shares.

(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	As provided under the Company’s by-laws, a shareholder may vote by proxy, which shall be valid only for the meeting at which it has been presented to the Secretary. All proxies must be in the hands of the Secretary before the time set for the meeting. Proxies filed with the Secretary may be revoked by the shareholders either in an instrument in writing duly presented and recorded with the Secretary, prior to a scheduled meeting or by their personal presence at the meeting.
Notary	
Submission of Proxy	
Several Proxies	
Validity of Proxy	
Proxies executed abroad	
Invalidated Proxy	
Validation of Proxy	
Violation of Proxy	

As provided under the Company’s by-laws, a shareholder may vote by proxy which shall be valid only for the meeting at which it has been presented to the Secretary. All proxies must be in the hands of the Secretary before the time set for the meeting. Proxies filed with the Secretary may be revoked by the shareholders either in an instrument in writing duly presented and recorded with the Secretary, prior to a scheduled meeting or by their personal presence at the meeting.

(h) Sending of Notices

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

Policies	Procedure
Please see explanation below	

Notices for regular or special meetings of shareholders may be sent by the Secretary by personal delivery or mail at least 2 weeks prior to the date of the meeting to each shareholder of record at his last known address. The notice shall state the place, date, and hour of the meeting, and the purpose or purposes for which the meeting is called.

When the meeting or shareholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	67
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	10 May 2016
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	10 May 2016
State whether CD format or hard copies were distributed	Hard copies of the notices were distributed with the Definitive Information Statements and the Audited Consolidated Financial Statements in CD Format.
If yes, indicate whether requesting stockholders were provided hardcopies	Yes, requesting stockholders were provided hardcopies.

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

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	Yes

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

2) Treatment of Minority Stockholders

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

Minority stockholders receive the same treatment as the majority stockholders and as provided under the law.

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

Yes. Under the Company's by-laws all shareholders, regardless of the number of shareholdings, have the right to nominate candidates for the Board.

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 Company is committed to making timely, full and accurate disclosures and distributing other corporate communication materials in accordance with the disclosure rules of the Philippine Stock Exchange.

External and internal communications are handled by the Corporate Communications, Legal, and Investor Relations units. Major company announcements are reviewed and approved by the VP-Corporate Communications, VP-Legal, SVP-Strategic Planning, the Chief Financial Officer, and the President and Chief Executive Officer.

The policy is subject to regular review by senior management and the Board of Directors to ensure its effectiveness. Updates and amendments (as appropriate) will be made to reflect current best practices in our communication with the investment community.

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 make timely, full and accurate disclosures and distributing other corporate communication materials in accordance with the disclosure rules of the Philippine Stock Exchange.
(2) Principles	The Company is committed to upholding the integrity of the capital markets by making timely, full and accurate disclosures, and allowing equitable access to information in terms of timing and content among market participants through the various modes of communications.
(3) Modes of Communications	The Company actively engages the investment community via: <ol style="list-style-type: none"> 1. Annual General Meeting and Special Shareholders Meeting if necessary; 2. Quarterly results are posted on the Company's corporate website; 3. One-on-one/group meetings or conference calls, investor luncheons, local/overseas roadshows and conferences; 4. Mine site and plant visits; 5. Annual reports; 6. News releases and statements.
(4) Investors Relations Officer	Mr. Emmanuel L. Samson Tel. +632 7987622 Fax +632 892 5344 Email manny.samson@nickelasia.com

- 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?

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

Company's Rules and Procedures for Mergers and Acquisitions:

- 1) Senior Management assesses a potential transaction in the context of strategic goals of the Company and the group;
- 2) After pre-clearing the potential transaction with the Chairman, a more detailed due diligence procedure is conducted. A project team composed of members from operations, technical, financial, legal, internal audit, etc.) is formed, and external advisors (legal, accredited appraiser/valuator, tax lawyer, etc.) are engaged;
- 3) The project team reports the key transaction risks and proposed mitigation strategies, as well as the terms of the proposed offer, structure and other arrangements to the CEO;
- 4) The CEO reviews the project team's report and obtains the approval of the Board of Directors;
- 5) After the Board approval, the final bid or offer is prepared and the binding terms of the definitive agreements are negotiated and discussed;
- 6) Once an agreement is reached and the acquisition documents are signed, the transaction is disclosed to the public following the SRC and PSE rules on disclosures.

Company's Rules and Procedures for Divestments:

- 1) Senior Management assesses the portfolio or assets, investments or business unit in the context of strategic goals of the Company and the group;
- 2) A project group composed of members from legal, finance, technical, etc. prepares the proposed divestment plan. Consultants (tax lawyer, legal, internal audit, etc.) are engaged;

- 3) The CEO reviews the divestment plan and obtains the approval of the Board of Directors;
- 4) After the Board approval, the final divestment plan with potential buyers and target selling price is prepared;
- 5) A Non-Disclosure Agreement (NDA) is signed with the potential buyers;
- 6) After signing the NDA/exclusivity agreement, due diligence by potential buyers commences;
- 7) Offers are evaluated by a committee that will be formed by Management, who recommends the best offer to the Board of Directors and Stockholders, if necessary, for approval;
- 8) Once approved, the final bid or offer is prepared and the binding terms of the definitive agreements are negotiated and discussed;
- 9) After signing, the transaction is then disclosed to the public following the SRC and PSE rules on disclosures.

In 2016, the firm of Isla Lipana & Co was engaged to issue a valuation report on the Taganito HPAL Nickel Corporation shares which were partially divested by the Company.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

On top of the Company's Social Development and Management Program wherein the operating mines are mandated to provide social, livelihood, and economic assistance to the host and neighboring communities, the Company has the following CSR initiatives:

Initiative	Beneficiary
1. Medical and surgical missions	Residents of Surigao del Norte; Barangay Talavera, Sitio Bagong Silang and Campandan, Municipality of Tagana-an; Barangays Boa, Legaspi and Valencia in Cagdianao and Barangay Bayanihan in Libjo (Dinagat Province); Bataraza, Palawan
2. Construction of Taganito National High School	Department of Education - Taganito
3. DOST's RED Reading materials	Province of Surigao
4. Improvement of Gym (fencing and painting)	Barangay of Camam-onan
5. Educational assistance	Students from Camam-onan (Indigenous Peoples and local residents); Bataraza scholars and students
6. Construction of school library, canteen, covered court, slope protection, drainage system and road gravelling,	Punta Naga Elementary School
7. Scholarship grants	AMPANTRIMTU IP student scholars; BSEM scholars from Guiuan, Samar
8. Salaries and benefits of school personnel, school and office supplies, teachers' trainings and seminars, schools and instructional materials, other school obligation, electricity bills, furniture and fixtures, other donations	Punta Naga Elementary School
9. Construction of evacuation center	Barangay Taganito

10. Financial assistance in relation to:	
a. the construction of Parish rectory, church, and pastoral activities	San Isidro communities in Siargao Island; Taganaan communities; Bataraza Most Sacred Heart of Jesus Parish Church,
b. Buntis Congress celebration	Municipality of Dumaran, and Barangay Igang-igang (Palawan)
c. Purchase of chairs and playground facilities	Barangay Buliluyan
d. Slippers and painting materials of IP students	Barangay Malihud
e. School's drum and lyre travel expenses	Barangay Bono-bono IP students
f. Foundation day	Rio Tuba National High School
g. Ramadan celebration	Municipality of Brooke's Pt., various barangays in Bataraza
h. Indigenous Peoples (IPS) Tribal games	Barangay Rio Tuba and Barangay Tarusan Phil. Foces, Rizal Palawan
11. Provision of Information, Education and Communication (IEC) materials for Disaster Risks Reduction Measures	Province of Surigao del Norte
12. Outreach program	Cagdianao town
13. Health assistance (medical and dental)	Dinagat province; various barangays in Palawan
14. Skills training (dumptruck driving)	Barangays Boa, Legaspi and Valencia in Cagdianao and Barangay Bayanihan in Libjo (Dinagat Province)
15. OPERATION SMILE (cleft/lip surgery)	Palawan communities
16. Water deliveries (wedding, burial and daily consumption)	Barangay Rio Tuba communities
17. Maintenance of moques	Barangay Rio Tuba
18. IEC	Rotary Club Puerto Princesa City
19. Improvement of road pavement, backfilling/gravelling of Bgy. Public Terminal	Barangay Rio Tuba
20. Sponsorship for the 15th Southern Tagalog Cooperative Congress	Palawan government
21. Fuel allocation and repair of service vehicle	Government
22. Repair of dented stanchion	Philippine Navy
23. Donation of monblock benches	Southern Palawan Provincial Hospital
24. Cleaning of overhad water tank of level III water system	Barangay Rio Tuba
25. Repair of septic tank	Sitio Tagdalungon
26. Monthly honorarium	MSHJP Priest
27. Incentives of MADRAZA teachers	MADRAZA teachers of Barangay Rio Tuba
28. Transportation assistance (final interment, fetch and ferry Bohoy students)	Rio Tuba communities
29. Coastal clean-up	Rio Tuba communities
30. Various donations and assistance for fiesta activities and other community activities	various barangays in and outside of Claver town; Barangay Talavera; Municipality of Tagana-an; Rio Tuba

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	Please see explanation below	Please see explanation below
Board Committees	Please see explanation below	Please see explanation below
Individual Directors	Please see explanation below	Please see explanation below
CEO/President	Please see explanation below	Please see explanation below

The Board of Directors has established an assessment or rating system to measure the performance of the Board; the Directors; and of the Chief Executive Officer (CEO). The Board sets the criteria in the assessment of the Board and the Directors. The assessment of the performance of the CEO is undertaken by the Board in executive session.

In the case of the audit committee, the criteria includes the guidelines provided under the SEC Memorandum Circular No. 4, series of 2012. The self-rating results are summarized by the Corporate Secretary and presented to the Board. Performance appraisal of the CEO is conducted by the Board based on these dimensions: strategy and vision, leadership, innovation, operating metrics, risk management, people management, and external relationships.

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
Please see explanation below	

Under the Company’s Code of Business Conduct and Ethics, all complaints and/or disclosures about violations of the Manual, the Code of Business Conduct and Ethics, other corporate governance rules, the Code of Discipline, and related or equivalent policies are handled by the Investigating Unit or the ad hoc committee which may adopt procedures in implementing disciplinary action in the Code of Discipline or equivalent policy of the Company. Otherwise, it shall adopt comprehensive policies and procedures for the proper handling, investigation, resolution and reporting of all whistleblower complaints referred to it. The Investigating Unit shall ensure that the investigation is conducted in accordance with existing laws, regulations, applicable Company policies and procedures, and due process.

If the complaint is determined to have been substantiated, the Corporate Governance Officer shall issue a report for appropriate action under the Code of Discipline or equivalent Company rules. The respondent shall be informed in writing of the particular act constituting the offense or infraction imputed to him, shall be required to answer the charges against him and shall be afforded the opportunity to be heard and to defend himself. Investigation and determination of the appropriate disciplinary action shall be in accordance with the Company’s Code of Discipline or equivalent policy of the Company.

Pursuant to the requirement of the Securities and Exchange Commission, this Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _____ on _____, 20__.

SIGNATURES


 MANUEL B. ZAMORA, JR.
 Chairman of the Board


 GERARD H. BRIMO
 Chief Executive Officer


 FULGENCIO S. FACTORAN
 Independent Director

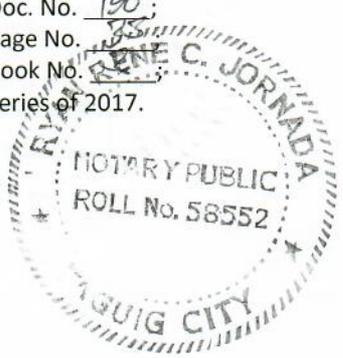

 FREDERICK Y. DY
 Independent Director

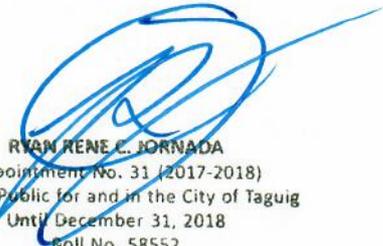

 JOSE RODERICK F. FERNANDO
 Compliance Officer

SUBSCRIBED AND SWORN to before me this MAY 29 2017 day of 20, affiant(s) exhibiting to me their PASSPORTS, as follows:

NAME/NO.	DATE OF ISSUE	PLACE OF ISSUE
MANUEL B. ZAMORA, JR.	EB9270374 - 01 October 2013	Manila
GERARD H. BRIMO	DI914438A - 11 February 2017	Manila
FULGENCIO S. FACTORAN, JR.	EC4081648 - 04 May 2015	NCR south
FREDERICK Y. DY	EB9904315 - 03 January 2014	Manila
JOSE RODERICK F. FERNANDO	EB7275047 - 02 February 2013	Manila

Doc. No. 158
 Page No. 35
 Book No. 158
 Series of 2017.




 RYAN RENE C. JORNADA
 Appointment No. 31 (2017-2018)
 Notary Public for and in the City of Taguig
 Until December 31, 2018
 Roll No. 58552
 PTR No. A-3295929/19 January 2017/Taguig City
 IBP No. 015794 (Lifetime)/O.R. No. 1070904 / 30 January 2017
 MCLE Compliance No. V-0018775, until 19 April 2019
 28F NAC Tower, 32nd Street, BGC, Taguig City