

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.

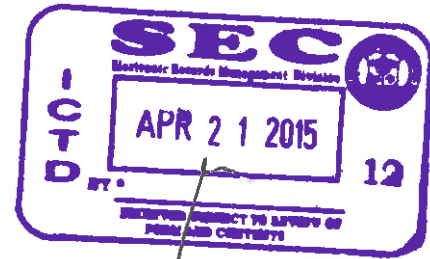
**(C) Signature and Filing of the Report**

- 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 2014
2. Exact Name of Registrant as Specified in its Charter 2GO Group Inc.
3. 15<sup>th</sup> Floor Times Plaza Bldg. United Nations Ave. corner Taft Ave., Ermita, Manila 1000  
Address of Principal Office Postal Code
4. SEC Identification Number 4409
5.  (SEC Use Only)  
Industry Classification Code
6. BIR Tax Identification Number 000-313-401-000
7. (02)528 – 7546/ (02) 528 - 7412  
Issuer's Telephone number, including area code
8. 12<sup>th</sup> Floor Times Plaza Bldg. United Nations Ave. corner Taft Ave., Ermita, Manila  
Former name or former address, if changed from the last report

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**A. BOARD MATTERS**

1) Board of Directors

Number of Directors per Articles of Incorporation	9
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Actual number of Directors for the year	9
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**(a) Composition of the Board**

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) <sup>1</sup>	Elected when (Annual /Special Meeting)	No. of years served as director
Francis C. Chua	ID	N/A	Nelson T. Yap, not related	Jan. 2011	07-25-2014 4years	Annual Meeting	4
Sulficio O. Tagud, Jr.	ED	N/A		Dec. 2010	07-25-2014	Annual Meeting	4
Jeremias E. Cruzabra	ED	N/A		Dec. 2010	07-25-2014	Annual Meeting	4
Raul CH. Rabe	ID	N/A	Jeremias E. Cruzabra, not related	Dec. 2010	07-25-2014 4years	Annual Meeting	4
Monico V. Jacob	ID	Negros Navigation Co., Inc.	Jeremias E. Cruzabra, not related	Dec. 2010	07-25-2014 4years	Annual Meeting	4
Nelson T. Yap	NED	N/A		Dec 2011	07-25-2014	Annual Meeting	3
Mark E. Williams	NED	Negros Navigation Co., Inc.		Dec. 2010	07-25-2014	Annual Meeting	4
Bei Xu	NED	Negros Navigation Co., Inc.		July 2014 <sup>2</sup>	07-25-2014	Annual Meeting	1
Patrick Ip	NED	Negros Navigation Co., Inc.		Oct 2011	07-25-2014	Annual Meeting	3

(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.

It shall be the Board's responsibility to foster the long-term success of the Company and secure its sustained competitiveness in manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Company, its shareholders and other stakeholders. A director's office is one of

<sup>2</sup> Replaced Geoffrey M. Seeto on March 2014. Subsequently, she was nominated and elected as a director during July 25, 2014 Annual stockholders meeting.

trust and confidence. He/she should act in the best interest of the Company in a manner characterized by transparency, accountability and fairness. He/she should exercise leadership, prudence and integrity in directing the corporation towards sustained progress over the long term. A director assumes certain responsibilities to different constituencies or stakeholders, who have the right to expect that the institution is being run in a prudent and sound manner. A Board member or other officer should exercise their powers and discharge their duties in good faith, in the interests of the company and for a proper purpose.

The Company's Board of Directors shall be committed to respect the following rights of the stockholders: (1) Voting rights; (2) Pre-emptive rights; (3) Power of Inspection; (4) Right to Information; (5) Right to Dividends, and; (6) Appraisal Rights. It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of stockholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of stockholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to stockholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of stockholder information necessary to make informed decisions subject to legal constraints.

All material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management corporate strategy, and off balance sheet transactions. The Board shall commit at all times to fully disclose material information dealings. As a general rule, no director, officer, staff or employee of the Company may communicate material non-public information about the Company to any person, unless the Company is ready to simultaneously disclose the material non-public information to the Philippine Stock Exchange, except when disclosure is made to: (a) a person who is bound by duty to maintain trust and confidence to the Company such as but not limited to its auditors, legal counsels, investment bankers, financial advisers; and, (b) a person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain. Furthermore, selective disclosure of material non-public information ahead of the general public to securities analysts, institutional investors or other third parties who do not fall under (a) and (b) is strictly prohibited.

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

The Board reviews the vision and mission on an annual basis and approves any revision as deemed necessary.

(d) Directorship in Other Companies

(f) Directorship in the Company's Group<sup>3</sup>

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.
Francis C. Chua	Negros Navigation Co., Inc. (Parent Company)	Chairman, Independent
Sulficio O. Tagud, Jr.	Negros Navigation Co., Inc. (Parent Company)	Executive
	Negrense Marine Integrated Services, Inc.	Chairman, Non-Executive
	Brisk Nautilus Dock Integrated Services, Inc.	Chairman, Non-Executive

<sup>3</sup> The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

	NN-ATS Logistics Management & Holdings Co., Inc.	Chairman, Non-Executive
	2GO Express, Inc.	Chairman, Executive
	Supercat Fast Ferry Corporation	Chairman, Executive
	MCC Transport Philippines, Inc.	Non-Executive
	Special Container and Value Added Services, Inc.	Chairman, Non-Executive
	J&A Services Corporation	Chairman, Non-Executive
	Red.Dot Corporation	Chairman, Non-Executive
	Supersail Services Inc.	Chairman, Non-Executive
	Sun-Gold Forwarding Corporation	Chairman, Non-Executive
	Super Terminals, Inc.	Chairman, Non-Executive
	2GO Logistics, Inc.	Chairman, Non-Executive
	Hapag-Lloyd Philippines, Inc.	Chairman, Non-Executive
	Scanasia Overseas Inc.	Chairman, Non-Executive
	Hansa Meyer Projects Phils., Inc.	Chairman, Non-Executive
	KLN Logistics Holdings Philippines, Inc.	Non-Executive
	Kerry Logistics (Phils.), Inc.	Non-Executive
	Astir Engineering Works, Inc.	Chairman, Non-Executive
Jeremias E. Cruzabra	Negros Navigation Co., Inc. (Parent Company)	Executive
	Negrense Marine Integrated Services, Inc.	Non-Executive
	Brisk Nautilus Dock Integrated Services, Inc.	Non-Executive
	NN-ATS Logistics Management & Holdings Co., Inc.	Executive
	2GO Express, Inc.	Non-Executive
	Supercat Fast Ferry Corporation	Executive
	Special Container and Value Added Services, Inc.	Non-Executive
	J&A Services Corporation	Executive
	Red.Dot Corporation	Executive
	Supersail Services Inc.	Executive
	Sun-Gold Forwarding Corporation	Executive
	Super Terminals, Inc.	Executive
	2GO Logistics, Inc.	Executive
	Hapag-Lloyd Philippines, Inc.	Executive
	Scanasia Overseas Inc.	Executive
	Hansa Meyer Projects Phils., Inc.	Executive
	Astir Engineering Works, Inc.	Executive
Raul Ch. Rabe	Negros Navigation Co., Inc. (Parent Company)	Independent
Monico V. Jacob	Negros Navigation Co., Inc. (Parent Company)	Independent
Mark E. Williams	Negros Navigation Co., Inc. (Parent Company)	Non-Executive
Bei Xu	Negros Navigation Co., Inc. (Parent Company)	Non-Executive
Patrick Ip	Negros Navigation Co., Inc. (Parent Company)	Non-Executive
Nelson T. Yap	Negros Navigation Co., Inc. (Parent Company)	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.
Francis C. Chua	Philippine Stock Exchange	Non-Executive Director
	Basic Energy Corporation	Non-Executive Director
Raul Ch. Rabe	Vivant Corporation	Independent Director
	Jollibee Foods, Inc.	Independent Director
	Asian Terminals, Inc	Non-Executive Director
	Phoenix Petroleum Philippines, Inc	Independent Director
	STI Education Systems Holdings, Inc	Executive Director

(iii) Relationship within the Company and its Group

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
- NONE -		

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

	Guidelines	Maximum Number of Directorships in other companies
<b>Executive Director</b>	<p>The Board shall consider the following guidelines in the determination of the number of the directorships for the Board:</p> <p>a. The nature of the business of 2GO Group, Inc. (2GO);</p> <p>b. Age of the director;</p> <p>c. Number of directorship / active memberships and officerships in other corporations or organizations; and</p> <p>d. Possible conflict of interest.</p>	<p>The optimum number of directorships a Director shall hold shall be related to the capacity of a Director to perform his duties diligently in general.</p> <p>The Chief Executive Officer and other executive directors shall submit themselves to a low inactive limit on membership in other corporate Boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.</p>

(e) Shareholding in the Company

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Francis C. Chua	1,000	9,000 Record Owner: PCD Nominee Corporation (Filipino)	0.00%
Sulficio O. Tagud, Jr.	- none -	1,000 Record Owner: PCD Nominee Corporation (Filipino)	0.00%
Jeremias E. Cruzabra	- none -	1,000 Record Owner: PCD Nominee Corporation (Filipino)	0.00%



Nelson T. Yap	Beneficial Owner: Negros Navigation Co., Inc.	1	- none -	0.00%
Mark E. Williams	- none -		1,000 Record Owner: PCD Nominee Corporation (Non-Filipino)	0.00%
Bei Xu	Beneficial Owner: Negros Navigation Co., Inc.	1	- none -	0.00%
Raul Ch. Rabe	- none -		1,000 Record Owner: PCD Nominee Corporation (Filipino)	0.00%
Patrick Ip	Beneficial Owner: Negros Navigation Co., Inc.	1	- none -	0.00%
Monico V. Jacob	Beneficial Owner: Negros Navigation Co., Inc.	1	- none -	0.00%
<b>TOTAL</b>		<b>1,004</b>	<b>13,000</b>	<b>0.00%</b>

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	Francis C. Chua
CEO/President	Sulficio O. Tagud, Jr.

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	<p>The duties and responsibilities of the Chairman in relation to the Board may include, among others, the following:</p> <ol style="list-style-type: none"> <li>1. Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chairman may deem necessary.</li> <li>2. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors; and</li> </ol>	<p>Highest ranking corporate officer, tasked with the overall management of the Corporation, including, but not limited to:</p> <ol style="list-style-type: none"> <li>1. Working in coordination with the Board of Directors;</li> <li>2. Developing and implementing the overall corporate strategy;</li> <li>3. Heading the Executive and Management Committees to ensure that the annual deliverables of the Corporation, as approved by the Board of Directors, are achieved; and</li> </ol>

	Maintain qualitative and timely lines of communication and information between the Board and Management.	4. Maintaining relationships with the various stakeholders, including, but not limited to, government entities, banks, industry associations and key customers.
Accountabilities	He is accountable to the board and shareholders. He shall monitor the Company's compliance with the Corporate Governance Manual and ensure that board meetings are held on schedule and according to the By-Laws	He is accountable to the members of the Board in providing adequate and timely information about the Company's performance, specific topics or inquiries as requested. He provides leadership to management in developing and implementing business strategies and plans as approved by the Board.
Deliverables	He provides supervision over the preparation of meeting agenda in coordination with the Corporate Secretary. He ensures that the communication line between Management and the Board is maintained.	He provides adequate and timely information about the Company's performance and implements business strategies and controls to achieve the Company's goals and objectives.

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

The Board takes a direct interest in leadership succession, for the CEO in particular and other senior officers, who must have the motivation, integrity, competence and professionalism at a very high level. To assist the Board is the Nomination, Compensation and Remuneration Committee with the following roles: (1) Ensure that appropriate senior leadership succession planning is in place throughout the Company, both in terms of program design and in terms of consistent execution; (2) Periodically receive and consider reports related to succession planning from the Company's senior leadership, through the CEO; (3) Evaluate the balance of skills, knowledge and experience required for the CEO and other senior leadership roles, and in light of this identify candidates who may be suitable as potential successors to those roles, and their state of readiness to assume those responsibilities, if necessary; and, (4) Recommend to the Board the actual successor to the CEO and other key senior leadership roles, including the Chief Finance Officer, the Chief Strategy Officer, the Chief Resource Officer, and any other senior role agreed by the Board and the CEO from time to time, in the event of the current incumbent's resignation, termination, or non-renewal of his/her contract for any reason.

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.

Despite the absence of an explicit policy to ensure diversity of experience and background of board of directors, the Company, as stated in its Revised Corporate Governance Manual (the "Manual"), requires all members of the Board to have previous business experiences and to have the right skills, characteristics and capacity to provide business continuity to the Company.

Below are the profiles of the Company's board of directors:

**Mr. Francis C. Chua, Chairman of the Board and Independent Director**, 64 years old, Filipino, has served as Chairman of the Board since July 2011 and as an Independent Director of 2GO since January 2011. He is the Chairman of the Board Audit and Corporate Governance Committees. He is the Chairman of the Board of NENACO since July 2011. His other current positions include Honorary Consulate General of the Republic of Peru in Manila; President and Eminent Adviser of the Philippine Chamber of Commerce and Industry; Chairman of the Philippine Chamber of Commerce and Industry Foundation, CLMC Group of Companies, and Green Army Philippines Network Foundation; President of DongFeng Automotive, Inc. and Philippine Satellite Corporation; Director of Philippine Stock Exchange, National Grid Corporation of the Philippines, Bank of Commerce, Basic Energy, and Overseas Chinese University; and Trustee of Xavier School Educational Trust Fund, and Adamson University. He

graduated with a Bachelor of Science degree in Industrial Engineering from the University of the Philippines.

**Mr. Sulficio O. Tagud, Jr., President and Chief Executive Officer**, 64 years old, Filipino, has served as the President and Chief Executive Officer and a Director of 2GO since December 2010. He is the Chairman of the Compensation, Remuneration and Nomination Committee of the Company. Prior to this, he has served as Chairman of the Board of the Company from October 2004 up to July 2011, as Chairman and CEO of C&P Homes, Inc., as President of ML &H Corp., Capital Securities One, Inc. and Bonifacio Land Corporation. He was a Director of Bonifacio Development Corp. and Public Estates Authority and PEA Tollways. Further, his current positions include the following: Chairman and President of KGLI-NM Holdings, Inc. since July 2008; President, Chief Executive Officer and a Director of NENACO since 2004; Chairman and CEO of Negros Holdings & Management Corporation since December 2006; and Chairman of the Philippine Liner Shipping Association. He graduated Class Valedictorian with a Bachelor of Science degree in Business Administration, major in Economics (Magna Cum Laude) at Xavier University, Cagayan De Oro City. He also completed his Masters in Industrial Economics at the Center for Research and Communication in Manila, and Masters in Business Administration at the Ateneo de Manila University. He completed Real Estate Development Program at the Urban Land Institute at Washington, D.C., U.S.A.

**Mr. Jeremias E. Cruzabra, Director and Chief Finance Officer**, 48 years old, Filipino, has served as Director since December 2010, Treasurer and Chief Finance Officer since June 2011, and Corporate Information Officer since December 2011 of 2GO. He has served also as the Chief Finance Officer of NENACO from April 2004 to August 2013; Chief Finance Officer and Board Director of KGLI-NM Holdings, Inc. since July 2008; Vice-President and Chief Finance Officer/Treasurer of Negros Holdings & Management Corporation since December 2006; Court-Appointed Receiver of Selegna Holdings Corporation since November 2006; Chief Finance Officer (and later Trustee) of Sapphire Securities, Inc. (owned by the Brunei Investment Agency) from 1997 to 1999. In 1999, he co-founded Business Sense, Inc. (BSI), a business-consulting firm that specializes in strategy formulation and productivity improvement. BSI is affiliated with INPACT Asia-Pacific, an international network of public accounting firms. He started his career with SGV & Co. (a member company of Ernst & Young) from 1988 to 1992. After SGV, he held managerial/executive positions in several subsidiaries of Metro Pacific Corporation from 1992 to 1997. Mr. Cruzabra, who is a Certified Public Accountant, graduated with a Bachelor of Science degree in Commerce, major in Accounting (Magna Cum Laude). He completed his Master's in Business Administration at Murdoch University in Perth, Western Australia. Mr. Cruzabra is also a Certified Securities Representative in the Philippine Stock Exchange.

**Amb. Raul Ch. Rabe**, 74 years old, Filipino, has been an Independent Director of 2GO since December 2010. He is also the Chairman of the Risk Management Committee. He served as an Independent Director of NENACO since December 2010; Independent Director of KGLI-NM Holdings, Inc. since July 2008; Director of Bancommerce Investment Corporation since 2007; Director of Vivant Corporation since 2002; Director of Bank of Commerce since 2001; Corporate Secretary of Manila Economic and Cultural Office since 2001, and Of Counsel for Rodrigo, Berenguer and Guno Law Offices since 1999. He graduated with a Bachelor of Arts degree at the University of Santo Tomas, and Bachelor of Laws degree from the Ateneo de Manila Law School and a member of the Philippine Bar since 1965. He completed the Colombo Plan Scholarship on Diplomacy at the Australian Institute of Foreign Service in Canberra, Australia.

**Atty. Monico V. Jacob, Independent Director**, 69 years old, Filipino, has served as an Independent Director of 2GO since December 2011. He is as an Independent Director of NENACO since December 2010. As a partner of the Jacob & Jacob Law Firm, he has been involved in corporate recovery work including rehabilitation receiverships and restructuring advisory in the following firms: The Uniwide Group of Companies, ASB Holdings, Inc., RAMCAR Group of Companies, Atlantic Gulf and Pacific Company of Manila, Inc., Petrochemicals Corporation of Asia-Pacific, All Asia Capital and Trust Corporation (now known as Advent Capital and Finance Corporation), Nasipit Lumber Company, Inc. and NENACO. His current positions include: President and CEO of Systems Technology Institute, Inc. (STI), Information and Communications Technology Academy, Inc., PhilPlans First, Inc., Philhealthcare, Inc., Banclife Insurance Co. Inc., and JTH Davies Holdings, Inc.; Member of the Boards of Jollibee Foods, Inc., Advent Capital and Finance Corp., Asian Life Financial Assurance, Asian Terminals, Inc., Mindanao Energy, Inc., Phoenix Petroleum Philippines, Inc., De los Santos – STI College, De los Santos – STI Medical Center, Philippine Health Educators, Inc., Philippine Women's University, Unlad Resources Development Corporation, and Anvaya Cove Beach and Nature Club; and Chairman of the Boards of Total Consolidated Asset Mgmt, Inc., and Global Resource for Outsourced Workers, Inc. He completed his Bachelor of Arts in Liberal Arts from Ateneo de Naga and Bachelor of Laws from the Ateneo de Manila University.

**Mr. Nelson T. Yap, Director**, 56 years old, Filipino, has served as Director of 2GO since December 2011. He is the Executive Vice President and Group Chief Finance Officer of NENACO since September 2013. He has over 30 years of professional experience in public accounting, financial management, treasury, analysis, controls, accounting, budgeting, tax planning and management reporting with a multinational insurance company, a Hong Kong regional headquarter overseeing operations in Netherlands Antilles, U.K., France, Australia, and the U.S., and with a listed BPO company. During the past 5 years, He has served as a Director of NENACO since December 2011; Group Comptroller of Paxys, Inc., a publicly-listed BPO company, from 2006 to September 2011; and as Treasurer/Comptroller of NGL Pacific Limited from 2005 to June 2006. He is a Certified Public Accountant (15th Board placer), graduated with a Bachelor of Science degree in Commerce, major in Accounting (Cum Laude) from the Xavier University, Cagayan De Oro City. He took his Masters in Business Administration from Ateneo Graduate School of Business (no thesis) and further completed the same from Murdoch University in Perth, Western Australia.

**Mr. Mark E. Williams, Director**, 41 years old, American, has served as Director of 2GO since December 2010. He is a member of the Board Compensation, Remuneration and Nomination, and Board Audit and Corporate Governance Committees. He is a Board Director of NENACO since December 2010; Investment Director of KGL Investment Company, Damietta International Port Company, KGLI-NM Holdings, Inc. and Global Gateway Development Corporation. He has extensive experience in the energy and logistics industries and worked with Horizon Propane LLC in the capacity of Director of Financial Planning and Analysis and later as Vice President of Finance and Assistant Treasurer. In 2004, he accepted a position as a Director at Cross Holdings LLC, a privately held investment firm, where he led teams in all aspects of the deal process, from sourcing, to due diligence and post-acquisition management and operational restructuring of portfolio companies along with assessing various real estate investment opportunities. He also lead a team charged with the outsourcing of manufacturing of outdoor related products to manufacturers in China and advised a US based materials handling company owned by the principals of Cross Holdings. He is a Certified Public Accountant and obtained his Bachelor of Science degrees in Accounting, Business Administration, and Finance at the University of Akron in Akron, Ohio, U.S.A. He completed his Juris Doctorate degree at Case Western Reserve University, Cleveland, Ohio, U.S.A., and also obtained a Masters degree in Business Administration, concentration in Finance, from Weatherhead School of Management of the same university.

**Mr. Patrick Ip, Director**, 45 years old, Chinese, was appointed as Director of 2GO since October 2011. He is a Member of the Board Risk Management and Board Audit and Corporate Governance Committees of 2GO. He is also a Director of NENACO; Member of the Hong Kong Institute of Directors; and Head of Portfolio Supervision Management for China-ASEAN Capital Advisory Company, the advisor to the China-ASEAN Investment Cooperation Fund. Prior to this, he was the Chief Financial Officer of the private equity arm of the French bank, Natixis. Where he was responsible for all private equity activities in Asia (ex India). Throughout his career he gained substantial experience in auditing and financial transaction advisory, legal and compliance, litigation and arbitration as well as hedge fund and alternative investment. He is a Chartered Financial Analyst, a Certified Public Accountant (Hong Kong) and a Chartered Certified Accountant with PwC in London. He took his Bachelor of Laws degree from the London University Law Schools and his Bachelor of Arts degree major in Accounting and Finance from the Leeds University, UK.

**Ms. Xu Bei, Director**, 31 years old, Chinese, has been appointed as a Director of 2GO since March 2014. She was a Senior Product Manager of Ping An Bank Treasury Department in Shenzhen, China. She was a former Analyst of US Times Series and New York Instrument Static of Barclays Capital, Whippany, New Jersey, USA. She graduated with a degree in Bachelor of Science in Business Administration, major in Accounting and Finance from University at Buffalo, The State University of New York. She completed her Master of Applied Statistics from Cornell University in Ithaca, NY.

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

Despite the absence of an explicit policy as to the non-executive director having an experience in the sector or industry 2GO belongs to, the Company, as stated in its Revised Corporate Governance Manual (the "Manual"), explicitly requires all members of the Board to have a practical understanding of the businesses of 2GO.

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

	<b>Executive</b>	<b>Non-Executive</b>	<b>Independent Director</b>
<b>Role</b>	He maintains a primary identity as a Board member, while dealing with Board matters, at the same time brings to the Board the benefit of closer knowledge of operational considerations.	He possesses qualifications and stature that would enable him to effectively participate in the deliberations of the Board while maintaining transparency, accountability, and fairness in the decision-making process.	He brings fully to the Board the benefit of the Particular experience or expertise that encouraged the invitation to become a Board member, at the same time not feeling constrained to contribute on matters that may be outside personal experience and expertise.
<b>Accountabilities</b>	He is accountable to the Chairman of the Board and reports to the board regularly (e.g., quarterly, semiannually, or annually). The board may suggest on how to improve the organization but the Executive Director decides its implementation.	He is a custodian of the governance process. Although not involved in the day-to-day management of the business, he monitors the executive activity and also contributes to the development of strategy.	He is also a custodian of the governance process. Although not involved in the day-to-day management of the business, he monitors the executive activity and also contributes to the development of strategy. He should be independent in order to maintain his objectivity.
<b>Deliverables</b>	He is responsible for the design, development and implementation of strategic plans for the organization in effective and efficient manner.	He contributes to the development of strategy and monitors the performance of management in meeting the Company's objectives. He also monitors accuracy of financial reporting and appropriateness of controls implemented by management.	He contributes to the development of strategy and monitors the performance of management in meeting the Company's objectives. He also monitors accuracy of financial reporting and appropriateness of controls implemented by management.

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

"Independence" means independent from management or from substantial shareholders or has no relationship with Company.

The Company's independent directors are those who are independent of management and free from any business or other relationship that could, or could reasonably be perceived to; materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

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 requirements of SEC Memorandum Circular No. 9-2011, tackling on the "Term Limits for Independent Directors", were not yet incorporated in the Company's Manual. Nonetheless, one of the responsibilities of the Nomination, Compensation and Remuneration Committee is to develop a suggested policy for the

contracting and regular rotation of Board Independent Directors every two years, or at such other intervals as the Board may determine from time to time.

Further, the Manual expressly states the directors' responsibility to have a working knowledge of the statutory and regulatory requirements affecting the Company, including those of the SEC. Hence, directors are expected to comply with the requirements of the abovementioned Circular.

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

(a) Resignation/Death/Removal

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

Name	Position	Date of Cessation	Reason
Geoffrey M. Seeto	Director	March 31, 2014	Severance of his relationship with the group and his taking on a new venture with a third party

(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
<b>a. Selection/Appointment</b>		
(i) Executive Directors	The Board of Directors and Officers are selected and elected to serve the organization according to the procedures set forth in the By-Laws, with particular care in regard to a director's and an officer's ability to perform duties and responsibilities as specified in its Revised Corporate Governance Manual (the "Manual").	The Board follows a screening process and evaluates its Directors and Officers based on:  a. Background b. Skills and characteristics c. Ability to act in good faith in the interest of 2GO and its stakeholders d. Capacity to provide business continuity e. Possession of a keen understanding of the business f. Qualifications and standing as specified in its Manual
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>b. Re-appointment</b>		
(i) Executive Directors	The Board does not believe it should establish term limits. Instead, a review of each Director's continuation on the Board is done annually.	Same as criteria mentioned in item (a).
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>c. Permanent Disqualification</b>		

<p>(i) Executive Directors</p>		<p>a. Any person engaged in any business that competes with or is antagonistic to that of 2GO.</p> <p>b. Any person who has been finally convicted by a competent judicial or administrative body of the following: (i) any crime involving the purchase or sale of securities; (ii) any crime arising out of the person's conduct as an underwriter, broker, dealer, investment house or investment company employee, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, floor broker; and (iii) any crime arising out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house, investment company or as an affiliated person of any of them.</p> <p>c. Any person who, by reason of any misconduct, after hearing or trial, is permanently enjoined by order, judgment or decree of the SEC or any court or other administrative body of competent jurisdiction from: (i) acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or a floor broker; (ii) acting as a director or officer of a bank, quasibank, trust company, investment house, investment company or an affiliated person of any of them; (iii) engaging in or continuing any conduct or practice in connection with any such activity or willfully violating laws governing securities, and banking activities. Such disqualification shall also apply when such person is currently subject to an effective order of the SEC or any court or other administrative body refusing, revoking or suspending any registration, license or permit issued under the Corporation Code, Securities Regulation Code, or any other law administered by the SEC or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation promulgated by the SEC or BSP, or otherwise restrained to engage in any activity involving securities and banking. Such person is also disqualified when he/she is currently subject to an effective order of a self-regulatory organization suspending or expelling him from membership or participation or from associating with a member or participant of the organization.</p> <p>d. Any person finally convicted judicially or administratively of an offense involving moral</p>
<p>(ii) Non-Executive Directors</p>		

<p>(iii) Independent Directors</p>		<p>turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false oath, perjury or other fraudulent act or transgressions.</p> <p>e. Any person finally found by the SEC or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation or order of the SEC or BSP, or who has filed a materially false or misleading application, report or registration statement required by the SEC, or any rule, regulation or order of the SEC.</p> <p>f. Any person judicially declared to be insolvent.</p> <p>g. Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs.</p> <p>h. Any person who has been convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.</p>
<p><b>d. Temporary Disqualification</b></p>		
<p>(i) Executive Directors</p>		<p>a. Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists.</p> <p>b. Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of directors during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election.</p>
<p>(ii) Non-Executive Directors</p>		<p>c. Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he/she has cleared himself of any involvement in the alleged irregularity.</p>



(iii) Independent Directors		<p>d. Being under preventive suspension by the corporation.</p> <p>e. If the independent director becomes an officer or employee of the same corporation he/she shall be automatically disqualified from being an independent director.</p> <p>f. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.</p> <p>g. If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.</p>
<b>e. Removal</b>		
(i) Executive Directors	All of the directors are subject to re-election at least annually. Policies for the specific grounds for removal, re-instatement and suspension of any director are being developed. This process will be reviewed further to align with Company's business environment.	
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>f. Re-instatement</b>		
(i) Executive Directors	All of the directors are subject to re-election at least annually. Policies for the specific grounds for removal, re-instatement and suspension of any director are being developed. This process will be reviewed further to align with Company's business environment.	
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>g. Suspension</b>		
(i) Executive Directors	All of the directors are subject to re-election at least annually. Policies for the specific grounds for removal, re-instatement and suspension of any director are being developed. This process will be reviewed further to align with Company's business environment.	

**Voting Result of the last Annual General Meeting**

Name of Director	Votes Received
Francis C. Chua	Unanimous
Sulficio O. Tagud, Jr.	Unanimous
Jeremias E. Cruzabra	Unanimous
Raul Ch. Rabe	Unanimous
Monico V. Jacob	Unanimous
Mark E. Williams	Unanimous
Bei Xu	Unanimous
Patrick Ip	Unanimous
Nelson T. Yap	Unanimous

**6) Orientation and Education Program**

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

- (b) State any in-house training and external courses attended by Directors and Senior Management<sup>4</sup> for the past three (3) years:
- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

The Company is developing an orientation and education program for Directors and Senior Management. The date of the program is still to be set pending the availability of the Directors

**B. CODE OF BUSINESS CONDUCT & ETHICS**

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	At all times directors have a duty to avoid conflicts of interest. Thus, a director must not do anything for and on behalf of 2GO where his motivation and loyalties would be divided in that his own self-interest or someone connected or related to him, may be given equal or higher stature to that of 2GO. Directors have a duty to account to 2GO any profits or gains he may have had as a result of such, and in consequence thereof, 2GO may exercise certain rights against the director for acting in circumstances such as conflict of interest.		Each employee must avoid any investment, interest, or association that interferes or might interfere with the independent exercise of his or her own individual best judgment, and with such employee's obligation to perform his or her responsibilities in the best interests of the Company.
(b) Conduct of Business and Fair Dealings	All employees shall deal with all suppliers, customers and all other persons doing business with the Company in a completely fair and objective manner without favor or preference based upon personal financial considerations.		
(c) Receipt of gifts from third parties	Employees shall not accept from or give to any supplier, customer or competitor any gift or entertainment of reasonable value. Normal business meals and entertainment, the exchange of customary reciprocal courtesies between employees of the Company and their business associates, and similar customary and reasonable expenditures to promote general business goodwill.		
(d) Compliance with Laws & Regulations	The employees of the Company and its Board of Directors shall comply with the laws and highest standards of business ethics and conduct in every area in which the Company does business.		
(e) Respect for Trade Secrets/Use of Non-public Information	<p>No employee shall, without the written consent of the Company, during the term of employment or thereafter, use, directly or indirectly, for the benefit of such employee or others, or disclose to others, any confidential information obtained during the course of employment.</p> <p>Each employee shall promptly report to the appropriate immediate supervisor any attempt by outsiders to obtain confidential information or any unauthorized use or disclosure of confidential information by other employees.</p>		

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

<p>(f) Use of Company Funds, Assets and Information</p>	<p><b>Policy on Business Conduct or Ethics:</b></p> <p>The Company has a code of ethics, also called a code of conduct or ethical code, setting out the company's values, ethics, objective and responsibilities. This code also gives guidance to employees on how to deal with certain ethical situations. It reflects the company's ethos, values and business style.</p> <p>Our Policy on Business Conduct states that good values must guide everyone's actions in all cases.</p> <p>It touches on the core values of the Company and what it represents. The core values are corporate governance, integrity and transparency, teamwork, our people, innovation, and excellence. The specific guidelines cover areas of integrity and fairness, such as how to avoid conflicts of interest and how to safeguard company information. There is also a section on protecting the company assets, including what to do in cases of sabotage and how to ensure accurate records.</p> <p>This is applicable to everyone from rank &amp; file employees, to officers and senior management, up to the director level.</p>		
<p>(g) Employment &amp; Labor Laws &amp; Policies</p>	<p>It is the policy of the Company to provide employment opportunities without regard to race, religion, color, national origin, sex, age, ancestry, citizenship, veteran status, marital status, sexual orientation or disability, or any other reason prohibited by law, and to maintain a work environment free from harassment. Decisions as to hiring, promotion and other aspects of the employment relationship must be based solely upon job-related qualifications.</p> <p>The Company is committed to providing its employees with a safe and healthy work environment. Employees shall comply with all applicable occupational health and safety laws and regulations.</p>		
<p>(h) Disciplinary action</p>	<p>Disciplinary actions may be taken for:</p> <ul style="list-style-type: none"> <li>▪ Authorization or participation in actions that violate the Code.</li> <li>▪ Failure to report a violation of the Code.</li> <li>▪ Refusal to cooperate in the investigation of a violation of the Code.</li> <li>▪ Failure by a violator's supervisor(s) to detect and report a violation of the Code, if such failure reflects inadequate supervision or lack of oversight.</li> <li>▪ Retaliation against an individual for reporting a violation of the Code.</li> </ul> <p>Disciplinary action may, when appropriate, include dismissal. With respect to disciplinary action, principles of fairness will apply including, when appropriate, review of a disciplinary decision.</p>		
<p>(i) Whistle Blower</p>	<p>If the disclosure is about a co-director the director should report his concerns directly to the Chair of the 2GO Group, Inc. Audit Committee who will decide how the investigation should proceed.</p> <p>If the director is unhappy with the response that he receives, he may report the matter to the Group Chairman.</p> <p>This option will not apply where an allegation has been dismissed following an investigation.</p>	<p>Employees should first raise their concerns with their line manager or SBU Head. If for any reason the employee finds this difficult, he should report the matter to the Chief Corporate Services Officer who is the nominated executive with responsibility for dealing with concerns raised under this policy and where appropriate ensuring that an investigation is</p>	<p>Employees should first raise their concerns with their line manager or SBU Head. If for any reason the employee finds this difficult, he should report the matter to the Chief Corporate Services Officer who is the nominated executive with responsibility for dealing with concerns raised under this policy and where appropriate ensuring that an investigation is</p>

		<p>conducted.</p> <p>If, exceptionally, the disclosure is about a director or senior executive the employee should report his concerns directly to the Chair of the 2GO Group, Inc. Audit Committee who will decide how the investigation should proceed.</p> <p>If the employee is unhappy with the response that he receives, he may report the matter to the Group Chairman. This option will not apply where an allegation has been dismissed following an investigation.</p>	<p>conducted.</p> <p>If, exceptionally, the disclosure is about a director or senior executive the employee should report his concerns directly to the Chair of the 2GO Group, Inc. Audit Committee who will decide how the investigation should proceed.</p> <p>If the employee is unhappy with the response that he receives, he may report the matter to the Group Chairman. This option will not apply where an allegation has been dismissed following an investigation.</p>
(j) Conflict Resolution	The director should report the matter to the Chairman of the Board, who is the nominated executive with responsibility for dealing with concerns raised under this policy and where appropriate ensuring that an investigation is conducted.	The employee should report the matter to the Chief Corporate Services Officer who is the nominated executive with responsibility for dealing with concerns raised under this policy and where appropriate ensuring that an investigation is conducted.	The employee should report the matter to the Chief Corporate Services Officer who is the nominated executive with responsibility for dealing with concerns raised under this policy and where appropriate ensuring that an investigation is conducted.

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

Yes. The Company requires that all employees and Board of Directors sign an acknowledgment confirming that they have received and read the Code and understand it.

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

The Chief Finance Officer or any designated officer is the Corporate Compliance Officer responsible for implementation of the Company's compliance program, including the Code.

An employee who has a question regarding the applicability or interpretation of the Code should direct the question to: (a) His or her manager, or (b) Human Resource Manager. Questions may also be directed to the Corporate Compliance Officer. If an employee knows of a violation or possible violation of the Code, the employee should immediately report it to: (a) His or her manager, or (b) Human Resource Manager. An employee may also report a violation or possible violation of the Code directly to the Corporate Compliance Officer. Any manager, or Human Resource Manager receiving such a report must, when appropriate, immediately advise the Corporate Compliance Officer.

All reported violations of the Code will be promptly investigated by the Company and will be treated confidentially to the extent consistent with the Company's interests and its legal obligations. All investigations by the Company of wrongdoing will be directed by the Corporate Compliance Officer. Employees are expected to cooperate in the investigation of an alleged violation of the Code. If the result of the investigation indicates that corrective action is required, the Company will decide what steps it should take, including, when appropriate, legal proceedings, to rectify the problem and avoid the likelihood of its recurrence.

Disciplinary actions may be taken for: (a) Authorization or participation in actions that violate the Code; (b) Failure to report a violation of the Code; (c) Refusal to cooperate in the investigation of a violation of the Code; (d) Failure by a violator's supervisor(s) to detect and report a violation of the Code, if such failure reflects inadequate supervision or lack of oversight; (e) Retaliation against an individual for reporting a violation of the Code. Disciplinary action may, when appropriate, include dismissal. With respect to disciplinary action, principles of fairness will apply including, when appropriate, review of a disciplinary decision.

#### 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.

Generally, the Company requires prior written consent of all major shareholders for any transaction 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 of interlocking director relationships of members of the Board.

Periodic review of all related party transactions are being made to ensure reconciliation of accounts among the Group. Respective finance leaders of the Company and its associates, affiliates and subsidiaries regularly meet every 4th Thursday of the month to discuss related issues (if there's any) and to monitor the related party accounts among the Group.

##### (b) Conflict of Interest

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

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

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

###### (ii) Mechanism

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

<b>Directors/Officers/Significant Shareholders</b>	
<b>Company</b>	Our Board has adopted a Code of Conduct, which provides guidelines for all directors, officers, and employees of the company in the conduct of corporate operations in all facets and at all levels.
<b>Group</b>	<p>a) The Code of Conduct aims to promote and foster observance of principles founded on ethics, social responsibility, and good governance. We post our company's Code of Conduct on our company website.</p> <p>b) Our Board has imposed a policy of full compliance with the company's Code of Conduct on the part of all directors, officers, and employees of our company.</p>

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,<sup>5</sup> 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:

<b>Names of Related Significant Shareholders</b>	<b>Type of Relationship</b>	<b>Brief Description of the Relationship</b>
- NONE -		

(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:

<b>Names of Related Significant Shareholders</b>	<b>Type of Relationship</b>	<b>Brief Description</b>
- NONE -		

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

<b>Name of Shareholders</b>	<b>% of Capital Stock affected (Parties)</b>	<b>Brief Description of the Transaction</b>
- NONE -		

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.

<b>Alternative Dispute Resolution System</b>	
<b>Corporation &amp; Stockholders</b>	<b>None</b>
<b>Corporation &amp; Third Parties</b>	<b>None</b>
<b>Corporation &amp; Regulatory Authorities</b>	<b>None</b>

<sup>5</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity.

**C. BOARD MEETINGS & ATTENDANCE**

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

No. Meetings are held quarterly. Special meetings are held on an "as needed" basis.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Francis C. Chua	July 25, 2014	5	5	100%
Member	Sulficio O. Tagud, Jr.	July 25, 2014	5	5	100%
Member	Jeremias E. Cruzabra	July 25, 2014	5	5	100%
Member	Nelson T. Yap	July 25, 2014	5	5	100%
Member	Mark E. Williams	July 25, 2014	5	5	100%
Member	Bei Xu	July 25, 2014	5	5	100%
Member	Patrick Ip	July 25, 2014	5	5	100%
Independent	Raul Ch. Rabe	July 25, 2014	5	5	100%
Independent	Monico V. Jacob	July 25, 2014	5	5	100%

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

No.

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

As stated in the Company's By-Laws, a quorum at any meeting of the directors shall consist of a majority of the number of directors fixed in the Articles of Incorporation. A majority of such quorum shall decide any question that may come before the meeting and shall be considered a valid corporate act except for the election of officers which shall require the vote of a majority of all the members of the Board. In the absence of a quorum, a majority of the directors present may adjourn any meeting from time to time until a quorum be had. Notice of any adjourned meeting need not be given.

5) Access to Information

(a) How many days in advance are board papers<sup>6</sup> for board of directors meetings provided to the board?

Board papers are provided to the Board at least five (5) working days before the meeting.

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

Yes, board members have independent access to Management and the Corporate Secretary.

<sup>6</sup> 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.

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

The following are the major duties and responsibilities of the Company's corporate secretary: (1) Gathers and analyzes all documents, records and other information essential to the conduct of his duties and responsibilities to the Company; (2) As to Board meetings, gets a complete schedule thereof at least for the current year and puts the Board on notice, a reasonable period before every meeting. He also prepares and issues the agenda in consultation with senior management and ensure that the directors have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval; (3) Assists the Board in making business judgments in good faith and in the performance of their responsibilities and obligations; (4) Attends all Board meetings and personally prepares the minutes of such meetings; (5) Responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the corporation; and (6) Ensures that all Board procedures, rules and regulations are strictly followed by the members.

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

Yes. Legal, financial and accounting skills are among the qualifications of the Company's corporate secretary.

- (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
Executive	Notices are given at least 7 days in advance. Materials are given at least 5 business days in advance.
Audit	Notices are given at least 7 days in advance. Materials are given at least 5 business days in advance.
Nomination	Notices are given at least 7 days in advance. Materials are given at least 5 business days in advance.
Remuneration	Notices are given at least 7 days in advance. Materials are given at least 5 business days in advance.
Others (specify)	Not applicable

- 6) External Advice

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

The directors may, as and when appropriate, seek advice from external providers for specific needs for which internal expertise is unavailable, or for which an independent perspective is considered valuable.

- 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 Board of Directors shall fix the salaries and bonuses of all officers. The fact that any officer is a director shall not preclude him from voting upon the resolution fixing the same.	
(2) Variable remuneration		
(3) Per diem allowance		
(4) Bonus	The Company has no significant or special arrangements of any kind as regard to the compensation of all officers other than the funded, noncontributory tax-qualified retirement plans covering all regular employees.	
(5) Stock Options and other financial instruments		
(6) Others (specify)	Starting 2012, the compensation of the company's officers is shared proportionately with Negros Navigation Co., Inc. (NENACO), its parent company. The above share of 2GO is equivalent to the 80% compensation of the officers.	
	Except for the regular company retirement plan, which by its very nature will be received by the officers concerned only upon retirement from the Company, the officers do not receive any profit sharing nor any other compensation in the form of warrants, options, bonuses, etc.	

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	Each director shall receive a reasonable per diem for his attendance at every meeting of the Board. Furthermore, every member of the Board shall receive such amount, not to exceed ten percent (10%), of the net	<p>The Company has no significant or special arrangements of any kind as regard to the compensation of directors other than the funded, noncontributory tax-qualified retirement plans covering all regular employees.</p> <p>Each director receives a monthly allowance and a per diem for every Board meeting attended. Such allowances and per diems are shared equally with NENACO whenever board meetings of NENACO and the Company are held on</p>	Each director receives a monthly allowance of P80,000 except for the Chairman of the Board who receives P120,000 a month. Further, a per diem of P30,000 is given to each Director and P45,000 for the

Non-Executive Directors	income before income tax of the corporation during the preceding year, as may be determined by the Board of Directors, as compensation, subject to the approval by the stockholders.	the same day.  The directors do not receive any profit sharing nor any other compensation in the form of warrants, options, bonuses, etc.  Likewise, there are no standard arrangements that compensate directors directly or indirectly, for any services provided to the Company either as director or as committee member or both or for any other special assignments.	Chairman for every Board meeting attended. Such allowances and per diems are shared equally with NENACO whenever board meetings of NENACO and the Company are held on the same day.
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Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
- No changes in total remuneration of the directors for the past three (3) years -	

### 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	1,920,000	3,840,000	3,360,000
(b) Variable Remuneration	-	-	-
(c) Per diem Allowance	165,000	345,000	262,500
(d) Bonuses	-	-	-
(e) Stock Options and/or other financial instruments	-	-	-
(f) Others (Specify)	-	-	-
<b>Total</b>	<b>2,085,000</b>	<b>4,185,000</b>	<b>3,622,500</b>

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	NONE -		
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)
<b>Total</b>

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:

Except for the regular company retirement plan, which by its very nature will be received by the officers concerned only upon retirement from the Company, the above-mentioned directors and officers do not receive any profit sharing nor any other compensation in the form of warrants, options, bonuses, etc.

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
- NONE -				

(b) Amendments of Incentive Programs

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

Incentive Program	Amendments	Date of Stockholders' Approval
- 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
Fred S. Pajo	Php 24,240,640.00
Jose Manuel L. Mapa	
Wilmer A. Alfonso	
Stephen Rey R. Tagud	
Zenaida R. Cabral	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	- NOT APPLICABLE -						

Audit	- NONE -	3	1	<p>The Board believes that it can usefully supplement its ability to make audit decisions effectively and in a timely manner if it can delegate the task of preparing a strategic agenda for the Board and ensuring that the Board is given the information necessary for making good governance and audit-related decisions. The Committee is intended to assist the Board and not to pre-empt any Board responsibilities in making any final audit related decisions.</p> <p>In performing its duties, the Committee will maintain effective working relationships with the Board and the Company's senior leaders. To perform his or her role effectively, each Committee member will obtain an understanding of the detailed responsibilities of Committee membership as well as the Company's business and operating environment.</p> <p><b>a. Audit Function</b></p> <p>The Committee is intended to provide assistance to the Board in fulfilling their responsibility to the shareholders, potential shareholders and investment community relating to the:</p> <ul style="list-style-type: none"> <li>• Integrity of the listed company's financial statements</li> <li>• The listed company's compliance with legal/regulatory requirements</li> <li>• The independent auditor's qualifications and independence</li> <li>• The performance of the listed company's internal audit function and independent auditors</li> </ul> <p>As part of this process, the external auditors will report to the Committee, and the Company's Internal Auditor will report to the Committee also from a functional perspective. In performing its duties, the Committee has the authority to engage and compensate independent counsels and other advisors, which the Committee determines are necessary to carry out its duties, subject to Board approval.</p> <p>The Committee is required to ensure that corporate accounting and reporting practices of the Company are in accordance with all legal requirements and are of highest quality. Each committee member must exercise the care, diligence and skills that a reasonably prudent person would exercise in comparable situations.</p> <p><b>b. Corporate Governance Function</b></p> <p>The Committee is responsible in developing and recommending to the Board a set of corporate governance principles, including independence standards and otherwise taking a leadership role in shaping the corporate governance of the Company.</p>
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<p>Nominatio n*</p>	<p>1</p>	<p>2</p>	<p>- NONE -</p>	<p>The Board believes that it can usefully supplement its ability to make strategic decisions effectively and in a timely manner if it can delegate the task of reviewing the Company's nomination and compensation matters. The Nomination, Compensation and Remuneration Committee is intended to assist the Board and not to pre-empt any board responsibilities in making the final decisions on nomination and compensation matters.</p> <p>In performing its duties, the Committee will maintain effective working relationships with the Board and the Company's senior leadership. To perform his or her role effectively, each Committee member will obtain an understanding of the detailed responsibilities of Committee membership as well as the Company's business and operating environment.</p> <p>The Committee has four main broad responsibilities:</p> <p>a. Assisting the Board through developing and recommending for approval a set of governance guidelines applicable to the selection, contribution and conduct of Board members; and based on the approved guidelines to conduct periodic evaluations of the performance of Board members against the approved criteria.</p> <p>b. Assisting the Board through developing for approval criteria for the identification and selection of independent non-executive directors and executive senior management directors; and making a specific recommendation to the Board, related to the director or directors to be put forward for approval at the next annual meeting of shareholders.</p> <p>c. Assisting the Board through ensuring that appropriate senior leadership succession planning is in place throughout the Company and recommending the Board appropriate potential and actual successors to the CEO and other key senior leadership roles.</p> <p>d. Assisting the Board through considering and recommending goals and objectives relevant to Board Director and senior leadership compensation, and making recommendations for compensation structures and levels for Board Directors, the CEO's and other senior leaders.</p> <p>In performing its duties, the Committee shall have the authority to retain at the expense of the Company such outside counsel, experts and other advisors as it determines appropriate to assist it in the full performance of its functions, subject to Board approval of such appointment.</p> <p>The Committee is required to manage the Company's nominations and compensation affairs,</p>
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Remuneration*				as outlined here, and in doing so to act honestly and in good faith with a view to the best interest of the stakeholders.
Risk Management	- NONE -	3	1	<p>The Board believes that it can usefully supplement its ability to make decisions related to risk management effectively and in a timely manner if it can delegate to a Risk Management Committee the task of preparing an appropriate strategic agenda for the Board and ensuring that the Board is given the information necessary for making good risk management decisions. The Committee is intended to assist the Board and not to pre-empt any board responsibilities in making any decisions related to risk management.</p> <p>In performing its duties, the Committee will maintain effective working relationships with the Board and the Company's senior leaders. To perform his or her role effectively, each Committee member will obtain an understanding of the detailed responsibilities of Committee membership as well as the Company's business and operating environment.</p> <p>The primary purpose of the Risk Management Committee is to assist the Board, and to some extent the Audit and Corporate Governance Committee of the Board, in fulfilling its corporate governance responsibilities relating to risk management. The Risk Management Committee also assists in defining the Company's risk appetite and oversees the Company's risk profile and performance against the defined risk appetite.</p> <p>The Committee is responsible for overseeing the identification, measurement, monitoring and controlling of the Company's principal business risks. Each committee member must exercise the care, diligence and skills that a reasonably prudent person would exercise in comparable circumstances.</p> <p>The Committee in fulfilling its role is to establish a constructive, collaborative relationship, with the Company's senior leaders, especially, the CEO, the Chief Risk Officer and the heads of each of the businesses within the Company.</p> <p>The Committee is required to contribute to the management of the Company's risk management, and in doing so to act honestly and in good faith with a view to the best interest of all stakeholders.</p>

\* consolidated as Nomination, Compensation and Remuneration Committee.

2) Committee Members

(a) Executive Committee

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

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Francis C. Chua (ID)	March 2, 2011	3	3	100%	3
Member (ED)	- NONE -	N/A				
Member (NED)	Patrick Ip	Oct. 13, 2011	3	3	100%	3
	Mark E. Williams	March 2, 2011	3	3	100%	3
	Bei Xu	Mar. 31, 2014	3	3	100%	1
Member (ID)	- NONE -	N/A				
Member (Ex-Officio)	Evan C. McBride	March 2, 2011	3	3	100%	3

Disclose the profile or qualifications of the Audit Committee members.

**Mr. Francis C. Chua, 64 years old, Filipino,** has served as Chairman of the Board since July 2011 and as an Independent Director of 2GO since January 2011. He is the Chairman of the Board Audit and Corporate Governance Committees. He is the Chairman of the Board of NENACO since July 2011. His other current positions include Honorary Consulate General of the Republic of Peru in Manila; President and Eminent Adviser of the Philippine Chamber of Commerce and Industry; Chairman of the Philippine Chamber of Commerce and Industry Foundation, CLMC Group of Companies, and Green Army Philippines Network Foundation; President of DongFeng Automotive, Inc. and Philippine Satellite Corporation; Director of Philippine Stock Exchange, National Grid Corporation of the Philippines, Bank of Commerce, Basic Energy, and Overseas Chinese University; and Trustee of Xavier School Educational Trust Fund, and Adamson University. He graduated with a Bachelor of Science degree in Industrial Engineering from the University of the Philippines.

**Mr. Patrick Ip, 45 years old, Chinese,** was appointed as Director of 2GO since October 2011. He is a Member of the Board Risk Management and Board Audit and Corporate Governance Committees of 2GO. He is also a Director of NENACO; Member of the Hong Kong Institute of Directors; and Head of Portfolio Supervision Management for China-ASEAN Capital Advisory Company, the advisor to the China-ASEAN Investment Cooperation Fund. Prior to this, he was the Chief Financial Officer of the private equity arm of the French bank, Natixis. Where he was responsible for all private equity activities in Asia (ex India). Throughout his career he gained substantial experience in auditing and financial transaction advisory, legal and compliance, litigation and arbitration as well as hedge fund and alternative investment. He is a Chartered Financial Analyst, a Certified Public Accountant (Hong Kong) and a Chartered Certified Accountant with PwC in London. He took his Bachelor of Laws degree from the London University Law Schools and his Bachelor of Arts degree major in Accounting and Finance from the Leeds University, UK.

**Mr. Mark E. Williams, 41 years old, American,** has served as Director of 2GO since December 2010. He is a member of the Board Compensation, Remuneration and Nomination, and Board Audit and Corporate Governance Committees. He is a Board Director of NENACO since December 2010; Investment Director of KGL Investment

Company, Damietta International Port Company, KGLI-NM Holdings, Inc. and Global Gateway Development Corporation. He has extensive experience in the energy and logistics industries and worked with Horizon Propane LLC in the capacity of Director of Financial Planning and Analysis and later as Vice President of Finance and Assistant Treasurer. In 2004, he accepted a position as a Director at Cross Holdings LLC, a privately held investment firm, where he led teams in all aspects of the deal process, from sourcing, to due diligence and post-acquisition management and operational restructuring of portfolio companies along with assessing various real estate investment opportunities. He also lead a team charged with the outsourcing of manufacturing of outdoor related products to manufacturers in China and advised a US based materials handling company owned by the principals of Cross Holdings. He is a Certified Public Accountant and obtained his Bachelor of Science degrees in Accounting, Business Administration, and Finance at the University of Akron in Akron, Ohio, U.S.A. He completed his Juris Doctorate degree at Case Western Reserve University, Cleveland, Ohio, U.S.A., and also obtained a Masters degree in Business Administration, concentration in Finance, from Weatherhead School of Management of the same university.

**Ms. Xu Bei, 31 years old, Chinese,** has been appointed as a Director of 2GO since March 2014. She was a Senior Product Manager of Ping An Bank Treasury Department in Shenzhen, China. She was a former Analyst of US Times Series and New York Instrument Static of Barclays Capital, Whippany, New Jersey, USA. She graduated with a degree in Bachelor of Science in Business Administration, major in Accounting and Finance from University at Buffalo, The State University of New York. She completed her Master of Applied Statistics from Cornell University in Ithaca, NY.

**Mr. Evan C. McBride, 35 years old, American,** had served as an ex-officio member of the Audit and Corporate Governance Committee of 2GO since March 2011. He had also served as a director of NENACO from December 2010 to February 2012. He has extensive experience in a diverse range of transactions, including merger and acquisition advisory, private and public company debt and equity capital raising, direct equity investing, troubled company restructuring and recapitalizations, and bankruptcy auctions and proceedings. In the last 11 years, Mr. McBride has been directly involved in more than four dozen transactions throughout a wide variety of industries. He currently sits as a Director of KGLI-NM Holdings, Inc.; Director and Chief Finance Officer of Global Gateway Development Corporation. Mr. McBride also co-founded the Asian Office of The Port Fund. He is also a member of the Financial Executives Institute of the Philippines and has guest lectured on the topics of Corporate Finance and Mergers and Acquisitions at Weatherhead School of Management. He graduated Summa Cum Laude from Case Western Reserve University with a B.S. in Management, a concentration in Finance and a minor in Entrepreneurship.

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

The following are the Audit and Corporate Governance Committee's responsibilities relative to the external auditor: (1) Select, monitor and review the independence, performance and effectiveness, and remuneration of external auditors, in consultation with the CEO, the CFO and the Internal Auditor, and where appropriate recommend to the Board replacing the current external auditor with another, having conducted a rigorous search; (2) Ensure that external auditors are ultimately accountable to the Board and to the shareholders of the Company; (3) Meet with external auditors and the CFO to review the scope of the proposed audit for the current year and the audit procedures to be utilized. At the conclusion of the audit, receive the external auditor's report, reviewing and discussing their comments and recommendations, in consultation with the CEO and the CFO, and make specific recommendations to the Board for adoption; (4) Consider whether the external auditor's performance of specific non-audit services is compatible with the auditor's independence, and if so determine the specific policies and processes to be adopted as part of the firm's appointment, to ensure that independence is maintained; and, (5) Provide an open avenue of communication where necessary between senior leaders, the Internal Auditor, the Board and the external auditors.

**(c) Nomination Committee**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Sulficio O. Tagud, Jr. (ED)	Jan. 21, 2011	1	1	100%	4



Member (ED)	- NONE -	-				
Member (NED)	Mark E. Williams	Jan. 21, 2011	1	1	100%	4
Member (ID)	Patrick Ip	Oct. 13, 2011	1	1	100%	4
Member	- NONE -	-				
	- NONE -	-				

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	- Please see details under Nomination Committee -					
Member (ED)						
Member (NED)						
Member (ID)						
Member						

(e) Risk Management

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

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Raul Ch. Rabe (ID)	Mar. 2, 2011				4
Member (ED)						
Member (NED)	Patrick Ip	Oct. 13, 2011				4
	Mark E. Williams	Mar. 2, 2011				4
	Bei Xu	Mar 31, 2014				1
Member (ID)	- NONE -	N/A				
Member (Ex-Officio)	Evan C. McBride	Mar. 2, 2011				4

3) Changes in Committee Members

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

Name of Committee	Name	Reason
Executive		
Audit	Bei Xu	Resignation of Geoffrey M. Seeto
Nomination	Patrick Ip	Resignation of Geoffrey M. Seeto
Remuneration		
Risk Management	Bei Xu	Resignation of Geoffrey M. Seeto

4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Executive	Executive compensation policy	None
Audit	During the year the Audit Committee evaluated and approved the engagement of a new external auditor.	None
Nomination Remuneration	Established overall compensation philosophy of the Company and management development and succession policies	None
Risk Management	For 2014, we shall be continuing the process group-wide and each business unit shall take lead to address and develop protocols for various types of risk scenarios. The Security Committee and Risk Management Department shall assist and provide technical support during this process.	

5) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Still in a process of formulating plans and programs.	
Audit	Audit Projects were planned by the Internal Audit Department for the coming year to ensure that role of the group is maintained. These projects were also based on a risk-based audit planning that is approved by the Audit Committee.	Audit Projects planned for the coming year are designed to address issues relating to process risks such as efficiency, liquidity and credit risks. All significant observations will be adequately communicated to the Audit Committee and Management for effective governance.
Nomination Remuneration	Still in a process of formulating plans and programs.	
Risk Management	<p>For 2015, the 2GO Group has continued the ERM process by executing the protocols and risk treatment mechanisms which were developed. All ERM Councils and Emergency Response Teams ( ERT ) of the various business units are training and drilling on a periodic basis to slowly achieve the goal of a group-wide " Culture of Safety ". The Risk Management Department and Security Committee shall provide assistance and technical support during the entire process.</p> <p>The business units have also developed their respective ( BCPs ) Business Continuity Plans as part of the group's strategy to ensure that personnel and assets are protected and able to function in the event of a disaster. The following is slated to be established by the end of the year.</p> <ul style="list-style-type: none"> <li>I Concept Loading               <ul style="list-style-type: none"> <li>a. Cascade ERM Framework ( Group-wide )</li> <li>b. Training/ drilling of ERM concepts and protocols to all ERTs and ERM Councils</li> </ul> </li> <li>II Policy Creation               <ul style="list-style-type: none"> <li>a. Development of ERM Councils, ERTs</li> <li>b. SECCOM, Risk Management Dept. and Internal Audit Dept. Role</li> </ul> </li> <li>III Program Implementation               <ul style="list-style-type: none"> <li>a. ERM Risk Treatment Mechanisms</li> </ul> </li> </ul>	

	<p>b. Business Continuity Plans c. Monitoring and Process Audit</p> <p>The Group understands that this is a long term process and that it will continue to evolve as the organization grows. Such is the dynamic nature of risk management, the ability of the group to learn, adapt and rebound from any threat or fortuitous event. In time the ERM of the 2GO Group will gradually materialize to be a major program in helping the organization achieve its goals, and in the future be the backbone in the thrust for corporate resiliency.</p>
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## F. RISK MANAGEMENT SYSTEM

### 1) Disclose the following:

#### (a) Overall risk management philosophy of the company;

Based on the objectives of the Enterprise Wide Risk Management Program (ERM) of 2GO, the overall risk management philosophy of the Company are stated as follows:

- To implement a dynamic risk management approach to assess, evaluate and treat existing and potential business risks cohesively, positively and decisively thereby ensuring continuity of our operations to delight customers, preserve employment, maximize stakeholders' value and sustain corporate social responsibility.
- For all our team members/risk owners to embrace risk management as a shared responsibility.

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

#### (c) Period covered by the review;

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

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

With the continuous evolution of 2GO Group, it was deemed by the Board of Directors that a review of the ERM program was in order in 2012. During the first quarter of 2012, the Risk Management Department (RMD) conducted ERM activities to determine whether the various business units were ready to take the plunge for the re-launch of the ERM program. As early as the second quarter of 2012, discussions were then conducted with internal Audit in order to determine how best to tackle the new ERM program. With the ideal ERM being laid from top to bottom, the first action taken was to determine the Risk Management Committee and Chairman with the following responsibilities:

Responsibilities of the Risk Management Committee Chairman shall include:

- Communicates the importance of an effective risk management process (setting a strong "tone at the top")
- Sets the risk philosophy and strategy for risk management in collaboration with the Board of Directors
- Ensures that appropriate processes are in place for risk management, e.g. identification, assessment, response and monitoring

Responsibilities of Risk Management Committee Members shall include:

- Keep the Board apprised of key risk issues and confirm that appropriate systems for control are in place
- Define the organization's risk management strategies / policies / treatment for value creation and value promotion, subject always to the approval of the Board.
- Approve requests for initial risk limits and subsequent changes
- Facilitate business unit-led risk assessment, to be done at least once a year
- Advise the Board on the coordination and prioritization of risk issues throughout the organization
- Ensure practical implementation of the risk management processes and identify development and support requirements

- Monitor risk management reporting and remediation of risk issues
- Encourage and foster an awareness of risk management at all levels of the organization

For 2015, the 2GO Group has continued the ERM process by executing the protocols and risk treatment mechanisms which were developed during the last three years. All ERM Councils and Emergency Response Teams (ERT) of the various business units are training and drilling on a periodic basis to slowly achieve the goal of a group-wide "Culture of Safety". The Risk Management Department and Security Committee shall provide assistance and technical support during the entire process.

The business units have also developed their respective ( BCPs ) Business Continuity Plans as part of the group's strategy to ensure that personnel and assets are protected and able to function in the event of a disaster. The following is slated to be established by the end of the year.

- I Concept Loading
  - a. Cascade ERM Framework ( Group-wide )
  - b. Training/ drilling of ERM concepts and protocols to all ERTs and ERM Councils
- II Policy Creation
  - a. Development of ERM Councils, ERTs
  - b. SECCOM, Risk Management Dept. and Internal Audit Dept. Role
- III Program Implementation
  - a. ERM Risk Treatment Mechanisms
  - b. Business Continuity Plans
  - c. Monitoring and Process Audit

The Group understands that this is a long term process and that it will continue to evolve as the organization grows. Such is the dynamic nature of risk management, the ability of the group to learn, adapt and rebound from any threat or fortuitous event. In time the ERM of the 2GO Group will gradually materialize to be a major program in helping the organization achieve its goals, and in the future be the backbone in the thrust for corporate resiliency.

2) Risk Policy

(a) Company

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

Risk Exposure	Risk Management Policy	Objective
- please refer to remarks under item 1) (e) of the Risk Management System portion of the report -		

(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 refer to remarks under item 1) (e) of the Risk Management System portion of the report -		

(c) Minority Shareholders

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

Risk to Minority Shareholders
- please refer to remarks under item 1) (e) of the Risk Management System portion of the report -

3) Control System Set Up

(a) Company

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
- please refer to remarks under item 1) (e) of the Risk Management System portion of the report -		

(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 refer to remarks under item 1) (e) of the Risk Management System portion of the report -		

(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
- please refer to remarks under item 1) (e) of the Risk Management System portion of the report -		

**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 framework of control, risk management and governance processes are existing within the 2GO group of companies. As a result of the buyout in 2011, processes were combined and/or reduced to provide the basic elements of control and good governance needed to sustain operations. There is a continuous effort to further enhance and align processes to meet organizational goals.

The culture of accountability is apparent with the general adherence of employees to management policies and directives in order to achieve company objectives.

The internal control system is effectively designed to safeguard assets; to secure the relevance, reliability and integrity of information and as far as possible the completeness and accuracy of records; and to ensure compliance with statutory requirements.

Various measures are being undertaken by management including organization restructuring across all business units to allow streamlining of functions for the effective execution of responsibilities.

Continuous enhancement of performance metrics and speedy resolution of audit issues raised are likewise given focus to assure company objectives are met.

2GO management is responsible in maintaining the internal control system and ensuring that resources are

properly applied in the manner and to the activities intended.

The Audit and Corporate Governance Committee is pleased to note that the business units have been proactive in addressing recommendations with regards to the enhancement of the internal control environment.

- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Audit Committee Report indicating the accomplishments realized by the Internal Audit function of 2GO as a result of the internal control system is disclosed annually as approved by the Company's Board, and signed on its behalf by the Chairman of the Audit and Corporate Governance Committee.

- (c) Period covered by the review;

The period covered by the latest review is for the year 2014.

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

As abovementioned, the review of the effectiveness of the internal control system by the Board of Directors is done annually.

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

## 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
The mission of the internal audit department is to provide independent, objective assurance and consulting services designed to add value and improve 2GO Group's operations. It helps the 2GO accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the	The scope of work of the internal audit department is to determine whether the 2GO's network of governance, risk management, and control processes, as designed and represented by management, is adequate and functioning in a manner to ensure: <ul style="list-style-type: none"> <li>Risks are appropriately identified and managed.</li> <li>Significant financial, managerial, and operating information is accurate, reliable, and timely.</li> <li>Employees' actions are in compliance with policies, standards,</li> </ul>	In-house internal audit function	Mr. Anthony Vergel B. Velasco, Audit Head	To provide for the independence of the Internal Audit Department, its personnel report to the Audit Head, who reports functionally to the Board Audit and Corporate Governance Committee and administratively reporting to the President and Chief Executive Officer.

effectiveness of its governance, risk management and, control processes.	<p>procedures, and applicable laws and regulations.</p> <ul style="list-style-type: none"> <li>• Resources are acquired economically, used efficiently, and adequately protected.</li> <li>• Programs, plans, and objectives are achieved.</li> <li>• Quality and continuous improvement are fostered in the organization's control process.</li> <li>• Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately.</li> </ul> <p>Opportunities for improving management control, profitability, and the organization's image may be identified during audits. They will be communicated to the appropriate level of management.</p>			
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(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. The selection and approval of the internal or external auditor should be agreed upon and endorsed by the Audit Committee to the Board of Directors.

(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 Audit Head and staff of the Internal Audit Department are authorized to:

- Have unrestricted access to all functions, records, property, and personnel.
- Have full and free access to the Audit Committees.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in units of the organization where they perform audits, as well as other specialized services from within or outside the organization.

The Audit Head and staff of the Internal Audit Department are not authorized to:

- Perform any operational duties for the organization or its affiliates.
- Initiate or approve accounting transactions external to the internal auditing department.
- Direct the activities of any organization employee not employed by the internal auditing department, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the Internal Auditors.

(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
Grace Agtay (Supervisor)	Work at Goodyear

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

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

<b>Progress Against Plans</b>	The Internal Audit Plan was developed based on business risk assessment conducted for 2014. Out of the 26 planned, audit has completed 24(92%) engagements. Challenges that were encountered this year include unfilled vacancies and personnel movements.
<b>Issues<sup>7</sup></b>	Issues noted during the year pertain mostly to weaknesses on governance, risk management and controls processes but there is none that arise due to adoption of different interpretations.
<b>Findings<sup>8</sup></b>	All findings noted on company processes and procedures were discussed properly with the Audit Committee and Management. These findings are monitored regularly for resolution and reported to the Audit Committee.
<b>Examination Trends</b>	Implementation of management action plans to audit findings are monitored regularly and as instructed by the Audit Committee. All resolutions to pervasive issues and findings are validated during the follow up audit until all issues are closed.

[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
Internal Audit Charter	Implemented
Internal Audit Manual	Implemented

<sup>7</sup> "Issues" are compliance matters that arise from adopting different interpretations.

<sup>8</sup> "Findings" are those with concrete basis under the company's policies and rules.



COSO Framework	Implemented
Risk Assessment Procedures	Implemented
Job Descriptions	Implemented / Continuous Improvement

(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
Internal auditors directly report to the Audit Committee.			
Internal auditors comply with the independence requirements as stated in the Internal Audit Charter & International Standards for the Professional Practice of Internal Auditing (ISPPA)			

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

The Chairman and CEO attests to the company's compliance with the SEC Code of Corporate Governance.

**H. ROLE OF STAKEHOLDERS**

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

	Policy	Activities
Customers' welfare	<p>The Company acknowledges the duties it owes to other parties that may not have equity stakes in the Company. They are stakeholders of the company, although they are not shareholders. As mandated by several relevant laws, we respect, defend, and promote the rights of these other stakeholders.</p> <p>a) The Company's policy towards consumers and customers is rooted on the core principle of providing quality care and service in the provision of goods and services to them under terms and conditions that are fair and satisfactory. It abides by the rules aimed at ensuring their health and safety.</p> <p>b) The Company values its relationship with its suppliers and contractors. The Company follows the rules concerning the fair and transparent process of selecting them through bidding and accreditation.</p> <p>c) The Company ensures the environmental friendliness of its corporate operations, and contributes to the over-all sustainability of the physical environment where it operates.</p> <p>d) The Company looks upon the local communities where it has operations as effective partners in our common interest to uplift and</p>	
Supplier/contractor selection practice		
Environmentally friendly value-chain		
Community interaction		
Anti-corruption programmes and procedures?		
Safeguarding creditors' rights		

	<p>upgrade the life, in its various dimensions, of those communities.</p> <p>e) The Company actively supports the government with its private sector partners in spreading a good governance regime, which makes no room for corruption and bribery.</p> <p>f) The Company values the contribution that creditors give to its growth and development. The Company respects the rights of creditors, who have interests that the law safeguards.</p> <p>g) The Company has designated an office to listen to, and address, the concerns and complaints from all its external stakeholders. Moreover, such an office, whose contact parameters are on its website, is mandated to take a pro-active stance in caring for and promoting the just and proper interests of all its external stakeholders.</p> <p>The Company upholds all laws concerning the proper and fair treatment of all its external stakeholders, particularly its consumers, creditors, the environment and its sustainability, the government and the local communities where our company has operations. The Company considers violations of such laws as well as violations of the country's commercial and competition laws a serious offense; and those in our company found to be responsible for such violations are to be dealt with in line with our company's policy on sanctions. The Company also upholds all laws concerning the proper and fair treatment of its officers and employees.</p> <p>The Company has very important internal stakeholders in the officers and employees who work in our company. The Company owes them more than their due share of attention and care. The Company invests in their continuing learning and growth.</p> <p>a) The Company provides internal and external trainings for their continuing development and growth</p> <p>b) The Company provides for their health, safety, and over-all welfare, as the law mandates.</p> <p>c) The Company installed a system of rewards, recognition, and remuneration that promotes and provides strong incentives to long-term performance.</p> <p>d) The Company promotes a culture of ethical and clean practices. The Company is in the process of establishing clear processes and robust protection for whistle-blowing and the airing of complaints against unethical and corrupt practices as well as conflict resolution.</p>
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2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

Yes. 2GO is committed to strike a balance among economic growth, social development and environmental stewardship in the conduct of its business. To this end, 2GO shall implement programs that promote environmental preservation as well as social and economic development in the communities where its businesses operate.

3) Performance-enhancing mechanisms for employee participation.

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

The Company is committed to providing its employees with a safe and healthy work environment. Employees shall comply with all applicable occupational health and safety laws and regulations. The Company has implemented insurance policies, medical benefits, health cards and annual checkup for its employees.

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

The data relating to health, safety and welfare of its employees are all indicated in the Company's intranet.

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

The Human Resource and Organizational Development Department (HROD) conduct in-house trainings and programs for the training and developments of all employees. These are all itemized in detail in the Company's intranet.

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

Merits are given if an employee exceeds his targeted Key Result Areas (KRAs) and Key Performance Indicators (KPIs). These are all measured and itemized in detail in the Company's Performance Appraisal System (PAS). This is also mentioned in the Company's intranet.

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.

Employees should first raise their concerns with their line manager or SBU Head. If for any reason the employee finds this difficult, he should report the matter to the Chief Corporate Services Officer who is the nominated executive with responsibility for dealing with concerns raised under this policy and where appropriate, ensuring that an investigation is conducted.

The Company will always ensure the confidentiality of all complaints made. The Company ensures that all complainants are protected from reprisal or victimization as a result of his complaint. Only where it is established that the complainant's allegations were false and made maliciously will disciplinary action be taken against the complainant.

**I. DISCLOSURE AND TRANSPARENCY**

**1) Ownership Structure**

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Negros Navigation Co., Inc.	2,160,141,995	88.31%	Negros Navigation Co., Inc. Authorized Representative: Mr. Sulficio O. Tagud, Jr. President and CEO

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Francis C. Chua	1,000	9,000 Record Owner: PCD Nominee Corporation (Filipino)	0.00%
Sulficio O. Tagud, Jr.	- none -	1,000 Record Owner: PCD Nominee Corporation (Filipino)	0.00%
Jeremias E. Cruzabra	- none -	1,000 Record Owner: PCD Nominee Corporation (Filipino)	0.00%
Nelson T. Yap	1 Beneficial Owner: Negros Navigation Co., Inc.	- none -	0.00%
Mark E. Williams	- none -	1,000	0.00%

		Record Owner: PCD Nominee Corporation (Non- Filipino)	
Bei Xu	1 Beneficial Owner: Negros Navigation Co., Inc.	- none -	0.00%
Raul Ch. Rabe	- none -	1,000 Record Owner: PCD Nominee Corporation (Filipino)	0.00%
Patrick Ip	1 Beneficial Owner: Negros Navigation Co., Inc.	- none -	0.00%
Monico V. Jacob	1 Beneficial Owner: Negros Navigation Co., Inc.	- none -	0.00%
<b>TOTAL</b>	<b>1,004</b>	<b>13,000</b>	<b>0.00%</b>

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	No
Details of whistle-blowing policy	No
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	No
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

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

The dividend policy and the details of the whistle-blowing policy were not discussed in detail in the Annual Report. The Company undertakes to discuss the same in detail in the succeeding Annual Reports.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
KPMG R.G Manabat and Co.	P1,170,000.00	-

4) Medium of Communication

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

The Company uses the following means of communication: Company website, the Annual Stockholders' Meeting, and the Annual Report

5) Date of release of audited financial report: April 14, 2015

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

RPT	Relationship	Nature	Value
2GO EXPRESS, INC.	SUBSIDIARIES	FREIGHT	262,734
	SUBSIDIARIES	SHARED COST	50,377
2GO LOGISTICS, INC.	SUBSIDIARIES	SHARED COST	35,090
J&A SERVICES CORPORATION	SUBSIDIARIES	FREIGHT	20,604
KERRY - ATS LOGISTICS, INC.	SUBSIDIARIES	FREIGHT	32,897
	SUBSIDIARIES	SHARED COST	1,944
NN-ATS LOGISTICS MANAGEMENT & HOLDINGS CO., INC.	SUBSIDIARIES	SHARED COST	40,773
SUPER TERMINALS, INC.	SUBSIDIARIES	FREIGHT	87,280
THE SUPERCAT FAST FERRY CORPORATION	SUBSIDIARIES	INTEREST	30,247

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?  
Please refer to related party transactions policies and procedures disclosed under Section B.4.a

#### 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.

<b>Quorum Required</b>	Majority of subscribed capital
------------------------	--------------------------------

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

<b>System Used</b>	Majority vote of quorum
<b>Description</b>	Votes are counted based on individual participation.

(c) Stockholders' Rights

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

Rights of stockholders are based on the rights provided under the Corporation Code.

Dividends

Declaration Date	Record Date	Payment Date
- NONE -		

(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
Stockholders are provided with the Definitive Information Statement, together with copies of the Annual Report and Report on the interim operations of the Company.	During stockholders' meetings, stockholders are given the right to participate by asking questions in relation to the reports provided by the Company. The Chief Executive Officer and the Chief Finance Officer usually directly address the concerns of the stockholder propounding the questions.

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's policy as to the shareholders' participation in approving or ratifying the abovementioned corporate actions are in accordance with the Corporation Code.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?
  - a. Date of sending out notices: May 28, 2014
  - b. Date of the Annual/Special Stockholders' Meeting: May 28, 2014

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

These vary. However, stockholders are usually concerned with the dividend policy of the company and whether there are any plans to merge with the parent company.

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Election of the Board of Directors	Unanimous	none	none

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

July 25, 2014 (through the online disclosure system of the Philippine Stock Exchange) and July 30, 2014 (through SEC Form 17-C)

(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. <b>Sulficio O. Tagud, Jr.</b> – Director, President & CEO 2. <b>Jeremias E. Cruzabra</b> – Director, EVP-CFO, Treasurer & Corporate Information Officer 3. <b>Nelson T. Yap</b> – Director 4. <b>Manuel Eduardo C. Carlos</b> – Assistant Corporate Secretary	July 25, 2014	by viva voce or show of hand	0.001%	98.12%	98.12%
Special	- NONE -					

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

Yes. The counting of votes shall be witnessed by representatives from the Company's stock and transfer agent Securities Transfer Services, Inc. (STSI) and the Company's Corporate Secretary.

(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. At each meeting of the stockholders, every stockholder shall be entitled to vote in person or by proxy, for each share of stock held by him, which has voting power upon the matter in question.

(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	Stockholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy duly given in writing and duly presented to and received by the Secretary for inspection and recording not later than five (5) working days before the time set for the meeting, except such period shall be reduced to one (1) working day for meetings that are adjourned due to lack of the necessary quorum. No proxy bearing a signature which is not legally acknowledged by the Secretary shall be honored at the meetings. Proxies shall be valid and effective for one (1) year, unless the proxy provides for a shorter period, and shall be suspended for any meeting wherein the stockholder appears in person.
Notary	
Submission of Proxy	
Several Proxies	
Validity of Proxy	
Proxies executed abroad	
Invalidated Proxy	
Validation of Proxy	
Violation of Proxy	

(h) Sending of Notices

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

Policies	Procedure
	Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and time of the meeting, the purpose or purposes for which said meeting is called. The notice shall be given no less than twenty (20) days before the date of the meeting to each stockholder entitled to vote at such meeting. Notices shall be sent by the Secretary by personal delivery, facsimile, telegraph, cable, electronic mail or by mailing the notice to each stockholder of records at his last known address or by publishing the notice in a newspaper of general circulation of at least twenty (20) days prior to the date of the meeting. If mailed, such notice shall be deemed to be given when deposited in the Philippine mail, postage prepaid, directed to the stockholder of record at his last known postal address. Only matters stated in the notice can be subject of such motion or discussions at the meeting. Notice of special meetings may be waived in writing by any shareholder, in person or by proxy, before or after the meeting. Such notice shall be deemed waived if such shareholder is present at the special meeting, in person or by proxy. Notice of any adjourned meeting of the stockholders shall not be required to be given, except when expressly required by law.

(i) Definitive Information Statements and Management Report

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	Common stockholders – 1,933 Preferred stockholders–
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	June 20, 2014
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	June 20, 2014
<b>State whether CD format or hard copies were distributed</b>	CD Format
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	Hard copies were provided upon request of stockholders.



(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.

Policies	Implementation
<u>Voting rights as to removal of members of the board</u> – Although directors may be removed with or without cause, a director shall not be removed without cause if it will deny minority shareholders representation in the Board.	Rights as provided under the Corporation Code.
<u>Right to Information</u> – The minority stockholders, holding at least thirty (30) percent of the total issued and outstanding capital stock of the Company which are entitled to vote, may propose the holding of a meeting, and may propose items in the agenda of the meeting, provided the items are for legitimate business purposes and are not frivolous and disruptive attempts.	Rights as provided under the Corporation Code.
<u>Right to Information</u> – Without violating any confidentiality obligation to which the Company may be subject or compromising the protection due any proprietary right or information of the Company, minority stockholders shall have access to any and all information relating to matters for which the management shall include such information and, if not included, then the minority stockholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".	Rights as provided under the Corporation Code.

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

Yes.

**K. INVESTORS RELATIONS PROGRAM**

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

All external and internal communications, as well as major company announcements are reviewed and approved by the Corporate Information Officer (also the Group CFO) and the President and CEO.

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

	Details
(1) Objectives	The overall objective is to build understanding and relationships of trust between the company and its shareholders. It also aims to build investors' confidence in the Group's ability to create measurable value. The Investor Relations Program (IRP) should communicate the organization's long-term strategic vision so that it creates a credible proposition for delivering continuing shareholder value in the future.
(2) Principles	<p><b>Developing and maintaining a constructive dialogue at all times leading to sound relations between the company and its investors.</b> This relies on principles that require the support, commitment, and active involvement of higher management.</p> <p>These principles include the following:</p> <ul style="list-style-type: none"> <li>• <b>Openness and transparency.</b> Openness and transparency allow investors to learn about the factors that drive corporate risk, while giving the company the opportunity to learn about investors’ concerns.</li> <li>• <b>Availability and accessibility.</b> The IRP needs to make available key data and information to all investors simultaneously, while ensuring that the Investor Relations team is always accessible to address investors’ inquiries.</li> <li>• <b>Timeliness.</b> The timely release of key data and information is essential to help investors assess their investment decisions. This also demonstrates that the management is efficient and has clear control over the collection and processing of information.</li> </ul> <p><b>Consistency and honesty.</b> To build and maintain credibility and investor trust, an IRP needs to be consistent in reporting data and information and facilitating a two-way dialogue between the company and its investors.</p>
(3) Modes of Communications	Company website; Annual Stockholders’ Meeting; Annual Report
(4) Investors Relations Officer	Ms. Marivi Anderson; (02) 528-7581

- 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.

This section is not applicable.

**L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

Initiative	Beneficiary
Tree Planting	Mt.Makiling In partnership with DOLE -MTIPC: Linear Park, Sta. Ana, Manila
Brigada Eskwela	Antonio Regidor Elementary School, Manila
Blood Letting	Philippine Children's Medical Center
	Philippine Red Cross

**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.

The Board is in the process of creating an internal self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for by the Code of Corporate Governance.

The details on the composition and implementation of such self-rating system, including its salient features, will be disclosed in the corporation's next annual report

**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
- NONE -	

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of \_\_\_\_\_ on 17 5 APR 2015 2015.

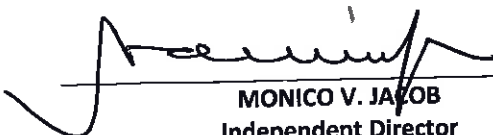
**SIGNATURES**




**FRANCIS C. CHUA**  
Chairman of the Board



**SULICIO O. TAGUD, JR**  
Chief Executive Officer



**MONICO V. JACOB**  
Independent Director



**JEREMIAS E. CRUZABRA**  
Compliance Officer

**17 5 APR 2015**

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of \_\_\_\_\_ 2015, affiant(s) exhibiting to me their \_\_\_\_\_, as follows:

NAME/NO.	DATE OF ISSUE	PLACE OF ISSUE
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**ATTY. PETER O. GENATO**  
 Notary Public Until Dec. 31, 2015  
 Notarial Commission 2011-005, Mla.  
 1150 Gen. Luna St. Ermita, Mla.  
**NOTARY PUBLIC**  
 IBP # 901980 Mla. 10-12-13 until 2015  
 PTR # 3837919 Mla. 1-5-2015  
 Roll # 12088, TIN # 132-436-687  
 MCLE Compl. IV # 0020546 until 5-31-2016

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